

Despatch of retail entitlement offer materials

29 November 2021

SOVEREIGN CLOUD HOLDINGS LIMITED (ASX: SOV)

Sovereign Cloud Holdings Limited ("AUCloud" or "Company") is pleased to advise that the retail entitlement offer information booklet and personalised entitlement and acceptance forms relating to the pro-rata accelerated non-renounceable entitlement offer announced by AUCloud on Monday 22 November 2021 ("Entitlement Offer") have been dispatched today to eligible retail shareholders. The **attached** letter to ineligible retail shareholders has also been despatched to ineligible retail shareholders today.

The retail entitlement offer information booklet and personalised entitlement and acceptance forms are also available for download from the Company's website <https://investor.australiacloud.com.au/Investors/>

The retail entitlement offer information booklet was also lodged with ASX on Wednesday 24 November 2021 and is available to be downloaded from ASX's website at www.asx.com.au.

The retail component of the Entitlement Offer opens today and is expected to close at 5.00pm (AEDT time) on Monday 13 December 2021.

Eligible retail shareholders are encouraged to carefully read the retail entitlement offer information booklet for further details regarding the retail component of the Entitlement Offer.

Further information on the retail component of the Entitlement Offer

For further information regarding the retail component of the Entitlement Offer, please do not hesitate to contact the offer information line on 1300 222 378 (within Australia) or +61 7 1300 222 378 (outside Australia) at any time from 8.30am to 5.30pm (AEDT) Monday to Friday during the offer period.

Further information, please contact:

Corporate

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

About Sovereign Cloud Holdings Limited

Sovereign Cloud Holdings Limited (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).

IMPORTANT NOTICES

This announcement is not financial product or investment advice, a recommendation to acquire securities or accounting, legal or tax advice. It does not constitute an invitation or offer to apply for securities. It has been prepared without taking into account the objectives, financial or tax situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial and tax situation and needs and seek legal and taxation advice appropriate for their jurisdiction. AUCloud is not licensed to provide financial product advice in respect of an investment in securities.

This announcement has been prepared for publication in Australia and may not be released or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933, as amended ("US Securities Act"), and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration of the US Securities Act and applicable US state securities laws.

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29 November 2021

Dear shareholder

PRO-RATA ACCELERATED NON-RENOUCEABLE ENTITLEMENT OFFER – NOTIFICATION TO INELIGIBLE RETAIL SHAREHOLDERS

On Monday, 22 November 2021, Sovereign Cloud Holdings Limited (ACN 622 728 189) (ASX: SOV) (**Company**) announced that it was conducting a placement (**Placement**) to raise approximately \$12.4 million and a fully underwritten pro-rata accelerated non-renounceable entitlement offer (**Entitlement Offer**) of new fully paid ordinary shares in the Company (**New Shares**) on a 4 for 11 basis at an offer price of \$0.50 per New Share (**Offer Price**) to raise up to approximately \$22.6 million. The Entitlement Offer together with the Placement are referred to in this letter as the **Offer**.

Proceeds of the Offer will largely be deployed to assist with funding working capital and growth capital expenditure requirements associated with scaling the Company to critical mass, together with investing in new cloud platforms in Brisbane, Melbourne and Adelaide, as well as transaction costs. The Entitlement Offer is joint lead managed and fully underwritten by Morgans Corporate Limited (ACN 010 539 607) and Canaccord Genuity (Australia) Limited (ACN 075 071 466) (together, the **Joint Lead Managers**).

The Entitlement Offer comprises an underwritten institutional component (**Institutional Entitlement Offer**) and an underwritten retail component (**Retail Entitlement Offer**). The Institutional Entitlement Offer and the Placement have already closed and the results were announced to ASX on Wednesday, 24 November 2021.

This letter is to inform you about the Retail Entitlement Offer and to explain why you will not be able to subscribe for New Shares under the Retail Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation to you to apply for New Shares. **You are not required to do anything in response to this letter.**

Details of the Entitlement Offer

The Entitlement Offer is being made by the Company in accordance with section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**) as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73), meaning that no prospectus or other disclosure document under the Corporations Act needs to be prepared.

An offer booklet in relation to the Retail Entitlement Offer was lodged with ASX on Wednesday, 24 November 2021 and will be dispatched to Eligible Retail Shareholders today (Monday, 29 November 2021) (**Retail Offer Booklet**).

