

APPENDIX 4D

SOVEREIGN CLOUD HOLDINGS LIMITED ABN 80 622 728 189

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

The information contained in this report is for the half -year ended 31 December 2022 and the previous corresponding period ended 31 December 2021 for Sovereign Cloud Holdings Limited, the 'Company' and its controlled entity.

This report is presented in Australian dollars.

Results for announcement to the market

	H1 FY23	H1 FY22	Movement
	\$	\$	%
Revenues from ordinary activities	2,910,549	2,509,473	+16.0%
Loss from ordinary activities after tax	(10,285,939)	(6,290,876)	-63.5%
Loss for the period	(10,285,939)	(6,290,876)	-63.5%

Dividend information

	Amount per Share (cents)	Franked Amount per Share (cents)	Conduit Foreign Income Amount per Share
Interim dividend	-	-	-

Brief explanation to figures reported above

Refer to review of operations on page 2.

	31-Dec-22	31-Dec-21
Net tangible asset backing per ordinary security (cents)	0.16	0.27

Details of entities which control has been gained or lost during the period.

None

Sovereign Cloud Holdings Limited

ACN: 80 622 728 189

HALF YEAR FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

SOVEREIGN CLOUD HOLDINGS LIMITED AND CONTROLLED ENTITY

DIRECTOR'S REPORT

The Directors present their report together with the interim financial report of Sovereign Cloud Holdings Limited, the 'Company' and its controlled entity, for the half-year ended 31 December 2022.

1. Directors' names

The names of the directors in office at any time during or since the end of the financial period year are:

- Cathie Reid (Chair)
- Peter Maloney (Managing Director), appointed 30 January 2023
- Philip Dawson (Executive Director)
- Ross Walker (Non-Executive Director)
- Craig Scroggie (Non-Executive Director)
- Allan Brackin (Non-Executive Director), resigned 19 October 2022

The directors have been in office since the start of the half year to the date of this report unless otherwise stated.

Peter Maloney was appointed as the Company's new Chief Executive Officer (CEO) and Managing Director on 30 January 2023 and Philip Dawson (Former CEO) has assumed the role of Executive Director focused on product development and government relations.

2. Principal activities

The group's principal activity is to deliver sovereign cloud services to Australian Governments and critical national industries. Since formation the Group has built a cloud based platform, which is accredited to by Government standards to PROTECTED controls or higher. The platform is available to rent computation cycles and data storage to customers on a pay-as-you-go basis, referred to as Infrastructure as a Service (IaaS).

3. Operating Metrics

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

- Total Contract Value (TCV) is the total value of expected revenue from estimated consumption of Infrastructure-as-a-Service (IaaS). Invoices are raised typically on a monthly basis against these contracts based on actual customer usage.
- IaaS Consumption is the revenue recognised based on the aggregated consumption of IaaS services, including contractual implementation, consulting and setup charges. In the Company's experience it is reasonable to expect IaaS Consumption to be repeated in subsequent periods.

4. Review and Results of Operations

Group Financial Results

The Group recorded a net loss for the half-year ended 31 December 2022 (H1 FY23) a net loss of \$10.3 million (HY1 FY22) loss of \$6.3 million).

Revenue

For the half-year ended 31 December 2022 (H1 FY23) revenue was \$2.6 million compared to \$2.1 million over the previous corresponding six-month period to 31 December 2021 (H1 FY22).

Overall the Group secured \$4.5 million in TCV during HY1 FY23. As at 31 December, TCV outstanding was approximately \$8.40 million.

Expenses

Total expenses in H1 FY23 were \$13.2 million (H1 FY22: \$8.8 million) an increase of \$4.0 million. The increase in expenses was mainly due to additional employee headcount and licensing costs in relation to the Brisbane platform build.

SOVEREIGN CLOUD HOLDINGS LIMITED AND CONTROLLED ENTITY

Financial Position

The Company's net asset position decreased in HY1 FY23 by \$10 million to \$28 million at 31 December 2022.

During the half year ended 31 December 2022, \$5.1 million was invested in computer equipment for the development of the Brisbane and Melbourne platforms. The Company launched its' third sovereignty Zone in Brisbane (BSZ) in November 2022 and its' 4th Zone in Melbourne (MSZ) in February 2023. Melbourne completes the build out for the Eastern Seaboard IaaS footprint and the Company is now focused on sales and marketing to onboard customers.

5. After balance date events

Apart from the appointment of Mr Peter Maloney referenced in Note 9, no matters or circumstances have arisen since the end of the half year ended 31 December 2022 which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial periods.

