

ASX Announcement (SOV)

Sovereign Cloud Holdings Limited 2023 Annual General Meeting

22 September 2023

Sovereign Cloud Holdings Limited ACN 622 728 189 (the **Company**) is pleased to attach a copy of the following documents in relation to the 2023 Annual General Meeting (**AGM**) to be held on Tuesday 24 October 2023.

1. Letter to Shareholders regarding arrangements for the AGM as despatched to Shareholders.
2. Notice of 2023 Annual General Meeting (including Explanatory Memorandum).
3. Proxy Form.

This announcement was authorised for release by the Board of Directors.

Further information, please contact:

Investors

Michelle Crouch, Company Secretary

P: +61 417 123 292

E: mcrouch@aucloud.com.au

About AUCloud

AUCloud is an Australian owned and operated Cyber Security Managed Security Service Provider (MSSP) and Sovereign Cloud Service (IaaS) specialist that supports Australian Governments, Critical National Industries (CNIs) with the latest sovereign cloud infrastructure, backup and cyber security threat defence and response services. AUCloud solutions enable customers to benefit from sovereign data protection with the scale, automation, elasticity and lower costs typically associated with global cloud offerings.

AUCloud's Sovereign Cloud Service (IaaS) and Cyber Security Solutions are underpinned by a range of security certifications, including "Certified Strategic" on Digital Transformation Agency's Hosting Certification Framework (HCF), assessed to the PROTECTED controls of the Australian Signals Directorate's (ASD) Information Security Manual (ISM) through to the Australian Cyber Security Centre's Cloud Assessment and Authorisation Framework (CAAF), inclusive of the Information Security Registered Assessors Program (IRAP) certification and ISO 27001. This provides AUCloud's customers with confidence that their data is secure and that services are delivered to the highest standards.

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

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22 September 2023

Dear Shareholders

On behalf of the Board of Sovereign Cloud Holdings Limited ACN 622 728 189 (the **Company**), I am pleased to invite you to the 2023 Annual General Meeting (**AGM**). Details are provided below.

Date	Tuesday 24 October 2023
Time	10.00am (AEST)
Location	Pitcher Partners, Level 38, 345 Queen Street, Brisbane

The Company will not be sending hard copies of the Notice of Meeting to Shareholders unless Shareholders have already notified the Company that they wish to receive documents such as the Notice of Meeting in hard copy. If you have elected to receive notices by email, a communication will be sent to your nominated email address. The Notice of Meeting can be viewed and downloaded from www.australiacloud.com.au. Alternatively, a complete copy of the meeting documents has been posted to the Company's ASX market announcements page.

It may not be possible to respond to all questions raised during the AGM. Shareholders are therefore encouraged to submit questions in advance of the AGM by submitting them by email to the Company Secretary, Michelle Crouch (mcrouch@aucloud.com.au), by Thursday 19 October 2023.

The Board appreciates your ongoing support and we look forward to meeting with you at the AGM.

This announcement has been authorised for release by the board of directors of the Company.

Yours sincerely

Sovereign Cloud Holdings Limited



Cathie Reid

Chair

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Notice of Annual General Meeting

Sovereign Cloud Holdings Limited ACN 622 728 189

Notice is given that the 2023 Annual General Meeting of Shareholders (**AGM**) of Sovereign Cloud Holdings Limited ACN 622 728 189 (the **Company**) will be held at the offices of Pitcher Partners, Level 38, 345 Queen Street, Brisbane, Queensland 4000, at 10.00am (AEST) on Tuesday 24 October 2023.

This Notice of Meeting should be read in its entirety, together with the Explanatory Memorandum and enclosed proxy form. If you are unable to attend the AGM to vote, the Board encourages you to lodge your votes by proxy.

Ordinary Business

Financial Statements and Reports

To receive and consider the financial statements of the Company and the reports of the Directors (**Directors' Report**) and the Auditors for the financial year ended 30 June 2023.

Note: No resolution is required for this item of business.

Resolution 1 – Remuneration Report

To consider and, if in favour, pass the following as a non-binding resolution:

'That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as set out in the Directors' Report for the financial year ended on 30 June 2023.'

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company. A voting exclusion statement applies to this resolution.

Resolution 2 – Re-election of Philip Dawson as a Director

To consider and, if in favour, pass the following resolution as an ordinary resolution:

'That Mr Philip Dawson, a Director who retires in accordance with Listing Rule 14.4 and rule 19.3(b) of the Company's constitution, and being eligible and offers himself for election, be re-elected as a Director.'

