

ASX Announcement (SOV)

Sovereign Cloud Holdings Limited 2022 Annual General Meeting

16 September 2022

Sovereign Cloud Holdings Limited ACN 622 728 189 (the **Company**) is pleased to attach a copy of the following documents in relation to the 2022 Annual General Meeting (**AGM**) to be held on Wednesday 19 October 2022.

1. Letter to Shareholders regarding arrangements for the AGM as despatched to Shareholders.
2. Notice of 2022 Annual General Meeting (including Explanatory Memorandum).
3. Proxy Form.

This announcement was authorised for release by the 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 0417 123 292
E: mcrouch@australiacloud.com.au

About Sovereign Cloud Holdings Limited

Sovereign Cloud Holdings (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: www.australiacloud.com.au

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16 September 2022

Dear Shareholders

On behalf of the Board of Sovereign Cloud Holdings Limited ACN 622 728 189 (the **Company**), I am pleased to invite you to the 2022 Annual General Meeting (**AGM**). Details are provided below.

Date	Wednesday 19 October 2022
Time	10.00am (AEST)
Location	Pitcher Partners, Level 38, 345 Queen Street, Brisbane

In accordance with *Treasury Laws Amendment (2022 Measures No. 1) Act 2021* (Cth), the Company will not be sending hard copies of the Notice of Meeting to Shareholders. The Notice of Meeting can be viewed and downloaded from www.australiacloud.com.au. Alternatively, a complete copy of the meeting documents has been posted to the Company's ASX market announcements page. If you have elected to receive notices by email, a communication will be sent to your nominated email address. If you have not elected to receive notices by email a copy of your proxy form will be posted to you, together with this Letter.

It may not be possible to respond to all questions raised during the AGM. Shareholders are therefore encouraged to submit questions in advance of the AGM by submitting them by email to the Company Secretary, Michelle Crouch (mcrouch@australiacloud.com.au), by Friday 14 October 2022.

The Board appreciates your ongoing support and we look forward to meeting with you at the AGM.

This announcement has been authorised for release by the board of directors of the Company.

Yours sincerely

Sovereign Cloud Holdings Limited



Cathie Reid
Chair

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Notice of Annual General Meeting

Sovereign Cloud Holdings Limited ACN 622 728 189

Notice is given that the 2022 Annual General Meeting of Shareholders (**AGM**) of Sovereign Cloud Holdings Limited ACN 622 728 189 (the **Company**) will be held at the offices of Pitcher Partners, Level 38, 345 Queen Street, Brisbane, Queensland 4000, at 10.00am (AEST) on Wednesday 19 October 2022.

This Notice of Meeting should be read in its entirety, together with the Explanatory Memorandum and enclosed proxy form. If you are unable to attend the AGM to vote, the Board encourages you to lodge your votes by proxy.

Ordinary Business

Financial Statements and Reports

To receive and consider the financial statements of the Company and the reports of the Directors (**Directors' Report**) and the Auditors for the financial year ended 30 June 2022.

Note: No resolution is required for this item of business.

Resolution 1 – Remuneration Report

To consider and, if in favour, pass the following as a non-binding resolution:

'That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as set out in the Directors' Report for the financial year ended on 30 June 2022.'

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company. A voting exclusion statement applies to this resolution.

Resolution 2 – Re-election of Cathie Reid as a Director

To consider and, if in favour, pass the following resolution as an ordinary resolution:

'That Ms Catherine Reid, a Director who retires in accordance with Listing Rule 14.4 and rule 19.3(b) of the Company's constitution, and being eligible and offers herself for election, be re-elected as a Director.'

Note: Information about this candidate appears in the Explanatory Memorandum.

Resolution 3 – Election of Craig Scroggie as a Director

To consider and, if in favour, pass the following resolution as an ordinary resolution:

'That Mr Craig Scroggie, a Director who retires in accordance with Listing Rule 14.4 and rule 19.2(b) of the Company's constitution, and being eligible and offers himself for election, be elected as a Director.'

Note: Information about this candidate appears in the Explanatory Memorandum.

Special Business

Resolution 4 – Issue of options to Director - Philip Dawson

To consider and, if in favour, pass the following resolution as an ordinary resolution:

‘That, for the purposes of sections 200B and 200E of the Corporations Act 2001 (Cth), ASX Listing Rule 10.14, and for all other purposes, Shareholders approve the issue of 1,000,000 LTI Options to Mr Philip Dawson or his nominee on the terms set out in the Explanatory Memorandum.’

Note: A voting exclusion statement applies to this resolution.

Resolution 5 – Ratification of prior issue of shares under the Placement

To consider and, if in favour, pass the following resolution as an ordinary resolution:

‘That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 24,889,265 Shares at an issue price of \$0.50 per Share to NEXTDC Ventures Holdings No. 1 Pty Ltd to raise approximately \$12.4 million undertaken by the Company on 24 November 2021, and otherwise on the terms set out in the Explanatory Memorandum.’

Note: A voting exclusion statement applies to this resolution.

Resolution 6 – Additional capacity to issue equity securities under Listing Rule 7.1A

To consider and, if in favour, pass the following resolution as a special resolution:

‘That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Memorandum.’

Note: A voting exclusion statement applies to this resolution.

Resolution 7 – Approval of proportional takeover provisions

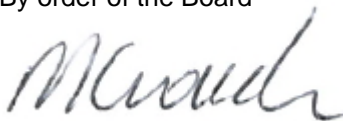
To consider and, if in favour, pass the following resolution as a special resolution:

‘That the proportional takeover provisions set out in the Explanatory Memorandum be inserted into the Company’s constitution with effect from the date of the Annual General Meeting.’

Note: Information required to be given to Shareholders on this resolution is set out in the Explanatory Memorandum.