Signed in accordance with a resolution of the Board of Directors of Sovereign Cloud Holdings Limited.



Cathie Reid
Chair

Dated: 21 February 2022

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF SOVEREIGN CLOUD HOLDINGS LIMITED
UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001***

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2022 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.



Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants



Stewart Douglas
Director
Brisbane
21 February 2023

SOVEREIGN CLOUD HOLDINGS LIMITED AND CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
AS AT 31 DECEMBER 2022

	Note	31 Dec 2022 \$	31 Dec 2021 \$
Revenue and other income			
Revenue from contracts with customers		2,624,586	2,127,707
Interest income		122,714	5,728
Other income	2	163,249	376,038
		2,910,549	2,509,473
Less: Expenses			
Employee benefits expense		(6,832,713)	(3,858,812)
Depreciation and amortisation		(2,410,479)	(2,011,764)
Licensing fees		(2,210,963)	(1,175,263)
Professional fees		(85,490)	(152,892)
Travel and conferences		(188,629)	(110,368)
Finance costs		(108,172)	(165,045)
Other expenses		(1,360,042)	(1,326,205)
		(13,196,488)	(8,800,349)
Loss before income tax expense		(10,285,939)	(6,290,876)
Income tax expense		-	-
Loss for the year		(10,285,939)	(6,290,876)
Other comprehensive income for the year		-	-
Total comprehensive loss		(10,285,939)	(6,290,876)
Earnings per share			
		Cents	Cents
Basic earnings per share		(6.0)	(5.8)
Diluted earnings per share		(6.0)	(5.8)

SOVEREIGN CLOUD HOLDINGS LIMITED AND CONTROLLED ENTITY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	31 Dec 2022	30 Jun 2022
		\$	\$
Current assets			
Cash and cash equivalents		13,309,156	28,713,662
Receivables		1,005,244	550,131
Other assets		4,345,996	1,664,136
Total current assets		<u>18,660,396</u>	<u>30,927,929</u>
Non-current assets			
Property, plant and equipment	3	12,077,641	8,577,126
Intangible assets		365,638	333,298
Right of use lease assets	4	7,118,533	4,833,225
Other assets		892,329	1,316,785
Total non-current assets		<u>20,454,141</u>	<u>15,060,434</u>
Total assets		<u>39,114,537</u>	<u>45,988,363</u>
Current liabilities			
Payables	5	4,276,086	2,974,603
Lease liabilities		2,294,291	2,187,995
Provisions		527,351	553,891
Total current liabilities		<u>7,097,728</u>	<u>5,716,489</u>
Non-current liabilities			
Lease liabilities		4,304,722	2,303,666
Provisions		94,045	98,144
Total non-current liabilities		<u>4,398,767</u>	<u>2,401,810</u>
Total liabilities		<u>11,496,495</u>	<u>8,118,299</u>
Net assets		<u>27,618,042</u>	<u>37,870,064</u>
Equity			
Share capital	6	87,611,747	87,611,747
Reserves		714,665	680,749
Accumulated losses		(60,708,370)	(50,422,431)
Total equity		<u>27,618,042</u>	<u>37,870,064</u>

SOVEREIGN CLOUD HOLDINGS LIMITED AND CONTROLLED ENTITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2022

	Contributed equity \$	Reserves \$	Accumulated losses \$	Total Equity \$
Consolidated				
Balance as at 1 July 2021	53,527,207	562,354	(34,900,783)	19,188,778
Loss for the year	-	-	(6,290,876)	(6,290,876)
Transactions with owners in their capacity as owners:				
Contributions, net of transaction costs	34,094,404	-	-	34,094,404
Share based payments expensed	-	61,102	-	61,102
Balance as at 31 December 2021	87,621,611	623,456	(41,191,659)	47,053,408
 Balance as at 1 July 2022	 87,611,747	 680,749	 (50,422,431)	 37,870,065
Loss for the year	-	-	(10,285,939)	(10,285,939)
Transactions with owners in their capacity as owners:				
Share based payments expensed	-	33,916	-	33,916
Total transactions with owners in their capacity as owners	-	33,916	-	33,916
Balance as at 31 December 2022	87,611,747	714,665	(60,708,370)	27,618,042

