APPLIED DIGITAL CORP | NASDAQ: APLD | SEPTEMBER 23, 2026

Applied Digital Investment Report

Applied Digital builds AI Factories: purpose-built data-center campuses leased for fifteen years to AI hyperscalers. About 1.4 gigawatts of capacity is contracted for roughly $36 billion of base-term lease revenue. The buildings are being financed with debt, and the stock is priced on delivery. This report tests whether the contracts, the construction, and the balance sheet hold together.

70
score out of 100

Verdict: Positive, high-risk. Contracted AI growth on a levered balance sheet.

The $36 billion of contracted lease revenue is real and signed. The question is execution: buildings must be delivered on schedule, and the debt that funds them must be serviced until rents ramp. Delivery is on track so far. Size any exposure with the balance sheet in mind.

Reference share price: $27.30 (September 23, 2026 close). Market cap about $7.9 billion.

This is independent research, not investment advice. Every claim in this report is sourced. All data is dated. Anything after September 23, 2026 is not included.

How to read this report

$27.30

Reference price: September 23, 2026 close. 52-week range: $19.01 to $50.73.

$41.50

Base-case FY2029 price target. Scenario, not a forecast. See page 15.

$611.3M

Fiscal 2026 revenue, reported July 27, 2026. Up 167% year over year.

1.4 GW

Contracted critical IT load, about $36B of base-term lease revenue.

Five things that decide the outcome

QUESTION	WHAT TO WATCH
1. Are the contracts real?	Yes: 15-year take-or-pay leases, the customer pays whether it uses the capacity or not. $36B over the base term.
2. Can they build on time?	Polaris Forge 1 delivered its first 100 MW on schedule in November 2025. Each new RFS is the checkpoint.
3. Can the balance sheet carry the build?	Long-term debt is about $5B against $1.7B of equity. The D balance-sheet grade is the core risk.
4. Is customer concentration manageable?	CoreWeave plus two hyperscalers hold essentially the whole backlog. One cancellation hurts.
5. What is $27.30 paying for?	About 12.9x trailing sales. The price assumes the contracted revenue converts.

Plain-language promise. Jargon is explained the first time it appears. Sentences stay short. Every number carries a source.

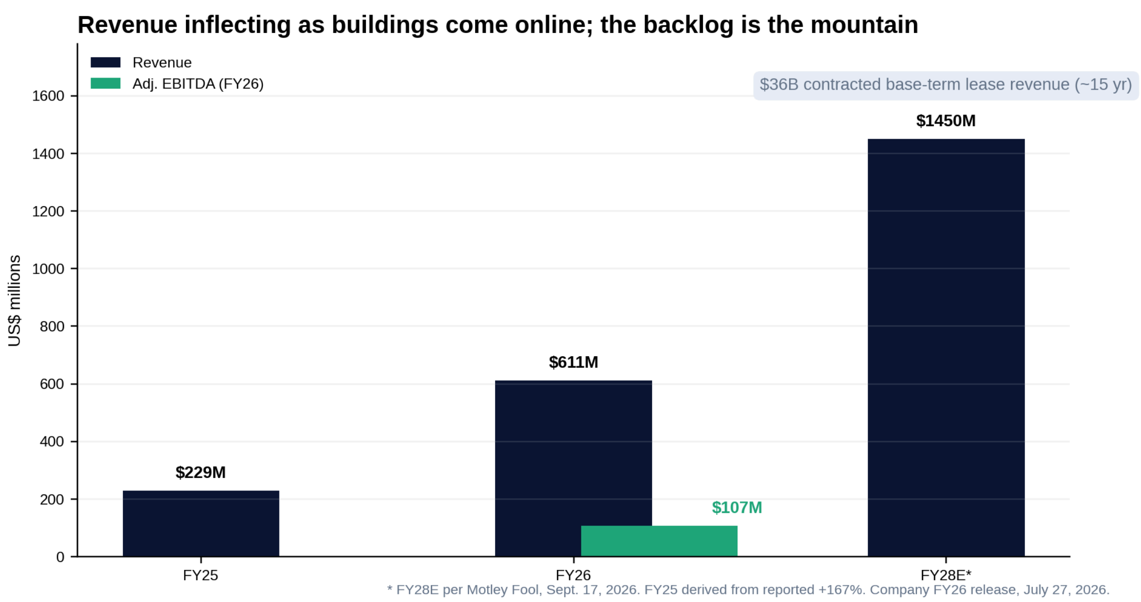
The business engine: AI Factories

03

Applied Digital designs, builds, owns, and operates purpose-built data-center campuses it calls AI Factories. The business model is landlord economics for the AI boom: sign a long-term lease with a tenant that needs massive computing capacity, build the building to that tenant's specifications, then collect rent for about fifteen years.

