

1 June 2023

Entitlement Offer to raise approximately \$8.49 million

Sovereign Cloud Holdings Limited (**AUCloud** or the **Company**) (ASX:SOV) announced today that it is undertaking an equity raising, of a partially underwritten pro-rata non-renounceable entitlement offer to raise approximately \$8.49 million.

Key Points

- 1 for 1 pro-rata non-renounceable entitlement offer to raise approximately \$8.49 million.
- The proceeds of the Entitlement Offer will predominantly fund working capital requirements associated with executing the Company's initiatives identified in the recent Strategic Review.
- Offer price of \$0.05 per new share, a 53% discount to the one-month VWAP of AUCloud shares on 31 May 2023 and a 37.5% discount to the TERP.
- The Company has received binding commitments from five major shareholders / shareholder groups to take up their entitlements either in full or in part for approximately \$3.03 million.
- The balance of the offer (to the extent not covered by the commitments) is underwritten by entities associated with Peter Maloney, CEO and Managing Director of AUCloud, Catherine Reid, Chair of AUCloud, and NEXTDC, being equivalent to approximately \$5.45 million.

Entitlement Offer

AUCloud intends to conduct an equity raising via a 1 for 1 pro-rata non-renounceable entitlement offer of fully paid ordinary shares in the Company (**New Shares**) to raise approximately \$8.49 million (**Entitlement Offer**).

The offer price for the Entitlement Offer will be \$0.05 per share (**Offer Price**). The Offer Price represents:

- a 53% discount to the one-month VWAP of AUCloud shares as at 31 May 2023 of \$0.106; and
- a 37.5% discount to the theoretical ex-rights price (**TERP**)¹ of \$0.08.

Under the Entitlement Offer, eligible shareholders will be able to subscribe for 1 new ordinary share in AUCloud for every 1 existing share held at 7:00pm (Sydney time) (AEST) on Tuesday 6 June 2023 (**Record Date**) at the Offer Price (**Entitlements**).

The Company has received binding commitments from five major shareholders / shareholder groups to take up their entitlements either in full or in part, which together represent approximately 35.7% of total New Shares offered under the Entitlement Offer and the equivalent of approximately \$3.04 million based on the Offer Price.

¹ The theoretical ex-rights price of \$0.08 is calculated using the Company's closing price on 31 May 2023 assuming proceeds from the Entitlement Offer of \$8.49 million. TERP is the theoretical price at which shares should trade immediately after the ex-date for the Entitlement Offer assuming 100% take-up of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to the TERP.

The Entitlement Offer is partially underwritten by:

- NEXTDC Ventures Holdings No. 1 Pty Ltd, an entity controlled by NEXTDC Limited;
- Peerless Investments Pty Ltd, an entity associated with Peter Maloney (CEO & Managing Director); and
- Badger 31 Pty Ltd as trustee for the CGR Family Trust, an entity controlled by Catherine Reid, a current Director and Chair of the Company.

(the **Underwriters**). The underwriting is limited to 109,047,882 New Shares in aggregate as between the Underwriters, being the balance of the total New Shares offered under the Entitlement Offer once the commitments from major shareholders are satisfied or approximately \$5.45 million based on the Offer Price.

Morgans Corporate Limited is Lead Manager to the Entitlement Offer.

The proceeds of the Entitlement Offer will be utilised for working capital purposes, which will include pursuing the following changes to the Company's operations and business activities identified as part of the recent strategic review:

- strengthen sales and marketing capabilities, with increased emphasis on channels to market, Enterprise sales whilst maintaining a dedicated Government team;
- expand the Company's offering in Cyber Security through building, partnering or buying capability, leveraging the success of the Security Operations Centre to move deeper into the cyber security ecosystem;
- partner in the Multi-Cloud and Public Cloud markets to leverage the capital invested in the Company's existing four platforms;
- targeted focus on industry specific solutions through the addition of complimentary products and services to the existing product suite; and
- align the Company's cost base to the changed focus of the business and current activities.

The Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their Entitlements will not receive any value for those Entitlements that they do not take up. Shareholders who are not eligible to receive Entitlements will not receive any value for the Entitlements they would have received had they been eligible.