Note: Information about this candidate appears in the Explanatory Memorandum.

Special Business

Resolution 3 – Approval of the Employee Share Option Plan

To consider and, if in favour, pass the following resolution as an ordinary resolution:

*"That, for the purposes of Listing Rule 7.2 Exception 13(b) and for all other purposes, renewal of the Company's Employee Share Option Plan (**Plan**) be approved on the terms and conditions set out in the Explanatory Memorandum."*

Note: A voting exclusion statement and a voting prohibition statement applies to this resolution.

Resolution 4 – Additional capacity to issue equity securities under Listing Rule 7.1A

To consider and, if in favour, pass the following resolution as a special resolution:

‘That, for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Memorandum.’

Note: A voting exclusion statement applies to this resolution.

22 September 2023

By order of the Board



Michelle Crouch
Company Secretary

Important information for shareholders

- (a) The AGM will be held at the offices of Pitcher Partners, Level 38, 345 Queen Street, Brisbane QLD.
- (b) Shareholders should read the Notice of Meeting and the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.
- (c) If you cannot attend the AGM, we encourage you to submit a proxy and any questions ahead of the meeting via the methods set out above.
- (d) For the purposes of regulations 7.11.37 and 7.11.38 of the Corporations Act Regulations, the Directors have determined that, for the purposes of voting at the AGM, Shareholders are those persons recorded on the Company's register of Shareholders as at 7.00pm (Brisbane time) on 20 October 2023 (being no more than 48 hours prior to the commencement of the meeting).
- (e) Terms used in this Notice of Meeting which are defined in the Explanatory Memorandum have the meanings given to them in the Glossary to the Notice of Meeting.
- (f) Ordinary resolutions require the support of more than 50% of the votes cast. Special resolutions require the support of at least 75% of the votes cast. All resolutions at this AGM, other than Resolutions 5, are ordinary resolutions. Resolution 4 is a special resolution. All resolutions at the AGM will be voted on by poll and Shareholders who are entitled to vote may vote either prior to the AGM by appointing a proxy or by poll during the AGM.
- (g) In accordance with section 249L of the Corporations Act, Shareholders are advised that:
 - (i) each Shareholder has the right to appoint a proxy;
 - (ii) the proxy need not be a Shareholder of the Company; and
 - (iii) a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the Shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise half of the votes.
- (h) If you wish to appoint a proxy and are entitled to do so, then complete and return the enclosed proxy form. In accordance with section 250B(1) of the Corporations Act, to be effective, the proxy must be received by the Company no later than 10:00am (Brisbane time) on 22 October 2023 (48 hours before the commencement of the AGM). Shareholders can return the completed proxy in any of the following ways:
 - (i) sending it by mail to Sovereign Cloud Holdings Limited, C/- Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235, Australia; or
 - (ii) online at www.linkmarketservices.com.au.
 - (iii) Fax +61 2 9287 0309
- (i) A proxy may decide whether to vote on any motion except where the proxy is required by law or the Constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may only vote on that item in accordance with that direction. If a proxy is not directed how to vote on an item of business, a proxy may vote how he or she thinks fit.
- (j) If a Shareholder appoints the Chair as the Shareholder's proxy and does not specify how the Chair is to vote on an item of business, subject to the Corporations Act, the Chair will vote, as a proxy for that Shareholder, in favour of the item on a poll.
- (k) Shareholders who are body corporates may appoint a person to act as their corporate representative at the AGM by providing that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as the body corporate's representative. The authority may be sent to the Company and/or registry in advance of the AGM or handed in at the AGM when registering as a corporate representative. An appointment of corporate representative form is available from the website of the Company's share registry (Link Market Services).
- (l) If you have any queries on how to cast your votes then please call Company Secretary Michelle Crouch on +617 417 123 292 during business hours or email mcrouch@aucloud.com.au.

Voting Prohibition and Exclusion Statements

Corporations Act

The Corporations Act prohibits votes being cast (in any capacity) on the following resolutions by or on behalf of any of the following persons:

Resolution	Persons exclude from voting
Resolution 1 – Remuneration Report	The Company will disregard votes cast by or on behalf of a member of the KMP or a closely related party of a member of the KMP in contravention of section 250BD of the Corporations Act. However, KMP and their closely related parties may cast a vote on Resolution 1 and Resolution 3 as proxy if the vote is not cast on their behalf and either:
Resolution 3 – Approval of Employee Share Option Plan	(a) the proxy appointment is in writing and specifies the way the proxy is to vote (e.g. for, against, abstain) on Resolution 1 or Resolution 3; or (b) the vote is cast by the Chair and the appointment of the Chair as proxy: <ol style="list-style-type: none"> (i) does not specify the way the proxy is to vote on Resolution 1 or Resolution 3; and (ii) expressly authorises the Chair to exercise the proxy even if Resolution 1 or Resolution 3 is connected directly or indirectly with the remuneration of a member of the KMP.
	If you are a member of the KMP or a closely related relative of a member of the KMP (or acting on behalf of such a person) and purport to cast a vote that will be disregarded by the Company, you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