The leases are **take-or-pay**: the customer pays the contracted rent whether it fills the building with servers or not. This is the crucial detail. Revenue is not a hope about AI demand; it is a signed obligation from investment-grade hyperscalers and CoreWeave, one of the largest AI cloud companies. The capacity is measured in **critical IT load**: the megawatts of power delivered directly to the computing equipment, the only capacity that earns rent.

The company began in 2021 as Applied Blockchain, co-founded by **Wes Cummins** (Chairman and CEO) and **Jason Zhang** (President). It rebranded as Applied Digital in 2022 and pivoted from cryptocurrency hosting to AI data centers. In May 2026 the historic GPU cloud-services business was separated as ChronoScale (Nasdaq: CHRN), with Applied Digital retaining about 96% ownership.



Revenue inflecting as buildings come online. FY25 is derived from the reported +167%. FY28E is the Motley Fool projection of $1.45B. Source: APLD FY2026 release, July 27, 2026.

The economics are infrastructure economics, not software economics. Margins are decent, with adjusted EBITDA of $107.2M on $611.3M of fiscal 2026 revenue, but the buildings cost billions to construct before the first rent check arrives.

Financial quality: revenue inflecting, profits pending

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Fiscal 2026 ended May 31, 2026 with revenue of $611.3M, up 167% from the prior year. The fourth quarter alone delivered $258.7M, up 407%, as the first Polaris Forge 1 building began contributing. Adjusted EBITDA reached $107.2M for the year and $42.4M for the quarter. Adjusted net income was $36.1M. Net operating income, the property-level profit measure, was $90.4M.

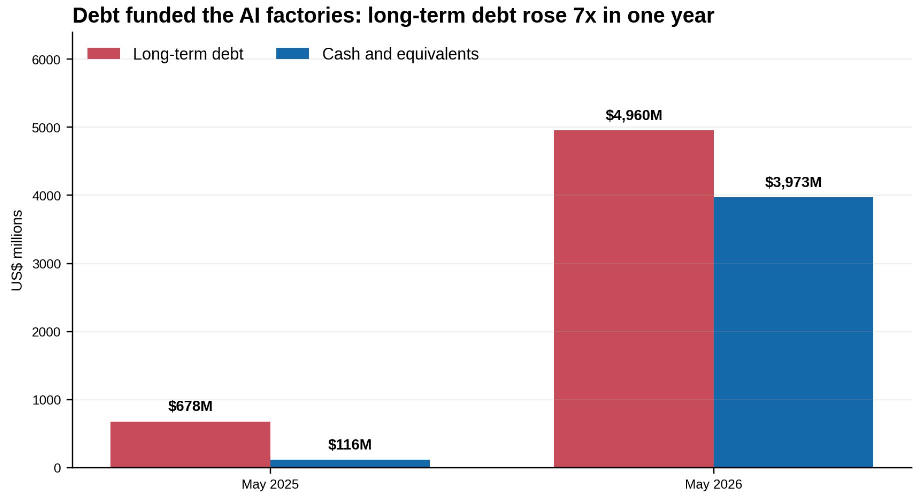
The GAAP picture is different: a net loss of $249.2M for the year. The gap between adjusted and GAAP results comes from stock-based compensation, depreciation on the new buildings, and interest on the debt. The non-GAAP figures also exclude ChronoScale, the separated cloud business.

What is working. Revenue is compounding as contracted buildings come online: 407% growth in the fourth quarter is not a forecast, it is delivered capacity turning into rent. Adjusted EBITDA margin of about 17.5% on a still-ramping portfolio suggests the lease economics work once buildings are full.