SOVEREIGN CLOUD HOLDINGS LIMITED AND CONTROLLED ENTITY

CONSOLIDATED STATEMENT OF CASH FLOWS

AS AT 31 DECEMBER 2022

	Note	31 Dec 2022	31 Dec 2021
		\$	\$
Cash flow from operating activities			
Receipts from customers		2,455,880	2,179,063
Operating grant receipts		163,249	377,701
Payments to suppliers and employees		(12,493,576)	(6,309,259)
Interest received		122,709	5,728
Right of use lease interest		(100,750)	(165,040)
Net cash provided by / (used in) operating activities		(9,852,488)	(3,911,807)
Cash flow from investing activities			
Payments for property, plant and equipment		(4,394,920)	(925,936)
Net cash provided by / (used in) investing activities		(4,394,920)	(925,936)
Cash flow from financing activities			
Proceeds from share issue		-	35,071,637
Principal portion of lease payments		(1,157,098)	(2,138,698)
Payment of share issue costs		-	(977,233)
Net cash provided by financing activities		(1,157,098)	31,955,706
Reconciliation of cash			
Cash at beginning of the half year		28,713,662	13,504,819
Net increase / (decrease) in cash held		(15,404,506)	27,177,963
Cash at end of financial year		13,309,156	40,682,782

SOVEREIGN CLOUD HOLDINGS LIMITED AND CONTROLLED ENTITY

NOTES TO FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose interim financial report for the half year ended 31 December 2022 has been prepared in accordance with *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001*. The interim financial report does not include all information required for a full annual financial report and should be read in conjunction with the annual report of the Group for the year ended 30 June 2022 and any public announcements made by Sovereign Cloud Holdings Limited during the interim reporting period.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The financial report covers Sovereign Cloud Holdings Limited and its consolidated entity. Sovereign Cloud Holdings Limited is a Company limited by shares, incorporated and domiciled in Australia. Sovereign Cloud Holdings Limited is a for-profit entity for the purpose of preparing the financial statements.

Fair values

The fair values of Consolidated Entity's financial assets and financial liabilities approximate their carrying value due to being short-term in nature. No financial assets or financial liabilities are readily traded on organised markets in standardised form.

The financial report also complies with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

The group incurred a loss from ordinary activities of \$10.3 million during the period ended 31 December 2022 and had cash on hand at 31 December 2022 of \$13.3 million. The Board is conscious that the Group's current cash reserves may prove to be inadequate given the cash burn rates that are expected to prevail in the short term. These conditions give rise to material uncertainty which may cause significant doubt over the Group's ability to continue as a going concern. The ability of the group to continue as a going concern is principally dependent upon the ability of the Company to raise additional funding in the future.

The new CEO, Peter Maloney is currently undertaking an immediate review of the Group's business, together with the preparation of a new strategic plan addressing the market opportunities, operational cost base and funding requirements for the next 24 months (Strategic Plan). Subject to the outcome of the Strategic Plan, the Board expects it will need to raise new equity capital in 4QFY23 or shortly thereafter, most likely via a pro-rata entitlement offer to existing shareholders. The Directors are confident of securing funds as and when necessary to meet the Group's obligations as and when they fall due.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

New and revised standards

A number of new or amended standards became applicable for the current reporting period. The impact of the adoption of these standards did not have any impact on the group's accounting policies.

Segment reporting

The Group has identified its operating segment as providing sovereign cloud Infrastructure-as-a-Service ('IaaS') in Australia. Management currently identifies the IaaS sector as being the Group's sole operating segment. There have been no changes in the operating segments during the year. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from the segment are equivalent to the financial statements of the Group as a whole.

Comparatives

Where necessary comparative information has been reclassified and repositioned for consistency with current year disclosure and presentation.

SOVEREIGN CLOUD HOLDINGS LIMITED AND CONTROLLED ENTITY

NOTES TO FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	31 Dec 2022	31 Dec 2021
	\$	\$
2: OTHER REVENUE AND OTHER INCOME		
R & D Refundable tax offset	163,249	376,038
	<u>163,249</u>	<u>376,038</u>

	31 Dec 2022	30 Jun 2022
	\$	\$
3: PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements		
Improvements under lease	279,572	279,572
Accumulated depreciation	(13,328)	(9,804)
	<u>266,244</u>	<u>269,768</u>
Office equipment at cost	212,672	186,832
Accumulated depreciation	(77,539)	(55,854)
	<u>135,133</u>	<u>130,978</u>
Computer equipment/platforms under construction at cost *	5,099,008	-
	<u>5,099,008</u>	<u>-</u>
Computer equipment at cost	13,376,793	13,632,560
Accumulated depreciation	(6,799,538)	(5,456,180)
	<u>6,577,255</u>	<u>8,176,380</u>
Total property, plant and equipment	<u>12,077,641</u>	<u>8,577,126</u>

* Computer equipment was acquired for the development of the Brisbane and Melbourne cloud platforms.

