



Sovereign Cloud Holdings Ltd
FASX Small Mid-Cap Conference
March 2021

“Our mission is to deliver the leading scalable IaaS platform and service sovereign to Australia, supporting Government and Critical National Industries, making their applications and systems more secure, more efficient and more effective for all users and citizens.”

A New Zealand flag on a tall, silver flagpole, positioned in the upper right quadrant of the slide. The flag is dark blue with a white fern frond and four white stars.

Sovereign
Data Protection

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- 1. About AUCloud**
- 2. H1 FY21 Result Highlights**
- 3. Market Opportunity**
- 4. 2021 Outlook**

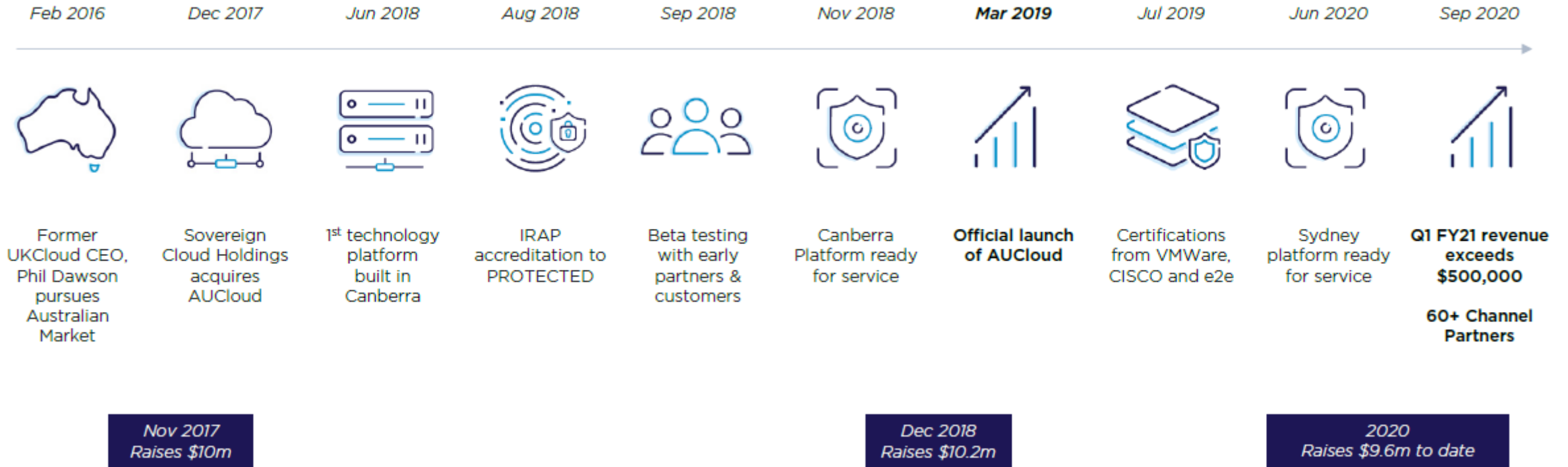
Appendices

- A. H1 FY21 Profit & Loss**
- B. H1 FY21 Cash Flow**
- C. Balance Sheet – 31 Dec 2020**
- D. Definitions – Operating Metrics**



About AUCloud

Key Events



About AUCloud

Competitive Strengths

Offering a scalable, user centric and flexible 'pay as you use' solution to Government and CNIs



Sovereignty



Data securely stored locally

All data securely stored and managed within two data centres in Sydney and Canberra



All Australian

Owned, located and operated in Australia by security-cleared operatives



Government focused

Solutions developed in conjunction with, and for, Government and CNIs. Fully compliant with the 2020 Australian Cyber Security Strategy

Security



IRAP certified to PROTECTED

Meets and exceeds the Australian Signals Directorate ISM control requirements



Data privacy assured

Sovereign ownership ensures Australian legislation prevails



Exclusive security

Implemented a world class threat security monitoring solution via e2e-assure

Performance



User centric and transparent pricing

Simple, consistent and competitive 'pay as you use' pricing model



Supported by major partners

Partnerships with VMware and Cisco to create a structurally sound technology stack