What is not. Operating cash flow was about $89.7M in the latest quarter while investing activities consumed about $2.94B. Free cash flow, cash left after building things, was deeply negative at about -$2.78B. This is a company spending billions to build before it can collect. That is the plan, but it means the business cannot fund itself yet.

The debt-funded buildout

05



Source: APLD FY2026 10-K balance sheet, July 29, 2026. Cash is cash and equivalents only; total liquidity is higher.

Long-term debt rose from $678M to $4.96B in one fiscal year; cash rose with it. Source: APLD FY2026 10-K, July 29, 2026.

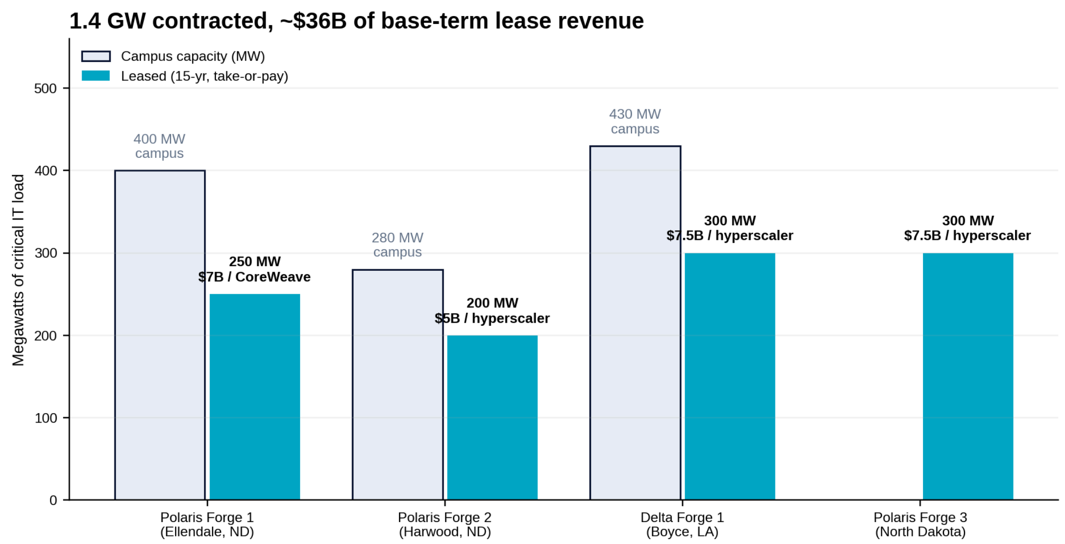
The balance sheet transformed in fiscal 2026. Long-term debt went from $677.8M to $4,959.5M, roughly $5B. Cash and equivalents rose to about $4B. Total equity stands at about $1.72B, with 287.9M common shares outstanding. Debt to equity is about 2.9x.

The financings came in waves: $2.15B of 6.75% senior secured notes due 2031 issued at 98% of par, another $1.59B of senior secured notes, a revolving credit facility committed at $430M, and a $5B preferred-equity facility from Macquarie Asset Management. The debt is project-level and secured by the campuses and their leases, which is standard for infrastructure, but the quantum is large relative to the equity beneath it.

The honest read: this is how infrastructure gets built. Nobody funds $36B of contracted revenue with retained earnings. But the leverage means there is no cushion. Interest must be paid whether buildings deliver on time or not, and refinancing risk arrives with the 2031 maturities. The balance-sheet grade is D because the equity is thin and the debt is not.

Contracts and backlog: the $36 billion

06



Capacity bars are campus design targets; leased bars are signed 15-year take-or-pay leases. Totals per company FY2026 results, July 27, 2026.

Contracted capacity vs. campus design targets. Polaris Forge 3 capacity not disclosed. Source: company releases; totals per FY2026 results, July 27, 2026.

