



Sovereign Cloud Holdings Limited

(ACN 622 728 189)

Retail Entitlement Offers

4 for 11 pro-rata accelerated non-renounceable entitlement offer of fully paid ordinary shares in the Company at an Offer Price of \$0.50 per New Share.

The Retail Entitlement Offer closes at 5.00pm (Sydney time) on 13 December 2021.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This Offer Booklet requires your immediate attention. It is an important document which is accompanied by a personalised Entitlement and Acceptance Form and both should be read in their entirety. This Offer Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. Please call your stockbroker, solicitor, accountant, financial adviser or other professional adviser or the Offer information line on 1300 222 378 (within Australia) or +61 1300 222 378 (outside Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday.

IMPORTANT NOTICES

Defined terms and abbreviations used in this Offer Booklet are set out in the glossary in Section 7.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES.

This Offer Booklet has been prepared and issued by Sovereign Cloud Holdings Limited (ACN 622 728 189) (**Company**) and is dated 29 November 2021. This Offer Booklet relates to the Retail Entitlement Offer which is part of the entitlement offer by the Company of New Shares to raise gross proceeds of approximately \$18.6 million.

The Entitlement Offer is being made in Australia pursuant to section 708AA of the Corporations Act (as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73), which allow entitlement offers to be made to investors without a prospectus). This Offer Booklet does not contain all of the information which an investor may require to make an informed investment decision, nor does it contain all the information which would be required to be disclosed in a prospectus, product disclosure statement or other disclosure document under the Corporations Act. The information in this Offer Booklet does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs.

This Offer Booklet should be read in its entirety before you decide to participate in the Retail Entitlement Offer. This Offer Booklet is not a prospectus, product disclosure statement or other disclosure document under the Corporations Act and has not been lodged with ASIC.

As this offer is not being made under a prospectus, investment statement or product disclosure statement, it is important for Eligible Retail Shareholders to read carefully and understand this Offer Booklet and the information about the Company and the Entitlement Offer that is made publicly available. In particular, please refer to the materials in this Offer Booklet (including the Company's Investor Presentation in Section 5), the Company's annual reports and other ASX announcements made available at www.australiacloud.com.au (including the Company's 2020-2021 annual report which was released to ASX on 17 September 2021), and other ASX announcements which may be made by the Company after publication of this Offer Booklet.

By paying for your New Shares through BPAY® in accordance with the instruments on your personalised Entitlement and Acceptance Form, you acknowledge that you have read this Offer Booklet and you have acted in accordance with and agree to the terms of the Retail Entitlement Offer detailed in this Offer Booklet.

None of the Joint Lead Managers, nor their related bodies corporate or affiliates, nor any of their respective directors, officers, partners, employees, representatives, contractors, consultants, agents or advisers (together, the **Joint Lead Manager Parties**) has authorised, permitted or caused the issue or lodgement, submission, despatch or provision of this Offer Booklet and there is no statement in this Offer Booklet which is based on any statement made by the Joint Lead Managers or by any Joint Lead Manager Party. To the maximum extent permitted by law, each Joint Lead Manager Party expressly disclaims all duties and liabilities (including for fault, negligence and negligent misstatement) in respect of, and makes no representations or warranties regarding, and takes no responsibility for, any part of this Offer Booklet or any action taken by you on the basis of the information in this Offer Booklet, and makes no representation or warranty as to the fairness, currency, accuracy, reliability or completeness of this Offer Booklet.

No overseas offering

This Offer Booklet (including the Company's Investor Presentation included as part of it) and the accompanying Entitlement and Acceptance Form do not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. In particular, this Offer Booklet does not constitute an offer to Ineligible Retail Shareholders and may not be distributed in

the United States and the New Shares may not be offered or sold, directly or indirectly, to persons in the United States.

This Offer Booklet is not to be distributed in, and no offer of New Shares is to be made, in countries other than Australia, New Zealand and (subject to this Offer Booklet) the United Kingdom unless the Company, in its discretion, is satisfied that the Retail Entitlement Offer may be made in compliance with all applicable laws.

No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia, New Zealand and (subject to this Offer Booklet) the United Kingdom.

The distribution of this Offer Booklet (including an electronic copy) outside Australia, New Zealand and (subject to this Offer Booklet) the United Kingdom, is restricted by law. If you come into possession of the information in this booklet, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

Foreign exchange control restrictions or restrictions on remitting funds from your country to Australia may apply. Your Application for New Shares is subject to all requisite authorities and clearances being obtained for the Company to lawfully receive your Application Monies.

New Zealand

The New Shares are not being offered or sold to the public within New Zealand other than to existing Shareholders with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the *Financial Markets Conduct Act 2013 (NZ)* and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (NZ)*.

This Offer Booklet has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013 (NZ)*. This Offer Booklet is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

United States disclaimer

This Offer Booklet, the accompanying Entitlement and Acceptance Form, and any accompanying ASX Announcements (including the Company's Investor Presentation included as part of this Offer Booklet) do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States.

Neither this Offer Booklet nor the accompanying Entitlement and Acceptance Form may be distributed or released in the United States. Neither the Entitlements nor the New Shares offered in the Retail Entitlement Offer have been, or will be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States.

Accordingly, the Entitlements may not be taken up by, and the New Shares may not be offered, sold or resold to persons in the United States or persons who are acting for the account or benefit of a person in the United States unless they have been registered under the US Securities Act or offered or sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable US state securities laws. The Entitlements and the New Shares to be offered and sold in the Retail Entitlement Offer may only be offered and sold outside the United States in 'offshore transactions' (as defined in Rule 902(h) under the US Securities Act) in compliance with Regulation S under the US Securities Act.

United Kingdom

Neither the information in this Offer Booklet, nor any other document relating to the Equity Raising, has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the *Financial Services and Markets Act 2000*, as amended) has been published or is intended to be published in respect of the New Shares.

In the United Kingdom, this Offer Booklet is being distributed only to, and is directed at, persons: (a) who fall within Article 43 (members or creditors of certain bodies corporate) of the *Financial Services and Markets Act 2000 (Financial Promotion) Order 2005*, as amended; or (b) to whom it may otherwise be lawfully communicated (together, **Relevant Persons**). The investments to which this Offer Booklet relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this Offer Booklet or any of its contents.

References to "you" and "your Entitlement"

In this Offer Booklet, references to "you" are references to Eligible Retail Shareholders (as defined in Section 1.4) and references to "your Entitlement" (or "your Entitlement and Acceptance Form") are references to the Entitlement (or Entitlement and Acceptance Form) of Eligible Retail Shareholders.

Times and dates

Times and dates in this Offer Booklet are indicative only and may be subject to change. All times and dates refer to Sydney time. Refer to the "Key Dates" section of this Offer Booklet for more details.

Currency

Unless otherwise stated, all dollar values in this Offer Booklet are in Australian dollars (AUD).

Privacy

The Company collects information about each applicant provided on an Entitlement and Acceptance Form for the purposes of processing the application and, if the application is successful, to administer the applicant's holding in the Company.

By paying for your New Shares, you will be providing personal information to the Company (directly or through the Company's Share Registry). The Company collects, holds and will use that information to assess your application. The Company collects your personal information to process and administer your shareholding in the Company and to provide related services to you. The Company may disclose your personal information for purposes related to your shareholding in the Company, including to the Company's Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to personal information that the Company holds about you. To make a request for access to your personal information held by (or on behalf of) the Company, please contact the Company through the Company's Share Registry.

Governing law

This Offer Booklet, the Retail Entitlement Offer, and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the laws applicable in Queensland, Australia. Each applicant submits to the non-exclusive

jurisdiction of the courts of Queensland, Australia and courts competent to hear appeals from those courts.

Future performance and forward-looking statements

This Offer Booklet contains certain "forward-looking statements", including but not limited to projections and guidance on the future performance of the Company and the outcome and effects of the Entitlement Offer. Forward-looking statements can generally be identified by the use of forward-looking words such as "expect", "anticipate", "likely", "intend", "propose", "should", "could", "may", "predict", "plan", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance", "potential", and other similar expressions within the meaning of securities laws of applicable jurisdictions.

The forward-looking statements contained in this Offer Booklet are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of the Company, its Directors and management, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Refer to the "Key Risk Factors" section of the Company's Investor Presentation included in Section 5 for a summary of certain general and Company specific risk factors that may affect the Company. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements, including one or more of the key risk factors in Section 5. Investors should consider the forward-looking statements contained in this Offer Booklet in light of those disclosures. The forward-looking statements are based on information available to the Company as at the date of this Offer Booklet.

Except as required by law or regulation (including the ASX Listing Rules), the Company undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

Past performance

Investors should note that past performance, including the past share price performance of the Company and the pro forma historical information in the Company's Investor Presentation included in Section 5, is given for illustrative purposes only and cannot be relied upon as an indicator of (and provides no guidance as to) future Company performance including future share price performance. The pro forma historical information is not represented as being indicative of the Company's views on its future financial condition and/or performance.

Risks

Refer to the "Key Risk Factors" section of the Company's Investor Presentation included in Section 5 for a summary of certain risk factors that may affect the Company.

Trading in New Shares

The Company, the Joint Lead Managers, and their respective affiliates and related bodies corporate have no responsibility and disclaim all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by the Company or the Company's Share Registry or failure to maintain your updated details with the Company's Share

Registry or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to.

If you are in any doubt as to these matters you should first consult with your stockbroker, solicitor, accountant, financial adviser or other professional adviser.

Refer to Section 6 for details.

Table of contents

LETTER FROM THE CHAIR	2
SUMMARY OF THE ENTITLEMENT OFFER	4
KEY DATES	4
1. OVERVIEW OF THE ENTITLEMENT OFFER	6
2. SUMMARY OF OPTIONS AVAILABLE TO YOU	8
3. HOW TO APPLY	9
4. AUSTRALIAN TAX CONSIDERATIONS	16
5. ASX ANNOUNCEMENTS AND INVESTOR PRESENTATION	19
6. ADDITIONAL INFORMATION	20
7. GLOSSARY	29

LETTER FROM THE CHAIR

29 November 2021

Dear Shareholder

I am pleased to invite you to participate in a fully underwritten 4 for 11 pro-rata accelerated non-renounceable entitlement offer of new fully paid ordinary shares in the Company (**New Shares**) at an offer price of \$0.50 per New Share (**Offer Price**) to raise gross proceeds of approximately \$22.6 million (**Entitlement Offer**).

The Company is conducting an equity raising to raise approximately \$35 million through:

- a placement to NEXTDC Ventures Holdings No. 1 Pty Ltd (ACN 655 243 057) (**NEXTDC Placement**); and
- the Entitlement Offer,

(together, the **Equity Raising**).

The proceeds of the Equity Raising will largely be deployed to assist with funding working capital and growth capital expenditure requirements associated with scaling the Company to critical mass, together with investing in new cloud platforms in Brisbane, Melbourne and Adelaide, as well as transaction costs. For further information about the Equity Raising, please refer to the Company's Investor Presentation lodged with ASX on 22 November 2021 (and included in this Offer Booklet in Section 5).

The Placement was successfully completed on 22 November 2021 and the institutional component of the Entitlement Offer (**Institutional Entitlement Offer**) was successfully completed on 23 November 2021. The Placement and the Institutional Entitlement Offer together raised approximately \$16.4 million. The Institutional Entitlement Offer was strongly supported by existing institutional shareholders of the Company.

This Offer Booklet relates to the retail component of the Entitlement Offer (**Retail Entitlement Offer**). Under the Retail Entitlement Offer, Eligible Retail Shareholders are entitled to acquire 4 New Shares for every 11 Shares held at 7.00pm (Sydney time) on 24 November 2021 (**Record Date Entitlement**). Your Entitlement is set out in your personalised Entitlement and Acceptance Form which accompanies this Offer Booklet. It is important that you determine whether to take up in whole or part, or do nothing, in respect of your Entitlement (see Section 2).

Eligible Retail Shareholders have the opportunity to invest at the Offer Price of \$0.50 per New Share, which is the same price as NEXTDC who participated in the Placement and the Eligible Institutional Shareholders who participated in the Institutional Entitlement Offer. The Offer Price represents an 18.0% discount to the closing price of Shares on 19 November 2021 (being the last trading day before announcement of the Equity Raising), and an 11.4% discount to the TERP of \$0.56.¹

New Shares issued through the Retail Entitlement Offer will rank equally with existing Shares on issue.

¹ The TERP is the theoretical price at which Shares should trade immediately following the ex-date for the Entitlement Offer assuming 100% take up of the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which Shares trade immediately following the ex-date for the Entitlement Offer will depend on many factors and may not be equal to the TERP. The TERP is calculated by reference to the Company's closing price of \$0.61 per Share on 19 November 2021, being the last trading day prior to the announcement of the Equity Raising. The TERP includes the new Shares issued under the Placement.

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

Entitlements under the Entitlement Offer are non-renounceable and will not be tradeable on ASX or otherwise transferable. If you do not take up your Entitlement in full, you will not receive any value in respect of that part of the Entitlement that you do not take up.

The Retail Entitlement Offer closes at 5.00pm (Sydney time) on 13 December 2021.

If you would like to exercise your Entitlement to increase your shareholding in the Company, you will need to complete and return your personalised Entitlement and Acceptance Form together with the requisite Application Monies, or alternatively pay your Application Monies using BPAY®, so that they are received by the Company's Share Registry by 5.00pm (Sydney time) on 13 December 2021.

Please carefully read this Offer Booklet in its entirety and consult your stockbroker, solicitor, accountant, financial adviser or other professional adviser before making your investment decision. In particular, you should read and consider the "Key Risk Factors" section of the Company's Investor Presentation included in Section 5 which contains a summary of some of the key risks associated with an investment in the Company.

If you have any questions in respect of the Retail Entitlement Offer, please call the Offer information line on 1300 222 378 (within Australia) or +61 1300 222 378 (outside Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday.

On behalf of the Board and management team of the Company, I invite you to consider this investment opportunity and thank you for your ongoing support.

Yours faithfully



Cathie Reid
Chair
Sovereign Cloud Holdings Limited

SUMMARY OF THE ENTITLEMENT OFFER

Ratio	4 New Shares for every 11 existing Shares held
Offer Price for New Shares	\$0.50 per New Share
Size	Approximately 45.3 million New Shares
Gross proceeds	Approximately \$22.6 million

KEY DATES

Event	Date
Announcement of the Equity Raising	Monday, 22 November 2021
Allotment of new Shares under the Placement	Monday, 22 November 2021
Institutional Entitlement Offer conducted	Monday, 22 November 2021 and Tuesday, 23 November 2021
Announcement of results of the Institutional Entitlement Offer	Wednesday, 24 November 2021
Record date for Entitlement Offer (7.00pm (Sydney time)) (Record Date)	Wednesday, 24 November 2021
Quotation of new Shares issued under the Placement	Thursday, 25 November 2021
Offer Booklet and personalised Entitlement and Acceptance Forms despatched, and announcement of despatch	Monday, 29 November 2021
Retail Entitlement Offer opens	Monday, 29 November 2021
Settlement of the Institutional Entitlement Offer	Tuesday, 30 November 2021
Allotment of new Shares under the Institutional Entitlement Offer	Wednesday, 1 December 2021
Quotation of new Shares issued under the Institutional Entitlement Offer	Thursday, 2 December 2021
Last day to extend the Closing Date for the Retail Entitlement Offer	Wednesday, 8 December 2021
Closing Date for the Retail Entitlement Offer (5.00pm (Sydney time)) ²	Monday, 13 December 2021
Announcement of results of Retail Entitlement Offer	Thursday, 16 December 2021

² Eligible Retail Shareholders who wish to take up all or a part of their Entitlement must complete and return their personalised Entitlement and Acceptance Form with the requisite Application Monies or pay their Application Monies via BPAY[®] by following the instructions set out on the personalised Entitlement and Acceptance Form so that they are received by the Company's Share Registry by no later than 5.00pm (Sydney time) on 13 December 2021. Eligible Retail Shareholders should refer to Section 2 for options available to them to deal with their Entitlement.

Event	Date
Settlement of the Retail Entitlement Offer	Friday, 17 December 2021
Allotment of New Shares issued under the Retail Entitlement Offer	Monday, 20 December 2021
Normal trading on ASX for New Shares issued under the Retail Entitlement Offer commences	Tuesday, 21 December 2021
Despatch of holding statements for New Shares issued under the Retail Entitlement Offer	Wednesday, 22 December 2021

The timetable above is indicative only and may change. The Company may amend any of these dates and times without notice, subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, the Company reserves the right to extend the Closing Date, to accept late applications under the Retail Entitlement Offer (either generally or in particular cases) and to withdraw the Retail Entitlement Offer without prior notice. Any extension of the Closing Date will have a consequential effect on the issue date of New Shares.

The commencement of quotation of New Shares is subject to confirmation from ASX. Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted. Eligible Retail Shareholders wishing to participate in the Retail Entitlement Offer are encouraged to submit their Entitlement and Acceptance Form as soon as possible after the Retail Entitlement Offer opens to ensure their application is received by the Company's Share Registry in time.

Enquiries

If you have any questions, please contact the Offer information line on 1300 222 378 (within Australia) or +61 1300 222 378 (outside Australia) from 8.30am to 5.30pm (Sydney time), Monday to Friday. If you have any further questions, you should contact your stockbroker, solicitor, accountant, financial adviser or other professional adviser.