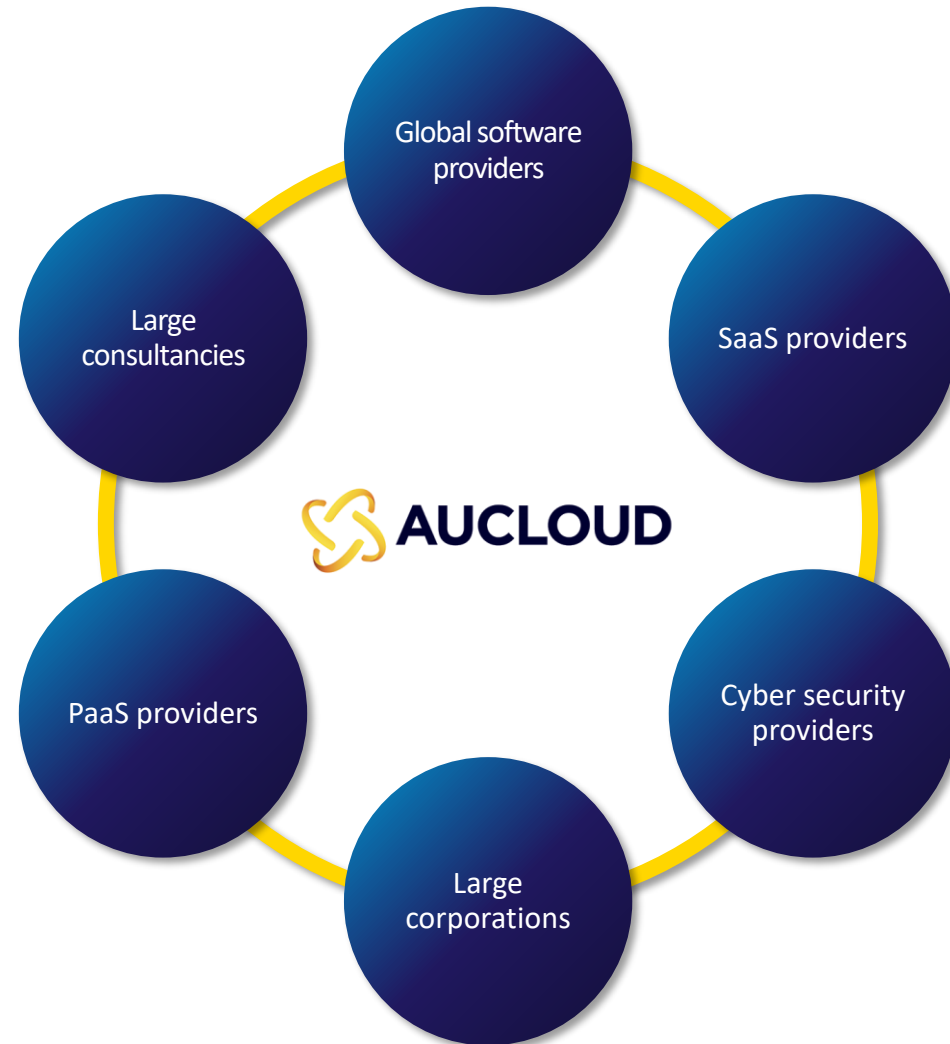
Efficiency enhancing technology

API first product development and a 'technology-managing-technology' process enhancing efficiency

Channel Partners

- Significant investment in educating partner organisations about the strength of the AUCloud platform has built a network of 50+ channel partners
- Each partner generally undertakes a trial period before endorsing AUCloud's solution as part of a 'bundled' full service offering to customers
- Partner network delivers an efficient sales strategy as AUCloud leverages partners' networks and sales force to build contract pipeline
- Diversified network offers ability to expand into new markets quickly and efficiently, e.g. Defence, Education, Financial Services, Healthcare
- Opportunity to test new markets without significant incremental sales & marketing investment