CAMPUS	TENANT	LEASED	TERM	VALUE
Polaris Forge 1, Ellendale ND	CoreWeave	400 MW	~15 yr	~$11B
Polaris Forge 2, Harwood ND	US investment-grade hyperscaler	200 MW	~15 yr	~$5B
Delta Forge 1, Boyce LA	US investment-grade hyperscaler	300 MW	~15 yr	~$7.5B
Polaris Forge 3, North Dakota	Same hyperscaler	300 MW	~15 yr	~$7.5B

The three hyperscaler leases alone total 810 MW and about $20.2B of base-term revenue. CoreWeave also holds an option on another 150 MW at Ellendale, and the Polaris Forge 2 hyperscaler holds a right of first refusal on 800 MW more, the full 1 GW expansion of that campus.

The math that matters: $36B of base-term revenue across 1.4 GW over about 15 years works out to roughly $1.7M of revenue per MW per year. That is the unit economics the whole investment case rests on, and it is consistent with the expanded CoreWeave lease: $11B over 15 years on 400 MW is about $1.8M per MW per year. The base-case FY2029 scenario in this report assumes $1.57M per MW per year, slightly below the contracted rate, which is a deliberate cushion.

Delivery track record: on schedule so far

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In data-center development, the only credential that matters is delivering buildings on the promised date. Applied Digital's record, so far, is clean.

- **Polaris Forge 1, Building 1.** Phase I (50 MW) reached ready-for-service in October 2025. Phase II (50 MW) followed on November 24, 2025, bringing the first building to its full 100 MW of critical IT load, on time. The campus is part of a 400 MW fully contracted deployment for CoreWeave, with a path beyond 1 GW.
- **Polaris Forge 2.** Broke ground in September 2025 on a 280 MW campus. The first 200 MW is being phased across two buildings, energizing through 2026 with full capacity expected in 2027.
- **Delta Forge 1.** A 430 MW campus in Louisiana with 300 MW leased; initial operations expected in calendar 2027. Polaris Forge 3 follows the same 2027 timeline.

The engineering pitch: closed-loop liquid cooling, near-zero water consumption, a projected **PUE** of 1.18, and 12 to 14 month build cycles. PUE, power usage effectiveness, is the ratio of total facility power to the power reaching the computers; 1.0 is perfect, so 1.18 is efficient. Speed is the selling point: in an industry where hyperscalers wait years for capacity, delivering a 100 MW building in about a year is the moat.

The honest caveat. One on-time building is a data point, not a track record. The company must now deliver roughly ten times that capacity across three more campuses, on borrowed money, by 2027. Every future RFS announcement is a checkpoint on this thesis.

Competitive position: the neocloud pack

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Applied Digital sits in the **neocloud** pack: specialist AI infrastructure companies building GPU-ready capacity faster than the big clouds. The pack trades on contracted growth, and the multiples are rich across the board.

COMPANY	MARKET CAP	VALUATION READ	CONTRACTED SIGNAL
CoreWeave	~$58B	~5x forward sales	$99.4B revenue backlog
Nebius	~$58B	~17x forward sales	Rapid growth, thinner backlog disclosure
IREN	~$17-19B	High, loss-making	$9.7B Microsoft deal; 4.5+ GW pipeline
TeraWulf / Cipher	Smaller	Very high sales multiples	Loss-making, earlier stage
Applied Digital	**~$7.9B**	**~12.9x trailing sales**	**$36B contracted, 1.4 GW**

Market caps and multiples per Finnhub and industry coverage, June to September 2026. CoreWeave and Nebius figures per ainvest, June 2026. IREN's Microsoft deal per Reuters, November 2025.

Applied Digital's relative position is interesting: it is the cheapest name in the pack on a contracted-revenue basis, roughly $7.9B of market value against $36B of signed base-term revenue. The discount reflects the earlier stage of delivery and the leverage. CoreWeave is both its biggest customer and its biggest comparable: if CoreWeave sneezes, Applied Digital catches it twice, as tenant and as valuation anchor.

NVIDIA: the backer that left

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The NVIDIA relationship has two chapters. In September 2024, NVIDIA invested $160M in Applied Digital through a private placement, becoming a visible strategic backer. Then, in its 13F filing released February 18, 2026, NVIDIA disclosed it had sold its entire 7,716,050-share stake during the fourth quarter of 2025, a position worth about $177M at year end. The stock fell 8.4% in after-hours trading and closed down 4.9% the next session.