1. OVERVIEW OF THE ENTITLEMENT OFFER

1.1 Entitlement Offer

The Entitlement Offer is an offer of approximately 45.3 million New Shares at the Offer Price of \$0.50 per New Share, to raise approximately \$22.6 million. All Eligible Shareholders are entitled to subscribe for 4 New Shares for every 11 Shares held at the Record Date, being 7.00pm (Sydney time) on 24 November 2021.

The proceeds of the Entitlement Offer will largely be deployed to assist with funding working capital requirements associated with scaling the Company to critical mass, together with investing in new cloud platforms in Brisbane, Melbourne and Adelaide, as well as for the other purposes disclosed in the Company's announcements released to ASX on 22 November 2021.

The Entitlement Offer has two components, including:

- the **Institutional Entitlement Offer** - Eligible Institutional Shareholders were given the opportunity to take up all or part of their Entitlement, and a bookbuild process to sell Entitlements not taken up was carried out, which raised approximately \$4.0 million; and
- the **Retail Entitlement Offer** (to which this Offer Booklet relates) - Eligible Retail Shareholders will be given the opportunity to take up all or part of their Entitlement to raise approximately \$18.6 million. Eligible Retail Shareholders who take up their full Entitlement may also participate in the top-up facility (**Top-Up Facility**) by applying for additional New Shares in excess of their Entitlement at the Offer Price, up to a maximum of 50% in excess of their Entitlement.

Both the Institutional Entitlement Offer and the Retail Entitlement Offer are non-renounceable. Accordingly, Entitlements do not trade on ASX nor can they be sold, transferred or otherwise disposed of. New Shares issued under the Retail Entitlement Offer are to be issued at the same price as New Shares issued under the Institutional Entitlement Offer. In addition, Shareholders' Entitlements under the Institutional Entitlement Offer and the Retail Entitlement Offer are calculated based on the same ratio.

The Entitlement Offer is fully underwritten by the Joint Lead Managers in accordance with the terms of the Underwriting Agreement (see Section 6.13 for more details).

1.2 Institutional Entitlement Offer and Placement

The Company has already raised approximately \$4.0 million from Eligible Institutional Shareholders as part of the Institutional Entitlement Offer, at the Offer Price. New Shares are expected to be issued under the Institutional Entitlement Offer on 1 December 2021.

Concurrently with the Institutional Entitlement Offer, the Company undertook a Placement under which approximately 24.9 million new Shares were offered to NEXTDC at the Offer Price per new Share, raising approximately \$12.4 million. New Shares were issued under the Placement on 22 November 2021.

1.3 Retail Entitlement Offer

Under the Retail Entitlement Offer, Eligible Retail Shareholders (as defined in Section 1.4) are being offered the opportunity to subscribe for all or part of their Entitlement, being 4 New Shares for every 11 existing Shares held as at the Record Date, being 7.00pm (Sydney time) on 24 November 2021, at the Offer Price of \$0.50 per New Share.

The Retail Entitlement Offer opens on 29 November 2021. The Offer Booklet will be despatched on that same date, along with a personalised Entitlement and Acceptance Form, to Eligible Retail Shareholders. The Retail Entitlement Offer is expected to close at 5.00pm (Sydney time) on 13 December 2021.

The Retail Entitlement Offer is being made pursuant to section 708AA of the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73) which allows the Entitlement Offer to be offered without a prospectus, provided certain conditions are satisfied.

As a result, the Retail Entitlement Offer is not being made under a prospectus and it is important for Eligible Retail Shareholders to read and understand the information on the Company and the Retail Entitlement Offer made publicly available by the Company, prior to taking up all or part of their Entitlement. In particular, please refer to the materials enclosed in Section 5, the Company's interim and annual reports, other announcements made available at www2.asx.com.au (including the Company's 2020-2021 annual report which was released to ASX on 17 September 2021) and all other parts of this Offer Booklet carefully before making any decisions in relation to your Entitlement.

1.4 Eligible Retail Shareholders

The Retail Entitlement Offer constitutes an offer to **Eligible Retail Shareholders** only, being Shareholders who:

- are registered as a holder of Shares as at the Record Date, being 7.00pm (Sydney time) on 24 November 2021;
- as at the Record Date, have a registered address on the Company's Share register that is in Australia, New Zealand or the United Kingdom, or are a Shareholder that the Company has otherwise determined is eligible to participate;
- are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such person holds Shares for the account or benefit of such person in the United States);
- were not invited to participate in the Institutional Entitlement Offer and were not treated as an Ineligible Institutional Shareholder; and
- are eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

All Shareholders who are not Eligible Retail Shareholders are Ineligible Retail Shareholders. Ineligible Retail Shareholders will not be entitled to participate in the Retail Entitlement Offer.

The Company has determined that it would be unreasonable on this occasion to extend the Retail Entitlement Offer to Ineligible Retail Shareholders, having regard to the number of Shares held by Ineligible Retail Shareholders, the number and value of New Shares that they would be offered, and the costs of complying with the legal and regulatory requirements which would apply to an offer of Shares.

The Company, in its absolute discretion, reserves the right to determine whether a Shareholder is an Eligible Retail Shareholder and therefore able to participate in the Retail Entitlement Offer, or an Ineligible Retail Shareholder and therefore unable to participate in the Retail Entitlement Offer. To the maximum extent permitted by law, the Company disclaims all liability in respect of such determination.

2. SUMMARY OF OPTIONS AVAILABLE TO YOU

If you are an Eligible Retail Shareholder you may take any of the following actions:

- take up all of your Entitlement, and if you do so, you may also apply for additional New Shares under the Top-Up Facility;
- take up part of your Entitlement and allow the balance to lapse, in which case you will receive no value for the lapsed part of your Entitlement; or
- do nothing and let all of your Entitlement lapse and you will receive no value for the lapsed Entitlement.

If you are a Shareholder that is not an Eligible Retail Shareholder you are an Ineligible Retail Shareholder. Refer to Section 3.9 for more detail on Ineligible Retail Shareholders.

Options available to you	Key considerations
1. Take up all of your Entitlement	<p>If you wish to take up all of your Entitlement, you may elect to purchase all of the New Shares at the Offer Price specified in your personalised Entitlement and Acceptance Form (see Section 3.5 for instructions on how to take up your Entitlement).</p> <p>The New Shares will rank equally in all respects with existing Shares. The Retail Entitlement Offer closes at 5.00pm (Sydney time) on 13 December 2021.</p> <p>Eligible Retail Shareholders who take up their Entitlement in full can also apply for additional New Shares under the Top-Up Facility.</p>
2. Take up part of your Entitlement	<p>If you wish to take up only part of your Entitlement, you may elect to purchase a lesser number of New Shares at the Offer Price, than the number of New Shares specified in your personalised Entitlement and Acceptance Form (see Section 3.5 for instructions on how to take up your Entitlement).</p> <p>The New Shares will rank equally in all respects with existing Shares. If you only take up part of your Entitlement, the relevant portion of your Entitlement will lapse and you will receive no benefit. Lapsed Entitlements will be subscribed for under the Top-Up Facility or by the Joint Lead Managers or any sub-underwriters.</p> <p>The Retail Entitlement Offer closes at 5.00pm (Sydney time) on 13 December 2021.</p>
3. Do nothing and let all of your Entitlement lapse	<p>If you do nothing with respect to all of your Entitlement, your Entitlement will lapse and you will receive no benefit. These Entitlements will be subscribed for under the Top-Up Facility or by the Joint Lead Managers or any sub-underwriters.</p> <p>By allowing your Entitlement to lapse, you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up your Entitlement and you will not receive any value for your Entitlement. Although you will continue to own the same number of Shares, your percentage shareholding in the Company will be diluted.</p>

3. HOW TO APPLY

3.1 Overview of the Retail Entitlement Offer

Eligible Retail Shareholders are being offered the opportunity to purchase 4 New Shares for every 11 existing Shares held as at the Record Date of 7.00pm (Sydney time) on 24 November 2021, at the Offer Price of \$0.50 per New Share.

You have a number of decisions to make in respect of your Entitlement. You should read this Offer Booklet carefully before making any decisions in relation to your Entitlement.

The Retail Entitlement Offer is fully underwritten by the Joint Lead Managers on the terms and conditions of the Underwriting Agreement (see Section 6.13 for more details). Further details on the Retail Entitlement Offer are set out below.

3.2 Retail Entitlement Offer

Under the Retail Entitlement Offer, Eligible Retail Shareholders are invited to apply for 4 New Shares for every 11 existing Shares held as at the Record Date at the Offer Price of \$0.50 per New Share.

The Retail Entitlement Offer opens on 29 November 2021 and will close at 5.00pm (Sydney time) on 13 December 2021.

3.3 Your Entitlement

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 4 New Shares for every 11 existing Shares you held as at the Record Date. If the result is not a whole number, your Entitlement will be rounded up to the nearest whole number of New Shares.

If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have a separate Entitlement for each separate holding.

New Shares issued under the Retail Entitlement Offer will be fully paid ordinary shares in the Company and will rank equally in all respects with existing Shares on issue.

See Sections 6.1 and 6.12 for information on restrictions on participation.

3.4 Consider the Entitlement Offer carefully in light of your particular investment objectives and circumstances

The Entitlement Offer is being made pursuant to provisions of the Corporations Act which allow entitlement offers to be made without a prospectus. This Offer Booklet does not contain all of the information which may be required in order to make an informed decision regarding an application for New Shares offered under the Retail Entitlement Offer. As a result, it is important for you to read carefully and understand the information on the Company and the Entitlement Offer made publicly available, prior to deciding whether to take up all or part of your Entitlement or do nothing in respect of your Entitlement. In particular, please refer to this Offer Booklet, your personalised Entitlement and Acceptance Form, the Company's 2020-2021 annual report which was released to ASX on 17 September 2021, and other ASX announcements made available at www.australiacloud.com.au (including announcements which may be made by the Company after publication of this Offer Booklet).

Please consult with your stockbroker, solicitor, accountant, financial adviser or other professional adviser if you have any queries or are uncertain about any aspect of the Retail Entitlement Offer. You

should also refer to the "Key Risk Factors" section of the Company's Investor Presentation included in Section 5.

3.5 Options available to you

If you are an Eligible Retail Shareholder, you may take any of the following actions:

- take up all of your Entitlement;
- take up part of your Entitlement and let the remainder lapse; or
- do nothing and let all of your Entitlement lapse.

Eligible Retail Shareholders who do not participate fully in the Retail Entitlement Offer will have their percentage holding in the Company reduced.

If you wish to take up all of your Entitlement, or take up all of your Entitlement and participate in the Top-Up Facility

If you wish to take up all of your Entitlement, please either:

- complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies for all of the New Shares in your Entitlement; or
- pay your Application Monies for all of the New Shares in your Entitlement via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form,

so that they are received by the Company's Share Registry by no later than 5.00pm (Sydney time) on 13 December 2021.

If you take up and pay for all your Entitlement before the Closing Date, it is expected that you will be issued New Shares on 20 December 2021. The Company's decision on the number of New Shares to be issued to you will be final.

The Company also reserves the right (in its absolute discretion) to reduce the number of New Shares issued to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders, if the Company believes their claimed Entitlements to be overstated or if they or their nominees fail to provide information to substantiate their claims to the Company's satisfaction (see Section 6.4).

Eligible Retail Shareholders who take up their Entitlement in full can also apply for additional New Shares under the Top-Up Facility.

If you wish to take up part of your Entitlement

If you wish to take up only part of your Entitlement, please either:

- complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies for the number of New Shares in your Entitlement that you wish to subscribe for; or
- pay your Application Monies for the relevant number of New Shares via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form,

so that they are received by the Company's Share Registry by no later than 5.00pm (Sydney time) on 13 December 2021.

If you take up and pay part of your Entitlement before the Closing Date, it is expected that you will be issued New Shares on 20 December 2021. The Company's decision on the number of New Shares to be issued to you will be final.

If you do not take up all of your Entitlement, the relevant part of your Entitlement will lapse and you will receive no benefit. Lapsed Entitlements will be subscribed for under the Top-Up Facility or by the Joint Lead Managers or any sub-underwriters.

The Company also reserves the right (in its absolute discretion) to reduce the number of New Shares issued to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders, if the Company believes their claimed Entitlements to be overstated or if they or their nominees fail to provide information to substantiate their claims to the Company's satisfaction (see Section 6.4).

If you wish to let all of your Entitlement lapse

If you do nothing with respect to your Entitlement, your Entitlement will lapse and you will receive no benefit. Lapsed Entitlements will be subscribed for under the Top-Up Facility or by the Joint Lead Managers or any sub-underwriters.

By allowing your Entitlement to lapse, you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up your Entitlement. Although you will continue to own the same number of Shares, your percentage shareholding in the Company will be diluted.

3.6 Payment

You can pay in the following ways:

- by BPAY®; or
- by cheque.

Cash payments will not be accepted. Receipts for payment will not be issued.

The Company will treat you as applying for as many New Shares as your payment will pay for in full.

Any Application Monies (greater than \$2.00) received for more than your final allocation of New Shares will be refunded as soon as practicable after the Closing Date. No interest will be paid to applicants on any Application Monies received or refunded.

Payment by BPAY®

For payment by BPAY®, please follow the instructions on the personalised Entitlement and Acceptance Form. You can only make payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

If you are paying by BPAY®, please make sure you use the specific biller code and your unique reference number on your personalised Entitlement and Acceptance Form. If you have multiple holdings and consequently receive more than one personalised Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings only use the reference number specific to that holding. If you do not use the correct reference number specific to that holding your application will not be recognised as valid.

Please note that should you choose to pay by BPAY®:

- you do not need to submit your personalised Entitlement and Acceptance Form but are taken to make the declarations, representations and warranties on that Entitlement and Acceptance Form and in Section 3.8; and

- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the Company's Share Registry by no later than 5.00pm (Sydney time) on 13 December 2021. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration in the timing of when you make your payment.

Payment by cheque

For payment by cheque, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the Entitlement and Acceptance Form and return it accompanied by a cheque in Australian currency for the amount of the Application Monies, payable to "Sovereign Cloud Holdings Limited" and crossed "Not negotiable".

Your cheque must be:

- for an amount equal to the Offer Price, being \$0.50, multiplied by the number of New Shares that you are applying for; and
- in Australian currency drawn on an Australian branch of a financial institution.

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies as your cheque will be processed on the day of receipt. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower whole number of New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares on your personalised Entitlement and Acceptance Form). Alternatively, your application will not be accepted.

3.7 Mail

To participate in the Retail Entitlement Offer, your payment must be received no later than the Closing Date, being 5.00pm (Sydney time) on 13 December 2021.

If you make payment via cheque you should mail your completed personalised Entitlement and Acceptance Form together with Application Monies to:

Mailing Address

Sovereign Cloud Holdings Retail Entitlement Offer
C/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2001

Personalised Entitlement and Acceptance Forms and Application Monies will not be accepted at the Company's registered or corporate offices or other offices of the Company's Share Registry.

3.8 Representations by acceptance

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will be deemed to have represented to the Company that you:

- did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, are not an Ineligible Retail Shareholder and are otherwise eligible to participate in the Retail Entitlement Offer;
- acknowledge that you have read and understand this Offer Booklet and your personalised Entitlement and Acceptance Form in their entirety;
- agree to be bound by the terms of the Retail Entitlement Offer, the provisions of this Offer Booklet, and the Company's constitution;
- authorise the Company to register you as the holder(s) of New Shares allotted to you;
- declare that all details and statements in the personalised Entitlement and Acceptance Form are complete and accurate;
- declare you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the personalised Entitlement and Acceptance Form;
- acknowledge that once the Company receives your personalised Entitlement and Acceptance Form or any payment of Application Monies via BPAY®, you may not withdraw your application or funds provided, except as allowed by law;
- agree to apply for and be issued up to the number of New Shares specified in the personalised Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY® at the Offer Price per New Share;
- authorise the Company, the Joint Lead Managers, the Company's Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Company's Share Registry upon using the contact details set out in your personalised Entitlement and Acceptance Form;
- acknowledge and agree that:
 - determination of eligibility of investors for the purposes of the Retail Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of the Company and/or the Joint Lead Managers; and
 - each of the Company and the Joint Lead Managers, and each of their respective affiliates, disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law;
- declare that you were the registered holder(s) at the Record Date of the Shares indicated on your personalised Entitlement and Acceptance form as being held by you on the Record Date;
- acknowledge that the information contained in this Offer Booklet and your personalised Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;

- acknowledge that this Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX;
- acknowledge the statement of risks in the "Key Risk Factors" section of the Company's Investor Presentation included in Section 5 and that investments in the Company are subject to risk;
- acknowledge that none of the Company, the Joint Lead Managers, or their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, contractors, consultants or advisers, guarantees the performance of the Company, nor do they guarantee the repayment of capital;
- agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding of shares on the Record Date;
- authorise the Company to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you;
- are an Eligible Retail Shareholder and that the law of any place does not prohibit you from being given this Offer Booklet and the personalised Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares and that you are otherwise eligible to participate in the Retail Entitlement Offer;
- are not in the United States and you are not acting for the account or benefit of a person in the United States (to the extent such person holds Shares for the account or benefit of such person in the United States);
- understand and acknowledge that neither the Entitlements nor New Shares have been, or will be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States. Notwithstanding the foregoing, the Entitlements may not be purchased, taken up or exercised by persons in the United States or by persons who are acting for the account or benefit of a person in the United States. Neither the Entitlements nor the New Shares may be offered, sold or resold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and the applicable securities laws of any state or other jurisdiction in the United States;
- are subscribing for or purchasing an Entitlement or New Shares in an 'offshore transaction' (as defined in Rule 902(h) under the US Securities Act) in reliance on Regulation S under the US Securities Act;
- have not and will not send this Offer Booklet, the Entitlement and Acceptance Form, or any other materials relating to the Entitlement Offer to any person in the United States or any other country outside Australia; and
- if acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia, New Zealand or the United Kingdom and is not in the United States and is not acting for the account or benefit of a person in the United States, and you have not sent this Offer Booklet, the Entitlement and Acceptance Form or any information relating to the Entitlement Offer to any such person.