Listing Rules

Under Listing Rule 14.11, the Company will disregard any votes cast in favour of a resolution by or on behalf of:

Resolution	Persons excluded from voting
Resolution 3 – Approval of Employee Share option Plan	a person who is eligible to participate in the Company's Employee Share Option Plan (Plan), or any associates of those persons.
Resolution 4 – Additional capacity to issue shares under Listing Rule 7.1A	any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company), or any associates of those persons. Note: As at the date of dispatch of this Notice of Meeting, the Company is not proposing to make an issue of equity securities under Listing Rule 7.1A.2. On that basis, no Shareholders are currently excluded from voting on Resolution 4.

However, the Company need not disregard a vote cast in favour of a resolution if it is cast by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Explanatory Memorandum

The Explanatory Memorandum has been prepared to assist Shareholders in determining how to vote on the resolutions set out in the Notice of Meeting and is intended to be read in conjunction with the Notice of Meeting.

Financial Statements and Reports

- (1) The *Corporations Act 2001* (Cth) (**Corporations Act**) requires that the Company's financial report, the Directors' report and the auditor's report be laid before the Annual General Meeting.
- (2) Apart from the matters involving remuneration which are required to be voted upon, neither the Corporations Act nor the Constitution requires a vote of Shareholders at the Annual General Meeting on the financial statements and reports.
- (3) Shareholders will be given a reasonable opportunity at the AGM to raise questions and make comments on these reports.
- (4) In addition to asking questions at the AGM, Shareholders may address written questions to the AGM Chair about the management of the Company or to the Company's auditor, Bentleys Brisbane (Audit) Pty Ltd (**Bentleys**), if the question is relevant to:
 - (a) the content of the auditor's report; or
 - (b) the conduct of its audit of the annual financial report to be considered at the AGM.
- (5) Written questions for the auditor must be delivered to the Company by no later than 5:00pm (Brisbane time) on 17 October 2023, being five business days before the day on which the Annual General Meeting will be held. Please send any written questions for Bentleys to Michelle Crouch, the Company Secretary at:

Sovereign Cloud Holdings Limited
GPO Box 1144
Brisbane QLD 4001
or via email to: mcrouch@aucloud.com.au

Resolution 1: Directors' Remuneration Report

- (6) The Corporations Act requires that the section of the directors' report dealing with the remuneration of directors and other KMP be put to the vote of Shareholders for adoption.
- (7) The resolution of Shareholders is advisory only and not binding on the Company. However, if at least 25% of the votes cast on this resolution are against the adoption of the Remuneration Report, the remuneration report for the following year must either address any comments received from Shareholders or explain why no action has been taken in response to those comments. If, at the following annual general meeting, the remuneration report is again voted against by 25% or more of votes cast, a 'spill resolution' will be put to Shareholders. If at least 50% of the votes cast are in favour of the 'spill resolution' a special meeting of the Company will be held within 90 days at which the Directors in office at the time of the second annual general meeting must resign and stand for re-election.
- (8) The Remuneration Report is contained in the Company's Annual Report, which is available on the Company's website at www.aucloud.com.au. The Remuneration Report:
 - (a) explains the Board's policies in relation to the nature and level of remuneration paid to Directors and other KMP within the SOV group;
 - (b) discusses the link between the Board's policies and SOV's performance;
 - (c) sets out the remuneration details for each Director and for each other member of SOV's KMP; and
 - (d) makes clear that the basis for remunerating non-executive Directors is distinct from the basis for remunerating executives, including executive Directors.

- (9) The Chair will give Shareholders a reasonable opportunity to ask questions about, or to make comments on, the Remuneration Report at the AGM.

Directors' Recommendation:

- (10) The Directors abstain from making a recommendation in relation to Resolution 1.

Note: If you appoint the Chair as your proxy, and you do not provide voting directions, the Chair is entitled to cast your vote in accordance with her stated intentions, even though the resolution is connected directly or indirectly with the remuneration of the Chair, being a member of the KMP. The Chair intends to vote all available proxies in favour of Resolution 1.