4: RIGHT OF USE LEASE ASSETS

Data centres under lease	8,921,476	5,630,339
Accumulated depreciation	(3,513,130)	(2,813,168)
	<u>5,408,346</u>	<u>2,817,171</u>
Software and other intangibles under lease	404,781	404,781
Accumulated depreciation and amortisation	(202,723)	(161,912)
	<u>202,057</u>	<u>242,868</u>
Computer equipment under lease	2,628,954	2,628,954
Accumulated depreciation	(1,120,824)	(855,769)
	<u>1,508,130</u>	<u>1,773,185</u>
Total carrying amount of lease assets	<u>7,118,533</u>	<u>4,833,225</u>

SOVEREIGN CLOUD HOLDINGS LIMITED AND CONTROLLED ENTITY

31 Dec 2022

30 Jun 2022

\$

\$

5: PAYABLES

CURRENT

Unsecured liabilities

Trade creditors	3,851,589	2,015,623
Sundry creditors and accruals	424,497	958,980
	4,276,086	2,974,603

6: SHARE CAPITAL

Issued and paid-up capital

Ordinary shares - (December 2022: 169,700,336) (June 2022: 169,700,336)	87,611,747	87,611,747
	87,611,747	87,611,747

	31 December 2022		30 June 2022	
	Number	\$	Number	\$
Ordinary shares				
Opening balance	169,700,336	87,611,747	99,557,063	53,527,207
Shares issued:				
November 2021 Share Placement	-	-	24,889,265	12,444,633
December 2021 Non-Renounceable Rights Issue	-	-	45,254,008	22,627,004
Transaction costs relating to shares issued	-	-	-	(987,097)
Closing balance	169,700,336	87,611,747	169,700,336	87,611,747

7: SHARE BASED PAYMENTS

(a) Equity-settled share-based payments

(i) *Employee option plan*

The company continued the Employee Share Options Plan ("ESOP") as part of its overall long term employee incentive arrangements.

Details of the options granted are provided below:

H1 FY23

Grant date	Expiry date	Exercise price*	Balance at beginning of the period	Granted during the period	Exercised during the period	Expired during the period	Balance at the end of the period	Exercisable at end of the period
13/08/2019	30/06/2023	\$0.60	265,187	-	-	(3,750)	261,437	-
30/09/2020	30/06/2024	\$0.60	670,806	-	-	(50,200)	620,606	332,803
			935,993	-	-	(53,950)	882,043	332,803
Weighted average exercise price*:			\$0.60	\$0.60	-	-	\$0.60	\$0.60

* Exercise price is \$3, however, the exercise price reduces to \$0.60 unless the participant has ceased to be employed for any reason before the vesting dates which are 1 July 2018, 1 July 2019, 1 July 2020, 1 July 2021, 1 July 2022 and 1 July 2023 respectively

SOVEREIGN CLOUD HOLDINGS LIMITED AND CONTROLLED ENTITY

Long Term Incentive Plan

As part of the Long-Term Incentive Plan for Company Executives, the Company granted the following Employee Options under the Company's Employee Share Option Plan.

Number of Options	Tranche 1: 2,284,202 (Grant Date 9/09/2022) Tranche 2: 1,000,000 (Grant Date 19/10/2022)
Exercise Price	\$nil
Expiry Date	1 July 2027
Vesting Dates	Commences from the time of satisfaction of Condition 1 of the Vesting Conditions
Vesting Conditions	<p>Condition 1: the 15-trading day volume weighted average market price of AUCloud shares is equal to or greater than \$1.00 per AUCloud share (Target Share Price) as of close of trading on ASX on the date that is fifteen trading days after the date of release on ASX by AUCloud of its Appendix 4E for the financial year ended 30 June 2025 (FY2025 results)</p> <p>Condition 2: At the time of satisfaction of Condition 1, the Eligible Employee has remained employed or engaged by the Company.</p> <p>Subject to the terms of the Company's Employee Share Option Plan</p>

Fair Value of LTI Options

The assessed fair value at the date of grant of options issued is determined using an appropriate option pricing model that primarily takes the conditions of the grant to determine the fair value. In assessing the fair value of the Performance Rights which are subject to market condition, the valuation model used was a combination of Monte Carlo simulation and a trinomial lattice to model the performance of the shares during the performance right's life, as detailed below.