3.9 Entitlements of Ineligible Retail Shareholders

In compliance with ASX Listing Rule 7.7.1(a) and section 708AA (including section 9A(3)(a)) of the Corporations Act, the Company has determined that it is unreasonable to extend the Retail

Entitlement Offer to Ineligible Retail Shareholders because of the small number of such Shareholders, the number and value of Shares that they hold, and the cost of complying with the applicable regulations in jurisdictions outside of Australia, New Zealand and the United Kingdom, but it reserves its right to do so (subject to compliance with relevant laws).

The Company, in its absolute discretion, may extend the Entitlement Offer to any Shareholder if it is satisfied that the Entitlement Offer may be made to the Shareholder in compliance with all applicable laws. The Company, in its absolute discretion, reserves the right to determine whether a Shareholder is an Eligible Retail Shareholder and therefore able to participate in the Retail Entitlement Offer, or an Ineligible Retail Shareholder and therefore unable to participate in the Retail Entitlement Offer. To the maximum extent permitted by law, the Company disclaims all liability in respect of such determination.

Ineligible Retail Shareholders will not receive any payment or value as a result of the issue of any of those New Shares they would have been entitled to subscribe for had they been eligible to participate in the Entitlement Offer. Entitlements of Ineligible Retail Shareholders will be subscribed for under the Top-Up Facility or by the Joint Lead Managers or sub-underwriters.

3.10 Issue of additional New Shares under the Top-Up Facility

Any New Shares not taken up by the Closing Date may be made available to those Eligible Retail Shareholders who took up their full Entitlement and applied for additional New Shares under the Top-Up Facility at the same Offer Price (**Eligible Top-Up Facility Participants**). An Eligible Top-Up Facility Participant can apply for additional New Shares under the Top-Up Facility in excess of their Entitlement at the Offer Price, up to a maximum of 50% in excess of their Entitlement.

There is no guarantee that those Eligible Top-Up Facility Participants will receive the number of New Shares applied for under the Top-Up Facility, or any. If Eligible Top-Up Facility Participants apply for more New Shares than are available under the Top-Up Facility, the Directors propose that New Shares available under the Top-Up Facility be allocated to Eligible Top-up Facility Participants on a pro-rata basis.

If you apply for additional New Shares under the Top-Up Facility and your application is successful (in whole or in part) your New Shares will be issued at the same time that other New Shares are issued under the Retail Entitlement Offer. There is no guarantee you will receive any New Shares under the Top-Up Facility.

Refund amounts (greater than \$2.00), if any, will be paid in Australian dollars. You will be paid either by cheque sent by ordinary post to your address as recorded on the Share register (the registered address of the first-named in the case of joint holders), or by direct credit to the nominated bank account as noted on the Share register as at the Closing Date. If you wish to advise or change your banking instructions with the Company's Share Registry you may do so by going to www.linkmarketservices.com.au and following the instructions.

3.11 Brokerage and stamp duty

No brokerage fee is payable by Eligible Retail Shareholders who accept their Entitlement. No stamp duty is payable for subscribing for New Shares under the Retail Entitlement Offer.

3.12 Enquiries

If you have not received or you have lost your personalised Entitlement and Acceptance Form, or have any questions, please contact the Offer information line on 1300 222 378 (within Australia) or +61 1300 222 378 (outside Australia) between 8.30am and 5.30pm (Sydney time), Monday to Friday. If you have any further questions, you should contact your stockbroker, solicitor, accountant, financial adviser or other professional adviser.

4. AUSTRALIAN TAX CONSIDERATIONS

4.1 Introduction

This is a general summary of the Australian taxation consequences of the Retail Entitlement Offer for Eligible Retail Shareholders that hold their shares on capital account for Australian income tax purposes. The category of Shareholders considered in this summary are limited to individuals, complying superannuation entities and certain companies, trusts or partnerships. This summary does not consider the consequences for Shareholders who:

- hold existing Shares, New Shares or Entitlements in a business of share trading or dealing in securities, or otherwise hold their existing Shares, New Shares or Entitlements on revenue account or as trading stock;
- acquired existing Shares in respect of which the Entitlements are issued under an employee share scheme;
- are subject to the 'Taxation of Financial Arrangements' provisions in Division 230 of the *Income Tax Assessment Act 1997* (Cth) in relation to their holding of Shares, New Shares or Entitlements; or
- are tax residents of any jurisdiction other than Australia.

The information contained in this summary is of a general nature and is not intended to address the circumstances of any particular individual or entity.

This summary is based upon the legislation and established interpretation of legislation as at the date of this Offer Booklet, but is not intended to be an authoritative or complete statement of the law as relevant to the circumstances of each Shareholder.

As the taxation implications of the Retail Entitlement Offer will depend upon a Shareholder's particular circumstances, Shareholders should seek and rely upon their own professional taxation advice before concluding on the particular taxation treatment that will apply to them.

Shareholders that are subject to tax in a jurisdiction outside Australia may be subject to tax consequences in that jurisdiction in respect of the Retail Entitlement Offer that are not covered by this summary. Such Shareholders should seek and rely upon their own professional taxation advice in relation to the taxation implications of the Retail Entitlement Offer in any jurisdictions that are relevant to them.

Neither the Company, nor any of its officers or employees, nor its taxation or other advisers, accepts any liability or responsibility in respect of any statement concerning taxation consequences of the Retail Entitlement Offer.

4.2 Income tax consequences of Entitlements

a) *Issue of Entitlements*

The issue of Entitlements to Australian resident Shareholders should not, of itself, give rise to any amount of assessable income or capital gain for Shareholders.

b) Exercise of Entitlements

The exercise of Entitlements should not, of itself, result in any amount being included in a Shareholder's assessable income and should not give rise to any capital gain under the CGT provisions.

Eligible Retail Shareholders that exercise their Entitlements will receive New Shares. New Shares will be taken to have been acquired on the day on which the Entitlements were exercised for CGT purposes.

The CGT cost base of each New Share acquired will be the sum of the amount paid to exercise the corresponding Entitlement (i.e. the Offer Price) and any incidental costs in acquiring the New Shares.

c) Lapse of Entitlement

If an Eligible Retail Shareholder does not accept all or part of their Entitlement in accordance with the instructions set out above, then that Entitlement will lapse. There should be no adverse taxation implications for an Eligible Retail Shareholder from the lapse of the Entitlement.

4.3 Income tax consequences of New Shares

The New Shares should constitute CGT assets for CGT purposes.

Dividends paid to Eligible Retail Shareholders in relation to their New Shares should generally be subject to the same income tax treatment as dividends in relation to existing Shares held in the same circumstances.

As outlined above, the CGT cost base of a New Share should generally be equal to the sum of the amount paid to exercise the corresponding Entitlement (i.e. the Offer Price) and any incidental costs in acquiring the New Share. Any future sale of New Shares will constitute a disposal for CGT purposes. A capital gain will arise if the capital proceeds on disposal exceed the CGT cost base of a New Share. A capital loss will arise if the capital proceeds on disposal are less than the reduced CGT cost base of a New Share.

Shareholders may be able to apply carried forward or current year losses to reduce their capital gain on disposal. The ability to utilise losses is dependent on meeting the relevant tests.

Non-corporate Shareholders may be entitled to a concession which discounts the amount of capital gain that is assessed. Broadly, the concession is available where the New Shares have been held for more than 12 months or more prior to disposal. The concession results in a 50% reduction in the assessable amount of a capital gain for an individual Shareholder and a one-third reduction of a capital gain for an Australian tax resident complying superannuation entity Shareholder (including generally where a flow through trust or partnership distributes to such Shareholders), after offsetting any current or carried forward losses.

In relation to trusts or partnerships including limited partnerships, the rules surrounding capital gains and the CGT discount are complex, but the benefit of the CGT discount may flow through to relevant beneficiaries or partners, subject to certain requirements being satisfied.

Australian tax resident Shareholders who hold New Shares on revenue account, as trading stock or are subject to the rules in Division 230 of the *Income Tax Assessment Act 1997* (Cth) concerning the taxation of financial arrangements should seek separate independent professional advice.

4.4 Non-resident CGT withholding

Specific rules can apply to the disposal of certain taxable Australian property under contracts entered into on or after 1 July 2016, whereby a 12.5% non-final withholding tax may be applied. However, the new rules should not apply to the disposal of a New Share on ASX (in accordance with a specific exemption).

4.5 Provision of TFN or ABN

Australian tax legislation imposes withholding tax at the highest marginal rate (currently 45% plus a Medicare levy of 2%) on the payment of distributions on certain types of investments, such as the unfranked part of any dividend, where no TFN or ABN (if applicable) has been provided and no exemption applies. Australian tax resident Shareholders may be able to claim a tax credit/refund (as applicable) in respect of any tax withheld on dividends in their income tax returns.

Shareholders that have not previously provided their TFN or ABN (if applicable) to the Company's Share Registry may wish to do so prior to the Closing Date to ensure that withholding tax is not deducted from any future distribution payable to them.

A Shareholder is not obliged to provide their TFN, or where relevant, ABN to the Company.

4.6 Other Australian taxes

GST and stamp duty should not generally be payable in relation to the issue, sale, or exercise of Entitlements, nor in relation to the acquisition of New Shares.

Eligible Retail Shareholders may however be restricted in their ability to claim input tax credits in relation to costs incurred in relation to their acquisition of the New Shares (such as costs relating to professional advice obtained by Shareholders regarding the Entitlement). This will depend on each Eligible Retail Shareholder's particular circumstances and as such this should be reviewed by Shareholders prior to making any claim.

5. ASX ANNOUNCEMENTS AND INVESTOR PRESENTATION

Refer to the attachments.



Sovereign Cloud Holdings Ltd (ASX:SOV)

Investor Presentation

\$35 million Equity Raising

22 November 2021

Important Notices & Disclaimer



- This presentation has been prepared by Sovereign Cloud Holdings Limited (ACN 622 728 189) (**AUCLOUD**) in relation to an equity raising consisting of the offer of new fully paid ordinary shares in AUCLOUD (**New Shares**) in:
 - a placement to NEXTEC Ventures Holdings No. 1 Pty Ltd (ACN 655 243 057) (**NEXTEC**), a wholly-owned subsidiary of NEXTEC Limited (ACN 143 582 521) (**Placement**); and
 - a pro-rata accelerated non-remunerable entitlement offer to eligible institutional shareholders of AUCLOUD (**Institutional Entitlement Offer**) and eligible retail shareholders of AUCLOUD in Australia, New Zealand, the United Kingdom and Singapore (**Retail Entitlement Offer**) (together, the **Entitlement Offer**),(together, the **Equity Raising**).
- No reliance:** To the maximum extent permitted by law, the information contained in this presentation is given without any liability whatsoever being accepted by Morgans Corporate Limited and Canaccord Genuity (Australia) Limited, their affiliates and related entities, and their respective directors, partners, employees, officers, agents, consultants, representatives and advisers (**JLM Group**), and AUCLOUD and any of its related bodies corporate and their respective directors, officers, partners, employees, advisors and agents (together with the JLM Group, the **Relevant Parties**). The information contained in this presentation is not intended to constitute legal, tax or accounting advice or opinion. No representation or warranty, expressed or implied, is made as to the accuracy, currency, reliability completeness or thoroughness of the information contained in this presentation, whether as to the past or future. Recipients of this presentation must make their own independent investigations, consideration and evaluation. To the maximum extent permitted by law, each Relevant Party disclaims all liability and responsibility for any direct or indirect loss or damage which may be suffered by any recipient through the use of or reliance on anything contained in or omitted from this presentation or its contents or otherwise arising in connection with it, including, without limitation, any liability arising from fault or negligence on the part of any of them. None of the Relevant Parties makes any recommendation as to whether recipients should participate in any transaction involving AUCLOUD and makes no warranty or representation concerning any such offer which may or may not occur. The JLM Group has not authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this presentation or made or purported to make any statement in this presentation and there is no statement in this presentation which is based on any statement by any of them. The recipient acknowledges that each of the Relevant Parties is not acting nor is it responsible as a fiduciary, agent or similar capacity to the recipient, its officers, employees, consultants, agents, security holders, creditors or any other person.

Each recipient, by accepting this presentation, expressly disclaims any fiduciary relationship and the recipient agrees that it is responsible for making its own independent judgments with respect to any matters contained in this presentation.

Limited disclosure: This presentation contains summary information about AUCLOUD and its activities which is current at the date of this presentation (unless otherwise noted). The information in this presentation is of a general nature. This presentation does not purport to contain all the information that a prospective investor may require in evaluating a possible investment in AUCLOUD, nor does it contain all the information which would be required in a disclosure document prepared in accordance with the requirements of the *Corporations Act 2001* (Cth) (**Corporations Act**), and should not be used in isolation as a basis to invest in AUCLOUD. It should be read in conjunction with AUCLOUD's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (**ASX**), which are available at www.asx.com.au.

No offer to acquire New Shares: The information in this presentation is not an offer or recommendation to purchase or subscribe for securities in AUCLOUD or a recommendation to retain or sell any securities that are currently held in AUCLOUD. The distribution of this presentation in jurisdictions outside of Australia and New Zealand may be restricted by law and you should observe any such restrictions. This presentation may not be distributed or released in the United States, or any other jurisdiction which would be illegal. See the 'Foreign selling restrictions' section of this presentation for more information. In particular, this presentation does not constitute any offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any 'US person' as defined in Regulation S under the US Securities Act of 1933, as amended (**US Securities Act**). AUCLOUD shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements may not be taken up by, and the New Shares to be offered and sold in the Placement and the Institutional Entitlement Offer may not be offered or sold, directly or indirectly, to any person in the United States or any person that is acting for the account or benefit of a person in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any applicable US state securities laws. The entitlements and the New Shares to be offered and sold in the Retail Entitlement Offer may only be offered and sold outside the United States to persons that are not acting for the account or benefit of persons in the United States in 'offshore transactions' (as defined in Rule 902(h) under the US Securities Act) in reliance on Regulation S under the US Securities Act.

Important Notices and Disclaimer (cont...)

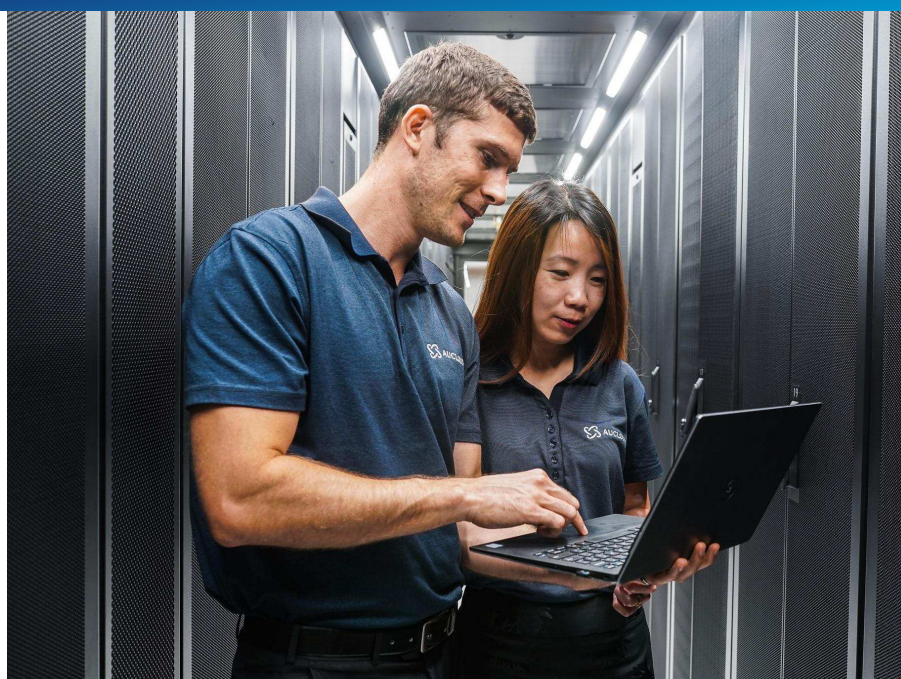
- **Seek your own advice:** In providing this presentation, AUCloud has not considered the objectives, financial position or needs of the recipient. The recipient should consult with its own legal, tax or accounting advisers as to the accuracy and application of the information contained herein, and conduct its own due diligence and other enquiries in relation to such information and any investment in AUCloud and the recipient's objectives, financial position or needs.
- **Forward-looking statements:** This presentation includes forward-looking statements. Forward-looking statements can generally be identified by the use of forward-looking words such as "expect", "forecast", "estimate", "like", "anticipate", "project", "opinion", "outlook", "guidance", "should", "could", "may", "target", "believe", "intend", "plan" and other similar expressions within the meaning of securities laws of applicable jurisdictions. Forward-looking statements include statements about AUCloud's plans, business objectives and growth strategies, statements about the industry in which AUCloud operates, and trends and statements about the outcome and effects of the Equity Raising and the use of proceeds. Indications of, and guidance on, future earnings and financial position, distributions and performance, progress and outlook, and cash flow guidance, are also forward-looking statements. To the maximum extent permitted by law, AUCloud and the Relevant Parties disclaim any responsibility for any errors or omissions in such information, including the financial calculations, projections and forecasts and indications of, and guidance on, future earnings and performance and financial position. Such forward-looking statements relate to future events and expectations and are not guarantees of future performance. Such forward-looking statements involve known and unknown risks, uncertainties and other factors and are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond AUCloud's control, that may cause actual results to differ materially from those predicted or implied by any forward-looking statements. No representation or warranty is made by or on behalf of AUCloud or the Relevant Parties that any projection, forecast, calculation, forward-looking statement, assumption or estimate contained in this presentation should or will be achieved or that actual outcomes will not differ materially from any forward-looking statements. Graphs used in the presentation (including data used in the graphs) are sourced from third parties and AUCloud has not independently verified the information. Although reasonable care has been taken to ensure that the facts stated in this presentation are accurate and that the opinions expressed are fair and reasonable, no reliance can be placed for any purpose whatsoever on the information contained in this presentation or on its completeness. Actual results and developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors. Recipients of this presentation are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the COVID-19 pandemic.
- **Financial information:** This presentation contains pro forma financial information. The pro forma financial information provided in this presentation is for illustrative purposes only and is not represented as being indicative of AUCloud's views on its future financial condition and / or performance.
- **Currency:** All references to '\$', 'A\$' or 'AUD' in this presentation are to Australian dollars (unless otherwise noted).
- **Underwriters:** The JLM Group is comprised of full service financial institutions engaged in various activities, which may include trading, financial advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services including for which they have received or may receive customary fees and expenses or other transaction consideration. In the course of these activities, the JLM Group may at any time for their own account and for the accounts of their clients make or hold investments in equity securities or other financial products of AUCloud, its affiliates and / or funds they manage, and may at any time also provide debt financing and corporate or financial advisory services to AUCloud or its affiliates, and receive customary fees and expenses or other transaction consideration in respect of such activities. The JLM Group are acting as joint lead managers and underwriters to the Equity Raising for which it has received or expects to receive fees and reimbursement of expenses.
- **Disclaimer:** You acknowledge and agree that determination of eligibility of investors for the purposes of the Equity Raising is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of AUCloud and the JLM Group, and each of those parties (and their respective related bodies corporate, affiliates, officers, directors employees, representatives, agents, consultants or advisers) disclaims any duty or liability (including for negligence) in respect of the exercise or otherwise of that discretion, to the maximum extent permitted by law.