Dated: 16 September 2022

By order of the Board



Michelle Crouch
Company Secretary

Important information for shareholders

- (a) The AGM will be held at the offices of Pitcher Partners, Level 38, 345 Queen Street, Brisbane QLD.
- (b) Shareholders should read the Notice of Meeting and the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.
- (c) If you cannot attend the AGM, we encourage you to submit a proxy and any questions ahead of the meeting via the methods set out above.
- (d) For the purposes of regulations 7.11.37 and 7.11.38 of the Corporations Act Regulations, the Directors have determined that, for the purposes of voting at the AGM, Shareholders are those persons recorded on the Company's register of Shareholders as at 7.00pm (Brisbane time) on Monday 17 October 2022 (being no more than 48 hours prior to the commencement of the meeting).
- (e) Terms used in this Notice of Meeting which are defined in the Explanatory Memorandum have the meanings given to them in the Glossary to the Notice of Meeting.
- (f) Ordinary resolutions require the support of more than 50% of the votes cast. Special resolutions require the support of at least 75% of the votes cast. All resolutions at this AGM, other than Resolutions 6 and 7, are ordinary resolutions. Resolutions 6 and 7 are special resolutions. All resolutions at the AGM will be voted on by poll and Shareholders who are entitled to vote may vote either prior to the AGM by appointing a proxy or by poll during the AGM.
- (g) In accordance with section 249L of the Corporations Act, Shareholders are advised that:
 - (i) each Shareholder has the right to appoint a proxy;
 - (ii) the proxy need not be a Shareholder of the Company; and
 - (iii) a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the Shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise half of the votes.
- (h) If you wish to appoint a proxy and are entitled to do so, then complete and return the enclosed proxy form. In accordance with section 250B(1) of the Corporations Act, to be effective, the proxy must be received by the Company no later than 10:00am (Brisbane time) on Monday 17 October 2022 (48 hours before the commencement of the AGM). Shareholders can return the completed proxy in any of the following ways:
 - (i) sending it by mail to Sovereign Cloud Holdings Limited, C/- Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235, Australia; or
 - (ii) online at www.linkmarketservices.com.au.
- (i) A proxy may decide whether to vote on any motion except where the proxy is required by law or the Constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may only vote on that item in accordance with that direction. If a proxy is not directed how to vote on an item of business, a proxy may vote how he or she thinks fit.
- (j) If a Shareholder appoints the Chair as the Shareholder's proxy and does not specify how the Chair is to vote on an item of business, subject to the Corporations Act, the Chair will vote, as a proxy for that Shareholder, in favour of the item on a poll.
- (k) Shareholders who are body corporates may appoint a person to act as their corporate representative at the AGM by providing that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as the body corporate's representative. The authority may be sent to the Company and/or registry in advance of the AGM or handed in at the AGM when registering as a corporate representative. An appointment of corporate representative form is available from the website of the Company's share registry (Link Market Services).
- (l) If you have any queries on how to cast your votes then please call Company Secretary Michelle Crouch on +61 0417 123 292 during business hours or email mcrouch@australiacloud.com.au.

Voting Prohibition and Exclusion Statements

Corporations Act

The Corporations Act prohibits votes being cast (in any capacity) on the following resolutions by or on behalf of any of the following persons:

Resolution	Persons exclude from voting
Resolution 1 – Remuneration Report	The Company will disregard votes cast by or on behalf of a member of the KMP or a closely related party of a member of the KMP in contravention of section 250BD of the Corporations Act. However, KMP and their closely related parties may cast a vote on Resolution 1 and Resolution 4 as proxy if the vote is not cast on their behalf and either:
Resolution 4 – Issue of options to Director - Philip Dawson	(a) the proxy appointment is in writing and specifies the way the proxy is to vote (e.g. for, against, abstain) on Resolution 1 or Resolution 4; or (b) the vote is cast by the Chair and the appointment of the Chair as proxy: <ol style="list-style-type: none"> (i) does not specify the way the proxy is to vote on Resolution 1 or Resolution 4; and (ii) expressly authorises the Chair to exercise the proxy even if Resolution 1 or Resolution 4 is connected directly or indirectly with the remuneration of a member of the KMP. <p>If you are a member of the KMP or a closely related relative of a member of the KMP (or acting on behalf of such a person) and purport to cast a vote that will be disregarded by the Company, you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.</p>
Resolution 4 – Issue of options to Director - Philip Dawson	The Company will disregard votes cast by or on behalf of Mr Philip Dawson or an associate of Mr Philip Dawson in contravention of section 200B(2A) of the Corporations Act. However, Mr Philip Dawson and his associates may cast a vote on Resolution 4 if: <ol style="list-style-type: none"> (a) it is cast by the person as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 4; or (b) it is not cast on behalf of Mr Philip Dawson or an associate of Mr Philip Dawson.

ASX Listing Rules

Under Listing Rule 14.11, the Company will disregard votes cast in favour of a resolution by or on behalf of the below named person or class of persons excluded from voting, or an associate of that person or those persons:

Resolution	Persons excluded from voting
Resolution 4 – Issue of options to Director - Philip Dawson	A person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question, or any associates of those persons.
Resolution 5 – Ratification of prior issue of shares under the Placement	A person who participated in the issue of Shares under the Placement, or any associates of those persons.
Resolution 6 – Additional capacity to issue shares under ASX Listing Rule 7.1A	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of equity securities (except a benefit solely by reason of being a holder of ordinary securities in the Company), or any associates of those persons. Note: As at the date of dispatch of this Notice of Meeting, the Company is not proposing to make an issue of equity securities under ASX Listing Rule 7.1A. On that basis, no Shareholders are currently excluded from voting on Resolution 6.

However, the Company need not disregard a vote cast in favour of a resolution if it is cast by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the person chairing the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the person chairing the meeting to vote on the resolution as they decide; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Explanatory Memorandum

The Explanatory Memorandum has been prepared to assist Shareholders in determining how to vote on the resolutions set out in the Notice of Meeting and is intended to be read in conjunction with the Notice of Meeting.

Financial Statements and Reports

- (1) The *Corporations Act 2001* (Cth) (**Corporations Act**) requires that the Company's financial report, the Directors' report and the auditor's report be laid before the Annual General Meeting.
- (2) Apart from the matters involving remuneration which are required to be voted upon, neither the Corporations Act nor the Constitution requires a vote of Shareholders at the Annual General Meeting on the financial statements and reports.
- (3) Shareholders will be given a reasonable opportunity at the AGM to raise questions and make comments on these reports.
- (4) In addition to asking questions at the AGM, Shareholders may address written questions to the AGM Chair about the management of the Company or to the Company's auditor, Bentleys Brisbane (Audit) Pty Ltd (**Bentleys**), if the question is relevant to:
 - (a) the content of the auditor's report; or
 - (b) the conduct of its audit of the annual financial report to be considered at the AGM.
- (5) Written questions for the auditor must be delivered to the Company by no later than 5:00pm (Brisbane time) on Wednesday 12 October 2022, being five business days before the day on which the Annual General Meeting will be held. Please send any written questions for Bentleys to Michelle Crouch, the Company Secretary at:

Sovereign Cloud Holdings Limited
GPO Box 1144
Brisbane QLD 4001
or via email to: mcrouch@australiacloud.com.au

Resolution 1: Directors' Remuneration Report

- (6) The Corporations Act requires that the section of the directors' report dealing with the remuneration of directors and other KMP be put to the vote of Shareholders for adoption.
- (7) The resolution of Shareholders is advisory only and not binding on the Company. However, at least 25% of the votes cast on this resolution are against the adoption of the Remuneration Report, the remuneration report for the following year must either address any comments received from Shareholders or explain why no action has been taken in response to those comments. If, at the following annual general meeting, the remuneration report is again voted against by 25% or more of votes cast, a 'spill resolution' will be put to Shareholders. If at least 50% of the votes cast are in favour of the 'spill resolution' a special meeting of the Company will be held within 90 days at which the Directors in office at the time of the second annual general meeting must resign and stand for re-election.
- (8) The Remuneration Report is contained in the Company's Annual Report, which is available on the Company's website at www.australiacloud.com.au. The Remuneration Report:
 - (a) explains the Board's policies in relation to the nature and level of remuneration paid to Directors and other KMP within the SOV group;
 - (b) discusses the link between the Board's policies and SOV's performance;
 - (c) sets out the remuneration details for each Director and for each other member of SOV's KMP; and
 - (d) makes clear that the basis for remunerating non-executive Directors is distinct from the basis for remunerating executives, including executive Directors.