Grant date	Tranche 1	Tranche 2
Exercise Price (\$/share)	\$nil	\$nil
Expiry Date	1 July 2027	1 July 2027
Expected price volatility of the group's shares	85%	85%
Spot price (\$/share)	0.210	0.175
Risk free rate	3.16%	3.50%
Pricing model	Monte Carlo	Monte Carlo
Vesting conditions (target price)	1.00	1.00
Fair Value (\$/right)	0.084	0.060

8: CAPITAL COMMITMENTS

Capital expenditure commitments contract for but not recognised as liabilities at the end of the half year are:

	Within 1 year	1-3 years	3-5 years	More than 5 years	Total
Capital Expenditure Commitments	1,424,666	-	-	-	1,424,666

The committed capital expenditure relates to the completion of the Melbourne cloud platform.

SOVEREIGN CLOUD HOLDINGS LIMITED AND CONTROLLED ENTITY

9: EVENTS SUBSEQUENT TO REPORTING DATE

There have been no material matters or circumstances which have arisen between 31 December 2022 and the date of this report that have significantly affected or may affect the operations of the Group, the results of those operations and the state of affairs of the Group in subsequent financial periods except as follows:

On 30 January 2023 the Company appointed Mr Peter Maloney as the new Chief Executive Officer and Managing Director. As part of his remuneration, the Company granted the following options:

Number of Options	1,500,000 (Grant Date 30/01/2023)
Exercise Price	\$nil
Expiry Date	31 December 2027
Vesting Dates	Commences from the time of satisfaction of Condition 1 of the Vesting Conditions
Vesting Conditions	<p>Condition 1: the 15-trading day volume weighted average market price of AUCloud shares is equal to or greater than \$1.00 per AUCloud share (Target Share Price) as of close of trading on ASX on the date that is fifteen trading days after the date of release on ASX by AUCloud of its Appendix 4D for the financial year ended 31 December 2025 (1HFY26 Results)</p> <p>Condition 2: at the time of satisfaction of Condition 1, the CEO has remained employed or engaged by the Company.</p> <p>Subject to the terms of the Company's Employee Share Option Plan.</p>

SOVEREIGN CLOUD HOLDINGS LIMITED AND CONTROLLED ENTITY

DIRECTOR'S DECLARATION

In accordance with a resolution of the directors of Sovereign Cloud Holdings Limited, the directors of the Company declare that:

1. The consolidated financial statements and notes, as set out on pages 4 to 12, are in accordance with the *Corporations Act 2011*, including:
 - (i) complying with the Corporations Regulations 2001 and Australian Accounting Standards and Interpretations, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - (ii) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2022 and of its performance for the half year ended on that date.
2. In the directors' opinion based on the information set out in note 1 Going concern, there are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable; and

Signed in accordance with a resolution of the Directors.



Cathie Reid

Chair

Dated: 21 February 2022

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SOVEREIGN CLOUD HOLDINGS LIMITED

Report on the Half-Year Financial Report

We have reviewed the half-year financial report of Sovereign Cloud Holdings Limited and its controlled entity (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's report.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Emphasis of Matter relating to Material Uncertainty of Going Concern

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates the cash reserves at 31 December 2022 may be insufficient to meet the forecast cash needs in the next 12 months and the company will be required to raise additional funds. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF SOVEREIGN CLOUD HOLDINGS LIMITED (continued)**

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants



Stewart Douglas
Director
Brisbane
21 February 2023

CORPORATE DIRECTORY

Directors

Mrs Cathie Reid
Non-executive Chair

Mr Peter Maloney
Managing Director

Mr Phil Dawson
Executive Director

Mr Ross Walker
Non-executive Director

Mr Craig Scroggie
Non-executive Director

Company Secretary

Michelle Crouch

Head Office

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CANBERRA AIRPORT ACT 2609

Fyshwick Office:
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FYSHWICK ACT 2609

Registered Office

Level 38 Central Plaza One
345 Queen Street
BRISBANE QLD 4000

Auditor

Bentleys Brisbane (Audit) Pty Ltd
Level 9, 123 Albert Street
BRISBANE QLD 4000

Share Registry

Link Market Services Limited
Level 12, 680 George Street
SYDNEY NSW 2000

Stock Exchange Listing

The Company is listed on the Australian
Securities Exchange Limited (ASX: SOV)

ABN: 80 622 728 189



AUSTRALIA'S
SOVEREIGN CLOUD
IAAS PROVIDER



Data Security
is our **DNA**

 australiacloud.com.au