Contents

1.	Investment Overview	5
2.	Industry	8
3.	AUCloud	11
4.	Equity Raising	18






Appendices:

TCV and Revenue Growth	22
Key Risk Factors	23
Foreign Selling Restrictions	27
Glossary	28



Investment Overview

Investment Highlights

 <p>Industry Tailwinds</p>	<ul style="list-style-type: none"> • Growth trends built on the substitution of legacy on-premise infrastructure, the development of cloud native applications and the inexorable growth of data • Gartner predicts that by 2025, 85% of infrastructure strategies will integrate on-premises, colocation, cloud and edge delivery options, compared with 20% in 2020²
 <p>Sovereignty</p>	<ul style="list-style-type: none"> • Greater emphasis on Sovereign cloud services, ensuring that all data remains within Australian legal jurisdiction • Data security and storage increasingly a key focus for Defence, Governments, Critical National Industries and many Enterprises • Governments aiming for ~20-30%¹ spend with Australian service providers
 <p>Secure Capabilities</p>	<ul style="list-style-type: none"> • AUCloud is IRAP certified to PROTECTED, using ACSC CAAF and ISM. DISP, "Certified Strategic" and ISO27001 compliant • Security features increasingly drive Government and Critical National Industries purchasing decisions
 <p>Capitalised for Growth</p>	<ul style="list-style-type: none"> • \$35m new equity, taking AUCloud's pro forma net cash position to \$41.5m as at 31 October 2021 • Positions the business to quickly scale to critical mass • Funds new cloud platforms in Brisbane, Melbourne and Adelaide • Ready for expansion into security conscious enterprise customers with data sovereignty requirements
 <p>NEXTDC</p>	<ul style="list-style-type: none"> • NEXTDC Limited (ASX: NXT) will become a new Strategic Investor (19.99%) and Partner • Leading provider of premium data centre facilities with a national footprint across Australia • NEXTDC is entitled to appoint one Director to the AUCloud board while NEXTDC and its related bodies corporate hold in aggregate at least 15% or more of the ordinary shares in AUCloud, which initially will be Mr Craig Scroggie (CEO & Managing Director of NEXTDC) • Provides AUCloud with access to a powerful national network of 1,500+ customers and 730+ channel partners

Note: Refer Glossary on page 28 for definitions.

1. A state gov example policy: BuyNSW, <https://buy.nsw.gov.au/resources/ict/digital-sovereign-procurement-commitments>

2. Gartner, "Your Data Center May Not Be Dead, but It's Morphing." Henrique Cecci, David Cappuccio, 17 September 2020

Offer Summary



Equity Raising	\$35.0 million equity raising comprising a Placement of ~\$12.4 million and Accelerated Non-Renounceable Entitlement Offer of ~\$22.6 million (Entitlement Offer) <ul style="list-style-type: none">• NEXTDC investment of ~\$17 million for 19.99% (post Entitlement Offer)• Issuing approximately 70 million shares (~70% of existing shares on issue)
Offer Price	\$0.50 per new share representing (Offer Price): <ul style="list-style-type: none">• 18.0% discount to the last closing price of \$0.61 on Friday, 19 November 2021• 11.4% discount to the TERP⁽¹⁾ of \$0.56
Underwriting	The Entitlement Offer is fully underwritten by Morgans Corporate Limited and Canaccord Genuity (Australia) Limited (the Joint Lead Managers)
Ranking	New shares issued will rank equally with existing AUCloud shares
Use of Proceeds	The proceeds of the Equity Raising will largely be deployed to assist with funding working capital requirements associated with scaling AUCloud to critical mass, together with investing in new cloud platforms in Brisbane, Melbourne and Adelaide
Institutional & Retail Offers	<p>The Institutional Entitlement Offer will be conducted on Monday, 22 November and Tuesday, 23 November 2021. Entitlements not taken up under the Institutional Entitlement Offer will be offered to new and existing eligible institutions and sophisticated investors at the Offer Price on Tuesday, 23 November 2021.</p> <p>The Retail Entitlement Offer opens on Monday, 29 November 2021 and closes on Monday, 13 December 2021. Eligible retail shareholders in Australia, New Zealand and the United Kingdom, will be able to apply for additional shares over their entitlement under a "Top-Up Facility" as part of the Retail Entitlement Offer, subject to a cap of 50% of each shareholder's entitlements under the Retail Entitlement Offer and the Company's scale back policy</p>
Commitments	<p>The Joint Lead Managers have received pre-launch commitments from existing shareholders and NEXTDC representing \$12.4m (54.6%) who intend to take-up their full entitlement rights under the Entitlement Offer</p> <p>All the Non-Executive Directors intend to fully participate in the Entitlement Offer</p>

(1) The Theoretical Ex-rights Price ("TERP") is calculated by reference to AUCloud's closing price on Friday, 19 November 2021 of \$0.61 per share, being the last trading day prior to the announcement of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which AUCloud shares trade immediately after the ex-date of the Entitlement Offer and will depend on many factors and may not approximate TERP. TERP includes the new shares issued under the placement.

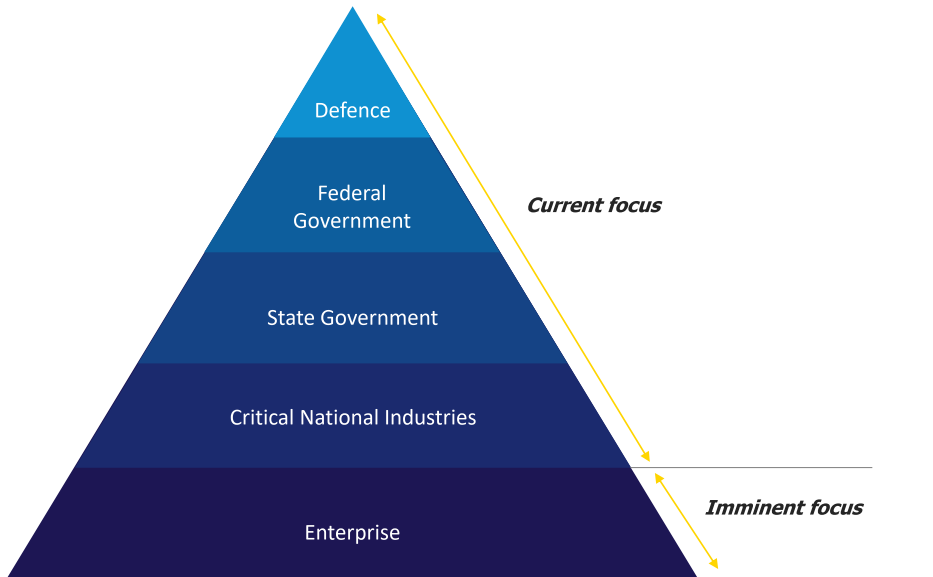
7



Industry Overview

8

AUCloud Target Market



Australian Cloud IaaS market is expected to grow from \$988m in 2019 to **\$3.0bn in 2025**¹

*"By 2025, 85% of infrastructure strategies will integrate on-premises, colocation, cloud and edge delivery options, compared with 20% in 2020"*²

AUCloud will continue to focus on its core market segments of Defence, Government and Critical National Industries which are now beginning to transition legacy applications and build new cloud native applications on cloud IaaS

AUCloud, in partnership with NEXTDC will expand into the Enterprise market for security conscious customers with data sovereignty requirements

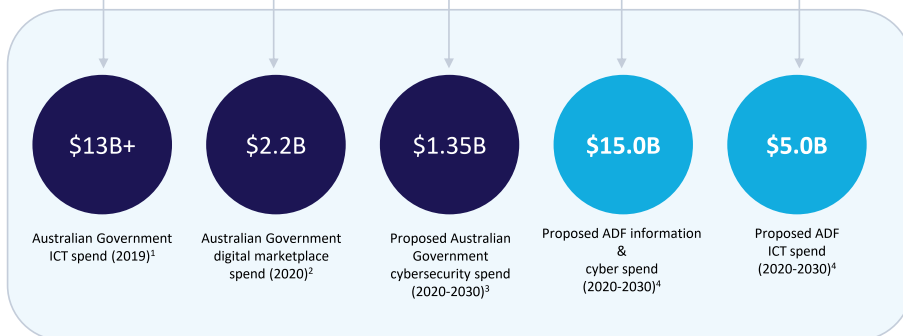
1. Telsyte: Australian IaaS Market soars beyond \$1.3bn 17 August 2021 [Australian IaaS market soars beyond \\$1.3bn — Telsyte](#)

2. Gartner, "Your Data Center May Not Be Dead, but It's Morphing," Henrique Cecci, David Cappuccio, 17 September 2020

Australian Government Digital Communities



Sovereign IaaS (cloud processing power & data storage)



Australia strives to be one of the top three digital Governments in the world by 2025 for the benefit of all Australians



1. Combination of figures from Digital Transformation Agency, NSW and Victoria Government, 2017-2020
 2. Digital Transformation Agency, 2020
 3. Australian Government, 2020
 4. Australian Defence Force (ADF), 2020 Defence Strategic Update

AUCloud Overview

Value Proposition

Sovereignty



Data securely stored locally

All data securely stored and managed within Australian controlled and located data centres



Built to Government specifications

Solutions developed in conjunction with, and for, Government and CNIs to operate to the highest level of security



Entering the enterprise market

Ready for expansion into security conscious enterprise customers with data sovereignty requirements

Security



IRAP certified to PROTECTED

Meets and exceeds the Australian Signals Directorate ISM control requirements



Data privacy assured

Sovereign ownership limits application of foreign legislation



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

Investment in Platforms, Products and People



Collectively accelerating the value for customers and partners through targeted investment across three key pillars of growth



Platforms

Deliver new regions for new communities



Products

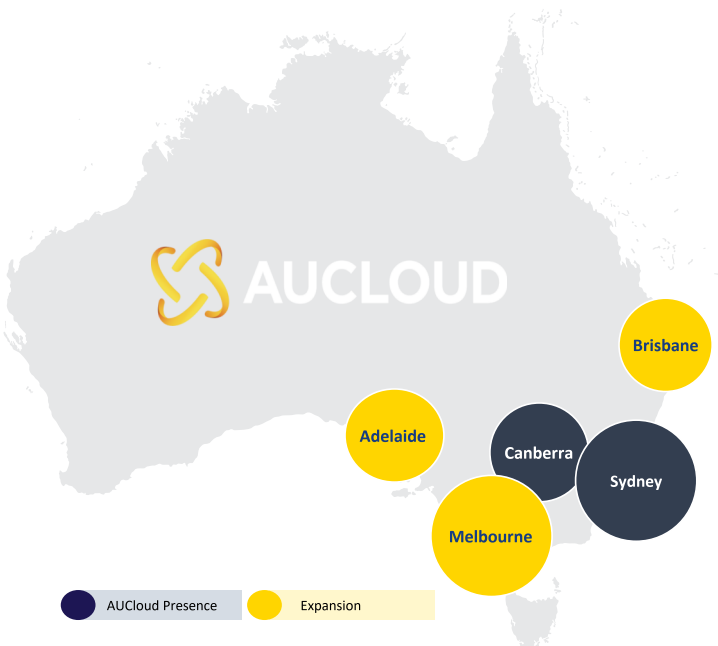
Create new features and functionality for customers



People

Expanding the team to increase the scope of activities and geographic footprint

AUCloud Platform Expansion



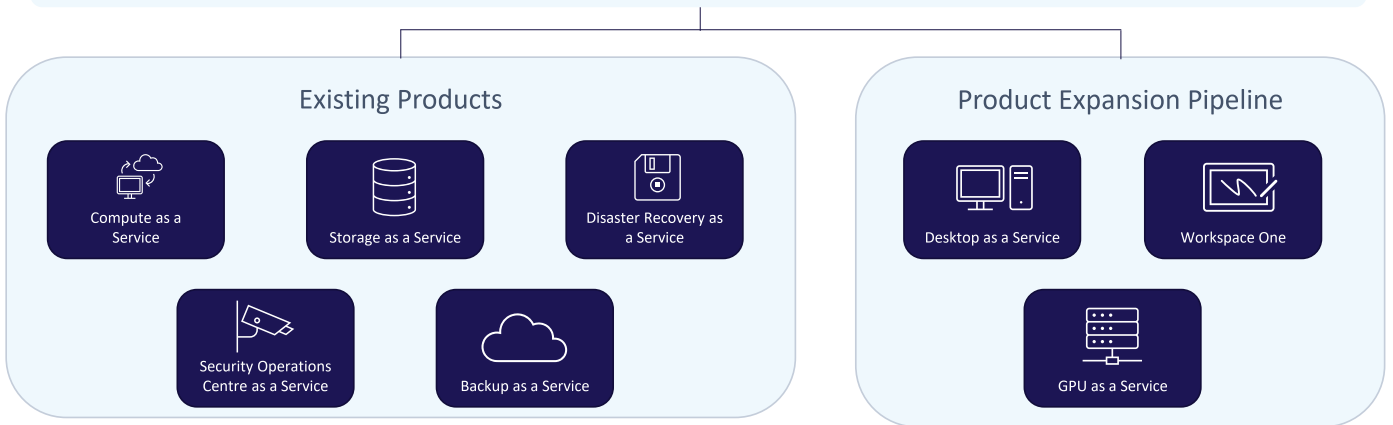
Enables AUCloud to fast track its vision to become the leading sovereign cloud provider in Australia

- Investments in Brisbane, Melbourne and Adelaide with the ability to accelerate into new markets utilising NEXTDC's national data centre footprint
- NEXTDC's brand, reputation and core relationships will be a key differentiator for AUCloud's go-to-market strategy
- Provides AUCloud access to NEXTDC's 1,500+ enterprise customers and 730+ channel partners for the rollout to the enterprise private cloud market for security conscious customers with data sovereignty requirements