- (9) The Chair will give Shareholders a reasonable opportunity to ask questions about, or to make comments on, the Remuneration Report at the AGM.

Directors' Recommendation:

- (10) The Directors abstain from making a recommendation in relation to Resolution 1.

Note: If you appoint the Chair as your proxy, and you do not provide voting directions, the Chair is entitled to cast your vote in accordance with her stated intentions, even though the resolution is connected directly or indirectly with the remuneration of the Chair, being a member of the KMP. The Chair intends to vote all available proxies in favour of Resolution 1.

If you appoint another Director or member of the KMP as your proxy for this resolution, you MUST direct your proxy how to vote, otherwise your vote will not be counted. Follow the instructions on nominating a proxy given in the Notice of Meeting.

Resolution 2: Re-election of Cathie Reid as a Director

- (11) Listing Rule 14.4 and Rule 19.3(b) of the Company's constitution provides that no director, who is not a managing director, may hold office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected. However, Listing Rule 14.5 and Rule 19.3(a) of the Company's constitution require the Company to hold an election of directors each year, even if no director needs to stand for re-election.
- (12) Ms Reid was appointed as a Director on 20 November 2017, and was re-elected as a Director at the Company's 2020 annual general meeting. Ms Reid is currently the longest serving director in office since last being elected. As such, Ms Reid retires in accordance with Listing Rule 14.4 and Rule 19.3(d) of the Company's constitution and, being eligible, offers herself for re-election as a Director.
- (13) Ms Reid is a successful healthcare entrepreneur who co-founded Icon Group, a provider of integrated cancer care services with operations across the APAC region in Australia, Australia's Epic Pharmacy Group and the Epic Good Foundation. She is also a Director of the Brisbane Lions Australian Rules Football Club. She has served as Deputy Chair of the Federal Government's Cybersecurity Industry Advisory Committee since October 2020. Ms Reid has been the recipient of numerous business awards throughout her career, and in 2019 was appointed a Member of the Order of Australia (AM) for services to healthcare and philanthropy. Ms Reid holds a Bachelor of Pharmacy from Monash University.

Directors' Recommendation:

- (14) The Directors (with Ms Reid abstaining) recommend you vote in favour of Resolution 2.

Resolution 3: Election of Craig Scroggie as a Director

- (15) Listing Rule 14.4 and Rule 19.2(b) of the Company's constitution provides that a director, who is not a managing director, appointed as an addition to the existing directors or to fill a casual vacancy must not hold office without re-election past the next annual general meeting following his or her appointment.
- (16) Mr Scroggie was appointed as a Director on 24 December 2021 in accordance with Rule 19.2(a) of the Company's constitution as an addition to the existing Directors. As such, Mr Scroggie retires in accordance with Listing Rule 14.4 and Rule 19.2(b) of the Company's constitution and, being eligible, offers himself for election as a Director.
- (17) Mr Scroggie has more than 25 years' experience in the ICT industry, having held senior positions with Symantec, Veritas Software, Computer Associates, EMC Corporation and Fujitsu. Craig is the current Chief Executive Officer and Managing Director of NEXTDC, Australia's leading Data-Centre-as-a-Service provider. Prior to joining NEXTDC, Craig was Symantec's Vice President & Managing Director for the Pacific Region. Craig serves as a member on the Nitro Board of Directors (ASX: NTO), the University of Southern Queensland Business School Advisory Board and the La Trobe University Business School Advisory Board (Chair) and holds the position of Adjunct Professor. Mr Scroggie holds a Master of Business Administration.

Directors' Recommendation:

- (18) The Directors (with Mr Scroggie abstaining) recommend you vote in favour of Resolution 3.

Resolution 4: Issue of options to Director - Philip Dawson

Introduction

- (19) Philip Dawson is the Managing Director and Chief Executive Officer of the Company. Mr Dawson is a related party of the Company by virtue of being a director. Prior shareholder approval is therefore required for the issue of options to him or his related entities. Accordingly, the Company seeks Shareholder approval pursuant to Listing Rule 10.14 to grant 1,000,000 options to Mr Dawson (or his nominee) (**LTI Options**) and approval pursuant to section 200B and 200E of the Corporations Act for the giving of a termination benefit to a person who holds (or has held in the previous 3 years) a managerial or executive office with the Company or its subsidiaries.
- (20) The LTI Options will be issued under and subject to the Company's Employee Share Option Plan. A copy of the Company's Employee Share Option Plan was release on ASX in connection with the Company's admission to the Official List on 11 December 2020.
- (21) The Board has decided to grant the LTI Options to Philip Dawson as part of the long-term incentive component of his remuneration package. The Board considers the grant of the LTI Options to be a cost effective long-term incentive method and to further align the interests of Directors with Shareholders by linking long-term incentives as a portion of total rewards to the share price of the Company.
- (22) If Shareholders approve the issue of the LTI Options pursuant to Listing Rule 10.14, the Company is not required to obtain Shareholder approval under Listing Rule 7.1, and as a result the issue of the LTI Options will not count towards the Company's placement capacity.

Terms of the LTI Options

- (23) In addition to the general terms that apply to options issued under the terms of the Company's Employee Share Option Plan, the LTI Options will be subject to the following terms and conditions:
- (a) each LTI Option is to acquire one ordinary share in the Company;
 - (b) the LTI Options will be issued to Mr Dawson for nil consideration;
 - (c) the exercise price to acquire a share is \$nil;
 - (d) the LTI Options will expire on the earlier of 1 July 2027 or the date the Mr Dawson ceases to be employed or engaged by the Company for any reason;
 - (e) the Options will vest upon the following conditions being satisfied (**Vesting Conditions**):
 - (i) (**Condition 1**) the 15-Trading Day VWAP of the Company's Shares is equal to or greater than \$1.00 per Share as at close of trading on ASX on the date that is fifteen Trading Days after the date of release on ASX by the Company of its Appendix 4E for the financial year ended 30 June 2025 (**FY2025 Results**). For the purposes of this condition, the date of release of the FY2025 Results is the first Trading Day; and
 - (ii) (**Condition 2**) at the time of satisfaction of Condition 1, Mr Dawson has remained employed or engaged by the Company;
 - (f) subject to satisfaction of the Vesting Conditions, the exercise period for the Options commences from the release on ASX by the Company of the FY2025 Results and ends on 1 July 2027;
 - (g) in accordance with the Employee Share Option Plan, the Board may, in its absolute discretion, waive any Vesting Condition such that the LTI Options may vest despite a Vesting Condition not having been satisfied; and
 - (h) the LTI Options will not be transferrable other than with the written consent of the Board.
- (24) The other general terms for the LTI Options are:
- (a) should the Company undergo any reorganisation of capital:
 - (i) the number of options or shares to be issued will be adjusted in accordance with the Listing Rules as applicable to options at the time of the reorganisation; and
 - (ii) the Share price underpinning the Vesting Condition will be adjusted consistent with the reorganisation;

