



Sovereign Cloud Holdings Limited

ACN 622 728 189

Entitlement Offer

1 for 1 pro-rata non-renounceable entitlement offer of fully paid ordinary shares in the Company at an Offer Price of \$0.05 per New Share.

The Entitlement Offer closes at 5.00pm (Sydney time) on 23 June 2023.

This Offer Booklet requires your immediate attention. It is an important document which is accompanied by a personalised Entitlement and Acceptance Form and both should be read in their entirety. This Offer Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. Please call your stockbroker, solicitor, accountant, financial adviser or other professional adviser or the Company's Shareholder information line on 1800 282 568 (within Australia) or +61 1800 282 568 (outside Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday.

Not for release to US wire services or distribution in the United States

IMPORTANT NOTICES

Defined terms and abbreviations used in this Offer Booklet are set out in the glossary in Section 7.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES.

This Offer Booklet has been prepared and issued by Sovereign Cloud Holdings Limited (ACN 622 728 189) (**Company**) and is dated 1 June 2023. This Offer Booklet relates to an entitlement offer by the Company of New Shares to raise gross proceeds of approximately \$8.49 million (**Entitlement Offer**).

The Entitlement Offer is being made in Australia pursuant to section 708AA of the Corporations Act (as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73), which allow entitlement offers to be made to investors without a prospectus). This Offer Booklet does not contain all of the information which an investor may require to make an informed investment decision, nor does it contain all the information which would be required to be disclosed in a prospectus, product disclosure statement or other disclosure document under the Corporations Act. The information in this Offer Booklet does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs.

This Offer Booklet should be read in its entirety before you decide to participate in the Entitlement Offer. This Offer Booklet is not a prospectus, product disclosure statement or other disclosure document under the Corporations Act and has not been lodged with ASIC.

As this offer is not being made under a prospectus, investment statement or product disclosure statement, it is important for Eligible Shareholders to read carefully and understand this Offer Booklet and the information about the Company and the Entitlement Offer that is made publicly available. In particular, please refer to the materials in this Offer Booklet (including the Company's Investor Presentation in Section 5), the Company's annual reports and other ASX announcements made available at www.australiacloud.com.au (including the Company's 2021-2022 annual report which was released to ASX on 16 September 2022), and other ASX announcements which may be made by the Company after publication of this Offer Booklet.

By paying for your New Shares through BPAY® in accordance with the instruments on your personalised Entitlement and Acceptance Form, you acknowledge that you have read this Offer Booklet and you have acted in accordance with and agree to the terms of the Entitlement Offer detailed in this Offer Booklet.

The Lead Manager and Underwriters, nor their respective related bodies corporate or affiliates, nor any of their respective directors, officers, partners, employees, representatives, contractors, consultants, agents or advisers (together, the **Relevant Parties**) have authorised, permitted or caused the issue or lodgement, submission, despatch or provision of this Offer Booklet and there is no statement in this Offer Booklet which is based on any statement made by the Lead Manager, the Underwriters or by any Relevant Party. To the maximum extent permitted by law, each Relevant Party expressly disclaims all duties and liabilities (including for fault, negligence and negligent misstatement) in respect of, and makes no representations or warranties regarding, and takes no responsibility for, any part of this Offer Booklet or any action taken by you on the basis of the information in this Offer Booklet, and makes no representation or warranty as to the fairness, currency, accuracy, reliability or completeness of this Offer Booklet.

Foreign offer restrictions

This Offer Booklet (including the Company's Investor Presentation included as part of it) and the accompanying Entitlement and Acceptance Form do not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. In particular, this Offer Booklet does not constitute an offer to Ineligible Shareholders and may not be distributed in the United States and the New Shares may not be offered or sold, directly or indirectly, to persons in the United States.

No action has been taken to register or qualify the Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia.

Foreign exchange control restrictions or restrictions on remitting funds from your country to Australia may apply. Your Application for New Shares is subject to all requisite authorities and clearances being obtained for the Company to lawfully receive your Application Monies.

This Offer Booklet does not constitute an offer of New Shares in any jurisdiction in which it would be unlawful. In particular, this Offer Booklet may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below. If you come into possession of the information in this booklet, you should observe such restrictions and should seek your own advice on such

restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021.