If you appoint another Director or member of the KMP as your proxy for this resolution, you MUST direct your proxy how to vote, otherwise your vote will not be counted. Follow the instructions on nominating a proxy given in the Notice of Meeting.

Resolution 2: Re-election of Phil Dawson as a Director

- (11) Listing Rule 14.4 and rule 19.3(b) of the Company's constitution provides that no director, who is not a managing director, may hold office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected.
- (12) Mr Dawson was appointed as Managing Director on 20 November 2017, and as a result has been exempt from standing for re-election under Listing Rule 14.4 and rule 19.2(b) of the Company's constitution. Mr Dawson ceased as Managing Director on 30 January 2023 following the appointment of Peter Maloney and is now required under Listing Rule 14.4 and rule 19.3(b) of the Company's constitution to retire and stand for re-election as Director. As such, Mr Dawson retires as a director of the Company and, being eligible, offers himself for re-election as a Director.
- (13) Mr Dawson is an elected Board member of the ACT/Federal Council of the AIIA and has participated in both the ACSC Industry Forum on Cloud Security Guidance, the Federal Government's Digital Task Force and recently as a witness to the Parliamentary Joint Committee on Intelligence and Security. In the UK, he was a Board member of TechUK, and a member of the UK's Information Economy Council and co-author with Professor Nigel Shadbolt, of the UK's Data Capability Strategy.

Directors' Recommendation:

- (14) The Directors (with Mr Dawson abstaining) recommend that Shareholders vote in favour of this Resolution 2.

Resolution 3: Approval of Employee Share Option Plan

Background

- (15) The Company is seeking shareholder approval to approve the Company's Employee Share Option Plan (**Plan**) in order to assist in the motivation, retention and reward of employees of the Company and its subsidiaries.
- (16) The Board is committed to incentivising and retaining the Company's Directors and employees in a manner which promotes alignment of their interests with shareholder interests. Additionally, the Board considers equity-based compensation an integral component of the Company's remuneration platform as it allows it to be fiscally prudent by conserving cash resources while still enabling it to offer market-competitive remuneration arrangements.
- (17) The Plan will enable employees, Directors or such other persons as the Board should deem fit, to receive options to acquire shares in the Company. No directors or their associates can or will be issued options under the Plan unless shareholder approval of specific issues to them is obtained.
- (18) Approval is sought to issue up to 5,000,000 Equity Securities (each option conditionally entitling the applicable holder to one fully paid ordinary share upon achievement of the applicable milestone and exercise). Any further issue over the Plan's maximum cap will require Shareholder approval, unless the issue of Equity Securities does not result in the Company exceeding its placement capacity under Listing Rule 7.1 for the 12-month period immediately preceding the date of issue.
- (19) The objects of the Plan are to:
- (a) attract and retain Eligible Participants by providing them with an incentive to join and remain employed or engaged with the Group in the long term;

- (b) incentivise the performance of Eligible Participants in achieving the strategic objectives of the Group;
 - (c) recognise the ongoing ability of Eligible Participants and their expected efforts and contribution in the long term to the performance and success of the Group; and
 - (d) provide Eligible Participants with the opportunity to acquire Equity Securities in the Company in accordance with these Rules, with the result of aligning interests between the Company and Eligible Participants.
- (20) If this resolution is passed, the Company will be able to issue Equity Securities under the Plan to Eligible Participants over a period of 3 years. Any issue of Equity Securities under the Plan (up to the maximum number of 5,000,000 Equity Securities) will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under Listing Rule 7.1.
- (21) For the avoidance of doubt, the Company will seek Shareholder approval under Listing Rule 10.14 in respect of any future issues of Equity Securities under the Plan to a director, an associate of a director or a person whose relationship with the Company is such that, in ASX's opinion, shareholder approval should be obtained.
- (22) If this resolution is not passed, the Company will still be able to proceed with the issue of Equity Securities under the Plan to Eligible Participants; however, any issues of Equity Securities will reduce the Company's capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1 for the 12-month period following the issue of the Equity Securities.