- (b) all shares issued pursuant to the exercise of LTI Options will, subject to the Company's constitution, rank in all respects (other than in respect of dividends, rights issues or bonus issues declared prior to allotment) *pari passu* with the existing shares at the date of issue and allotment;
- (c) the LTI Options do not entitle the holder to participate in any new issues by the Company without exercising the LTI Options; and
- (d) the LTI Options will not be quoted on ASX. The Company intends to apply to ASX for quotation of any shares acquired on exercise of the LTI Options.

Section 208 Corporations Act

- (25) For the purposes of giving a financial benefit to a related party of a public company, section 208 of the Corporations Act states that a public company, or an entity that the public company controls, must first obtain the approval of the company's members in the way set out in sections 217 to 227 of the Corporations Act. However, approval of the company's members is not required if the giving of the benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.
- (26) As a Director of the Company, Mr Dawson is a related party of the Company for the purposes of section 208 of the Corporations Act.
- (27) The Board has determined that approval under section 208 of the Corporations Act is not required for the proposed issue of LTI Options to Mr Dawson as the exception in section 211 Corporations Act applies. The LTI Options are considered reasonable remuneration for the purposes of section 211 of the Corporations Act.

Termination benefits

- (28) Sections 200B and 200E of the Corporations Act prohibit the Company from giving a benefit to a person who holds (or has held in the previous 3 years) a managerial or executive office with the Company or its subsidiaries, if that benefit is given in connection with that person's retirement from office and is in excess of that person's average annual base salary over the relevant period, unless the benefit is approved by shareholders.
- (29) Early vesting of Mr Dawson's LTI Options upon his cessation of employment may amount to the giving of a termination benefit requiring shareholder approval in accordance with the Corporations Act. Approval is therefore sought under sections 200B and 200E of the Corporations Act that the grant of the options to Mr Dawson does not count towards the maximum termination amounts payable without Shareholder approval to the extent that the benefits are deliverable on the cessation of Mr Dawson's employment. Details of Mr Dawson's remuneration, in addition to the LTI Options, are set in the Company's remuneration report.
- (30) Subject to Shareholders approving this Resolution 4, the maximum number of LTI Options that may vest and be exercised upon cessation of Mr Dawson's employment is 1,000,000. However, the actual number of LTI Options that may vest upon cessation of Mr Dawson's employment will depend on a range of factors. Accordingly, the value of any termination benefit that may be received as a result of the early vesting of the LTI Options upon cessation of employment cannot be ascertained at the present time. Apart from the future share price being unknown, the following are matters which will or are likely to affect the value of the benefit:
 - (a) the number of unvested LTI Options held by Mr Dawson prior to cessation of employment;
 - (b) the reasons for cessation of employment; and
 - (c) the exercise of the Directors' discretion at the relevant time.
- (31) The Company will calculate the value of the benefit as being equal to the value of the number of LTI Options that vest early, where that value is determined on the basis of the prevailing share price of the Company at the time.

Information required by Listing Rule 10.15

- (32) For the purposes of Listing Rule 10.15, the following information is provided about the grant of LTI Options under Resolution 4:
 - (a) The person participating in the issue is Philip Dawson or his nominee.

- (b) Mr Dawson is a Director of the Company and therefore subject to Listing Rule 10.14.1.
- (c) The maximum number of securities to be issued is 1,000,000 LTI Options, with the details set out in paragraph (23) above.
- (d) The securities to be issued are options issued under the terms of the Company's Employee Share Option Plan and vest in accordance with the conditions set out in section (23)(e) above. A summary of the material terms of the Company's Employee Share Option Plan is set out in the Annexure to this Notice of Meeting. Refer to the copy of the Plan announced on ASX.
- (e) The securities will be issued no later than one (1) month, but in any event no later than three years, after the date of the meeting and it is intended that issue will occur on the same date.
- (f) The LTI Options are being issued to Philip Dawson as remuneration and an incentive, and no funds will be raised from the issue or on exercise of any LTI Options.
- (g) Details of Mr Dawson's remuneration package is set out at page 11 of the Annual Report. In addition to his base salary, Mr Dawson is entitled to a Short-Term Incentive of up to 50% of his base salary and a Long-Term Incentive of up to 100% of his base salary, subject to achieving personal performance targets. Mr Dawson's base salary (excluding share-based payments) for the current and previous financial year are summarised in the table below:

	Salary and fees	Superannuation
FY2022 (Actual)	\$312,492	\$26,375
FY2023 (Estimate)	\$372,500	\$27,500

- (h) Details of the securities previously issued to Mr Dawson (or his nominee) under the Company's Employee Share Option Plan and the average acquisition price (if any) paid is summarised in the table below:

Grant Date	Vesting Date	Options	Exercise Price	Expiry Date	Status
2/07/2018	2/07/2018	118,722	\$3.00*	30/06/2022	Expired (unexercised)
	2/07/2019	195,633	\$3.00*	30/06/2022	Expired (unexercised)
	2/07/2020	195,633	\$3.00*	30/06/2022	Expired (unexercised)
	2/07/2021	195,633	\$3.00*	30/06/2022	Expired (unexercised)
30/09/2020	1/07/2021	116,780	\$3.00*	30/06/2024	Vested (unexercised)
	1/07/2022	116,780	\$3.00*	30/06/2024	Vested (unexercised)
	1/07/2023	116,780	\$3.00*	30/06/2024	Not vested

* The Exercise Price of the options reduces to \$0.60 per option if Mr Dawson remains an employee of the Company at the respective vesting dates.

- (i) Other than set out in this section, there are no other material terms in relation to the issue. No loan has been made by the Company, or intends to be made by the Company, to Mr Dawson in relation to the acquisition of the LTI Options or any Shares on exercise.
- (j) Details of any securities issued under the Company's Employee Share Option Plan will be published in the Company's annual report relating to the period in which they are issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.
- (k) Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the Company's Employee Share Option Plan after (and if) this Resolution 4 is approved and who are not named in this Notice of Meeting will not participate until approval is obtained under Listing Rule 10.14.
- (l) A voting exclusion statement is included in the Notice of Meeting.