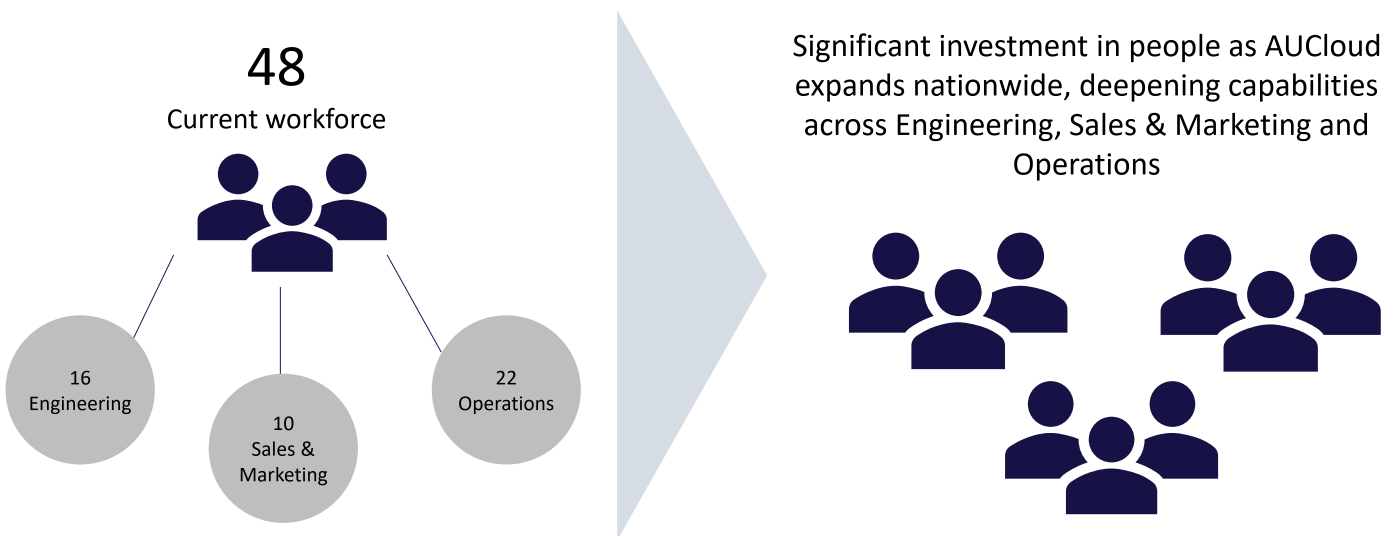
Capitalised to continue investment in R&D to enhance product capability to support global providers to operate within an environment that satisfies sovereignty requirements



Two Communities: OFFICIAL Data or PROTECTED Data



Investing in people to support growth at scale nationwide



Board and Key Management



Board



Cathie Reid
Chair & Early Investor

- Co-founder of Icon group, integrated cancer care services provider throughout Australasia
- Has provided significant support to the Company since inception as both an investor and director



Phil Dawson
CEO & Managing Director

- Co-founder and CEO of UKCloud in 2011, UK's fastest growing technology company from 2012 - 2015
- Deep knowledge and experience within the cloud, SaaS and IaaS sectors



Ross Walker
Non-Executive Director

- Chartered Accountant with significant experience within accounting and corporate finance
- Holds Non-Executive Director roles at ASX-listed companies RPM Global Holdings and Wagners Holdings Company



Allan Brackin
Non-Executive Director

- 30 years' experience within the technology sector both founding and managing companies
- Non-Executive Director of ASX-listed 3P Learning
- Previous Chair of ASX-listed OptiComm, GBST Holdings and CEO of Volante Group

Note: Mr Craig Scroggie (CEO & Managing Director) will join the AUCLLOUD Board as NEXTDC's nominee director following completion of the Equity Raising

Key Management



Brad Bastow
COO

Previously served as the CTO of the Department of the Prime Minister and Cabinet



Peter Farrelly
CISO

Extensive experience working in cyber security within government departments. Qualified IRAP assessor



Bernadette Jenkinson
Head of Sales

20 years' experience delivering complex technology initiatives to the public and private sector



Suzanne Roche
Head of Communication

Previous CEO of Health eSignature Authority and General Manager of the AIIA



Steve Clarke
Head of Software

Formerly UKCloud, experienced in virtualisation automation engineering and developing secure and scalable architecture



Equity Raising Overview

The Equity Raising net proceeds are expected to be deployed to:

Source of Funds	\$m
Equity Raising:	
- Placement	\$12.4
- Entitlement Offer	\$22.6
Net Cash / (debt) (31 Oct)	\$6.5
Total	\$41.5



New Cloud Platforms: The addition of three new sovereignty cloud platform zones in Brisbane, Melbourne and Adelaide are forecast to be in operation by 4QFY22, 2QFY23 and 4QFY23, respectively. The build cost includes mostly network, compute & storage costs as well as resources to design, build and accredit each platform. The resources will be sourced both internally and externally using contractors. The new platforms will establish the capability to support adjacent enterprise communities with core products underpinned with best practice to government standards

Use of Funds	\$m
New Cloud Platform(s)	\$15.0
Customer Capex	\$ 8.0
Working Capital	\$17.5
Transaction costs	\$ 1.0
Total	\$41.5



Customer Capex: AUCloud's operating model requires ongoing investment in compute and storage capacity to meet customer demand. As revenue grows, computing capacity will need to be expanded in stages. Funds from the Equity Raising will also be used to fund projected platform capacity expansion from FY23+ in accordance with growth in demand



Working Capital: AUCloud expects to incur cash outflows from operations until H1FY24. Funds raised from the Equity Raising will in part be used to fund the Company's working capital requirements during this period. AUCloud currently has 48 employees located in Canberra, Brisbane and Sydney. The Company's resources are forecast to expand over the next 2 years to support forecast revenue growth in Canberra and Sydney plus personnel to be hired following completion of the New Cloud Platforms

Equity Raising Timetable

Date	Activity
22 November 2021	Trading halt and announcement
22 November 2021	Placement shares issued to NEXTDC
22-23 November 2021	Institutional Entitlement Offer conducted
24 November 2021	Announcement of completion of Institutional Entitlement Offer and trading resumes on an ex-entitlement basis
24 November 2021	Record Date for Entitlement Offer (7.00pm AEDT)
25 November 2021	Quotation of new securities issued under the Placement to NEXTDC
29 November 2021	Retail Entitlement Offer information booklet and personalised entitlement and acceptance forms dispatched to Eligible Retail Shareholders
29 November 2021	Retail Entitlement Offer opens
30 November 2021	Settlement of Institutional Entitlement Offer
1 December 2021	Allotment of securities taken up under the Institutional Entitlement Offer
2 December 2021	Quotation of new securities under the Institutional Entitlement Offer
13 December 2021	Closing date for acceptances under Retail Entitlement Offer (5.00pm AEDT)
16 December 2021	Announcement of results of Retail Entitlement Offer
17 December 2021	Settlement of Retail Entitlement Offer
20 December 2021	Allotment and issue of New Shares under Retail Entitlement Offer
21 December 2021	Quotation of New Shares issued under Retail Entitlement Offer
22 December 2021	Dispatch of holding statements

Appendices

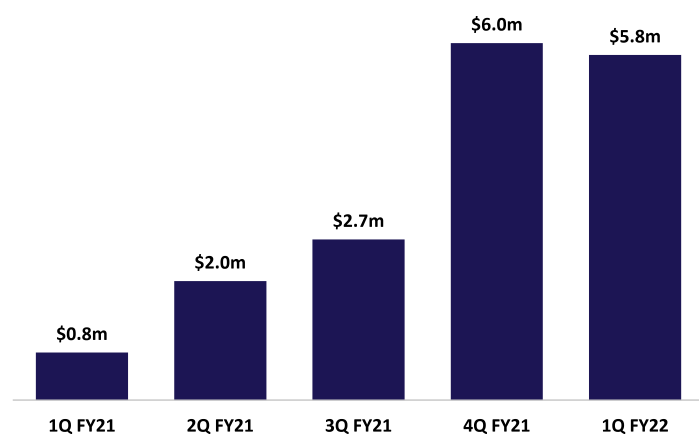
1. TCV and Revenue Growth
2. Key Risk Factors
3. Foreign Selling Restrictions
4. Glossary

1. TCV and Revenue Growth

Significant growth in high quality 'annuity-style' IaaS revenue base

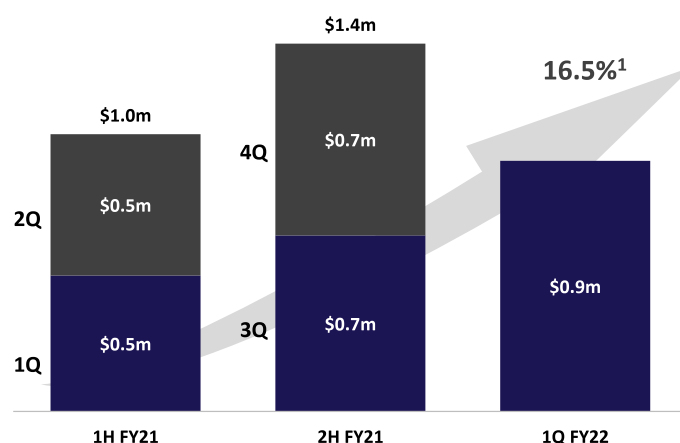
Quarterly TCV Outstanding

TCV Outstanding is the remaining aggregated balance of all signed contracts at a point in time, net of any consumption utilised to date recognised against the respective contracts



Quarterly IaaS Consumption

IaaS Consumption is the revenue recognised based on the aggregated consumption of IaaS services, including contractual implementation, consulting and setup charges



1. Compounding Quarterly Growth Rate calculated from 1Q FY21 to 1Q FY22

2. Key Risk Factors



- AUCloud is subject to various risk factors. Some of these are specific to its business activities, while others are of a general nature. Individually, or in combination, these risk factors could have a material adverse impact on AUCloud's assets and liabilities, financial position and performance, profits and losses and prospects, and the value of its shares. The key risk factors are described below. The risks set out below are not an exhaustive list of the risks associated with AUCloud or the industry in which it operates, or an investment in AUCloud shares either now or in the future, and this information should be used as guidance only. There can be no guarantee that AUCloud will achieve its stated objectives or that any forward-looking statement or forecasts will eventuate. Before deciding whether to invest in AUCloud, you should read the entire presentation and satisfy yourself that you have a sufficient understanding of these potential risks and should consider whether an investment in AUCloud is suitable for you after taking into account your own investment objectives, financial circumstances and tax position. If you are in any doubt as to anything in this presentation, you should consult your accountant, financial adviser, stockbroker, lawyer or other professional adviser.
- Cyber risk:** Given AUCloud's business model is premised on providing secure cloud services, any unauthorised access to customer data would severely prejudice AUCloud's reputation as a credible provider of such services to its targeted customers. While instances of "cyber-crime" are particularly damaging, other events, such as accidental loss of confidential data or experiencing significant network issues may also cause financial loss or reputational damage (or both). While AUCloud is particularly focused on mitigating the likelihood of cyber risk, given its business model, the consequences of the risk including the adverse effect on AUCloud's future financial performance and position, are potentially significant.
- Changes to law or Government policy:** The storage of data, including the migration of systems to the cloud, for Governments and CNIs is a current focus of Government policy, which is evolving rapidly. As Government departments make the decision to transition legacy systems and datasets to third party hosted environments, including to the cloud, there is a growing focus on how Government agencies can ensure the security of that data. Rules and guidelines for Government departments and agencies in relation to outsourcing cloud functions, and the requirements of third party providers of those functions, have been developed, however there is no guarantee that the implementation of those rules and guidelines will occur in the manner currently anticipated by AUCloud. In addition, those rules and guidelines will likely be supplemented and varied over time. For example, AUCloud anticipates that those rules and guidelines will address the sovereign ownership of the service provider. While AUCloud has some capacity to predict policy developments, it is possible that policies will be implemented in the future that may preclude or hinder AUCloud's competition in the market for Government outsourcing of cloud services.
- Authorisations and accreditations:** AUCloud relies on authorisations and accreditations to operate its business. In particular, AUCloud is required to be IRAP-accredited to provide its services to the Australian Government. IRAP is an ASD initiative. ASD endorses suitably qualified ICT professionals as IRAP assessors to provide relevant security services and highlight information security risks which aim to secure broader industry and Australian Government information (and associated) systems. The ACSC has also recently introduced a new Cloud Security Guidance and Cloud Assessment and Authorisation Framework. There is no guarantee that AUCloud will be able to obtain or retain the authorisations and accreditations it requires to compete in the market. Any failure by AUCloud to obtain additional authorisations or accreditations mandated by the Australian Government would materially adversely affect AUCloud's operational and financial performance.

SPECIFIC RISKS

- Competitive landscape and actions of others:** AUCloud operates in a competitive landscape alongside a number of other service providers with competing technologies, product offerings and geographic presence. These include a number of global IaaS providers which offer competing services to AUCloud on a global scale. Although AUCloud is in a niche market, and notwithstanding the barriers to entry in that market, AUCloud may face competition from new entrants and existing competitors who may have significant advantages, including greater name recognition, longer operating history, lower operating costs, pre-existing relationships with current or potential customers or decision makers and greater financial, marketing and other resources. If competitor product offerings are perceived to be superior to AUCloud's, or competitors are able to compete effectively on price, AUCloud may lose existing or potential customers, incur costs to improve its network, or be forced to reduce prices.
- Sustained losses:** Like many start up technology companies, AUCloud has incurred regular operating losses since inception. AUCloud may not be able to achieve or maintain profitability or positive free cash flow in the near term if at all and as such the business will likely require ongoing funding from cash reserves or from new equity issuances.

23

2. Key Risk Factors (cont...)



- Concentration of customer base and nature of customer contracts:** AUCloud has a relatively concentrated customer base. If AUCloud was to lose one or more of its key customers, AUCloud's business and financial condition could be adversely impacted. There may also be a long lead-time to customer contracts for AUCloud, and by their nature, such customer contracts are relatively short-term (with a typical contract term of between three months and five years). If AUCloud was to lose one or more of these customer contracts, its operations, earnings and financial condition could be adversely impacted. In addition, if one or more of these contracts is not renewed upon expiry and AUCloud is unable to add new customers, its business, financial condition and financial performance could be adversely impacted in the future.
- Ability to attract and retain key employees:** AUCloud's business is dependent on attracting and retaining highly skilled and experienced employees. It is essential that appropriately skilled staff be available in sufficient numbers to support AUCloud's business. AUCloud requires staff to have a variety of skills and expertise, some of which are niche specialities in which there are limited practitioners available for recruitment. Accordingly, the loss of, or the inability to attract, skilled and experienced employees is a key risk for AUCloud. The loss of key staff to a competitor may exacerbate this impact. AUCloud's ability to attract and retain employees in a cost effective manner is subject to external factors such as unemployment rates, prevailing wage legislation and changing demographics in its operating markets. Changes that adversely impact AUCloud's ability to attract and retain quality employees could materially adversely affect AUCloud's future financial performance and position.
- Short operating history:** AUCloud is recently established and has little operational track record. As a result, the execution of AUCloud's business plan may take longer to achieve than planned and the costs of doing so may be higher than budgeted. AUCloud's operational business plan requires upfront capital investment, and there can be no assurance that subsequent objectives will be achieved. Accordingly, AUCloud may need to raise capital again in the near future, and with fewer operational objectives achieved, which may have an adverse effect on AUCloud's share price.
- Low customer uptake of service:** A lack of customer demand and aggressive competition could limit AUCloud's ability to achieve desired rates of return on investment, and have a material adverse effect on the growth prospects and/or financial position of AUCloud, which may cause AUCloud to require further funding. AUCloud will continue to seek to mitigate these risks by executing its business plan with efficiency and delivering AUCloud's strategic vision.
- Funding and capital:** The continued growth of AUCloud relies on customer acquisition. Capital is required to maintain and grow the existing technology platform. AUCloud requires sufficient access to capital to fund this expenditure. Failure to obtain capital on favourable terms may hinder AUCloud's ability to expand and pursue growth opportunities, which may reduce competitiveness and have an adverse effect on the financial performance, position and growth prospects of AUCloud. AUCloud's continued ability to implement its business plan effectively over time may depend in part on its ability to raise future funds. There is no assurance that additional funds will be available in the future, and/or be secured on reasonable commercial terms. If adequate funds are not available or not available on reasonable commercial terms in the future, then AUCloud may not be able to take advantage of opportunities, develop new ideas or otherwise respond to competitive pressures.
- Interruptions to operations, including infrastructure and technology failure:** AUCloud could be exposed to short, medium or long-term interruptions to its services, some of which is provided by third parties. AUCloud may be unable to deliver a service as a result of numerous factors, including:
 - human error;
 - power loss;
 - improper maintenance by entities not related to AUCloud;
 - physical or electronic security breaches;
 - fire, earthquake, hurricane, flood and other natural disasters;
 - water damage;
 - intentional damage to the networks from vandalism;
 - accidental damage to the networks from civil works;
 - war, terrorism and any related conflicts or similar events worldwide; and
 - sabotage and vandalism.

