

ASX Announcement (SOV)

19 October 2022

AGM Chair and CEO Addresses

Sovereign Cloud Holdings Limited (ASX:SOV) will today address shareholders at its Annual General Meeting to be held at 10:00am (AEST) on Wednesday, 19 October 2022 in the Pitcher Partners Offices, Level 38, 345 Queen Street, Brisbane QLD 4000.

Attached is a copy of the address to be delivered by the Chair, Cathie Reid and the address to be delivered by the Chief Executive Officer, Philip Dawson.

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

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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: AUCloud – Australian Sovereign Cloud
(www.australiacloud.com.au)*

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2022 Annual General Meeting

Chair's Address – Cathie Reid

On behalf of the Board of Directors of Sovereign Cloud Holdings Limited ("Company" or "SOV"), we are pleased to present to you our 2022 Annual Report. As most of you are aware, the company operates under the name "AUCloud".

AUCloud is an Australian sovereign cloud Infrastructure as a Service ("IaaS") provider exclusively focused on the Australian Government, the Australian Defence Force ("ADF") and Critical National Industry Communities ("CNI").

AUCloud's IaaS service provides its customers with a highly secure, scalable, automated cloud solution, delivering an efficient and effective hosting environment for critical and sensitive applications and systems. The services and data managed by AUCloud are all hosted and maintained in Australia. AUCloud's focus is to secure contracts from the Australian Government, ADF and CNI where it has the strategic advantage.

In the first half of Financial Year 2022 the Company completed a placement with NEXTDC (19.99%) and an entitlement offer raise with net proceeds of \$34 million in December 2021. This provided the resources for the Company to pursue ongoing investments across three pillars of growth: Platforms, Products and People.

As part of the AUCloud strategy to expand its national footprint, the company commenced planning and development of the geographical rollout of cloud Sovereignty Zones for Brisbane and Melbourne platforms. Supply chain disruptions have delayed the completion of the new Sovereignty Zones which is now targeted to be completed in FY23.

In June 2022, AUCloud launched the "Sovereign Bridge" in partnership with NEXTDC. The "Sovereign Bridge" is an innovative customer on-boarding solution developed in response to the supply chain challenges. It now allows AUCloud to provide government and critical infrastructure sectors faster, more efficient, more capable and more secure local access to their sovereign workloads across Australia.

In addition to its core IaaS product, AUCloud has established a credible Security Operations Centre as a Service ("SOCaaS") offering to support the highest levels of cyber security defences following deployments for the AEC and other Federal Government and Defence customers.

On behalf of the Board, we would also like to thank our shareholders, who understand both the challenges and opportunities facing the Company for their ongoing support of our Company's strategy.

I would also like to advise that Allan Brackin resigned today as a Non-Executive Director of the Company. Allan has been an Independent Non-Executive Director since AUCloud's IPO in December 2020. It has been a pleasure having Allan on the Board and I thank Allan for his valuable contribution to AUCloud. On behalf of the Board and Management of AUCloud, I sincerely wish Allan all the best for his future endeavours.

I would now like to hand over to our CEO, Phil Dawson.

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2022 Annual General Meeting

Chief Executive Officer's Address – Philip Dawson

Thankyou Cathie, and good morning, everyone. The Financial Year ended 30 June 2022 was a year of growth, with revenues increasing 67% to \$4.2m and TCV Outstanding increasing by 9% to \$6.5m. However, overall, the 2022 financial year was a mixed year. With the financial year ended 30 June 2021 including the \$2.8m Australian Electoral Commission contract in June '21, TVC Closed decreased by \$2.3 and the ANU post-covid wind-down of the VDlaaS contract offset underlying growth.

The AEC contract drove IaaS Consumption revenue, in particular during the heightened election period, when AUCloud assisted AEC in protecting the Federal Election from cyber security risks and compromise. Following the formal close out of the election, we are now seeing higher levels of core activity with AEC as well as a range of expansion opportunities.

The Company also expanded its activity in the 2022 Financial Year with existing partner VMware and established a new partnership with QuantumCloud encryption services provider Arqit.

VMware appointed AUCloud as its first Australian Sovereign Cloud provider, and this closer relationship is now driving joint activities across all of the Company's target markets.

Arqit partnered with AUCloud to support the Australian deployment of a Symmetric Key Agreement Platform as a Service to support Australian and Near Region assessments of quantum safe solutions across our shared target markets of Defence, Intelligence and Space.

During the 2022 Financial Year, AUCloud continued to invest in people to expand the team to increase the scope of activities and geographic footprint. The company has employees located in Canberra, Brisbane, Melbourne and Sydney. AUCloud appointed a new Chief Revenue Officer, along with other key hires to support the sales activities across the new national profile. With the continued investment in people, the company has been able to deliver significant enhancement in product capability and service offerings. We believe that the Company is now well resourced to deliver on our strategy and goals and additional growth in people from here will be aligned to achieving revenue targets.

The company continues to see increasing market awareness regarding data sovereignty and security, with Governments and Critical Infrastructure transitioning from legacy applications and build new cloud native applications on Cloud IaaS. In March 2022 the Security of Critical Infrastructure Act (SOCIA) was amended and formally approved into legislation, resulting in an expansion of the AUCloud's addressable market across the eleven identified Critical Infrastructure Sectors.

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While extended COVID lockdowns and the Federal Election challenged the Company's revenue growth in the 2022 Financial Year, we are now seeing traction in government agencies transitioning from on premise solutions to cloud-based IaaS. This has been under-pinned by mandatory requirements of Certified Strategic status, demonstrating that sovereignty considerations are becoming a key element in the decision making around cloud services. The Company expects to continue to grow the customer base in the 2023 Financial Year through national expansion, supported by this stronger regulatory framework with increased focus on data sovereignty and security, and investment in the sales team with expanded focus on growing sales through direct to customer and channel partners.

I would also like to thank the on-going effort and commitment of AUCloud's staff during in the 2022 Financial Year and the shareholders, who understand both the challenges and opportunities facing the Company for their ongoing support of our Company's strategy.

We remain firmly of the opinion that the continued investment and focus made by the Company in the platform, product and people over the past few years will support and create value for the business in the 2023 Financial Year and beyond. Thankyou

End

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