This Offer Booklet has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013. This Offer Booklet is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Philippines

THE SECURITIES BEING OFFERED OR SOLD HAVE NOT BEEN REGISTERED WITH THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION ("SEC") UNDER THE PHILIPPINE SECURITIES REGULATION CODE (THE "CODE"). ANY FUTURE OFFER OR SALE THEREOF IS SUBJECT TO REGISTRATION REQUIREMENTS UNDER THE CODE UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION.

The New Shares are being offered or sold to existing shareholders of the Company in an exempt transaction under Section 10.1(e) of the Code. The Company has not sought confirmation, and the SEC has not confirmed, whether the Offer qualifies as an exempt transaction under the Code.

United Kingdom

Neither this Offer Booklet nor any other document relating to the offer of New Shares has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this Offer Booklet or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This Offer Booklet is issued on a confidential basis in the United Kingdom to fewer than 150 persons who are existing shareholders of the Company. This Offer Booklet may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this Offer Booklet is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this Offer Booklet relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this Offer Booklet.

United States

This Offer Booklet, the accompanying Entitlement and Acceptance Form, and any accompanying ASX Announcements (including the Company's Investor Presentation included as part of this Offer Booklet) do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States.

Neither this Offer Booklet nor the accompanying Entitlement and Acceptance Form may be distributed or released in the United States. The New Shares have been, or will be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be taken up by, and the New Shares may not be offered or sold to persons in the United States or persons who are acting for the account or benefit of a person in the United States unless they have been registered under the US Securities Act or offered or sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable US state securities laws. The New Shares may only be offered and sold outside the United States in

'offshore transactions' (as defined in Rule 902(h) under the US Securities Act) in compliance with Regulation S under the US Securities Act.

References to "you" and "your Entitlement"

In this Offer Booklet, references to "you" are references to Eligible Shareholders (as defined in Section 1.2) and references to "your Entitlement" (or "your Entitlement and Acceptance Form") are references to the Entitlement (or Entitlement and Acceptance Form) of Eligible Shareholders.

Times and dates

Times and dates in this Offer Booklet are indicative only and may be subject to change. All times and dates refer to Sydney time. Refer to the "Key Dates" section of this Offer Booklet for more details.

Currency

Unless otherwise stated, all dollar values in this Offer Booklet are in Australian dollars (AUD).

Privacy

The Company collects information about each applicant provided on an Entitlement and Acceptance Form for the purposes of processing the application and, if the application is successful, to administer the applicant's holding in the Company.

By paying for your New Shares, you will be providing personal information to the Company (directly or through the Company's Share Registry). The Company collects, holds and will use that information to assess your application. The Company collects your personal information to process and administer your shareholding in the Company and to provide related services to you. The Company may disclose your personal information for purposes related to your shareholding in the Company, including to the Company's Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to personal information that the Company holds about you. To make a request for access to your personal information held by (or on behalf of) the Company, please contact the Company through the Company's Share Registry.

Governing law

This Offer Booklet, the Entitlement Offer, and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the laws applicable in Queensland, Australia. Each applicant submits to the non-exclusive jurisdiction of the courts of Queensland, Australia and courts competent to hear appeals from those courts.

Future performance and forward-looking statements

This Offer Booklet contains certain "forward-looking statements", including but not limited to projections and guidance on the future performance of the Company and the outcome and effects of the Entitlement Offer. Forward-looking statements can generally be identified by the use of forward-looking words such as "expect", "anticipate", "likely", "intend", "propose", "should", "could", "may", "predict", "plan", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance", "potential", and other similar expressions within the meaning of securities laws of applicable jurisdictions.

The forward-looking statements contained in this Offer Booklet are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of the Company, its Directors and management, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Refer to the "Key Risk Factors" section of the Company's Investor Presentation included in Section 5 for a summary of certain general and Company specific risk factors that may affect the Company. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements, including one or more of the key risk factors in Section 5. Investors should consider the forward-looking statements contained in this Offer Booklet in light of those disclosures. The forward-looking statements are based on information available to the Company as at the date of this Offer Booklet.

Except as required by law or regulation (including the ASX Listing Rules), the Company undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

Past performance

Investors should note that past performance, including the past share price performance of the Company and the pro forma historical information in the Company's Investor Presentation included in Section 5, is given for illustrative purposes only and cannot be relied upon as an indicator of (and provides no guidance as to) future Company performance including future share price performance. The pro forma historical information is not represented as being indicative of the Company's views on its future financial condition and/or performance.

Risks

Refer to the "Key Risk Factors" section of the Company's Investor Presentation included in Section 5 for a summary of certain risk factors that may affect the Company.