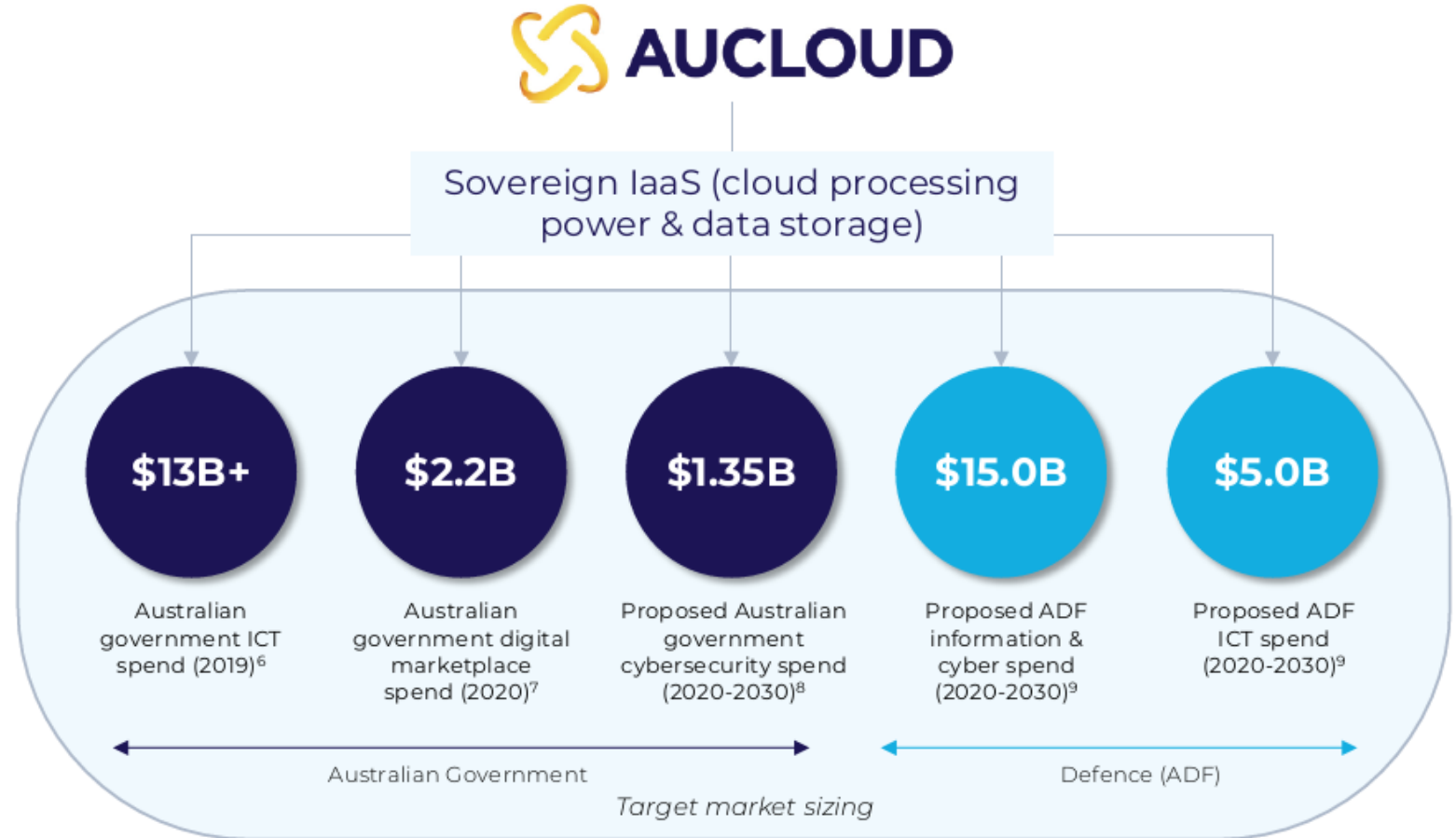
Channel Partner Community



Sovereignty, security, customer focus and value of services enable AUCloud to be competitive against global IaaS providers.

Our focus into each of the above segments is reaping results based on increasingly proven capability, accreditations and growing customer needs with a view to increasing AUCloud's appeal to the Australian Government and Defence and their supply chain providers.

We have and are demonstrating considerable success with SOCaaS across all sector outlined above.