Information requirements under Listing Rules

- (23) Listing Rule 7.1 requires that shareholder approval is required for an issue of Equity Securities if the securities will, when aggregated with the Equity Securities issued by the entity during the previous 12 months, exceed 15% of the number of Equity Securities on issue at the commencement of that 12-month period.
- (24) Listing Rule 7.2 exception 13(b) provides an exception to Listing Rule 7.1 for Equity Securities issued under an employee incentive scheme for 3 years after shareholder approval of the scheme. The Company therefore seeks approval of the Plan under Listing Rule 7.2 Exception 13(b) so that issues of Equity Securities under the Plan do not impede the capacity of the Company to issue up to 15% of its capital without shareholder approval.
- (25) For the purpose of Listing Rule 7.2 exception 13(b), the following information is provided in respect of the Plan:
- (a) A summary of material terms and conditions of the Plan is set out in the Annexure to this Notice.
 - (b) Since the Company's admission to the Office List on 11 December 2020, the Company has issued 4,784,202 Equity Securities under the Plan. At the date of this notice, of the Equity Securities issued under the Plan:
 - (i) 1,681,475 options have lapsed;
 - (ii) 3,102,727 options have not vested;
 - (c) The maximum number of Equity Securities proposed to be issued under the Plan pursuant to Listing Rule 7.2 exception 13(b) following approval of the resolution is 5,000,000 (subject to adjustment in the event of a reorganisation of capital and further subject to applicable laws and the Listing Rules). The maximum number comprises approximately 1.43% of the Company's fully diluted share capital as at the date of this Notice. The maximum number of Equity Securities is not intended to be a prediction of the actual number to be issued under the Plan but is specified for the purpose of setting a limit in accordance with Listing Rule 7.2 exception 13(b). It is not envisaged that the maximum number of Equity Securities for which approval is obtained will be issued immediately.
- (26) A copy of the Plan is available to Shareholders free of charge upon request to the Company Secretary and is available from the Company's ASX announcements (refer announcement on 11 December 2020).

Directors' Recommendation:

- (27) As the Directors of the Company are excluded from voting pursuant to the Listing Rules, they make no recommendation to the shareholders in respect of Resolution 3. The Chair in her capacity as proxy holder intends to vote undirected proxies in favour of approving this Resolution 3.

Resolution 4: Additional capacity to issue equity securities under Listing Rule 7.1A

- (28) Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Listing Rule 7.1A

- (29) Listing Rule 7.1A enables eligible entities to issue quoted Equity Securities up to 10% of its issued share capital through placements over a Relevant Period following shareholder approval by way of a special resolution. The 10% Placement Facility is subject to conditions and is additional to the Company's 15% placement capacity under Listing Rule 7.1.
- (30) An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

(a) **Maximum number of Equity Securities which may be issued**

- (i) The number of Equity Securities which may be issued, or agreed to be issued, under the 10% Placement Facility is prescribed in Listing Rule 7.1A.2 and is calculated as follows:

$\text{Number of Equity Securities} = (A \times D) - E$

"A" the number of fully paid ordinary shares on issue at the commencement of the Relevant Period:

- (A) plus the number of fully paid shares issued in the Relevant Period under an exception in Listing Rule 7.2 other than exception 9, 16 or 17;
- (B) plus the number of fully paid ordinary shares issued in the Relevant Period on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:
 - the convertible securities were issued or agreed to be issued before the commencement of the Relevant Period; or
 - the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4;
- (C) plus the number of fully paid ordinary shares issued in the Relevant Period under an agreement to issue securities within Listing Rule 7.2 exception 16 where:
 - the agreement was entered into before the commencement of the Relevant Period; or
 - the agreement or issue was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4;
- (D) plus the number of any other fully paid ordinary shares issued in the Relevant Period with approval under Listing Rule 7.1 or Listing Rule 7.4;
- (E) plus the number of partly paid shares that became fully paid in the Relevant Period;
- (F) less the number of fully paid ordinary shares cancelled in the Relevant Period.

“D” is 10%.

“E” is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the Relevant Period where the issue or agreement has not been subsequently approved by Shareholders under Listing Rule 7.4.

- (ii) The actual number of Equity Securities that may be issued under Listing Rule 7.1A is calculated at the date of issue of the Equity Securities in accordance with the above formula.
- (iii) The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.
- (iv) As the date of this Notice of Meeting, the Company has the following securities on issue:
 - (A) 339,700,336 fully paid ordinary shares.
 - (B) the following unlisted options granted under the Company's Employee Share Option Plan:
 - 876,468 options (all vested), granted on 30 September 2020, exercisable at 60 cents each and expiring 30 June 2024; and
 - 602,727 options granted on 9 September 2022, \$nil exercise price and expiring on 1 July 2027
 - 1,000,000 options granted on 19 October 2022, \$nil exercise price and expiring on 1 July 2027
 - 1,500,000 options granted on 30 January 2023, \$nil exercise price and expiring on 31 December 2027