Trading in New Shares

The Company, the Lead Manager, and their respective affiliates and related bodies corporate have no responsibility and disclaim all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by the Company or the Company's Share Registry or failure to maintain your updated details with the Company's Share Registry or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to.

If you are in any doubt as to these matters you should first consult with your stockbroker, solicitor, accountant, financial adviser or other professional adviser.

Refer to Section 6 for details.

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LETTER FROM THE CHAIR

1 June 2023

Dear Shareholder

As a valued Shareholder, I am pleased to invite you to participate in a 1 for 1 pro-rata non-renounceable entitlement offer of new fully paid ordinary shares in the Company (**New Shares**) at an offer price of \$0.05 per New Share (**Offer Price**) to raise gross proceeds of approximately \$8.49 million (**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 & services to the existing product suite; and
- align cost base to the changed focus of the business and current activities.

Under the Entitlement Offer, Eligible Shareholders are entitled to acquire 1 New Share for every 1 Share held at 7.00pm (Sydney time) on 6 June 2023 (**Record Date**) (**Entitlement**). Your Entitlement is set out in your personalised Entitlement and Acceptance Form which accompanies this Offer Booklet. It is important that you determine whether to take up in whole or part, or do nothing, in respect of your Entitlement (see Section 2).

Eligible Shareholders have the opportunity to invest at the price of \$0.05 per New Share, which represents a 53% discount to the one-month VWAP of SOV shares as at 31 May 2023 (being the last trading day before announcement of the Entitlement Offer), and a 37.5% discount to the TERP of \$0.08.¹

New Shares issued through the Entitlement Offer will rank equally with existing Shares on issue.

The Company has received binding commitments from five major Shareholders and Shareholder groups to take up their entitlements either in full or in part, which together represent approximately 35.74% of total New Shares offered under the Entitlement Offer or approximately \$3.04 million based on the Offer Price. Refer to Section 6.13 of this Offer Booklet for further details.

The Entitlement Offer is, to the extent not covered by the major shareholder commitments, also underwritten by Peter Maloney (CEO & Managing Director of the Company), NEXTDC Ventures

¹ The TERP is the theoretical price at which Shares should trade immediately following the ex-date for the Entitlement Offer assuming 100% take up of the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which Shares trade immediately following the ex-date for the Entitlement Offer will depend on many factors and may not be equal to the TERP. The TERP is calculated by reference to the Company's closing price of \$0.11 per Share on 31 May 2023, being the last trading day prior to the announcement of the Entitlement Offer.

Holdings No. 1 Pty Ltd (an entity controlled by NEXTDC Limited) and Badger 31 Pty Ltd (an entity controlled by Catherine Reid, a current director and chair of the Company) (together, 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. Refer to Section 6.14 of this Offer Booklet for further details.

Morgans Corporate Limited ACN 010 539 607 is acting as the lead manager to the Entitlement Offer (**Lead Manager**).

Entitlements under the Entitlement Offer are non-renounceable and will not be tradeable on ASX or otherwise transferable. If you do not take up your Entitlement in full, you will not receive any value in respect of that part of the Entitlement that you do not take up.

The Entitlement Offer closes at 5.00pm (Sydney time) on 23 June 2023.

If you would like to exercise your Entitlement to increase your shareholding in the Company, you can pay your Application Monies using BPAY® (for Australian residents) or by completing and returning your personalised Entitlement and Acceptance Form together and make payment of the requisite Application Monies via EFT. Application Monies must be received by the Company's Share Registry by 5.00pm (Sydney time) on 23 June 2023.

Please carefully read this Offer Booklet in its entirety and consult your stockbroker, solicitor, accountant, financial adviser or other professional adviser before making your investment decision. In particular, you should read and consider the "Key Risk Factors" section of the Company's Investor Presentation included in Section 5 which contains a summary of some of the key risks associated with an investment in the Company.

If you have any questions in respect of the Entitlement Offer, please call the Company's Shareholder information line on 1800 282 568 (within Australia) or +61 1800 282 568 (outside Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday.

On behalf of the Board and management team of the Company, I invite you to consider this investment opportunity and thank you for your ongoing support.