24

2. Key Risk Factors (cont...)



- **Change in technology:** Demand for cloud services can change rapidly because of technological innovation, new product introductions, declining prices and evolving industry standards, amongst other factors. New solutions and new technology often render existing solutions and services obsolete, excessively costly or otherwise unmarketable. As a result, the success of AUCloud depends on AUCloud being able to keep up with the latest technological progress and to develop or acquire and integrate new technologies into its product offering. Advances in technology also require AUCloud to commit resources to developing or acquiring and then deploying new technologies for use in operations.
 - **Relationships with key intellectual property licensors and technology:** AUCloud relies on relationships with key intellectual property licensors and technology partners, from whom it licenses the right to use particular intellectual property and technology. AUCloud's ability to offer its cloud services is dependent on its ability to use particular intellectual property and technology, and any change in the ability to use or protect the intellectual property AUCloud relies on may have an effect on AUCloud's future financial performance and position.
 - **Insurance:** AUCloud seeks to maintain appropriate policies of insurance consistent with those customarily carried by organisations in its industry. Any increase in the cost of the insurance policies of AUCloud or the industry in which it operates could adversely affect AUCloud's business, financial condition and operational results. AUCloud's insurance coverage may also be inadequate to cover losses it sustains. Uninsured loss or a loss in excess of AUCloud's insured limits could adversely affect AUCloud's business, financial condition and operational results.
- GENERAL RISKS**
- **AUCloud's share price may fluctuate:** AUCloud is subject to the general market risk that is inherent in all securities traded on a stock exchange. This may result in fluctuations in its share price that are not explained by the fundamental operations and activities of AUCloud. There is no guarantee that the price of AUCloud's shares will increase following the Offer, even if AUCloud's earnings increase. AUCloud's shares may trade at, above or below the Offer price due to a number of factors, including:
 - general market conditions;
 - fluctuations in the local and global market for listed stocks;
 - changes to government policy, legislation or regulation;
 - inclusion in or removal from particular market indices (including S&P/ASX indices); and
 - the nature of the markets in which AUCloud operates.
- Other factors that may negatively affect investor sentiment and influence AUCloud specifically or the stock market more generally include acts of terrorism, an outbreak of international hostilities, civil unrest, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events.
- **Trading in AUCloud's shares may not be liquid:** There can be no guarantee that there will be an active market for AUCloud's shares following completion of the Offer. There may be relatively few potential buyers or sellers of AUCloud's shares on ASX at any given time. This may increase the volatility of the market price of AUCloud's shares. It may also affect the prevailing market price at which shareholders are able to sell their AUCloud shares. This could result in shareholders receiving a market price for their AUCloud shares that is less than the price that they paid. Further, approximately 47.28% of AUCloud's shares, prior to the equity raising, remain subject to escrow arrangements, which will reduce the liquidity of trading in AUCloud's shares for the duration of the escrow period (i.e. until 14 December 2022). A significant sale of previously escrowed AUCloud shares, or the perception that such sale has occurred or might occur, could adversely affect the price of AUCloud's shares.
 - **Shareholders may suffer dilution:** AUCloud may issue more shares in the future in order to fund acquisitions or investments or to reduce its debt. While AUCloud will continue to be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period (other than where exceptions apply), any such equity raisings may dilute the interests of shareholders.
 - **Taxation changes may occur:** The taxation treatment for shareholders is dependent upon the tax law as currently enacted in Australia. Changes in tax or stamp duty law or changes in the way tax or stamp duty law is expected to be interpreted in Australia may adversely impact AUCloud's returns or the dividends paid by AUCloud to shareholders. An investment in AUCloud shares involves tax considerations that differ for each investor. Investors are encouraged to seek professional tax advice in connection with any investment in AUCloud.

25

2. Key Risk Factors (cont...)



- **Expected future events may not occur:** Certain statements in this presentation constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance and achievements of AUCloud to differ materially from any future results, performance or achievements expressed or implied in such forward-looking statements. Given these uncertainties, prospective investors should not place undue reliance on such forward-looking statements. In addition, under no circumstances should a forward-looking statement be regarded as a representation or warranty by AUCloud or any other person referred to in this presentation that a particular outcome or future event is guaranteed.
- **Impact of climate change:** Climate change presents a potentially material risk to AUCloud. The increasing severity of acute weather events (such as heatwaves, cyclones and storms) and chronic climate impacts may affect AUCloud's property (and associated communities) through physical damage, operating costs, and ability to trade, for example. These acute weather events may be sudden and acute or more gradual in nature. For example, property may be damaged by storms or flooding which requires extensive repairs. Alternatively, supply chains may be disrupted. Transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change. These may require AUCloud to incur costs to address these changes. The transition to a low carbon economy may enable AUCloud to realise opportunities such as reducing its reliance on the electricity grid by generating onsite renewable energy which also protects its business from future energy market and policy uncertainty.
- **COVID-19:** The transmission of COVID-19 and efforts to contain its spread have recently resulted in international, national and local border closings, travel restrictions, significant disruptions to business operations, supply chains and customer activity and demand. Significant uncertainty remains with respect to the future impact of COVID-19 on AUCloud's business. The overall severity and duration of COVID-19-related adverse impacts on AUCloud's business will depend on future developments which cannot be predicted, including "state of emergency" declarations and other directives of government and public health authorities. Even after the COVID-19 outbreak has subsided, AUCloud may continue to experience material adverse impacts to its businesses, for example, as a result of reductions in Government spending on outsourcing (as a result budget pressures), delays in decision making or, more generally, a deterioration of worldwide credit and financial markets that could limit AUCloud's ability to obtain funding.
- **Force majeure events may occur:** Events may occur within or outside Australia that could impact upon the global and Australian economies, the operations of AUCloud and the price of AUCloud's shares. These events include but are not limited to acts of terrorism, outbreaks of international hostilities, civil unrest, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events that can have an adverse effect on AUCloud's ability to conduct its business.
- **Exposure to general economic conditions:** The operating and financial performance of AUCloud is influenced by a variety of general domestic and global economic and business conditions that are outside the control of AUCloud. A prolonged deterioration in general economic conditions may impact the demand for AUCloud's services and may have a material adverse impact on the financial performance, financial position, cash flows, dividends, growth prospects and share price of AUCloud.
- **Accounting standards may change:** The Australian Accounting Standards to which AUCloud adheres are set by the AASB and are consequently outside the control of AUCloud and the Directors. Changes in accounting standards issued by the AASB or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in AUCloud's financial statements.
- **Litigation and regulatory inquiries:** AUCloud may be subject to litigation, complaints and other claims or disputes, regulatory inquiries or investigations and other enforcement action initiated by customers, employees, suppliers, regulators or other third parties in the course of its business. Such matters may have a materially adverse effect on AUCloud's financial performance and position. Even if such matters are successfully defended or settled without financial consequences, they may have a material adverse effect on AUCloud's reputation.

26

3. Foreign Selling Restrictions

- This presentation does not constitute an offer of New Shares in any jurisdiction in which it would be unlawful. In particular, this presentation may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.
- **Australia:** The information in this presentation has been prepared on the basis that all offers of New Shares will be made to Australian resident investors to whom an offer of shares may lawfully be made without disclosure under Part 6D.2 of the Corporations Act. This presentation is not a prospectus, product disclosure statement or any other form of disclosure document regulated by the Corporations Act and has not been, and will not be, lodged with the Australian Securities and Investments Commission (**ASIC**). Neither ASIC nor ASX takes any responsibility for the contents of this presentation. Accordingly, this presentation may not contain all information which a prospective investor may require to make a decision about whether to subscribe for New Shares and it does not contain all of the information which would otherwise be required by Australian law to be disclosed in a prospectus, product disclosure statement or any other form of disclosure document regulated by the Corporations Act. This presentation does not take into account the investment objectives, financial situation or needs of any particular person. Accordingly, before making any investment decision in relation to the offer of New Shares or any other transaction in relation to AUCloud shares, you should assess whether that transaction is appropriate in light of your own financial circumstances or seek professional advice.
- **New Zealand:** This presentation has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013 (FMC Act)*. The New Shares are not being offered to the public within New Zealand other than to existing shareholders of AUCloud with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016*. Other than under the Entitlement Offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:
 - is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
 - meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
 - is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
 - is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
 - is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

4. Glossary

Term	Definition
AASB	Australian Accounting Standards Board
ACSC	Australian Cyber Security Centre
ADF	Australian Defence Force
API	Australian Programming Interface
ASD	Australian Signals Directorate
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Australian Accounting Standards	Australian Accounting Standards and other authoritative pronouncements issued by the AASB
CAAF	Cloud Assessment and Authorisation Framework
CNI	Critical National Industry
DISP	Defence Industry Security Program
GPUaaS	Graphics Processing Unit as a Service
IaaS	Infrastructure as a Service
ICT	Information and Communication Technology
IRAP	Information Security Registered Assessors Program
ISM	Information Security Manual
NEXTDC	NEXTDC Ventures Holdings No. 1 Pty Ltd (ACN 655 243 057), a wholly-owned subsidiary of NEXTDC Limited (ACN 143 582 521)
SME	Small and Medium Enterprises



NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

\$35 million Capital Raising and National Expansion

22 November 2021

SOVEREIGN CLOUD HOLDINGS LIMITED (ASX: SOV)

Sovereign Cloud Holdings Limited (“**AUCloud**” or “**Company**”) announced today that it is undertaking an equity raising, comprising of a placement to NEXTDC Limited¹ (ASX:NXT) (“**NEXTDC**”) together with a fully underwritten accelerated pro-rata non-renounceable entitlement offer to eligible institutional shareholders and eligible retail shareholders, to raise a total of approximately \$35 million (the “**Equity Raising**”).

Key Highlights

- **AUCloud’s core product offering continues to target an attractive market niche**
- **Sovereign cloud services, data security and storage increasingly a key focus of Defence, Governments, Critical National Industries and many Enterprises**
- **AUCloud’s pro forma net cash position will increase to \$41.5m as at 31 October 2021 (post Equity Raising)**
- **Funding will largely be deployed to:**
 - **Invest in customer growth capex and working capital required to scale AUCloud to critical mass**
 - **Invest in new cloud platforms in Brisbane, Melbourne and Adelaide**
- **Equity Raising to be conducted at \$0.50 per new share (Offer Price)**
- **NEXTDC will become a new Strategic Investor (19.99%) and Partner**

¹ Placement is via NEXTDC’s wholly owned subsidiary, NEXTDC Ventures Holdings No.1 Pty Ltd. The investment will result in a 19.99% shareholding in AUCloud on completion of the Equity Raising.

AUSTRALIAN • ASSURED • ACCOUNTABLE • AMPLIFIED • AGILE •

ALIGNED

AUCloud CEO and Managing Director, Phil Dawson said: *“We continue to see a trend towards greater emphasis on sovereign cloud services to ensure all data remains within Australian legal jurisdictions. Our strategic partnership with NEXTDC, a leading provider of premium data centre facilities, will provide access to a powerful national network of 1,500+ enterprise customers and 730+ channel partners. This Equity Raising capitalises AUCloud to extend its platform footprint into Brisbane, Melbourne and Adelaide, and expand its customer reach into the large security conscious enterprise market”.*

NEXTDC CEO and Managing Director, Craig Scroggie said: *“NEXTDC has an in-depth understanding of the underlying cloud market dynamics gained through our national network of premium data centre facilities across Australia. Following the injection of growth capital into AUCloud, we believe Phil and the team are very well positioned to benefit from the increasing trend towards sovereign IaaS cloud and high security solutions”.*

Equity Raising Overview

The Equity Raising is expected to raise approximately \$35 million and will be conducted via:

- a placement to NEXTDC of approximately \$12.4 million (“**Placement**”); and
- a fully underwritten accelerated pro-rata non-renounceable entitlement offer of approximately \$22.6 million (“**Entitlement Offer**”) at a ratio of 4 new shares for every 11 existing shares held at the record date, comprising:
 - an accelerated institutional component (“**Institutional Entitlement Offer**”); and
 - a retail component (“**Retail Entitlement Offer**”).

The offer price for the Placement and the Entitlement Offer will be \$0.50 per share (“**Offer Price**”), which represents:

- an 18.0% discount to the closing price of \$0.61 on Friday, 19 November 2021;
- an 11.4% discount to the TERP² of \$0.56.

The Equity Raising will result in the issue of up to approximately 70 million new ordinary shares (“**New Shares**”), representing approximately 70% of existing securities on issue. The New Shares issued under the Equity Raising will rank equally with existing AUCloud shares as at their date of issue.

The Entitlement Offer is non-renounceable, and rights are not transferrable and will not be traded on ASX or any other exchange. Eligible shareholders who do not take up their entitlement under the Entitlement Offer in full or in part, will not receive any value in respect of those entitlements not taken up.

The Entitlement Offer is fully underwritten by Morgans Corporate Limited and Canaccord Genuity (Australia) Limited (together, the “**Joint Lead Managers**”).

The Joint Lead Managers have received pre-launch commitments from existing shareholders and NEXTDC representing approximately \$12.4 million (54.6%) who intend to take-up their full entitlements under the Entitlement Offer. All Non-Executive Directors of AUCloud also intend to fully participate in the Entitlement Offer.

Strategic Placement to NEXTDC

All shares offered under the Placement to NEXTDC will be issued at the same price as New Shares issued under the Entitlement Offer (\$0.50 per share).

² The Theoretical Ex-rights Price (“TERP”) is calculated by reference to AUCloud’s closing price on Friday, 19 November 2021 of \$0.61 per share, being the last trading day prior to the announcement of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which AUCloud shares trade immediately after the ex-date of the Entitlement Offer and will depend on many factors and may not approximate TERP. TERP includes the new shares issued under the placement.

The Placement is within the Company's placement capacity under ASX Listing Rule 7.1 and ASX Listing Rule 7.1A.

New Shares issued under the Placement to NEXTDC will have rights to participate in the Entitlement Offer.

NEXTDC is entitled to appoint one Director to the AUCloud Board, which initially will be Mr Scroggie.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer, which will open at 10.00am (AEDT) on Monday, 22 November 2021.

Under the Institutional Entitlement Offer, eligible institutional shareholders can choose to take up all, part or none of their Entitlement. Entitlements not taken up under the Institutional Entitlement Offer will be offered to new and existing institutional investors at the Offer Price on Tuesday, 23 November 2021.

AUCloud shares have been placed in a two-day trading halt while the Institutional Entitlement Offer is conducted.

Retail Entitlement Offer

Eligible retail shareholders with registered addresses in Australia, New Zealand and United Kingdom on the Record Date of 7.00pm (AEDT) on Wednesday, 24 November 2021, have the opportunity to invest in New Shares at the Offer Price, on the terms and conditions outlined in the Retail Entitlement Offer information booklet, which is expected to be sent to eligible retail shareholders on Monday, 29 November 2021.

Please note that shareholders with registered addresses outside Australia, New Zealand and United Kingdom on the Record Date are ineligible to participate in the Retail Entitlement Offer. Further details as to eligibility will be set out in the Retail Entitlement Offer information booklet.

Under the Retail Entitlement Offer, eligible retail shareholders that take up their full Entitlement may also apply for additional New Shares in excess of their Entitlement under a top-up facility, subject to a 50% cap and the Company's scale back policy.

Equity Raising indicative timetable

The timetable below is indicative only and subject to change. AUCloud reserves the right to alter the dates at its full discretion and without prior notice, subject to the ASX Listing Rules and the *Corporations Act 2001* (Cth).

The quotation of New Shares is subject to confirmation from ASX.

All times below are based on AEDT.

Event	Date
Trading halt and announcement	22 November 2021
Placement Shares issued to NEXTDC	22 November 2021
Institutional Entitlement Offer conducted	22 – 23 November 2021
Announcement of completion of Institutional Entitlement Offer and trading resumes on an ex-entitlement basis	24 November 2021
Record Date for Entitlement Offer (7.00pm AEDT)	24 November 2021

Event	Date
Quotation of new securities issued under the Placement to NEXTDC	25 November 2021
Retail Entitlement Offer information booklet and personalised entitlement and acceptance forms dispatched to eligible retail shareholders	29 November 2021
Retail Entitlement Offer opens	29 November 2021
Settlement of Institutional Entitlement Offer	30 November 2021
Allotment of securities taken up under the Institutional Entitlement Offer	1 December 2021
Quotation of new securities under the Institutional Entitlement Offer	2 December 2021
Closing date for acceptances under Retail Entitlement Offer (5.00pm AEDT)	13 December 2021
Announcement of results of Retail Entitlement Offer	16 December 2021
Settlement of Retail Entitlement Offer	17 December 2021
Allotment and issue of New Shares under Retail Entitlement Offer	20 December 2021
Quotation of New Shares issued under Retail Entitlement Offer	21 December 2021
Despatch of holding statements	22 December 2021

This ASX announcement was authorised for release by AUCloud's Board of Directors.

Further information, please contact:

Corporate

Phil Dawson, Managing Director
P: +61 477 181 665
E: pdawson@australiacloud.com.au

Investors

Michelle Crouch, Chief Financial Officer
P: +61 07 3222 8444
E: mcrouch@australiacloud.com.au

About Sovereign Cloud Holdings Limited

Sovereign Cloud Holdings Limited (operating as AUCloud) provides highly secure, standards based, sovereign cloud Infrastructure as a Service (IaaS) to Australian Government and Critical National Industry communities. This includes Federal, State and Local Governments and CNI organisations such as telecommunications, electricity, energy, financial services and similar utility providers.

Managed, operated and monitored in Australia by security cleared Australian citizens, all services and data hosted by Sovereign Cloud Holdings remains in Australia. This includes all customer data, account data, metadata, support data and derived analytics data.

For further information, please visit: AUCloud – Australian Sovereign Cloud (www.australiacloud.com.au).

IMPORTANT NOTICES

This announcement is not financial product or investment advice, a recommendation to acquire securities or accounting, legal or tax advice. It does not constitute an invitation or offer to apply for securities. It has been prepared without taking into account the objectives, financial or tax situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial and tax situation and needs and seek legal and taxation advice appropriate for their jurisdiction. AUCloud is not licensed to provide financial product advice in respect of an investment in securities.

This announcement has been prepared for publication in Australia and may not be released or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933, as amended ("**US Securities Act**"), and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration of the US Securities Act and applicable US state securities laws.

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

Successful completion of Placement and Institutional Entitlement Offer, raising A\$16.4 million

24 November 2021

SOVEREIGN CLOUD HOLDINGS LIMITED (ASX: SOV)

Sovereign Cloud Holdings Limited (“**AUCloud**” or “**Company**”) is pleased to announce the successful completion of its placement to NEXTDC Limited¹ (“**NEXTDC**”) (“**Placement**”) and the institutional component of its fully underwritten 4 for 11 accelerated pro-rata non-renounceable entitlement offer (“**Entitlement Offer**”) of new fully paid ordinary shares in AUCloud (“**New Shares**”). Details of the equity raising, including the retail component of the Entitlement Offer (“**Retail Entitlement Offer**”), were announced to ASX on Monday, 22 November 2021. The combined proceeds of the Placement and the Entitlement Offer (together, the “**Equity Raising**”) will be approximately A\$35 million, excluding estimated transaction costs.