Approximately 169,700,336 new ordinary shares in AUCloud will be issued as part of the Entitlement Offer. New Shares issued under the Entitlement Offer will rank equally with existing shares.

The Entitlement Offer will include a top up facility under which eligible shareholders who take up their full Entitlement will be invited to apply for additional shares in the Entitlement Offer from a pool of those not taken up by other eligible shareholders. There is no guarantee that applicants under this top up facility will receive all or any of the shares they apply for under the facility.

The Company will notify shareholders as to whether they are eligible to participate in the Entitlement Offer. Eligible shareholders will receive an information booklet including a personalised entitlement and acceptance form which will provide further details of how to participate in the Entitlement Offer.

Key dates²

Event	Date
Announcement of the Entitlement Offer	Thursday, 1 June 2023
Ex-date for Entitlement Offer	Monday, 5 June 2023
Record date for Entitlement Offer (7.00pm (Sydney time)) (Record Date)	Tuesday, 6 June 2023
Offer Booklet and personalised Entitlement and Acceptance Forms despatched, and announcement of despatch	Friday, 9 June 2023
Entitlement Offer opens	Friday, 9 June 2023
Last day to extend the Closing Date for the Entitlement Offer	Tuesday, 20 June 2023
Closing Date for the Entitlement Offer (5.00pm (Sydney time)) ³	Friday, 23 June 2023
Announcement of results of Entitlement Offer	Tuesday, 27 June 2023
Settlement of the Entitlement Offer	Wednesday, 28 June 2023
Allotment of New Shares issued under the Entitlement Offer	Thursday, 29 June 2023
Normal trading on ASX for New Shares issued under the Entitlement Offer commences	Friday, 30 June 2023
Despatch of holding statements for New Shares issued under the Entitlement Offer	Monday, 3 July 2023

For further information, please contact:

If you have any questions in respect of the Entitlement Offer, please call the Company's Shareholder information line on 1800 282 5683 (within Australia) or +61 1800 282 5683 (outside Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday.

If you have any further questions, you should contact your stockbroker, solicitor, accountant, financial adviser or other professional adviser.

Important information

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States, or in any other jurisdiction in which such an offer would be illegal. The securities referred to in this document have not been and will not be registered under the United States Securities Act of 1933 (the **US Securities Act**), or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, within the United States, unless the securities have been registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act is available.

This document may not be distributed or released in the United States.

This announcement contains certain 'forward-looking statements' within the meaning of the securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of

²All dates are indicative only and subject to change. SOV and the Underwriters reserve the right to withdraw or vary the timetable without notice.

³Eligible Shareholders who wish to take up all or a part of their Entitlement must complete and return their personalised Entitlement and Acceptance Form with the requisite Application Monies or pay their Application Monies via BPAY[®] by following the instructions set out on the personalised Entitlement and Acceptance Form so that they are received by the Company's Share Registry by no later than 5.00pm (Sydney time) on 23 June 2023.

forward-looking words such as 'may,' 'should,' 'expect,' 'anticipate,' 'estimate,' 'scheduled' or 'continue' or the negative version of them or comparable terminology. Any forecasts or other forward looking statements contained in this announcement are subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and these differences may be material. AUCloud does not give any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur and you are cautioned not to place undue reliance on forward-looking statements.

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

Further information, please contact:

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About AUCloud

AUCloud is Australia's sovereign cloud Infrastructure-as-a-Service (IaaS) provider, focused on the Australian Government, Defence, Intelligence, Critical Industry communities and security conscious enterprises.

Located, owned, and operated in Australia by security cleared Australian citizens, all AUCloud services and the hosted data, remains in Australia. This includes customer data, account data, metadata, support and administrative data and derived analytics data.

AUCloud is Certified Strategic in accordance with the DTA's Hosting Certification Framework, Cloud Assessed and Authorised under the Australian Cyber Security Centre's framework to support Protected data, a VMware Sovereign Cloud Provider and ISO27001 certified across all aspects of the business.

AUCloud enables customers to benefit from sovereign data protection with the scale, automation, elasticity, and lower costs associated with hyperscale public cloud offerings.

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