(b) Impact of Resolution 3 being passed or not being passed

- (i) If Resolution 3 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.
- (ii) If Resolution 3 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

Specific information required by Listing Rule 7.3A

- (31) For the purposes of Listing Rule 7.3A, the following information is provided about the proposed issue:
- (a) The approval will be valid for the period commencing on the date of the AGM and expires on the first to occur of the following:
 - (i) the date that is 12 months after the date of the AGM;
 - (ii) the time and date of the Company's next annual general meeting; and
 - (iii) the time and date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 or Listing Rule 11.2.
 - (b) The Equity Securities will be issued for a cash consideration per security which is not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the Equity Securities; or
 - (ii) if the Equity Securities are not issued within 10 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
 - (c) The Company may use the funds raised for general working capital requirements, product development, capital expenditure or to fund strategic investments.
 - (d) There is a risk of economic and voting dilution to existing Shareholders in approving the 10% Placement Facility, including the risks that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than when Shareholders approve the 10% Placement Facility; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date.
- (e) Following is a table that sets out the potential dilution of existing Shareholders if Equity Securities are issued under the 10% Placement Facility:

Variable "A" in Listing Rule 7.1A.2		10% Voting Dilution		
		\$0.05 50% decrease in Issue Price	\$0.10 Issue Price	\$0.20 100% increase in Issue Price
Current Variable A (339,700,336 Shares)	Shares issued	33,970,033	33,970,033	33,970,033
	Funds Raised	\$1,698,502	\$3,397,003	\$6,794,007
50% increase in current Variable A (509,550,504 Shares)	Shares issued	50,955,050	50,955,050	50,955,050
	Funds Raised	\$2,547,752	\$5,095,505	\$10,191,010
100% increase in current Variable A (679,400,672 Shares)	Shares issued	67,940,067	67,940,067	67,940,067
	Funds Raised	\$3,397,003	\$6,794,007	\$13,588,013

Note: The above table shows (A) two examples where the share price of the Company has decreased by 50% and increased by 100% against the current market price, and (B) two examples where variable 'A' has increased by 50% and 100%.

- (i) The table has been prepared on the following assumptions:
 - (A) Resolution 4 is approved by Shareholders;
 - (B) The Company issues, or agrees to issue, the maximum number of Equity Securities available under the 10% Placement Facility.
 - (C) No options over Shares are exercised before the date of the issue of the Equity Securities.
 - (D) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - (E) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes quoted options, it is assumed that those quoted options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
 - (F) The issue price is \$0.10 being the closing price of the Shares on ASX on 08 September 2023.
 - (ii) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the AGM.
 - (iii) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (f) The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 upon issue of any Equity Securities.
- (g) The Company is yet to identify the persons to whom Equity Securities will be issued to under the 10% Placement Facility. The Company's policy for allocating Equity Securities issued under the 10% Placement Facility will be determined on a case-by-case basis depending upon the

purpose, and prevailing market conditions at the time, of any issue and having regard to factors including but not limited to the following:

- (i) the fundraising methods available to the Company, including but not limited to, rights issue or other issue which may minimise dilution to Shareholders;
 - (ii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iii) the financial situation and solvency of the Company; and
 - (iv) advice from corporate, financial and broking advisers (if applicable).
- (h) The subscribers may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.
- (i) There is no circumstance where the Company has agreed before the 12-month period to issue Equity securities under Listing Rule 7.1A.2 but as at the date of the AGM not yet issued those Equity Securities.
- (j) At the date of the Notice of Meeting, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A.2, no voting exclusion statement is required for the Notice of Meeting.

Directors' Recommendation:

- (32) The Directors unanimously recommend you vote in favour of Resolution 4.

Glossary

In this Notice of Meeting and Explanatory Memorandum:

