

1 June 2023

Entitlement Offer cleansing notice under section 708AA(2)(f) Corporations Act – Sovereign Cloud Holdings Limited (ASX Code: SOV)

Sovereign Cloud Holdings Limited (the **Company**) announced on 1 June 2023 that it will undertake pro rata non-renounceable entitlement offer of fully paid ordinary shares in the Company to raise approximately \$8.49 million (**Entitlement Offer**).

Under the Entitlement Offer, eligible shareholders will be able to subscribe for 1 new ordinary share in the Company (**New Shares**) for every 1 existing share held (**Entitlements**) at 7.00pm (Sydney time) on 6 June 2023 (**Record Date**) at the offer price of \$0.05 per New Share (**Offer Price**).

Five major shareholders / shareholder groups in the Company (**Commitment Shareholder**) have also committed to take up their respective Entitlements either in full or in part. The commitments represent approx. 35.7% of total New Shares offered under the Entitlement Offer and the equivalent of approx. \$3.04 million based on the Offer Price.

The Entitlement Offer is partially underwritten by Peter Maloney (or an entity controlled by Peter Maloney), NEXTDC Limited ACN 143 582 521 (or an entity controlled by NEXTDC Limited) (**NEXTDC**), and Badger 31 Pty Ltd ACN 143 582 521 as trustee for the CGR Family Trust (**Badger**) (together, the **Underwriters**). The underwriting is intended to cover the portion of the Entitlement Offer not covered by commitments received from Committed Shares, being 109,047,882 New Shares. The underwriting represents approx. 64.3% of total New Shares offered under the Entitlement offer or approx. \$5.45 million based on the Offer Price.

The Company will offer the New Shares for issue without disclosure to investors under section 708AA(2)(f) *Corporations Act 2001* (Cth) (**Corporations Act**) as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 (**Instrument 2016/84**).

Further details of the Entitlement Offer are set out in the Investor Presentation and Information Booklet that have been lodged with ASX today. The Information Booklet will be dispatched to eligible shareholders on or about 9 June 2023.

Details of the securities issued

Class of securities:	Ordinary shares
ASX Code of the securities:	SOV
Date of the issue or expected issue of the securities:	29 June 2023 for shares issued under the Entitlement Offer
Total number of securities expected to be issued:	169,700,336 New Shares

For the purposes of section 708AA(7) Corporations Act, the Company advises:

- 1 the New Shares will be issued without disclosure under part 6D.2 Corporations Act as notionally modified by Instrument 2016/84;
- 2 this notice is given under section 708AA(2)(f) Corporations Act as notionally modified by Instrument 2016/84;

- 3 as at the date of this notice, the Company has complied with:
- (a) the provisions of chapter 2M Corporations Act as they apply to the Company; and
 - (b) sections 674 and 674A Corporations Act;
- 4 as at the date of this notice, there is no excluded information of the type referred to in sections 708AA(8) and 708AA(9) Corporations Act as notionally modified by Instrument 2016/84.

Effect of the Entitlement Offer on control of the Company (section 708AA(7)(e) Corporations Act)

- 5 The effect and consequence on the control of the Company as a result of the issue of New Shares under the Entitlement Offers is dependent on a number of factors.
- 6 If all eligible shareholders of the Company (**Eligible Shareholder**) take up their Entitlements, the ownership interest (and voting power) will remain largely unchanged and the effect on the control of the Company will be minimal.
- 7 To the extent any Eligible Shareholder does not take up their Entitlements in full, the percentage holding in the Company of that Eligible Shareholder will be diluted by those other Eligible Shareholders who take up some, all or more than their Entitlements.
- 8 To the extent all Entitlements are not taken up by Eligible Shareholders, the voting power of NEXTDC in the Company is expected to increase above its current interest of 19.99%.
- 9 To the extent NEXTDC acquires 25% or more of the voting power in the Company, NEXTDC would be able to prevent any special resolution from being passed at a general meeting of the Company's shareholders (e.g. amendments to the Company's constitution, approval of additional placement capacity under ASX Listing Rule 7.1A), and would also have the ability to 'strike' the remuneration report for the Company considered at each annual general meeting.
- 10 Additionally, the voting power of Badger may increase above 20% if there is lower participation from shareholders (other than Committed Shareholders) in the Entitlement Offer.
- 11 The following table sets out the impact on the voting power of NEXTDC and Badger in the Company based on various levels of shareholder participation under the Entitlement Offer, each of which include participation from the Committed Shareholders and the Underwriters subscribing for the shortfall:

Shareholder	Current voting power in the Company	Voting power in the Company immediately following completion of the Entitlement Offer		
		35% participation (Committed Shareholders only)	50% participation	75% participation
NEXTDC	19.99%	38.68%	34.11%	26.11%
Badger	11.46%	21.97%	19.40%	14.90%

Signed for and on behalf of Sovereign Cloud Holdings Limited:



Michelle Crouch
Company Secretary