Trading in AUCloud shares is expected to resume on ASX from market open today, Wednesday, 24 November 2021.

Placement and Institutional Entitlement Offer

The Placement raised approximately A\$12.4 million at an offer price of A\$0.50 per New Share (“**Offer Price**”). The institutional component of the Entitlement Offer (“**Institutional Entitlement Offer**”) raised approximately A\$4.0 million at the Offer Price and had a take-up rate of approximately 68% of entitlements of eligible institutional shareholders. The institutional shortfall of approximately A\$1.2 million (2.5 million New Shares), was allocated under the Institutional Entitlement Offer to existing shareholders of the Company.

Approximately 24.9 million New Shares subscribed for by NEXTDC under the Placement settled on Monday, 22 November 2021 and are expected to commence trading tomorrow, Thursday 25 November 2021. Approximately 8.0 million New Shares subscribed for under the Institutional Entitlement Offer are expected to be settled on Tuesday, 30 November 2021 and commence trading on Thursday, 2 December 2021. New Shares issued under the Placement to NEXTDC have rights to participate in the Entitlement Offer, and NEXTDC has committed to take up its entitlements in the Retail Entitlement Offer.

¹ The Placement was completed via NEXTDC’s wholly-owned subsidiary, NEXTDC Ventures Holdings No.1 Pty Ltd. The investment will result in it having a 19.99% shareholding in AUCloud on completion of the Placement.

AUSTRALIAN • ASSURED • ACCOUNTABLE • AMPLIFIED • AGILE • ALIGNED

Retail Entitlement Offer

The Retail Entitlement Offer will raise approximately A\$18.6 million at the Offer Price. The Retail Entitlement Offer is expected to open on Monday, 29 November 2021 and close on Monday, 13 December 2021.

Eligible retail shareholders with registered addresses in Australia, New Zealand and the United Kingdom on the record date of 7.00pm (AEDT) on Wednesday, 24 November 2021 (“**Record Date**”) have the opportunity to invest in New Shares at the Offer Price on the terms and conditions outlined in the Retail Entitlement Offer information booklet to be sent to eligible retail shareholders on or around Monday, 29 November 2021.

Shareholders with registered addresses outside Australia, New Zealand and the United Kingdom on the Record Date are ineligible to participate in the Retail Entitlement Offer. Further details as to eligibility will be set out in the Retail Entitlement Offer information booklet.

Under the Retail Entitlement Offer, eligible retail shareholders that take up their entitlements in full may also apply for additional New Shares in excess of those entitlements under a top-up facility, subject to a 50% cap and the Company’s scale back policy.

Further information on the Equity Raising

Further information on the Equity Raising is set out in the Company's investor presentation lodged with ASX on Monday, 22 November 2021.

For further information regarding the Retail Entitlement Offer, please do not hesitate to contact the offer information line on 1300 222 378 (within Australia) or +61 7 1300 222 378 (outside Australia) at any time from 8.30am to 5.30pm (AEDT) Monday to Friday during the offer period.

Further information, please contact:

Corporate

Phil Dawson, Managing Director
P: +61 477 181 665
E: pdawson@australiacloud.com.au

Investors

Michelle Crouch, Chief Financial Officer
P: +61 07 3222 8444
E: mcrouch@australiacloud.com.au

This ASX announcement was authorised for release by AUCloud’s Board of Directors

About Sovereign Cloud Holdings Limited

Sovereign Cloud Holdings Limited (operating as AUCloud) provides highly secure, standards based, sovereign cloud Infrastructure as a Service (IaaS) to Australian Government and Critical National Industry communities. This includes Federal, State and Local Governments and CNI organisations such as telecommunications, electricity, energy, financial services and similar utility providers.

Managed, operated and monitored in Australia by security cleared Australian citizens, all services and data hosted by Sovereign Cloud Holdings remains in Australia. This includes all customer data, account data, metadata, support data and derived analytics data.

For further information, please visit: AUCloud – Australian Sovereign Cloud (www.australiacloud.com.au).

IMPORTANT NOTICES

This announcement is not financial product or investment advice, a recommendation to acquire securities or accounting, legal or tax advice. It does not constitute an invitation or offer to apply for securities. It has been prepared without taking into account the objectives, financial or tax situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial and tax situation and needs and seek legal and taxation advice appropriate for their jurisdiction. AUCloud is not licensed to provide financial product advice in respect of an investment in securities.

This announcement has been prepared for publication in Australia and may not be released or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933, as amended ("**US Securities Act**"), and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration of the US Securities Act and applicable US state securities laws.

6. ADDITIONAL INFORMATION

This Offer Booklet (including the Company's ASX Announcements and Investor Presentation in Section 5) and enclosed personalised Entitlement and Acceptance Form have been prepared by the Company.

This Offer Booklet is dated 29 November 2021 (other than the Company's ASX Announcements and Investor Presentation, which were released to ASX on 22 November 2021 and 24 November 2021) and also available at www.australiacloud.com.au. The information in this Offer Booklet remains subject to change without notice and the Company is not responsible for updating such information.

There may be additional announcements made by the Company after the date of this Offer Booklet and throughout the period that the Retail Entitlement Offer is open that may be relevant to your consideration of whether to take up, sell or transfer or do nothing in respect of, your Entitlement. Therefore, it is prudent that you check whether any further announcements have been made by the Company (by visiting ASX's website at www.asx.com.au, or the Company's website at www.australiacloud.com.au) before submitting your application to take up your Entitlement.

No party other than the Company has authorised or caused the issue of the information in this Offer Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in such information.

No person is authorised to give any information, or to make any representation, in connection with the Retail Entitlement Offer that is not contained in this Offer Booklet. Any information or representation that is not in this Offer Booklet may not be relied on as having been authorised by the Company or its related bodies corporate in connection with the Retail Entitlement Offer.

The information in this Offer Booklet is important and requires your immediate attention.

You should read the information in this Offer Booklet carefully and in its entirety before deciding how to deal with your Entitlement. In particular, you should consider the risk factors outlined in the "Key Risk Factors" section of the Company's Investor Presentation included in Section 5, any of which could affect the operating and financial performance of the Company or the value of an investment in the Company.

You should consult your stockbroker, solicitor, accountant, financial adviser or other professional adviser to evaluate whether or not to participate in the Retail Entitlement Offer.

6.1 Ineligible Shareholders

This Offer Booklet contains an offer of New Shares to Eligible Retail Shareholders in Australia and has been prepared in accordance with section 708AA of the Corporations Act as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73).

As set out in Section 1.4, Eligible Retail Shareholders are those persons who:

- are registered as a holder of Shares as at the Record Date, being 7.00pm (Sydney time) on 24 November 2021;
- as at the Record Date, have a registered address on the Company's Share register in Australia, New Zealand or the United Kingdom, or are a Shareholder that the Company has otherwise decided is entitled to participate;

- are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such person holds Shares for the account or benefit of such person in the United States);
- were not invited to participate in the Institutional Entitlement Offer and were not treated as an Ineligible Institutional Shareholder; and
- are eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

All Shareholders who do not satisfy the criteria to be Eligible Retail Shareholders or Eligible Institutional Shareholders are Ineligible Shareholders. Ineligible Shareholders are not entitled to participate in the Entitlement Offer, unless the Company otherwise determines.

The restrictions upon eligibility to participate in the Entitlement Offer arise because the Company has determined, pursuant to ASX Listing Rule 7.7.1(a) and section 708AA (including section 9A(3)(a)) of the Corporations Act, that it would be unreasonable to extend the Entitlement Offer to Ineligible Shareholders. This decision has been made after taking into account the number of non-residents in Australia, New Zealand and the United Kingdom on the Company's Share register, the relatively small number and value of New Shares to which those Shareholders would otherwise be entitled, and the potential costs of complying with legal and regulatory requirements in the jurisdictions in which the Ineligible Shareholders are located in relation to the Entitlement Offer.

The Company, in its absolute discretion, may extend the Entitlement Offer to any Shareholder if it is satisfied that the Entitlement Offer may be made to the Shareholder in compliance with all applicable laws. The Company, in its absolute discretion, reserves the right to determine whether a Shareholder is an Eligible Retail Shareholder, an Eligible Institutional Shareholder, or an Ineligible Shareholder. To the maximum extent permitted by law, the Company disclaims all liability in respect of such determination.

Ineligible Shareholders will not receive any payment or value as a result of the issue of any of those New Shares they would have been entitled to subscribe for had they been eligible to participate in the Entitlement Offer.

By returning a completed personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will be taken to have represented and warranted that you satisfy each of the criteria listed above to be an Eligible Retail Shareholder. Nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

6.2 Ranking of New Shares

New Shares issued under the Retail Entitlement Offer will be fully paid and rank equally in all respects with existing Shares on issue from their time of issue. The rights and liabilities attaching to the New Shares are set out in the Company's constitution, a copy of which is available at www.australiacloud.com.au.

6.3 Risks

The Company's Investor Presentation details important factors and risks that could affect the financial and operating performance of the Company. You should refer to the "Key Risk Factors" section of the Company's Investor Presentation released to ASX on 22 November 2021 which is included in Section 5. You should consider these factors in light of your personal circumstances, including financial and taxation issues, before making a decision in relation to your Entitlement.

6.4 Reconciliation, and the rights of the Company and the Joint Lead Managers

The Retail Entitlement Offer and the calculation of Entitlements is a complex process. There may be a need to undertake a reconciliation of Entitlements. If reconciliation is required, it is possible that the Company may need to issue additional New Shares to ensure that the relevant investors receive their appropriate allocation of New Shares.

The Company also reserves the right to reduce the size of an Entitlement or number of New Shares allocated to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders or other applicable investors, if the Company believes in its complete discretion that their claims are overstated or if they or their nominees fail to provide information requested to substantiate their claims. In that case, the Company may, in its discretion, require the relevant Shareholder to transfer excess New Shares to the Joint Lead Managers at the Offer Price per New Share. If necessary, the relevant Shareholder may need to transfer existing Shares held by them or to purchase additional Shares on-market to meet this obligation. The relevant Shareholder will bear any and all losses caused by subscribing for New Shares in excess of their Entitlement and any actions they are required to take in this regard.

By applying under the Retail Entitlement Offer, those doing so irrevocably acknowledge and agree to do the above as required by the Company in its absolute discretion. Those applying acknowledge that there is no time limit on the ability of the Company or the Joint Lead Managers to require any of the actions set out above.

6.5 No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted.

6.6 Rounding of Entitlements

Where fractions arise in the calculation of an Entitlement, they will be rounded up to the nearest whole number of New Shares.

6.7 Trading of Entitlements

Your Entitlement is personal and cannot be traded on ASX, transferred, assigned or otherwise dealt with. If you do not take up your Entitlement by the Closing Date, being 5.00pm (Sydney time) on 13 December 2021, your Entitlement will lapse.

6.8 Quotation and trading of New Shares

The Company has applied for quotation of the New Shares on ASX in accordance with the ASX Listing Rule requirements. Trading of New Shares will, subject to ASX approval, occur shortly after allotment. If ASX does not grant quotation of the New Shares, the Company will repay all Application Monies (without interest). It is expected that trading on ASX of New Shares to be issued under the Retail Entitlement Offer will commence at 10.00am (Sydney time) on 21 December 2021 on a normal settlement basis. Application Monies will be held by the Company on trust for applicants until the New Shares are allotted. No interest will be paid on Application Monies.

It is the responsibility of applicants to determine the number of New Shares allotted and issued to them prior to trading in the New Shares. The Company will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by the Company or failure to maintain their updated details with the Company's Share Registry or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to.

If you are in any doubt as to these matters, you should first consult with your stockbroker, solicitor, accountant, financial adviser or other professional adviser.

6.9 Notice to nominees and custodian

If the Company believes you hold Shares as a nominee or custodian you will have received, or will shortly receive, a letter in respect of the Retail Entitlement Offer. Nominees and custodians should consider carefully the contents of that letter.

Persons acting as nominees for other persons must not take up Entitlements on behalf of, or send any documents related to the Entitlement Offer to, any person in the United States or any person that is acting for the account or benefit of a person in the United States. Persons in the United States and persons acting for the account or benefit of persons in the United States will not be able to take up or exercise Entitlements and may receive no value for any such Entitlements held.

The Company is not required to determine whether or not any registered holder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of Shares or Entitlements. Where any person is acting as a nominee or custodian for a foreign person, that person, in dealing with its beneficiary, will need to assess whether indirect participation in the Retail Entitlement Offer by the beneficiary complies with applicable foreign laws. The Company is not able to advise on foreign laws.

6.10 Not investment advice

This Offer Booklet is not a prospectus, product disclosure statement or other form of disclosure document under the Corporations Act and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. The Company is not licensed to provide financial product advice in respect of the New Shares. This Offer Booklet does not purport to contain all the information that you may require to evaluate a possible application for New Shares, nor does it purport to contain all the information which would be required in a prospectus prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with the Company's other periodic statements and continuous disclosure announcements lodged with ASX, which are available at www.australiacloud.com.au.

Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the information in this Offer Booklet, you have any questions about the Retail Entitlement Offer, you should contact your stockbroker, solicitor, accountant, financial adviser or other professional adviser or call the Offer information line on 1300 222 378 (within Australia) or +61 1300 222 378 (outside Australia) between 8.30am and 5.30pm (Sydney time), Monday to Friday.

Nominees and custodians may not distribute any part of this Offer Booklet in the United States or in any other country outside Australia except:

- that Australian nominees may send this Offer Booklet and related offer documents to beneficial Shareholders who are professional or institutional Shareholders in other countries (other than the United States) listed in, and to the extent permitted under, the "Foreign Selling Jurisdictions" set out in the Company's Investor Presentation included in Section 5; and
- to beneficial Shareholders in other countries (other than the United States) where the Company may determine it is lawful and practical to make the Entitlement Offer.

6.11 Information availability

If you are in Australia you can obtain a copy of this Offer Booklet during the period of the Retail Entitlement Offer by calling the Offer information line on 1300 222 378 (within Australia) or +61 1300 222 378 (outside Australia) between 8.30am and 5.30pm (Sydney time), Monday to Friday, or by downloading an electronic version from the Company's website.

A replacement personalised Entitlement and Acceptance Form can also be requested by calling the Offer information line.

If you access the electronic version of this Offer Booklet, you should ensure that you download and read the entire Offer Booklet.

6.12 Foreign jurisdictions

The information in this Offer Booklet has been prepared to comply with the requirements of the securities laws of Australia. To the extent that you hold Shares or Entitlements on behalf of another person resident outside Australia, it is your responsibility to ensure that any participation (including for your own account or when you hold Shares or Entitlements beneficially for another person) complies with all applicable foreign laws and that each beneficial owner on whose behalf you are submitting the personalised Entitlement and Acceptance Form is not in the United States and not acting for the account or benefit of a person in the United States.

This Offer Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia, New Zealand and (subject to this Offer Booklet) the United Kingdom.

New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing Shareholders with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the provisions of the *Financial Markets Conduct Act 2013* (NZ) and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016* (NZ).

This Offer Booklet has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This Offer Booklet is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

United States

This Offer Booklet, the accompanying Entitlement and Acceptance Form, and any accompanying ASX Announcements (including the Company's Investor Presentation included as part of this Offer Booklet) do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither this Offer Booklet nor the accompanying Entitlement and Acceptance Form may be distributed or released in the United States. None of the Entitlements or the New Shares offered under the Retail Entitlement Offer have been, or will be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be taken up by, and the New Shares may not be offered or sold to, persons in the United States or persons who are acting for the account or benefit of a person in the United States.

The New Shares to be offered and sold in the Retail Entitlement Offer may only be offered and sold outside the United States in 'offshore transactions' (as defined in Rule 902(h) under the US Securities Act) in compliance with Regulation S under the US Securities Act.

Any non-compliance with these restrictions may contravene applicable securities laws.

United Kingdom

Neither the information in this Offer Booklet, nor any other document relating to the Equity Raising, has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the *Financial Services and Markets Act 2000*, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Shares. This Offer Booklet is issued on a confidential basis to:

- 'qualified investors' (within the meaning of Article 2(e) of the *Regulation (EU) 2017/1129* as it forms part of UK domestic law by virtue of the *European Union (Withdrawal) Act 2018* (**UK Prospectus Regulation**)); and
- fewer than 150 persons (other than 'qualified investors' (within the meaning of the UK Prospectus Regulation)) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this Offer Booklet, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of FSMA.

This Offer Booklet should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to the Company.

In the United Kingdom, this Offer Booklet is being distributed only to, and is directed at, persons:

- who fall within Article 43 (members or creditors of certain bodies corporate) of the *Financial Services and Markets Act 2000 (Financial Promotion) Order 2005*, as amended; or
- to whom it may otherwise be lawfully communicated,

(together, **Relevant Persons**). The investments to which this Offer Booklet relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this Offer Booklet or any of its contents.

6.13 Underwriting

The Company has entered into an Underwriting Agreement with the Joint Lead Managers who have agreed, subject to the satisfaction of certain conditions precedent, to fully underwrite the Entitlement Offer. As is customary with these types of arrangements:

- the obligation to underwrite is subject to the satisfaction of certain conditions precedent, including the delivery of certain due diligence materials and ASX not indicating that it will refuse quotation of new Shares to be issued under the Entitlement Offer;
- the Company has agreed, subject to certain carve-outs, to indemnify and hold harmless the Joint Lead Managers and their related bodies corporate and affiliates, each of their respective directors, officers, employees, agents and advisers, and each person (if any) who controls a

Joint Lead Manager within the meaning of section 50AA of the Corporations Act, against all claims, demands, damages, losses, liabilities, costs and expenses incurred directly or indirectly as a result of certain matters which occur in connection with the Entitlement Offer; and

- the Company and the Joint Lead Managers have given certain representations, warranties and undertakings in connection with the Entitlement Offer.