Three facts keep this in proportion. First, the same filing showed NVIDIA also exiting Arm Holdings and WeRide while opening new positions in Intel, Nokia, and Synopsys: a portfolio rebalancing, not a targeted vote against Applied Digital. Second, NVIDIA deepened its commitment to CoreWeave with a $2B investment, which is the tenant that matters most to Applied Digital's revenue. Third, Applied Digital remains an NVIDIA Cloud Partner and builds its campuses around NVIDIA GPUs; the commercial relationship continues.

> **Why it still matters.** The exit is a sentiment overhang, not a fundamental event. But it removed the most prestigious name from the shareholder register, and it happened while the stock was richly valued. Until the register refills with long-term holders, headline risk around the name remains elevated.

Technical analysis: basing under heavy overhead

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Data through the September 23, 2026 session. Reference price: $27.30. All indicators below use this single dated series.

Price is below the 200-day average with the 50-day as nearby resistance. RSI is neutral. Data: Finnhub daily candles, September 2025 to September 23, 2026.

Reading the chart

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INDICATOR	READING	MEANING
Price vs. 20-day average	$27.30 vs. $26.27	Short-term momentum is positive; buyers are active this week.
Price vs. 50-day average	$27.30 vs. $27.66	Price is pressing against medium-term resistance from below.
Price vs. 200-day average	$27.30 vs. $32.27	The long-term trend is down: the stock sits about 15% below its 200-day.
52-week range	$19.01 to $50.73	The stock is 46% below its high, 44% above its low: the lower middle of the range.
5-day / 21-day returns	+12.8% / +2.3%	A sharp one-week bounce inside a flat month.
63-day return	-34.4%	The last three months were a real drawdown, not noise.
126-day / 252-day returns	+2.7% / +12.6%	Flat over six months, modestly up over the year.
RSI (14)	51.1	Neutral. Neither overbought nor oversold.

Support and resistance. $23.39 is the near support level, then $19, the 52-week low. Overhead: $29.10 is the recent swing high, then the 50-day at $27.66 as a dynamic ceiling, then the 200-day at $32.27 as the line the bulls must reclaim. $50.73, the 52-week high, is a distant ceiling.

The read. This is a basing chart, not a trending chart. The 34% three-month drawdown flushed weak holders; the 12.8% five-day bounce shows buyers returning. But every rally since spring has failed at the declining 200-day average. The technical grade is C+ because the structure is repairing, not repaired.

Risks, honestly stated

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RISK	SEVERITY	DETAIL
Execution and delivery delays	High	The thesis requires delivering about 1.3 GW more by 2027 on a fixed schedule. One on-time 100 MW building is encouraging, not proof at scale. Delays push revenue out while interest keeps accruing.
Leverage and refinancing	High	About $5B of long-term debt on $1.7B of equity, a 2.9x debt-to-equity ratio. The 2031 notes must eventually be refinanced; rates and credit conditions then are unknowable now.
Customer concentration	High	CoreWeave plus two hyperscalers hold essentially the entire $36B backlog. A single cancellation or renegotiation would impair the whole investment case.
Dilution history	Medium	Common shares outstanding grew from about 225M to 287.9M in one fiscal year alone. More equity raises would dilute existing holders, especially any raise below book value.
AI capex cycle risk	Medium	Take-or-pay leases protect revenue for fifteen years, but they do not protect the next round of leases. If hyperscaler AI spending slows, the pipeline beyond the contracted 1.4 GW shrinks.
Power and interconnection	Medium	Data centers live or die on grid power. Interconnection delays or rising energy costs in North Dakota and Louisiana would hit schedules and margins.
NVIDIA exit overhang	Low	The February 2026 exit was portfolio rebalancing, but it left a sentiment overhang and removed a prestigious holder. Headline risk, not fundamental risk.
Interest rates	Medium	Project debt reprices with rates. Higher-for-longer rates raise the cost of every future campus.