The Retail Entitlement Offer is being made to Eligible Retail Shareholders (as defined below) on the basis of 4 New Shares for every 11 existing fully paid ordinary shares in the Company held at 7.00pm (Sydney time) on Wednesday, 24 November 2021 (**Record Date**).

Eligibility Criteria

Shareholders who are eligible to participate in the Retail Entitlement Offer (**Eligible Retail Shareholders**) are those persons who:

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- (a) are registered as a holder of fully paid ordinary shares in the Company as at 7.00pm (Sydney time) on the Record Date;
- (b) have an address on the Company's register in Australia, New Zealand or the United Kingdom;
- (c) are not in the United States and are not a person (including a nominee or custodian) acting for the account or benefit of a person in the United States;
- (d) were not invited to participate in the Institutional Entitlement Offer (other than as a nominee or custodian, in each case in respect of other underlying holders) and were not otherwise treated as an ineligible institutional shareholder under the Institutional Entitlement Offer; and
- (e) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

The Company has determined, pursuant to section 9A(3) of the Corporations Act and ASX Listing Rule 7.7.1(a), and having regard to a range of factors, that it would be unreasonable on this occasion to make offers to shareholders under the Retail Entitlement Offer in all countries outside Australia, New Zealand or the United Kingdom. This is due to the legal and regulatory requirements in countries other than Australia, New Zealand or the United Kingdom and the potential costs to the Company of complying with these requirements, compared with the relatively small number of shareholders in those countries, the relatively small number of existing fully paid ordinary shares in the Company they hold and the relatively low value of New Shares for which those shareholders would otherwise be entitled to subscribe.

The Joint Lead Managers and each of their respective affiliates and related bodies corporate and each of their respective directors, officers, partners, employees, advisers, consultants, representatives and agents disclaim any liability in respect of any determination as to eligibility, to the maximum extent permitted by law.

Unfortunately, according to our records, you do not satisfy the eligibility criteria for an Eligible Retail Shareholder as stated above. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3) of the Corporations Act, the Company wishes to advise you that it will not be extending the Retail Entitlement Offer to you and you will not be able to subscribe for New Shares under the Retail Entitlement Offer. You will not be sent the documents relating to the Retail Entitlement Offer or be able to subscribe for New Shares under the Retail Entitlement Offer.

As the Retail Entitlement Offer is non-renounceable, entitlements in respect of any New Shares that would have been offered to you if you were an Eligible Retail Shareholder will lapse and you will not receive any payment or value for those entitlements. Entitlements are not tradeable on ASX or otherwise transferrable. If you have any questions in relation to any of the above matters, please contact the Company's share registry, Link Market Services Limited, on 1300 222 378 (within Australia) or +61 1300 222 378 (outside Australia) from 8.30am to 5.30pm (Sydney time), Monday to Friday. For other questions, you should consult your broker, solicitor, accountant, financial adviser or other professional adviser.

On behalf of the Company, we regret that you are not eligible to participate in the Entitlement Offer and thank you for your continued support.

Yours sincerely



Michelle Crouch
Company Secretary
Sovereign Cloud Holdings Limited

IMPORTANT INFORMATION

This letter is issued by the Company. This letter is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation, solicitation, advice or recommendation to subscribe for, retain or purchase any entitlements or securities in the Company in any jurisdiction. This letter does not constitute financial product advice and does not and will not form any part of any contract for the acquisition of entitlements or fully paid ordinary shares in the Company. Nothing contained in this document constitutes investment, legal, tax or other advice. The information in this letter is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your accountant, tax advisor, stockbroker or other professional advisor.

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This letter does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any person in the United States or in any other jurisdiction in which such an offer would be illegal. No action has been or will be taken to register, qualify or otherwise permit a public offering of the entitlements and the New Shares under the Retail Entitlement Offer in any jurisdiction outside Australia, New Zealand and the United Kingdom. In particular, neither the entitlements nor the New Shares have been, or will be, registered under the US Securities Act of 1933, as amended (US Securities Act) or under the securities laws of any state or other jurisdiction of the United States. The entitlements may not be taken up or exercised by, and the New Shares may not be offered or sold, directly or indirectly, to any person in the United States or any person acting for the account or benefit of a person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.