AEST	means Australia Eastern Standard Time.
Annual Report	means the financial statements of the Company and the reports of the Directors and the Auditors for the financial year ended 30 June 2023.
ASX	means ASX Limited or the Australian Securities Exchange operated by ASX Limited, as the context requires.
Board	means the board of Directors.
Chair, Chairman or Chairperson	means the chair of the Company.
Closely Related Party of a member of the Key Management Personnel	means a spouse or child of the member; or a child of the member's spouse; or a dependent of the member or the member's spouse; or anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity; or a company the member controls; or a person prescribed by the <i>Corporations Regulations 2001</i> (Cth).
Company or SOV	means Sovereign Cloud Holdings Limited ACN 622 728 189.
Constitution	means the constitution of the Company as amended.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth) as amended.
Director	means a director of the Company.
Employee Share Option Plan or Plan	means the employee share option plan of the Company, a copy of which was lodged with ASX on 11 December 2020.
Equity Securities	has the same meaning given in the Listing Rules.
Explanatory Memorandum	means this Explanatory Memorandum.
Key Management Personnel	has the same meaning given in the Listing Rules.
Listing Rule	means the listing rules of the ASX.
Meeting or AGM	means the annual general meeting convened by this Notice of Meeting (as adjourned from time to time).
Notice or Notice of Meeting	means this notice of meeting.
Proxy Form	means the proxy form attached to this Notice of Meeting.
Relevant Period	has the meaning given in Listing Rule 7.1, being: <ul style="list-style-type: none"> (a) if the entity has been admitted to the official list for 12 months or more, the 12 month period immediately preceding the date of the issue or agreement; or (b) if the entity has been admitted to the official list for less than 12 months, the period from the date the entity was admitted to the official list to the date immediately preceding the date of the issue or agreement.
Remuneration Report	means the remuneration report of the Company included in the Directors' Report section of the Company's Annual Report.
Resolution	means a resolution set out in the Notice of Meeting.
Share	means a fully paid ordinary share in the capital of the Company.

Shareholder

means a holder of a Share.

Trading Days

means a trading day as defined in Chapter 19 of the Listing Rules.

VWAP

means volume weighted average market price as defined in Chapter 19 of the Listing Rules.

Annexure – Summary of material terms of Employee Share Option Plan

Eligibility	<p>The Board may, in its absolute discretion, invite an Eligible Participant to participate in the Company’s employee share option plan (Plan). An Eligible Participant includes:</p> <ul style="list-style-type: none"> (a) a director of the Company; (b) an employee of the Group; and (c) a person who acts in an advisory capacity for or is engaged in the provision of services to, the Group.
Terms of Options	<ul style="list-style-type: none"> (a) Each Option will be granted to an Eligible Participant under the Plan for nil consideration. (b) Each Option will entitle its holder to acquire one fully paid ordinary share in the capital of the Company: <ul style="list-style-type: none"> (i) provided any acquisition of Shares does not breach the Corporations Act; (ii) provided any Vesting Conditions have been satisfied; (iii) during the Exercise Period; (iv) for payment of the Exercise Price; and (v) otherwise in the manner required by the Board and specified in writing to the Eligible Participant at the time the Option is granted. (c) Options will not be listed for quotation on the ASX; however, the Company will apply for official quotation of the Shares issued upon the exercise of any vested Options. (d) The Expiry Date of Options shall be as determined upon acceptance by the Board of an application by the Eligible Participants for the Options in response to an Offer of Options made by the Company to the Eligible Participant. (e) The Exercise Price of an Option (or the method for determining the Exercise Price) will be set by the Board in accordance with the Plan Rules and set in each Offer. (f) A Participant is not entitled to participate in or receive any dividends or other Shareholder benefits until its Options have vested and been exercised and Shares have been allocated to the Participant as a result of the exercise of Options. (g) There are no participating rights or entitlements inherent in the Options and Participants will not be entitled to participate in new issues of securities offered to Shareholders of the Company during the currency of the Options. (h) Following the issue of Shares on the exercise of vested Options, Participants will be entitled to exercise all rights of a Shareholder attaching to the Shares, subject to any disposal restrictions advised to the Participant at the time of their acquisition of the Options. (i) An Eligible Participant may (by notifying the Board in writing) nominate a body corporate controlled by the Eligible Participant (Permitted Nominee) to receive an Offer of Options under the Plan and to hold the Options. (j) If there is a reconstruction of the issued capital of the Company (including consolidation, sub-division, reduction or return) and the Company is listed on ASX at that time, the number of Shares to be issued on exercise of an Option, the Exercise Price or both, will be adjusted to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital.