Catalysts: what moves the needle

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CATALYST	TIMING	WHAT GOOD LOOKS LIKE
Building deliveries (RFS milestones)	Ongoing through 2027	Each on-time RFS converts contracted MW into recognized revenue and de-risks the execution story.
New lease signings	Ongoing	More 15-year take-or-pay leases, especially the 150 MW CoreWeave option and the 800 MW Polaris Forge 2 right of first refusal.
ChronoScale value crystallization	Ongoing	The separated GPU cloud business (Nasdaq: CHRN), 96% owned, becomes a visible, valued asset rather than a footnote.
Operating cash flow inflection	FY27-FY28	OCF, about $90M in the latest quarter, grows toward covering interest and then capex. Positive free cash flow ends the dilution debate.
De-levering	FY27-FY28	Debt-to-equity falls as retained cash flow builds equity and project debt amortizes.
Fiscal Q1 2027 earnings	October 8, 2026	Continued triple-digit revenue growth with progress on Polaris Forge 2 energization.
Analyst coverage	Ongoing	Wells Fargo initiated at Overweight with a $50 target on September 17, 2026; consensus target is about $63. Coverage breadth supports the re-rating if deliveries land.

Valuation: what the price assumes

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At $27.30, Applied Digital trades at about 12.9 times trailing-twelve-month revenue of $611.3M, on a market cap near $7.9B. On enterprise value, about $8.7B after adding roughly $0.8B of net debt, the multiple is about 14 times trailing revenue.

Is that expensive? Against the neocloud pack, it is the middle of the range: CoreWeave trades near 5x forward sales with a $99.4B backlog, Nebius near 17x forward sales, and earlier-stage names higher still. The market is not pricing Applied Digital as a software company; it is pricing it as contracted infrastructure trading at a discount for delivery risk and leverage.

The right way to think about the price is as a claim on the $36B. At $7.9B of market value, the market is paying about 22 cents for each contracted dollar of base-term revenue. That looks cheap until you remember the dollars arrive over fifteen years, the buildings are not all built, and the debt gets paid first.

> **The honest math.** This stock is priced for conversion, not for hope: the contracts exist, so the downside is execution failure, not demand failure. But there is no margin of safety at $27.30 if deliveries slip. The leverage means a bad year for construction is a bad year for the equity.

Scenario targets: FY2026 to FY2029

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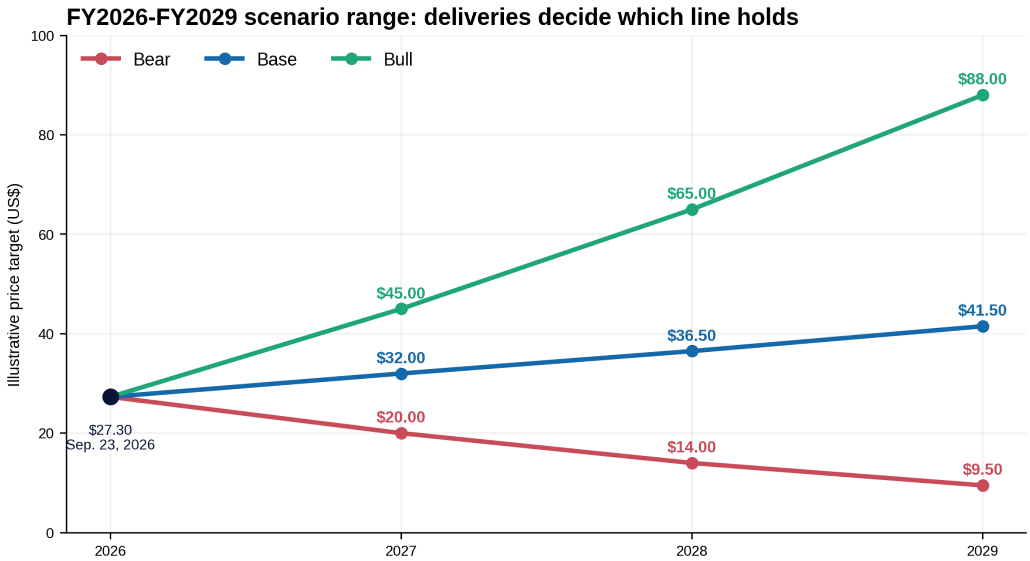

Illustrative scenario price paths from the $27.30 reference price. Scenarios, not forecasts. Formula: (FY29 revenue x EV/Sales - net debt) / diluted shares.