⁶ Combination of figures from Digital Transformation Agency, ICT Report of the ICT Procurement Taskforce, 2017 - <https://www.dta.gov.au/help-and-advice/ict-procurement/digital-sourcing-framework-ict-procurement/ict-procurement-taskforce-report>; NSW Government - <https://www.digital.nsw.gov.au/sites/default/files/NSW%20Government%20Cloud%20Policy.pdf> ; and Victoria Government - <https://www.audit.vic.gov.au/report/victorian-government-ict-dashboard?section=32857--audit-overview>

⁷ Digital Transformation Agency, 2020 - <https://www.dta.gov.au/news/digital-marketplace-reaches-2b-milestone>

⁸ Australian Government, 2020 - <https://www.pm.gov.au/media/nations-largest-ever-investment-cyber-security>

⁹ Australian Defence Force (ADF), 2020 Defence Strategic Update - <https://www.defence.gov.au/StrategicUpdate-2020/>

Revenue

- H1 FY21 revenue increased to \$1.1m (H1 FY20: \$0.3m)
- IaaS Consumption increased to \$1.0m (H1 FY20: \$12k)
- TCV Outstanding at Dec-20 of \$2.1m (Jun-20: \$0.72m)
- TCV Closed in H1 FY21 at \$2.3m (H2 FY20: \$1.6)

Operating EBITDA (see Appendix A)

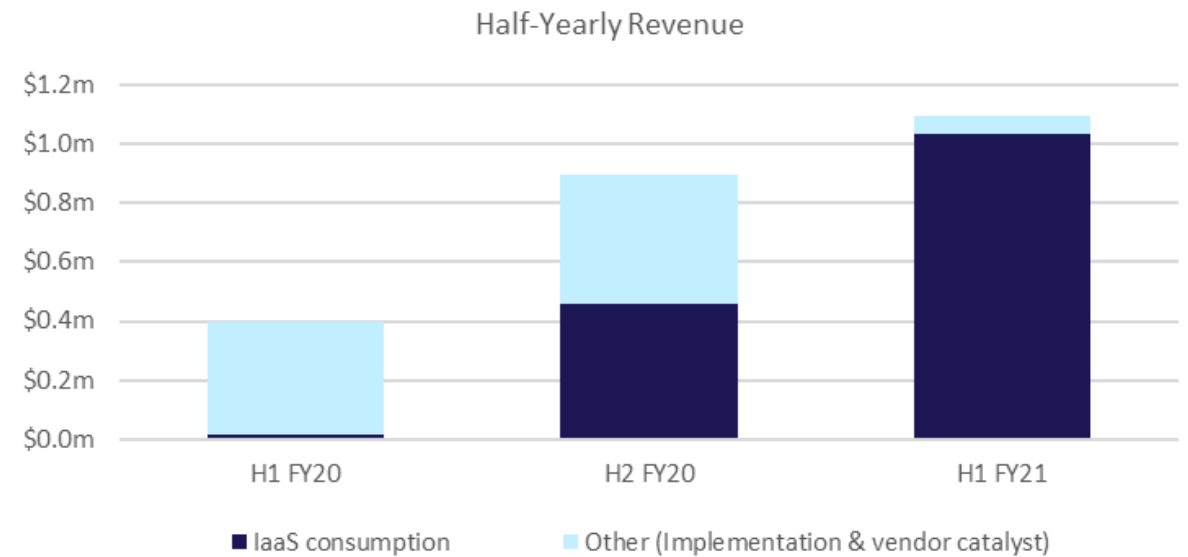
- Consistent outflow of (\$3.1m) across periods
- Refer to analysis in Appendix A

Cash Flow (see Appendix B)

- Cash at Dec-20 \$20.5m (Jun-20: \$1.1m) following IPO capital raising of \$18.9m (net)
- Invested \$3m in computer equipment and other assets funded by supplier finance

Definitions - Operating Metrics (see Appendix D)

- Refer to Appendix D for definitions



TCV Growth

- Clear focus on growing IaaS revenue through existing channel partner relationships and direct to customer.
- Encouraging signs of customers starting to shift from on-premise to cloud computing.

Business Investment

- Increase in headcount from 36 to 44 today mostly sales and service/security delivery.
- Working capital – negative cashflow expected to improve over 2021.
- Capex – linked to customer growth, with up to \$10m investment in expanding compute and storage capacity as and when required.