Directors' Recommendation:

- (33) The Directors (with Mr Dawson abstaining) recommend you vote in favour of Resolution 4.

Resolution 5: Ratification of prior issue of shares under the Placement

Introduction

- (34) On 22 November 2021, the Company announced:
- (a) a strategic placement to raise approximately \$12.4 million, through the issue of 24,889,265 new Shares at an issue price of \$0.50 per Share to NEXTDC Ventures Holdings No. 1 Pty Ltd (**NEXTDC**), a wholly-owned subsidiary of NEXTDC Limited (ASX: NXT) (**Placement**); and
 - (b) a fully underwritten accelerated pro-rate non-renounceable entitlement offer to eligible institutional shareholders and eligible retail shareholders, to raise approximately \$22.6 million (**Entitlement Offer**).
- (35) The Placement Shares issued on 24 November 2021 utilised the Company's Listing Rule 7.1 and 7.1A capacity.
- (36) Funds raised under the Placement, together with funds raised under the Entitlement Offer, have been and continue to be applied towards new cloud platform builds, customer capital expenditure, working capital and costs of the capital raising.
- (37) The effect on the capital structure of the Company and dilution effect from the issue is as follows:

Shares on issue prior to the Placement and Entitlement Offer		99,557,064*	58.67%
Placement	7.1 capacity	14,933,559	8.80%
	7.1A capacity	9,955,706	5.87%
Entitlement Offer		45,254,007	26.67%
Shares allotted between completion of the Placement and Entitlement Offer, and the date of this Notice of Meeting		Nil	Nil
Total Shares on issue as at the date of this Notice of Meeting		169,700,336*	100.0%

* Inclusive of 47,072,715 Shares subject to ASX mandatory restrictions.

ASX Listing Rules

- (38) Broadly speaking and subject to a number of exceptions, Listing Rule 7.1 limits the number of equity securities a company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid up ordinary securities it had on issue at the start of that period.
- (39) Listing Rule 7.1A provides that in addition to issues permitted without prior shareholder approval under Listing Rule 7.1, an entity that is eligible and obtains shareholder approval under Listing Rule 7.1A may issue or agree to issue during the period for which the approval is valid a number of quoted equity securities which represents 10% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period as adjusted in accordance with the formula in Listing Rule 7.1A.
- (40) Listing Rule 7.4 allows shareholders to ratify an issue of, or agreement to issue, equity securities after it has been made or agreed to be made. If they do, the issue or agreement is taken to have been approved under Listing Rule 7.1 or 7.1A, and so does not reduce the company's capacity to issue further equity securities without shareholder approval under those rules.
- (41) Where an eligible entity obtains shareholder approval to increase its placement capacity under ASX Listing Rule 7.1A, then any ordinary securities issued under that additional placement capacity:
- (a) will not be counted in variable "A" in the formula in ASX Listing Rule 7.1A; and
 - (b) are counted in variable "E",

until their issues have been ratified under ASX Listing Rule 7.4 (and provided that the previous issue did not breach ASX Listing Rule 7.1A) or 12 months has passed since their issues.

- (42) Resolution 5 seeks Shareholder approval under Listing Rule 7.4 to ratify the issue of 24,889,265 Shares under the Placement.
- (43) If Resolution 5 is passed, the issue will be excluded in calculating the Company's 15% and 10% limit under Listing Rules 7.1 and 7.1A respectively, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 months following the issues. If Resolution 5 is not passed, the issues will be included in calculating the Company's 15% and 10% limits under Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities it can issue without Shareholder approval under Listing Rule 7.1 and 7.1A over the 12 months following the issues.

Information required by Listing Rule 7.5

- (44) For the purposes of Listing Rule 7.5, the following information is provided for the ratification of the issue of the Placement Shares:
 - (a) The securities were issued to NEXTDC Ventures Holdings No. 1 Pty Ltd ACN 655 243 057, who at the time was not a related party to the Company or otherwise person to whom Listing Rule 10.11 applies, a member of the Company's Key Management Personnel, a substantial Shareholder of the Company, an advisor to the Company or an associate of such persons.
 - (b) The number of securities issued by the Company was 24,889,265 Shares.
 - (c) The Placement Shares are fully paid ordinary shares in the capital of the Company, ranking equally with existing Shares on issue.
 - (d) The Shares were issued on 24 November 2021.
 - (e) The Shares were issued at an issue price of \$0.50 per Share.
 - (f) The Shares were issued to raise approximately \$12.4 million. The intended use of funds is set out in paragraph (36) above.
 - (g) A material term under the agreement for the issue of the Placement Shares was an entitlement for NEXTDC to nominate one director for appointment to the Board while it (together with its related bodies corporate) maintain an aggregate shareholding in the Company of at least 10%. Mr Craig Scroggie, who was appointed as a Director of the Company on 24 December 2021 as an addition to the Board, is the nominee of NEXTDC.
 - (h) A voting exclusion statement is included in the Notice of Meeting.

Directors' Recommendation:

- (45) The Directors (with Mr Scroggie abstaining) recommend you vote in favour of Resolution 5.

Resolution 6: Additional capacity to issue equity securities under Listing Rule 7.1A

Introduction

- (46) The Company seeks Shareholder approval to issue Equity Securities up to 10% of its issued share capital through placements over a Relevant Period following shareholder approval (**10% Placement Facility**).
- (47) The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 51 below).
- (48) Any funds raised may be used for general working capital requirements, product development, capital expenditure or to fund strategic investments by the Company.
- (49) Resolution 6 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Listing Rule 7.1A

- (50) Listing Rule 7.1A enables eligible entities to issue quoted Equity Securities up to 10% of its issued share capital through placements over a Relevant Period following shareholder approval by way of a special resolution. The 10% Placement Facility is subject to conditions and is in addition to the Company's 15% placement capacity under Listing Rule 7.1.
- (51) An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalization of \$300 million or less. The Company is an eligible entity.

Maximum number of Equity Securities which may be issued

- (i) The number of Equity Securities which may be issued, or agreed to be issued, under the 10% Placement Facility is prescribed in Listing Rule 7.1A.2 and is calculated as follows:

$\text{Number of Equity Securities} = (A \times D) - E$

“A” the number of fully paid ordinary shares on issue at the commencement of the Relevant Period:

- (A) plus the number of fully paid shares issued in the Relevant Period under an exception in Listing Rule 7.2 other than exception 9, 16 or 17;
- (B) plus the number of fully paid ordinary shares issued in the Relevant Period on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:
- the convertible securities were issued or agreed to be issued before the commencement of the Relevant Period; or
 - the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4;
- (C) plus the number of fully paid ordinary shares issued in the Relevant Period under an agreement to issue securities within Listing Rule 7.2 exception 16 where:
- the agreement was entered into before the commencement of the Relevant Period; or
 - the agreement or issue was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4;
- (D) plus the number of any other fully paid ordinary shares issued in the Relevant Period with approval under Listing Rule 7.1 or Listing Rule 7.4;
- (E) plus the number of partly paid shares that became fully paid in the Relevant Period;
- (F) less the number of fully paid ordinary shares cancelled in the Relevant Period.