	BEAR	BASE	BULL
FY29 revenue	$1.3B	$2.2B	$3.2B
EV/Sales multiple	6x	8x	10x
Enterprise value	$1.3B x 6 = $7.8B	$2.2B x 8 = $17.6B	$3.2B x 10 = $32.0B
Less: net debt	- $4.5B	- $3.5B	- $3.0B
Equity value	$3.3B	$14.1B	$29.0B
Diluted shares	350M	340M	330M
FY29 price target	**$9.50**	**$41.50**	**$88.00**
Return from $27.30	-65%	+52%	+222%

Base case. The contracted 1.4 GW is substantially online by FY2029 at $2.2B of revenue, which is $1.57M per MW per year, slightly below the contracted $1.7M ($36B over 1.4 GW over 15 years), so the revenue carries a cushion. 8x EV/Sales sits between CoreWeave (~5x) and Nebius (~17x) forward multiples. Net debt falls to $3.5B as cash flow funds construction. Check the division: $3.3B / 350M = $9.43; $14.1B / 340M = $41.47; $29.0B / 330M = $87.88. **Bear case.** Deliveries slip, revenue reaches $1.3B, the market pays 6x for a levered developer that missed schedule, and $9.50 follows. **Bull case.** The pipeline converts beyond 1.4 GW, revenue hits $3.2B at 10x, and $88.00 follows.

Leadership: builders with a record to defend

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Wes Cummins, Chairman and CEO, co-founded the company in 2021 with President **Jason Zhang**. Cummins led the pivot from cryptocurrency hosting to AI data centers and the rebrand to Applied Digital, then the separation of the cloud business as ChronoScale. The operating record under his leadership includes the CoreWeave leases, the two hyperscaler leases, the Macquarie financing, and the on-time delivery of the first 100 MW building.

The governance record carries one disclosed blemish. In a June 2023 8-K, the company's Audit Committee reported it had investigated a threatened, but never formally asserted, allegation of sexual harassment by Chief Marketing Officer Regina Ingel, arising from a personal relationship with Cummins. The Committee found the relationship consensual and the allegations unfounded, and the board reaffirmed Cummins as CEO. The stock fell about 16% to $8.09 on the disclosure. Short-seller reports and class-action filings followed in July 2023.

The honest assessment: the business execution since 2023 has been strong, and the board's process was disclosed rather than buried. But the episode, the short reports, and the dilution history mean governance deserves a permanent watch item. This is part of what the D balance-sheet grade and the 70/100 score are pricing in.

What to watch

- **RFS milestones.** Every ready-for-service announcement through 2027 is a checkpoint. On-time delivery is the thesis; delays are the thesis breaking.
- **New lease signings.** The 150 MW CoreWeave option and the 800 MW Polaris Forge 2 right of first refusal are the visible pipeline. New tenants would reduce concentration.
- **ChronoScale.** The 96%-owned GPU cloud business (Nasdaq: CHRN) is a separate listed asset. Its valuation is optionality the market may start pricing.
- **Operating cash flow.** About $90M in the latest quarter. The path from OCF to positive free cash flow is the path to the end of dilution.
- **Equity raises.** Any new share issuance, especially below book value, is a red flag on the financing plan.
- **Contract health.** Any cancellation, renegotiation, or tenant distress, at CoreWeave or the hyperscalers, breaks the $36B assumption.

What would change the thesis. Contract cancellations, sustained delivery delays across more than one campus, equity raises below book value, or new governance flags. Any one of these forces a full re-underwrite from the new numbers.

Verdict

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B+

Fundamental grade: real contracted revenue, inflecting growth, profitable at the property level.

D

Balance sheet: about $5B of long-term debt on $1.7B of equity. Thin cushion, real refinancing risk.

C+

Technical grade: basing under the 200-day average. Repairing, not repaired.

B-

Valuation grade: 12.9x trailing sales prices in conversion of the backlog. No margin of safety on delays.