Appendices

Appendix A: H1 FY21 Profit & Loss



(\$'000)	H1 FY21	H2 FY20	H1 FY20
Revenue			
IaaS Revenue	1,094	975	336
Other Income – R&D Tax Credit	301	-	-
Other Income – Other	56	53	25
	1,451	1,028	361
Operating Costs			
Employee Expenses	(2,817)	(2,566)	(2,374)
Other Expenses	(1,696)	(1,548)	(1,062)
EBITDA, Pre IPO Costs	(3,062)	(3,086)	(3,075)
Depreciation & Amortisation	(1,630)	(884)	(851)
Interest Expense	(175)	(151)	(178)
Loss Before Tax & IPO Costs	(4,867)	(4,121)	(4,104)
IPO Costs Expense	(497)	-	-
Loss Before & After Tax	(5,364)	(4,121)	(4,104)

Commentary:

- IaaS revenue includes both IaaS consumption, which is typically invoiced against customer contracts/purchase orders based on usage, and related services such as implementation, consulting and setup charges. The allocation of revenue between IaaS consumption and other services is shown on page 4 of the Investor Presentation.
- R&D tax credit relates to costs incurred in FY19.
- IPO costs expense relates to the proportion of costs incurred in the listing of the Company's shares on the ASX in December 2020.
- Depreciation expense increased in H1 FY21 following completion of the second technology platform in June 2020.

Appendix B: H1 FY21 Cash Flow

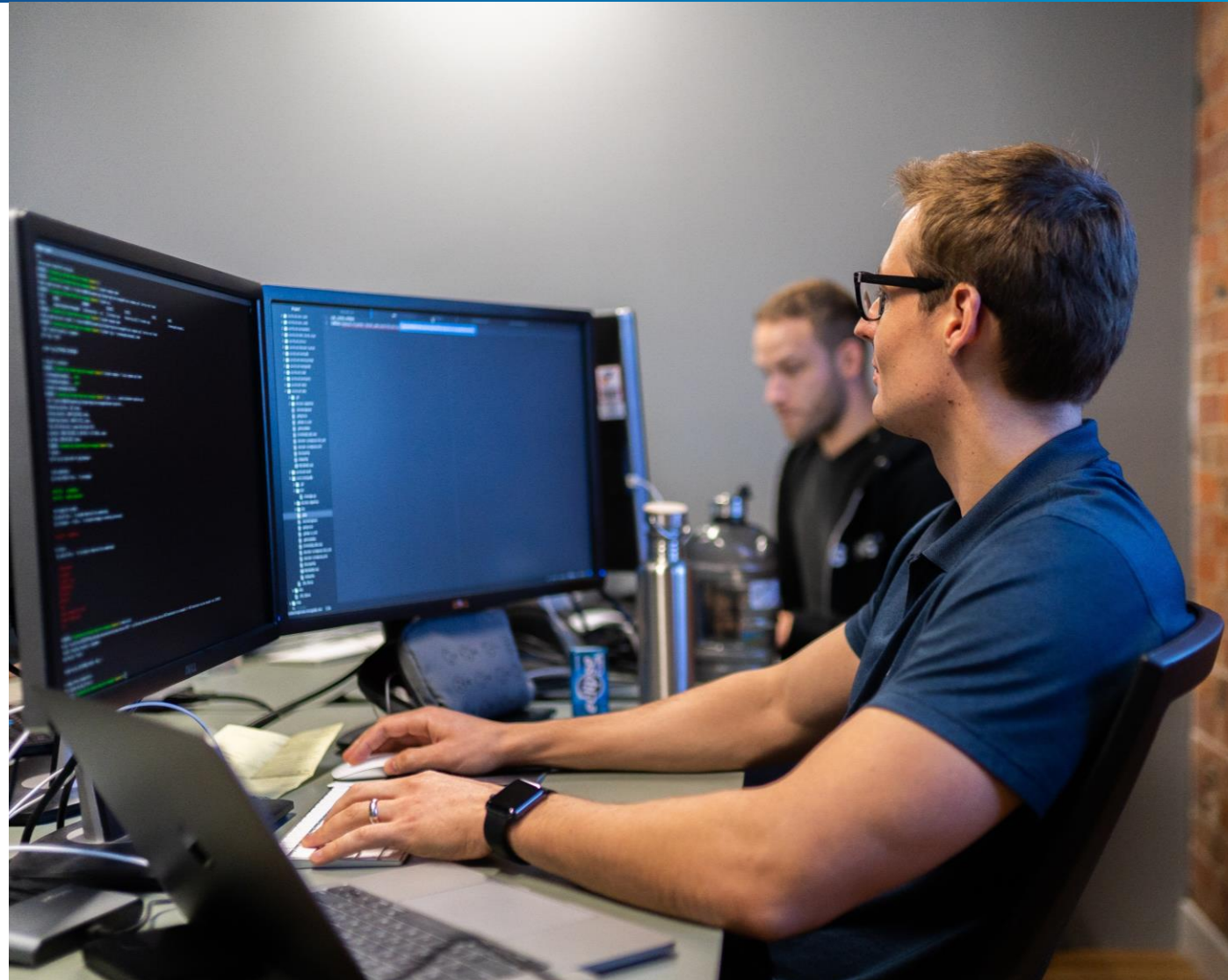
	(\$'000)	H1 FY21	H2 FY20	H1 FY20
EBITDA, Pre IPO Costs		(3,062)	(3,086)	(3,075)
IPO Expenses		(497)	-	-
Finance Costs/Lease Interest		(175)	(151)	(178)
Changes in Working Capital		203	711	(517)
Cash Flow from Operations		(3,531)	(2,526)	(3,770)
Capital Expenditure		(2,768)	(76)	(395)
Net Cash Flow before Financing		(6,299)	(2,602)	(4,165)
Funding				
Borrowings		3,218	40	-
Repayments		(1,616)	(1,490)	(970)
Recoverable GST, net		(228)	49	156
Share Issues, net		24,312	4,151	750
		25,686	2,750	(64)
Cash on Hand – End of Period		20,518	1,130	982