“D” is 10%.

“E” is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the Relevant Period where the issue or agreement has not been subsequently approved by Shareholders under Listing Rule 7.4.

- (ii) The actual number of Equity Securities that may be issued under Listing Rule 7.1A is calculated at the date of issue of the Equity Securities in accordance with the above formula.
- (iii) The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity’s 15% placement capacity under Listing Rule 7.1.
- (iv) As the date of this Notice of Meeting (and prior to Shareholders considering Resolutions 4 and 5), the Company has:
 - (A) the following securities on issue:
 - 169,700,336 fully paid ordinary shares, inclusive of 47,072,715 fully paid ordinary shares that are subject to ASX mandatory restrictions;
 - the following unlisted options granted under the Company’s Employee Share Option Plan:
 - 265,187 options (all vested), granted on 13 August 2019, exercisable at 60 cents each and expiring 30 June 2023; and
 - 1,006,207 options (670,806 vested), granted on 30 September 2020, exercisable at 60 cents each and expiring 30 June 2024;
 - (B) exhausted its capacity to issue Equity Securities under Listing Rule 7.1, having issued 14,933,559 Shares under the Placement; and
 - (C) exhausted its capacity to issue Equity Securities under Listing Rule 7.1A, having issued 9,955,706 Shares under the Placement.

Specific information required by Listing Rule 7.3A

- (52) For the purposes of Listing Rule 7.3A, the following information is provided in respect of the additional capacity to issue ordinary securities:
 - (a) The approval will be valid for the period commencing on the date of the AGM at which approval is granted and expires on the first to occur of the following:
 - (i) the date that is 12 months after the date of the AGM;
 - (ii) the time and date of the Company’s next annual general meeting; and
 - (iii) the time and date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 or Listing Rule 11.2.
 - (b) The Equity Securities will be issued for a cash consideration per security which is not less than 75% of the VWAP for the Company’s Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the Equity Securities; or
 - (ii) if the Equity Securities are not issued within 10 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
 - (c) The issue under Listing Rule 7.1A can only be made for cash consideration. The Company may use the funds raised for general working capital requirements, product development, capital expenditure or to fund strategic investments.
 - (d) There is a risk of economic and voting dilution to existing Shareholders in approving the 10% Placement Facility, including the risks that:
 - (i) the market price for the Company’s Equity Securities may be significantly lower on the date of the issue of the Equity Securities than when Shareholders approve the 10% Placement Facility; and

- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date.
- (e) Following is a table that sets out the potential dilution of existing Shareholders if Equity Securities are issued under the 10% Placement Facility:

Variable "A" in Listing Rule 7.1A.2		10% Voting Dilution		
		\$0.105 50% decrease in Issue Price	\$0.21 Issue Price	\$0.42 100% increase in Issue Price
Current Variable A (169,700,336 Shares)	Shares issued	16,970,033	16,970,033	16,970,033
	Funds Raised	\$1,781,853	\$3,563,706	\$7,127,413
50% increase in current Variable A (254,550,504 Shares)	Shares issued	25,455,050	25,455,050	25,455,050
	Funds Raised	\$2,672,780	\$5,345,560	\$10,691,121
100% increase in current Variable A (339,400,672 Shares)	Shares issued	33,940,067	33,940,067	33,940,067
	Funds Raised	\$3,563,707	\$7,127,414	\$14,254,828

- (i) The table has been prepared on the following assumptions:
- (A) Resolution 5 is approved by Shareholders;
 - (B) The Company issues, or agrees to issue, the maximum number of Equity Securities available under the 10% Placement Facility.
 - (C) No options over Shares are exercised before the date of the issue of the Equity Securities.
 - (D) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - (E) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes quoted options, it is assumed that those quoted options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
 - (F) The issue price is \$0.21 being the closing price of the Shares on ASX on 31 August 2022.
- (ii) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the AGM.
- (iii) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (f) The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 upon issue of any Equity Securities.
- (g) The Company is yet to identify the persons to whom Equity Securities will be issued to under the 10% Placement Facility. The Company's policy for allocating Equity Securities issued under the 10% Placement Facility will be determined on a case-by-case basis depending upon the purpose, and prevailing market conditions at the time, of any issue and having regard to factors including but not limited to the following:
- (i) the fundraising methods available to the Company, including but not limited to, rights issue or other issue which may minimise dilution to Shareholders;
 - (ii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iii) the financial situation and solvency of the Company; and

- (iv) advice from corporate, financial and broking advisers (if applicable).
- (h) The subscribers may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.
- (i) Details of the issue of Equity Securities under Listing Rule 7.1A.2 in the 12 months preceding the date of the AGM is set out in the table below:

Date of issue:	24 November 2021
Number issued:	9,955,706 of the Shares issued under the Placement were attributed to the Company's capacity under Listing Rule 7.1A, representing approximately 10% of the total number of Equity Securities on issue at the commencement of the 12-month period before the AGM, being 99,557,064 Shares.
Class/Type of equity security:	Fully paid ordinary shares
Names of persons who received securities:	NEXTDC Ventures Holdings No. 1 Pty Ltd ACN 655 243 057
Price:	\$0.50 per share (actual)
Discount to market price:	18% discount to the 15-day VWAP of the Company's share price of \$0.61 per share to 19 November 2021 (inclusive), being the last trading day before the announcement of the Placement.
Cash received	\$4,977,853 (before costs)
Use of proceeds	Funds raised under the Placement attributed to the Company's capacity under Listing Rule 7.1A (\$4,977,853) have been spent in conjunction with funds raised under the Placement attributed to the Company's capacity under Listing Rule 7.1 (\$7,466,779.50) and an Entitlement Offer (\$22,627,003.50) undertaken concurrent with the Placement. For the purposes of Listing Rule 7.3A.6, the Company advises that the proceeds raised under the Placement attributable to the Company's capacity under Listing Rule 7.1A have been spent on New Cloud platform builds and Customer Capital expenditure (approx. \$3.5 million), the costs of the raising (approx. \$1 million) and on general working capital (approx. \$1.7 million).

- (j) There is no circumstance where the Company has agreed before the 12-month period to issue Equity securities under Listing Rule 7.1A which it has not issued.
- (k) At the date of the Notice of Meeting, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A. Accordingly, no Shareholders will be excluded from voting on this Resolution.