The one-paragraph case

Applied Digital has what most AI infrastructure stories lack: signed, take-or-pay contracts. About 1.4 GW of capacity is leased for roughly $36B of base-term revenue from CoreWeave and two investment-grade hyperscalers, and the first 100 MW building was delivered on schedule in November 2025. The stock at $27.30 pays about 22 cents per contracted revenue dollar, a discount that reflects two genuine risks: the buildings must be delivered on borrowed money by 2027, and the balance sheet carries about $5B of debt on thin equity. The base case to $41.50 by FY2029 assumes the contracted capacity comes online at economics slightly below the signed rates. The bear case to $9.50 is what delivery failure plus leverage looks like. This is a positive, high-risk thesis: contracted growth, levered balance sheet, execution as the entire game.

> **Action.** Track RFS milestones and the October 8 earnings print. Enter only with the balance sheet sized appropriately: this is a high-risk position by construction, not by accident. This is research, not investment advice.

Sources and methodology

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Method. This report uses only information available through September 23, 2026. Financial figures come from Applied Digital press releases and SEC filings. Market data comes from Finnhub daily candles through the September 23, 2026 session. Scenario targets are illustrative models, not forecasts: scenario revenue times a scenario EV/Sales multiple, minus scenario net debt, divided by scenario shares.

CLAIM	SOURCE
FY2026: $611.3M revenue (+167%), Q4 $258.7M (+407%), adj. EBITDA $107.2M / $42.4M, adj. net income $36.1M, GAAP net loss $249.2M, NOI $90.4M	APLD FY2026 release, July 27, 2026
1.4 GW contracted, ~$36B base-term revenue; three hyperscaler leases 810 MW / ~$20.2B; ChronoScale split, ~96% retained	APLD FY2026 release, July 27, 2026
Balance sheet: $4,959.5M long-term debt, 287.9M shares, $1,717.5M equity; cash $3,973M	APLD FY2026 10-K, July 29, 2026
OCF $89.7M, investing -$2.94B, FCF -$2.78B, end cash $4.15B	AlphaQuery quarterly fundamentals, Q4 FY2026
CoreWeave expansion to 400 MW / ~$11B, August 2025; path beyond 1 GW	Applied Digital expansion announcement, August 2025 (reported via ainvest.com)
Polaris Forge 2: 200 MW, ~15 yr, ~$5B; ROFR on 800 MW; PUE 1.18; ground Sept. 2025	APLD release, October 22, 2025
Delta Forge 1: 300 MW, ~15 yr, ~$7.5B, Boyce LA; Polaris Forge 3: 300 MW, ~$7.5B; ops 2027	APLD FY2026 release, July 27, 2026
First 100 MW: Phase I Oct. 2025, Phase II RFS Nov. 24, 2025, on time	APLD release, November 24, 2025
$2.15B 6.75% notes due 2031; $1.59B notes; $430M revolver	APLD FY2026 release, July 27, 2026
$5B Macquarie preferred facility	Bisnow, January 2025
NVIDIA $160M placement Sept. 2024; sold 7,716,050 shares Q4 2025 (~$177M); 13F Feb. 18, 2026; -8.4% after hours	Company release; 13F coverage, Feb. 2026
Founded 2021 by Wes Cummins and Jason Zhang as Applied Blockchain; rebranded 2022	Company disclosures
June 2023 8-K investigation; unfounded; board reaffirmed CEO; -16% to $8.09; July 2023 short reports, class actions	APLD 8-K, June 23, 2023; law-firm filings
Price, volume, moving averages, returns	Finnhub daily candles, Sept. 2025 to Sept. 23, 2026
52-week range $19.01-$50.73; reference $27.30	Finnhub; Sept. 23, 2026 session
CoreWeave ~$58B / ~5x fwd sales / $99.4B backlog; Nebius ~$58B / ~17x fwd sales	ainvest, June 2026
IREN: $9.7B Microsoft deal; 4.5+ GW pipeline; ~$17-19B mcap	Reuters, Nov. 2025; Finnhub
FY2028 revenue projection $1.45B; Wells Fargo OW $50; consensus ~$63	Motley Fool, Sept. 17, 2026; MarketBeat, Sept. 2026
Fiscal Q1 2027 earnings October 8, 2026	Market calendar data, Sept. 2026