Offers	<p>An Offer made under the Plan must state:</p> <ul style="list-style-type: none"> (a) the total number of Options for which the Eligible Participant may accept; (b) the date of the Offer; (c) the Exercise Period (including the Exercise Date and the Expiry Date); (d) the Exercise Price; (e) any Vesting Conditions; (f) any Disposal Restrictions; (g) any other terms of the Options; and (h) any matters required to be specified by the Corporations Act.
Vesting Conditions	<ul style="list-style-type: none"> (a) When granting Options, the Board may make their vesting conditional on the satisfaction of certain condition within a specified period (Vesting Conditions). (b) The Options will vest following satisfaction of the Vesting Conditions or otherwise in the manner specified in writing to the Eligible Participant at the time the Option is granted.
Disposal Restrictions	<ul style="list-style-type: none"> (a) An Offer made under the Plan may specify that an Eligible Participant is not permitted to Dispose of any interest in an Option or Shares on exercise of an Option, granted under the Plan until the expiry of a disposal period (Disposal Restriction). (b) The Board may determine the Disposal Restriction ceases in circumstances where they consider that a Change of Control Trigger Event may occur, the Board must consider any taxation implications of a decision to remove the Disposal Restriction.
Lapse	<ul style="list-style-type: none"> (a) Subject to the terms of an Offer, a Participant may exercise an Option at any time in the Exercise Period by: <ul style="list-style-type: none"> (i) delivering a Notice of Exercise; and (ii) paying the Exercise Price, to the Company. (b) Unless the Board decides otherwise, an Option that has not been exercised on or before the Expiry Date, lapses on the day after the Expiry Date. (c) Subject to the terms of an Offer and unless the Board decides otherwise, if an Eligible Participant ceases to be employed or engaged with the Group for any reason (including termination, resignation, redundancy, death or serious illness) the Expiry Date for all Options is adjusted in the manner set out in the Offer.
Change of Control	<p>A Change of Control Trigger Event occurs where:</p> <ul style="list-style-type: none"> (a) a person acquires voting power (within the meaning of section 610 Corporations Act) in more than 50% of the ordinary shares in the Company; (b) an order of the court made for the purposes of section 411(4)(b) Corporations Act, in connection with a members' scheme of arrangement to effect a change of Control of the Company, is lodged with ASIC under section 411(10) Corporations Act; (c) the Company disposes of the whole or a substantial part of its assets or undertaking; (d) listing of the Company or other member of the Group on a Stock Exchange; or (e) an event set out in paragraph (a), (b), (c) or (d) is, in the opinion of the Board, likely to occur in the near future and the Board decides to nominate a date on which a Change of Control Trigger Event is taken to have occurred.

	<p>If a Change of Control Trigger Event occurs, the Company may, subject to the Participant exercising the Option:</p> <ul style="list-style-type: none">(a) buy-back Options held by a Participant for:<ul style="list-style-type: none">(i) an amount agreed with the Participant; or(ii) Fair Value, calculated under the Black Scholes valuation model or a generally accepted valuation methodology selected by the Board.(b) arrange for options to acquire shares in the Bidder to be granted to the Participants on substantially the same terms as the Options, but with any appropriate and reasonable adjustments decided by the Board to the number of shares in the Bidder to be issued on exercise of those options or the exercise price of those options, to ensure the Participants are not materially financially disadvantaged;(c) allow the Options to continue in accordance with their terms; or(d) proceed with a combination of any of the alternatives in (a), (b) or (c).
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LODGE YOUR VOTE
 **ONLINE**
www.linkmarketservices.com.au
 **BY MAIL**
 Sovereign Cloud Holdings Limited
 C/- Link Market Services Limited
 Locked Bag A14
 Sydney South NSW 1235 Australia

 **BY FAX**
 +61 2 9287 0309

 **BY HAND**
 Link Market Services Limited
 Parramatta Square, Level 22, Tower 6,
 10 Darcy Street, Parramatta NSW 2150; or

 **ALL ENQUIRIES TO**
 Telephone: 1300 554 474 Overseas: +61 1300 554 474

PROXY FORM

I/We being a member(s) of Sovereign Cloud Holdings Limited and entitled to participate in and vote hereby appoint:

APPOINT A PROXY

 the Chair of the Meeting (mark box)
OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

STEP 1

 or failing the person or body corporate named, or if no person or body corporate is named, the Chair of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am (AEST) on Tuesday, 24 October 2023 at Pitcher Partners, Level 38, 345 Queen Street, Brisbane (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolutions 1, 3 & 4: If the Chair of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chair of the Meeting to exercise the proxy in respect of Resolutions 1, 3 & 4, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chair of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.
Please read the voting instructions overleaf before marking any boxes with an .

Resolutions

	For	Against	Abstain*
1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Philip Dawson as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval of the Employee Share Option Plan (ESOP)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Additional capacity to issue equity securities under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 2
 * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

 This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

STEP 3


HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chair of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to participate in the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to participate in the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (AEST) on Sunday, 22 October 2023**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

Sovereign Cloud Holdings Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
Parramatta Square
Level 22, Tower 6
10 Darcy Street
Parramatta NSW 2150

*During business hours Monday to Friday (9:00am - 5:00pm)

**IF YOU WOULD LIKE TO PARTICIPATE IN AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**