The Joint Lead Managers may terminate the Underwriting Agreement and be immediately relieved of their obligations under it on the occurrence of certain events, including but not limited to where:

- any offer document (including this Offer Booklet and all ASX Announcements made by the Company in connection with the Entitlement Offer) does not comply with the Corporations Act, the ASX Listing Rules, any waivers, confirmations and/or approvals obtained by the Company from ASX in connection with the Entitlement Offer, any modifications of the Corporations Act from ASIC required in connection with the Entitlement Offer, or any other applicable law;
- there are certain delays in the timetable for the Entitlement Offer (excluding any delay in the control of the Joint Lead Managers or any delay agreed between the Company and the Joint Lead Managers);
- the Company ceases to be admitted to the official list of ASX or approval for quotation of new Shares to be issued under the Entitlement Offer is not given by ASX;
- the S&P/ASX 300 Index falls more than 10% below the level as at the close of trading on the business day immediately prior to the date of the Underwriting Agreement and closes at or below that level on two consecutive business days or on the business day immediately prior to a settlement date in respect of the Entitlement Offer; or
- ASIC takes certain regulatory action in respect of the Company or any of its officers or Directors, or the Entitlement Offer.

The ability of the Joint Lead Managers to terminate the Underwriting Agreement in respect of some events (including but not limited to a material adverse change, disruptions in key financial markets or an outbreak of hostilities, or breach of the Underwriting Agreement by the Company) will depend (amongst other things) on whether the event has had or is likely to have a material adverse effect on the outcome or success of the Entitlement Offer, the willingness of persons to apply for new Shares under the Entitlement Offer, or the ability of the Joint Lead Managers to market, promote or settle the Entitlement Offer, or could reasonably be expected to give rise to a contravention by, or liability of, the Joint Lead Managers.

The Joint Lead Managers will be paid an underwriting fee of 3.5% of the gross proceeds of the Entitlement Offer (less proceeds committed by certain agreed Shareholders) and a management fee of 1.5% of the gross proceeds of the Entitlement Offer (in each case, in their Respective Proportions). The Joint Lead Managers are also entitled to be reimbursed for certain reasonable expenses incurred by them.

Neither the Joint Lead Managers nor any of their related bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees, representatives, contractors, consultants, advisers or agents, have authorised, permitted or caused the issue of the information in this Offer Booklet and they do not take any responsibility for such information or any action taken by you on the basis of such information. To the maximum extent permitted by law, the Joint Lead Managers and their related bodies corporate and affiliates and each of their respective directors, officers, partners, employees, representatives, contractors, consultants, advisers or agents exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in

the Retail Entitlement Offer and the information in this Offer Booklet being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise. Neither the Joint Lead Managers, nor any of their related bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees, representatives, contractors, consultants, advisers or agents, make any recommendations as to whether you or your related parties should participate in the Retail Entitlement Offer, nor do they make any representations or warranties to you concerning this Retail Entitlement Offer or any such information, and you represent, warrant and agree that you have not relied on any statements made by the Joint Lead Managers or any of their related bodies corporate and affiliates or any of their respective directors, officers, partners, employees, representatives, contractors, consultants, advisers or agents in relation to the New Shares or the Retail Entitlement Offer generally.

6.14 Governing law

This Offer Booklet, the Retail Entitlement Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the laws applicable in Queensland, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of Queensland, Australia and courts competent to hear appeals from those courts.

6.15 Disclaimer or representations

No person is authorised to give any information, or to make any representation, in connection with the Retail Entitlement Offer that is not contained in this Offer Booklet.

Any information or representation that is not in this Offer Booklet may not be relied on as having been authorised by the Company, or its related bodies corporate, in connection with the Retail Entitlement Offer. Except as required by law, and only to the extent so required, none of the Company, nor any other person, warrants or guarantees the future performance of the Company or any return on any investment made pursuant to this Offer Booklet or its contents.

6.16 Withdrawal of the Entitlement Offer

The Company reserves the right to withdraw all or part of the Entitlement Offer at any time, subject to applicable laws, in which case the Company will refund Application Monies in relation to New Shares not already issued in accordance with the Corporations Act and without payment of interest. In circumstances where allotment under the Institutional Entitlement Offer has occurred, the Company may only be able to withdraw the Entitlement Offer with respect to New Shares to be issued under the Retail Entitlement Offer.

To the fullest extent permitted by law, you agree that any Application Monies paid by you to the Company will not entitle you to receive any interest and that any interest earned in respect of Application Monies will belong to the Company.

6.17 Privacy

As a Shareholder, the Company and the Company's Share Registry have already collected certain personal information from you. If you apply for New Shares, the Company and the Company's Share Registry may update that personal information or collect additional personal information. Such information may be used to assess your acceptance of the New Shares, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

To do that, the Company and the Company's Share Registry may disclose your personal information for purposes related to your shareholdings to their agents, contractors or third party service providers to whom they outsource services, in order to assess your application for New Shares, the Company's Share Registry for ongoing administration of the register, or to printers and mailing houses for the purposes of preparation of the distribution of Shareholder information and for handling of mail, or as otherwise under the *Privacy Act 1988* (Cth).

If you do not provide us with your personal information we may not be able to process your application. In most cases you can gain access to your personal information held by (or on behalf of) the Company or the Company's Share Registry. We aim to ensure that the personal information we retain about you is accurate, complete and up to date. To assist us with this please contact us if any of the details you have provided change. If you have concerns about the completeness or accuracy of the information we have about you, we will take steps to correct it. You can request access to your personal information by telephoning or writing to the Company through the Company's Share Registry as follows:

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
privacy.officer@linkgroup.com
Ph: +61 1800 502 355 (free call within Australia)

7. GLOSSARY

In this Offer Booklet, unless the context otherwise requires:

\$	means Australian dollars.
ABN	means Australian business number.
Application Monies	means application monies for New Shares received from an applicant.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited (ACN 008 624 691) and where the context permits, the market operated by it.
ASX Announcements	means the ASX announcements included in Section 5, being the Company's announcement to ASX on 22 November 2021, the Investor Presentation, and the Company's announcement to ASX on 24 November 2021.
Board	means the board of Directors of the Company.
Canaccord	means Canaccord Genuity (Australia) Limited (ACN 075 071 466).
Company	means Sovereign Cloud Holdings Limited (ACN 622 728 189).
CGT	means capital gains tax.
Closing Date	means the day the Retail Entitlement Offer closes, expected to be 5.00pm (Sydney time) on 13 December 2021.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Director	means a director of the Company.
Eligible Institutional Shareholder	means Institutional Shareholders that the Company and the Joint Lead Managers determined in their discretion were eligible to participate in the Institutional Entitlement Offer and successfully received an offer under the Institutional Entitlement Offer.
Eligible Retail Shareholder	has the meaning given to that term in Section 1.4.
Eligible Shareholder	means Eligible Institutional Shareholders and Eligible Retail Shareholders.
Entitlement	means an Eligible Shareholder's entitlement to subscribe for New Shares.
Entitlement and Acceptance Form	means the personalised form that accompanies this Offer Booklet when despatched to Eligible Retail Shareholders.
Entitlement Offer	means the pro-rata accelerated non-renounceable entitlement offer of 4 New Shares for every 11 Shares held at the Record Date at an Offer Price of \$0.50 per New Share.
Equity Raising	means the Placement and the Entitlement Offer.
FSMA	has the meaning given to that term in Section 6.12.
Ineligible Institutional Shareholder	means an Institutional Shareholder who is not an Eligible Institutional Shareholder.
Ineligible Retail Shareholder	means a Shareholder who is not an Eligible Retail Shareholder, Eligible Institutional Shareholder, or Ineligible Institutional Shareholder.
Ineligible Shareholder	means Ineligible Institutional Shareholders and Ineligible Retail Shareholders.

Institutional Entitlement Offer	means the institutional component of the Entitlement Offer made to Eligible Institutional Shareholders.
Institutional Investor	means a person: <ul style="list-style-type: none"> (a) in Australia, to whom an offer of Shares may be made in Australia without a prospectus, product disclosure statement or other disclosure document (as defined in the Corporations Act) on the basis that such a person is an 'exempt investor' as defined in section 9A(5) of the Corporations Act (as inserted by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84); or (b) in select jurisdictions outside Australia, to whom an offer of New Shares may lawfully be made without registration, lodgement, filing or approval in accordance with the laws of that foreign jurisdiction (except to the extent to which the Company is willing to comply with such requirements).
Institutional Shareholder	means a Shareholder who is an Institutional Investor.
Investor Presentation	means the Company's investor presentation released to ASX on 22 November 2021 and included in Section 5.
Joint Lead Manager Parties	has the meaning given to that term in the 'Important Notices'.
Joint Lead Managers	means Morgans and Canaccord.
Morgans	means Morgans Corporate Limited (ACN 010 539 607).
New Share	means a Share to be allotted and issued under the Entitlement Offer, including the shortfall from the Entitlement Offer issued to the Joint Lead Managers, any sub-underwriters, or other investors.
NEXTDC	means NEXTDC Ventures Holdings No. 1 Pty Ltd (ACN 655 243 057).
Offer Booklet	means this document.
Offer Price	means \$0.50 per New Share.
Placement	means the placement of Shares to NEXTDC undertaken by the Company and announced to ASX on 22 November 2021, to raise gross proceeds of approximately \$12.4 million.
Record Date	means 7.00pm (Sydney time) on 24 November 2021.
Relevant Persons	has the meaning given to that term in the 'Important Notices' and in Section 6.12.
Respective Proportions	means, in respect of Morgans, 50%, and in respect of Canaccord, 50%.
Retail Entitlement Offer	means the retail component of the Entitlement Offer made to Eligible Retail Shareholders.
Underwriting Agreement	means the underwriting agreement dated 22 November 2021 between the Company and the Joint Lead Managers and summarised in Section 6.13.
Section	means a section of this Offer Booklet.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a registered holder of Shares.
Share Registry	means Link Market Services Limited (ACN 083 214 537).
TERP	means theoretical ex-rights price.

TFN	means tax file number.
Top-Up Facility	has the meaning given to that term in Section 1.1.
UK Prospectus Regulation	has the meaning given to that term in Section 6.12.
US Securities Act	means the US Securities Act of 1933, as amended.



Sovereign Cloud Holdings Limited

ACN 622 728 189

All Registry communications to:
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
Telephone: 1300 222 378
From outside Australia: +61 1300 222 378
ASX Code: SOV
Website: www.linkmarketservices.com.au

IID:
SRN/HIN:
Entitlement Number:
Number of Eligible Shares held as
at the Record Date, 7:00pm (Sydney time)
on 24 November 2021:
Entitlement to New Shares
(on a 4 for 11 basis):
Amount payable on full acceptance
at A\$0.50 per New Share:

Offer Closes
5.00pm (Sydney time): 13 December 2021

ENTITLEMENT AND ACCEPTANCE FORM

As an Eligible Shareholder you are entitled to acquire 4 New Shares for every 11 Existing Shares that you hold on the Record Date, at an Offer Price of A\$0.50 per New Share. You may also apply for New Shares in excess of your Entitlement, at the Offer Price. This is an important document and requires your immediate attention. If you do not understand it or you are in doubt as how to deal with it, you should contact your accountant, stockbroker, solicitor or other professional adviser.

IMPORTANT: The Offer is being made under the Offer Booklet dated 29 November 2021. The Offer Booklet contains information about investing in the New Shares. Before applying for New Shares, you should carefully read the Offer Booklet. This Entitlement and Acceptance Form should be read in conjunction with the Offer Booklet.

PAYMENT OPTIONS

If you wish to take up all or part of your Entitlement (as shown above), or take up all of your Entitlement and apply for additional New Shares, you have two payment options detailed below.

OPTION 1: PAYING BY BPAY®

If paying by BPAY®, refer to the instructions overleaf. You do NOT need to return the acceptance slip below if you elect to make payment by BPAY®. Payment must be received via BPAY® before 5.00pm (Sydney time) on 13 December 2021. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry in time. By paying by BPAY® you will be deemed to have completed an Application Form for the number of Shares equal your Application Monies.

OPTION 2: PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

If paying by cheque, bank draft or money order, complete and return the acceptance slip below with your Application Monies. No signature is required on the acceptance slip. The acceptance slip with your Application Monies must be received by the Registry before 5.00pm (Sydney time) on 13 December 2021.



Billers Code: 369124
Ref:

Telephone & Internet Banking – BPAY®

Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. More info: www.bpay.com.au
® Registered to BPAY Pty Ltd ABN 69 079 137 518

See overleaf for details and further instructions on how to complete and lodge this Entitlement and Acceptance Form.

THIS IS A PERSONALISED FORM FOR THE SOLE USE OF THE SHAREHOLDER AND HOLDING RECORDED ABOVE.



ABN 80 622 728 189

Please detach and enclose with payment



IID:
SRN/HIN:
Entitlement Number:

Form with boxes A, B, and C for calculating the total number of New Shares accepted. Box A: Number of New Shares accepted (being not more than your Entitlement shown above). Box B: Number of additional New Shares. Box C: Total number of New Shares accepted (add Boxes A and B).

D PLEASE INSERT CHEQUE, BANK DRAFT OR MONEY ORDER DETAILS – Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Sovereign Cloud Holdings Limited" and crossed "Not Negotiable".

Form for cheque details with fields for Drawer, Cheque Number, BSB Number, Account Number, and Amount of Cheque (A\$).

Form for contact details with fields for Telephone Number, Telephone Number – After Hours, and Contact Name.

SOVEREIGN CLOUD HOLDINGS LIMITED

The Entitlement Offer to which this Entitlement and Acceptance Form relates is not being made to investors located or resident outside of Australia, New Zealand and the United Kingdom. In particular the Entitlement Offer is not being made to any person in the U.S. or to a U.S. person. The Offer Booklet and Entitlement and Acceptance Form do not constitute an offer or invitation to acquire Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

ACCEPTANCE OF ENTITLEMENT OFFER

By either returning the Entitlement and Acceptance Form with payment to the Registry, or making payment received by BPAY®:

- you represent and warrant that you have read and understood the Offer Booklet and that you acknowledge the matters, and make the warranties and representations;
- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the Constitution of Sovereign Cloud Holdings Limited.

HOW TO APPLY FOR NEW SHARES

1. IF PAYING BY BPAY® (AVAILABLE TO SHAREHOLDERS WITH AN AUSTRALIAN BANK ACCOUNT ONLY)

If you elect to make payment using BPAY® you must contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. For more information on paying by BPAY®: www.bpay.com.au

Work out the total amount payable by you. To calculate the total amount, multiply the number of New Shares you wish to apply for by A\$0.50.

Refer overleaf for the Biller Code and Reference Number. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

2. IF PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

Complete all relevant sections of the Entitlement and Acceptance Form USING BLOCK LETTERS. These instructions are cross referenced to each section of the Entitlement and Acceptance Form.

A. Acceptance of New Shares

Enter into section A the number of New Shares you wish to apply for. The number of New Shares must be equal to or less than your Entitlement, which is set out overleaf.

B. Application for Additional New Shares

You can apply for more New Shares than your Entitlement. Please enter the number of **additional** New Shares above your Entitlement for which you wish to apply into Box B. Your Application for additional New Shares may not be successful (wholly or partially). The decision of Sovereign Cloud Holdings Limited on the number of New Shares to be allocated to you will be final. No interest will be paid on any Application Monies received or returned.

C. Total Number of New Shares Subscribed for

To calculate total number of New Shares subscribed for, add Box A and Box B and enter this in Box C.

D. Cheque, bank draft or money order details

Enter your cheque, bank draft or money order details in section D. Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Sovereign Cloud Holdings Limited" and crossed "Not Negotiable". Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. If you provide a cheque or money order for the incorrect amount, Sovereign Cloud Holdings Limited may treat you as applying for as many New Shares and Additional New Shares as your cheque, bank draft or money order will pay for.

E. Contact details

Enter your contact telephone number where we may contact you regarding your acceptance of New Shares, if necessary.

3. HOW TO LODGE YOUR ENTITLEMENT AND ACCEPTANCE FORM

A reply paid envelope is enclosed for your use. No postage stamp is required if it is posted in Australia. Alternatively, if you have lost the reply paid envelope, or you have obtained the Offer Booklet electronically, your completed Entitlement and Acceptance Form with the payment for New Shares may be mailed to the postal address set out below. **If paying by BPAY® you do not need to complete or return the Entitlement and Acceptance Form.** You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by the close of the offer.

Mailing Address

Sovereign Cloud Holdings Limited
C/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2001

Make sure you send your Acceptance Slip and Application Monies allowing enough time for mail delivery, so Link Market Services Limited receives them no later than 5.00pm (Sydney time) on 13 December 2021. Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. Sovereign Cloud Holdings Limited reserves the right not to process any Acceptance Slips and cheques received after the Closing Date.

If you require further information on how to complete this Entitlement and Acceptance Form, please contact the Offer information line on 1300 222 378 (within Australia) or +61 1300 222 378 (outside Australia) between 8:30am and 5:30pm (Sydney time) Monday to Friday.