Directors' Recommendation:

- (53) The Directors unanimously recommend you vote in favour of Resolution 6.

Resolution 7: Approval of proportional takeover provisions

Introduction

- (54) The Company's constitution previously contained provisions dealing with proportional takeover bids for the Company's shares in accordance with the Corporations Act. The provisions are designed to assist Shareholders to receive proper value for their Shares if a proportional takeover bid is made for the Company.
- (55) Under Section 648G of the Corporations Act, proportional takeover provisions must be renewed every three years or they will cease to have effect. Further, section 648G(3) of the Corporations Act states that where the provisions cease to apply, a company's constitution is altered to omit the provisions. The proportional takeover provisions previously contained at Rule 15 of the Company's constitution ceased to have effect on 10 October 2021, being the date that was three years after the date of adoption of the current constitution of the Company. As the provisions were not renewed before their expiry, they are omitted from the Company's constitution.
- (56) The purpose of Resolution 7 is to approve the adoption of new proportional takeover provisions on the same terms as was previously included in the Company's constitution; the provisions to be adopted are set out in paragraph (58) below.
- (57) If the proportional takeover provisions are adopted by Shareholders at the AGM:
- they will apply to proportional takeover offers made after the date of the meeting;
 - they will be on exactly the same terms as the existing provisions; and
 - they will operate for three years.

Proportional takeover provisions

- (58) If Resolution 7 is approved by Shareholders, the following provisions will be inserted at Rule 15 of the Company's constitution:

15 Proportional takeover bids	
15.1 Definitions	
<i>In this rule:</i>	
Term	Definition
Approving Resolution	<i>means a resolution to approve the Proportional Takeover Bid passed in accordance with rule 15.3.</i>
Approving Resolution Deadline	<i>means the day that is 14 days before the last day of the bid period, during which the offers under the Proportional Takeover Bid remain open or a later day allowed by the Australian Securities and Investments Commission.</i>
Proportional Takeover Bid	<i>means a takeover bid that is made or purports to be made under section 618(1)(b) Corporations Act for securities included in a class of securities in the company.</i>
Relevant Class	<i>means the class of securities in the company in respect of which offers are made under the Proportional Takeover Bid.</i>

15.2 Transfers not to be registered

Despite rules 12.2(c) and 12.3, a transfer giving effect to a contract resulting from the acceptance of an offer made under a Proportional Takeover Bid must not be registered unless an Approving Resolution has been passed or is taken to have been passed under rule 15.3.

15.3 Approving Resolution

- (a) *Where offers have been made under a Proportional Takeover Bid, the directors must, before the Approving Resolution Deadline:*

 - (i) *convene a meeting of the persons entitled to vote on the Approving Resolution for the purpose of approving the Proportional Takeover Bid; and*
 - (ii) *ensure that the resolution is voted on under rule 15.3.*

- (b) *The provisions of this constitution about general meetings apply, modified as the circumstances require, to a meeting that is convened under rule 15.3(a), as if that meeting were a general meeting of the company.*
- (c) *The bidder under a Proportional Takeover Bid and any associates of the bidder are not entitled to vote on the Approving Resolution and if they do vote, their votes must not be counted.*
- (d) *Subject to rule 15.3(c), a person who, as at the end of the day on which the first offer under the Proportional Takeover Bid was made, held securities of the Relevant Class, is entitled to vote on the Approving Resolution for the Proportional Takeover Bid.*
- (e) *An Approving Resolution that has been voted on is taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 50%, and otherwise is taken to have been rejected.*
- (f) *If an Approving Resolution has not been voted on under rule 15.3 as at the end of the day before the Approving Resolution Deadline, an Approving Resolution is taken to have been passed under rule 15.3 on the Approving Resolution Deadline.*

15.4 Sunset

Rules 15.1, 15.2 and 15.3 cease to have effect on the third anniversary of the later of the date of adoption or last renewal of rule 15 under the Corporations Act.

Statement under the Corporations Act

(59) Section 648G(5) of the Corporations Act requires that the following information be given to shareholders when they are considering the inclusion of proportional takeover provisions in a constitution.

(a) Effect of proportional takeover provisions

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

(b) Reasons for adopting the proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. By adopting the proportional takeover provisions, it will allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

(c) **Knowledge of any acquisition proposals**

As at the date of this Notice, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

(d) **Review of proportional takeover provisions**

While the proportional takeover approval provisions have previously been in force under the Company's constitution, there have been no full or proportional takeover bids for the Company. Therefore, there is no example against which to review the advantages or disadvantages of the provisions for the Directors and the Shareholders.

(e) **Potential advantages and disadvantages of proportional takeover provisions**

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (i) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (ii) assisting in preventing Shareholders from being locked in as a minority;
- (iii) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (iv) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (v) proportional takeover bids may be discouraged;
- (vi) lost opportunity to sell a portion of their Shares at a premium; and
- (vii) the likelihood of a proportional takeover bid succeeding may be reduced.

The Directors considers that the potential advantages for Shareholders of the proportional takeover approval provisions outweigh the potential disadvantages. In particular, Shareholders as a whole are able to decide whether or not a proportional takeover bid is successful.

Directors' Recommendation:

- (60) The Directors unanimously recommend you vote in favour of Resolution 7.

Glossary

In this Notice of Meeting and Explanatory Memorandum:

AEST	means Australia Eastern Standard Time.
Annual Report	means the financial statements of the Company and the reports of the Directors and the Auditors for the financial year ended 30 June 2022.
ASX	means ASX Limited or the Australian Securities Exchange operated by ASX Limited, as the context requires.
Board	means the board of Directors.
Chair, Chairman or Chairperson	means the chair of the Company.
Closely Related Party of a member of the Key Management Personnel	means a spouse or child of the member; or a child of the member's spouse; or a dependent of the member or the member's spouse; or anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity; or a company the member controls; or a person prescribed by the <i>Corporations Regulations 2001</i> (Cth).
Company or SOV	means Sovereign Cloud Holdings Limited ACN 622 728 189.
Constitution	means the constitution of the Company as amended.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth) as amended.
Director	means a director of the Company.
Employee Share Option Plan	means the employee share option plan of the Company, lodged with ASX on 11 December 2020.
Equity Securities	has the same meaning given in the Listing Rules.
Explanatory Memorandum	means this Explanatory Memorandum.
Key Management Personnel	has the same meaning given in the Listing Rules.
ICT	means information and communications technology.
Listing Rule	means the listing rules of the ASX.
LTI Option	means an option over Shares as described in paragraph (19) of the Explanatory Memorandum.
Meeting or AGM	means the annual general meeting convened by this Notice of Meeting (as adjourned from time to time).
Notice or Notice of Meeting	means this notice of meeting.
Placement	has the meaning given in paragraph (34)(a) of the Explanatory Memorandum.
Placement Share	means a Share issued under the Placement.
Proxy Form	means the proxy form attached to this Notice of Meeting.

