

22 November 2021

ASX Limited

**Issue of cleansing notice under section 708AA(2)(f) of the Corporations Act 2001 (Cth)**

**Sovereign Cloud Holdings Limited**

Sovereign Cloud Holdings Limited (ACN 622 728 189) (ASX: SOV) (**Company**) has today announced that it will undertake an equity capital raising to raise approximately \$35 million, which includes a fully underwritten 4 for 11 pro-rata accelerated non-renounceable entitlement offer of fully paid ordinary shares in the Company (**New Shares**) to raise approximately \$22.6 million (**Entitlement Offer**). The balance of the funding will be raised via a placement to raise approximately \$12.4 million.

The Entitlement Offer is fully underwritten and joint lead managed by Morgans Corporate Limited (ACN 010 539 607) and Canaccord Genuity (Australia) Limited (ACN 075 071 466) (**Joint Lead Managers**).

The offer price for the Entitlement Offer will be \$0.50 per share (**Offer Price**).

Under the Entitlement Offer, eligible shareholders of the Company will be able to subscribe for 4 New Shares for every 11 existing fully paid ordinary shares in the Company held at 7.00pm (Sydney time) on 24 November 2021 (**Record Date**) at the Offer Price (**Entitlements**).

The Entitlement Offer includes an institutional component (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**).

The Company will offer the New Shares for issue without disclosure to investors under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Corporations Act**) as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 (**Instrument 2016/84**).

Further details of the Entitlement Offer are set out in the Company's investor presentation that has been lodged with ASX today, and the Retail Entitlement Offer information booklet that the Company expects to release on 24 November 2021 and that will be dispatched to eligible shareholders of the Company on or about 29 November 2021.

**Details of the securities issued or expected to be issued**

<b>Class of securities</b>	Ordinary shares
<b>ASX code of the securities</b>	SOV
<b>Date of issue or expected issue</b>	1 December 2021 for New Shares issued under the Institutional Entitlement Offer 20 December 2021 for New Shares issued under the Retail Entitlement Offer
<b>Total number of securities issued or expected to be issued (subject to rounding of fractional entitlements)</b>	45,253,211 New Shares

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## Information required under section 708AA(7) of the Corporations Act

As required by section 708AA(7) of the Corporations Act, the Company advises that:

1. the New Shares will be issued without disclosure under part 6D.2 of the Corporations Act as notionally modified by Instrument 2016/84;
2. this notice is given under section 708AA(2)(f) of the Corporations Act as notionally modified by Instrument 2016/84;
3. as at the date of this notice, the Company has complied with:
  - (a) the provisions of chapter 2M of the Corporations Act as they apply to the Company; and
  - (b) section 674 of the Corporations Act;
4. as at the date of this notice, there is no 'excluded information' of the type referred to in sections 708AA(8) and 708AA(9) of the Corporations Act as notionally modified by Instrument 2016/84; and
5. information regarding the potential effect of the issue of New Shares pursuant to the Entitlement Offer on the control of the Company, and the consequences of that effect, is set out below.

### Effect of the Entitlement Offer on control

The issue of New Shares under the Entitlement Offer is not expected to have any material effect or consequence on the control of the Company, but is dependent on a number of factors including investor demand.

Given the structure of the Entitlement Offer as a pro rata offer, if all eligible shareholders of the Company take up their Entitlement, the ownership interest (and voting power) in the Company of each eligible shareholder of the Company will remain largely unchanged and the effect on the control of the Company will be negligible. However, the Company will also undertake a placement to NEXTDC Ventures Holdings No. 1 Pty Ltd (ACN 655 243 057) (**NEXTDC**) to raise approximately \$12.4 million (**Placement**). New fully paid ordinary shares in the Company issued under the Placement will represent just under 20% of the fully paid ordinary shares on issue in the Company following completion of both the Placement and the Entitlement Offer.<sup>1</sup> Accordingly, existing shareholders of the Company will be diluted as a result of the Placement. Having regard to the relevant statutory caps on the voting power of shareholders, the board of directors of the Company does not consider that the Placement will have any material impact on the control of the Company.

To the extent that any eligible shareholder of the Company fails to take up their Entitlement, the percentage holding in the Company of that eligible shareholder of the Company will be diluted by those other eligible shareholders of the Company who take up some, all or more than their Entitlement and as a result of the Placement. The voting power of ineligible foreign shareholders of the Company will be diluted.

The Company has received commitments from existing shareholders of the Company and NEXTDC to take up Entitlements representing approximately \$12.4 million (54.6%) following completion of the Placement. If no other eligible shareholders of the Company take up their Entitlements (which the board of directors of the Company considers unlikely), then the Joint Lead Managers will be required to subscribe, or procure subscriptions from others, for the shortfall shares. In these circumstances,

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<sup>1</sup> The fully paid ordinary shares in the Company issued to NEXTDC under the Placement will be issued before the Record Date, and as such will be eligible to participate in the Entitlement Offer. NEXTDC has committed to take up its Entitlements under the Entitlement Offer. NEXTDC will not exceed 20% voting power in the Company.

the maximum theoretical increase in voting power of the Joint Lead Managers (or a sub-underwriter) will be approximately 12.09%.<sup>2</sup> However, as the Joint Lead Managers' obligations will be at least partially sub-underwritten, the board of directors of the Company considers that the Entitlement Offer will not affect the control of the Company. Further, having regard to the sub-underwriting arrangements, even if a substantial shortfall arose, the board of directors of the Company does not consider that there would be a material impact on the control of the Company.

**Authorised for release by:** The board of directors of the Company

Signed for and on behalf of the Company



**Michelle Crouch**  
Company Secretary  
Sovereign Cloud Holdings Limited

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<sup>2</sup> Having regard to the number of fully paid ordinary shares in the Company on issue following completion of the Entitlement Offer.