Commentary:

- Capital expenditure in H1 FY21 related to computer equipment and other assets to increase storage and compute capacity at both Sydney and Canberra data centres to accommodate existing and anticipated customer usage.
- Borrowings in H1 FY21 were provided by a major supplier who had previously provided equipment funding in FY19.
- Share issues in H1 FY21 included pre-IPO share placements in August 2020 and the shares issued pursuant to the October 2020 prospectus.

Appendix C: Balance Sheet – 31 December 2020

(\$'000)	Dec-20	Jun-20
Current Assets		
Cash	20,518	1,130
Receivables/Prepayments	1,135	706
	21,653	1,836
Non-Current Assets		
Computer Equipment & Software	3,492	4,024
Right of Use Leased Assets		
- Computer Equipment & Software	6,866	4,838
- Data Centres Leased	3,261	3,736
Other Assets	397	226
Total Assets	35,669	14,660
Current Liabilities		
Payables	865	540
Lease Liabilities	4,084	3,009
Provisions	254	229
	5,203	3,778
Non-Current Liabilities		
Lease Liabilities	5,188	4,661
Total Liabilities	10,391	8,439
Net Assets	25,278	6,221
No. of Shares on Issue ('000)	99,557	63,847
Net Asset Backing	\$0.25	\$0.10



Summarised below are new operating metrics adopted by management for measuring the progress of business:

- Total Contract Value (TCV) is the total value of expected revenue from estimated consumption of Infrastructure-as-a-Service (IaaS), services secured through non-enforceable customer contracts (e.g. purchase orders, statement of works). Invoices are raised typically on a monthly basis against these contracts based on actual customer usage. Such contracts generally form part of a larger contractual scope that is less defined but provides overarching commercial terms (e.g. Master Services Agreements, Channel Partner Agreements, Teaming Agreements). As such, TCV provides an estimate of the total IaaS consumption expected by a customer over a defined time period, typically 12 months.
- TCV Closed in any period is the aggregated revenue associated with all signed commercial contracts in that period.
- TCV Outstanding is the remaining aggregated balance of all signed contracts at a point in time, net of any consumption utilized to date recognized against the respective contracts.
- IaaS Consumption is the revenue recognised based on the aggregated consumption of the IaaS services, excluding implementation, consulting and setup charges or one-off non-recurring charges. In the Company's experience it is reasonable to expect IaaS consumption to be repeated in subsequent periods.



AUCLOUD