Relevant Period	has the meaning given in Listing Rule 7.1, being: (a) if the entity has been admitted to the official list for 12 months or more, the 12 month period immediately preceding the date of the issue or agreement; or (b) if the entity has been admitted to the official list for less than 12 months, the period from the date the entity was admitted to the official list to the date immediately preceding the date of the issue or agreement.
Remuneration Report	means the remuneration report of the Company included in the Directors' Report section of the Company's Annual Report.
Resolution	means a resolution set out in the Notice of Meeting.
Securities	has the meaning given in the Listing Rules.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a holder of a Share.
Trading Days	means a trading day as defined in Chapter 19 of the Listing Rules.
VWAP	means volume weighted average market price as defined in Chapter 19 of the Listing Rules.

Annexure – Summary of Employee Share Option Plan


The following is a summary of the material terms of the Company's Employee Share Option Plan (**Plan**). A complete copy of the Plan was lodged with ASX on 11 December 2020. Unless stated otherwise, capitalised terms in this Annexure have the meaning given to them in the Plan.

- 1 The Board may, in its absolute discretion, invite an Eligible Participant to participate in the Plan. An Eligible Participant includes a director of the Company, or an employee or consultant of the Company or a related body corporate of the Company.
- 2 An Eligible Participant that receives an Offer may nominate a Permitted Nominee to hold the Options. The Board can, in its absolute discretion and without providing an explanation, decide whether or not to grant a Permitted Nominee Options.
- 3 The Board may offer any number of Options to an Eligible Participant on the terms the Board decides by giving the Eligible Participant a written offer to participate in the Plan (**Offer**), subject to the Plan and any applicable law. An Eligible Participant is not required to pay for the grant of an Option.
- 4 An Offer must state the total number of Options for which the Eligible Participant may accept, the date of the Offer, the Exercise Period (including Exercise Date and the Expiry Date), the Exercise Price, any Vesting Conditions, any Disposal Restrictions, and other terms of the Options, and any matters required to be specified
- 5 Subject to the terms of the Offer, each Option will entitle the Eligible Participant to receive one Share upon the exercise of the Option:
 - (a) provided any acquisition of Shares does not breach the Corporations Act;
 - (b) provided any Vesting Conditions have been satisfied;
 - (c) during the Exercise Period;
 - (d) for payment of the Exercise Price; and
 - (e) otherwise in the manner required by the Board and specified to the Eligible Participant at the time the Option is granted.
- 6 Subject to any Disposal Restrictions imposed under an Offer or the transmission of Options to a legal personal representative of an Eligible Participant on their death, Participants may only create a Security interest in, transfer, assign, dispose or otherwise deal with Options, or an interest in Options, with the prior written consent of the Board.
- 7 Subject to the matters set out in paragraph 5 above [rule 5.1 of the Plan] and unless the Board decides otherwise, if an Eligible Participant ceases to be employed or engaged with the Company or a related body corporate of the Company for any reason (including termination, resignation, redundancy, death or serious illness) the Expiry Date of the Options is adjusted in the manner set out in the Offer.
- 8 Unless the Board decides otherwise, an Option that has not been exercised on or before the Expiry Date, lapses on the day after the Expiry Date.
- 9 If there is a reconstruction of the issued capital of the Company (including consolidation, sub-division, reduction or return) while the Company is listed on ASX, the number of Shares to be issued on exercise of an Option, the Exercise Price or both, will be adjusted to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital.
- 10 If the Shares are officially quoted by ASX, the Company will apply to ASX for official quotation of any Shares issued to a Participant after exercise of Options within the time prescribed by the Listing Rules but, in any event, within ten Business Days of the issue of those Shares.

- 11 A Participant is not entitled to participate in or receive any dividends or other Shareholder benefits until its Options have vested and been exercised and Shares have been allocated to the Participant as a result of the exercise of Options.
- 12 There are no participating rights or entitlements inherent in the Options and Participants will not be entitled to participate in new issues of securities offered to Shareholders of the Company during the currency of the Options.
- 13 Following the issue of Shares on the exercise of vested Options, Participants will be entitled to exercise all rights of a Shareholder attaching to the Shares, subject to any disposal restrictions advised to the Participant at the time of their acquisition of the Options.
- 14 If a Change of Control Trigger Event occurs, the Company may, subject to the Participant exercising the Option:
 - (a) buy-back Options held by a Participant for:
 - (i) an amount agreed with the Participant; or
 - (ii) Fair Value (determined using either the Black Scholes valuation model or a generally accepted valuation methodology selected by the Board);
 - (b) arrange for options to acquire shares in the Bidder to be granted to the Participants on substantially the same terms as the Options, but with any appropriate and reasonable adjustments decided by the Board to the number of shares in the Bidder to be issued on exercise of those options or the exercise price of those options, to ensure the Participants are not materially financially disadvantaged;
 - (c) allow the Options to continue in accordance with their terms; or
 - (d) proceed with a combination of any of the alternatives in paragraphs 14(a), 14(b) and 14(c) above [rules 8.2(a), 8.2(b) and 8.2(c) of the Plan].

LODGE YOUR VOTE
 **ONLINE**
www.linkmarketservices.com.au
 **BY MAIL**
 Sovereign Cloud Holdings Limited
 C/- Link Market Services Limited
 Locked Bag A14
 Sydney South NSW 1235 Australia

 **BY FAX**
 +61 2 9287 0309

 **BY HAND**
 Link Market Services Limited
 Parramatta Square, Level 22, Tower 6,
 10 Darcy Street, Parramatta NSW 2150; or

 **ALL ENQUIRIES TO**
 Telephone: 1300 554 474 Overseas: +61 1300 554 474

X99999999999
PROXY FORM

I/We being a member(s) of Sovereign Cloud Holdings Limited and entitled to participate in and vote hereby appoint:


APPOINT A PROXY
 the Chairman of the Meeting (mark box)
OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

 or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am (AEST) on Wednesday, 19 October 2022 at Pitcher Partners, Level 38, 345 Queen Street, Brisbane (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolution 1: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 1, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.
VOTING DIRECTIONS
Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an .
Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Ratification of prior issue of shares under the Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Cathie Reid as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Additional capacity to issue equity securities under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Election of Craig Scroggie as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 Approval of proportional takeover provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Issue of options to Director - Philip Dawson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

 * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

 This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).


HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to participate in the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to participate in the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (AEST) on Monday, 17 October 2022**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

Sovereign Cloud Holdings Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
Parramatta Square
Level 22, Tower 6
10 Darcy Street
Parramatta NSW 2150

*During business hours Monday to Friday (9:00am - 5:00pm)

**IF YOU WOULD LIKE TO PARTICIPATE IN AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**