Yours faithfully



Cathie Reid
Chair
Sovereign Cloud Holdings Limited

SUMMARY OF THE ENTITLEMENT OFFER

Ratio	1 New Share for every 1 existing Share held
Offer Price for New Shares	\$0.05 per New Share
Size	169,700,336 New Shares
Gross proceeds	\$8,485,016.80

KEY DATES

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)) ²	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

The timetable above is indicative only and may change. The Company may amend any of these dates and times without notice, subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, the Company reserves the right to extend the Closing Date, to accept late applications under the Entitlement Offer (either generally or in particular cases) and to withdraw

² Eligible 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. Eligible Shareholders should refer to Section 2 for options available to them to deal with their Entitlement.

the Entitlement Offer without prior notice. Any extension of the Closing Date will have a consequential effect on the issue date of New Shares.

The commencement of quotation of New Shares is subject to confirmation from ASX. Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted. Eligible Shareholders wishing to participate in the Entitlement Offer are encouraged to submit their Entitlement and Acceptance Form as soon as possible after the Entitlement Offer opens to ensure their application is received by the Company's Share Registry in time.

Enquiries

If you have any questions, please contact the Company's Shareholder information line on 1800 282 568 (within Australia) or +61 1800 282 568 (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.

1. OVERVIEW OF THE ENTITLEMENT OFFER

1.1 Entitlement Offer

The Entitlement Offer is an offer of 169,700,336 New Shares at the Offer Price of \$0.05 per New Share, to raise approximately \$8.49 million. All Eligible Shareholders are entitled to subscribe for 1 New Share for every 1 Share held at the Record Date, being 7.00pm (Sydney time) on 6 June 2023.

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.

Under the Entitlement Offer, Eligible Shareholders will be given the opportunity to take up all or part of their Entitlement. Eligible Shareholders who take up their full Entitlement may also participate in the top-up facility (**Top-Up Facility**) by applying for additional New Shares in excess of their Entitlement at the Offer Price.

The Entitlement Offer is non-renounceable. Accordingly, Entitlements do not trade on ASX nor can they be sold, transferred or otherwise disposed of.

The Company has received binding commitments from five major Shareholders and Shareholder groups to take up their entitlements either in full or in part, which together represent approximately 35.74% of total New Shares offered under the Entitlement Offer or approximately \$3.04 million based on the Offer Price. Refer to Section 6.13 of this Offer Booklet for further details.

The Entitlement Offer is, to the extent not covered by the major shareholder commitments, underwritten by Peter Maloney (CEO & Managing Director of the Company), NEXTDC Ventures Holdings No. 1 Pty Ltd (an entity controlled by NEXTDC Limited) and Badger 31 Pty Ltd (an entity controlled by Catherine Reid, a current director and chair of the Company) (together, the **Underwriters**). Refer to Section 6.14 of this Offer Booklet for further details on the underwriting arrangements for the Entitlement Offer.

The Entitlement Offer opens on 9 June 2023. The Offer Booklet will be despatched on that same date, along with a personalised Entitlement and Acceptance Form, to Eligible Shareholders. The Entitlement Offer is expected to close at 5.00pm (Sydney time) on 23 June 2023.

The Entitlement Offer is being made pursuant to section 708AA of the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73) which allows the Entitlement Offer to be offered without a prospectus, provided certain conditions are satisfied.

As a result, the Entitlement Offer is not being made under a prospectus and it is important for Eligible Shareholders to read and understand the information on the Company and the Entitlement Offer made publicly available by the Company, prior to taking up all or part of their Entitlement. In particular, please refer to the materials enclosed in Section 5, the Company's interim and annual reports, other announcements made available at www2.asx.com.au (including the Company's 2021-2022 annual report which was released to ASX on 16 September 2022) and all other parts of this Offer Booklet carefully before making any decisions in relation to your Entitlement.

1.2 Eligible Shareholders

The Entitlement Offer constitutes an offer to **Eligible Shareholders** only, being Shareholders who:

- are registered as a holder of Shares as at the Record Date, being 7.00pm (Sydney time) on 6 June 2023;
- as at the Record Date, have a registered address on the Company's Share register that is in Australia, New Zealand, the Philippines or the United Kingdom, or are a Shareholder that the Company has otherwise determined is eligible to participate;
- are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such person holds Shares for the account or benefit of such person in the United States); and
- are eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

All Shareholders who are not Eligible Shareholders are Ineligible Shareholders. Ineligible Shareholders will not be entitled to participate in the Entitlement Offer. Refer to Section 3.8 of this Offer Booklet for further details regarding eligibility of Shareholders to participate in the Entitlement Offer.

The Company, in its absolute discretion, reserves the right to determine whether a Shareholder is an Eligible Shareholder and therefore able to participate in the Entitlement Offer, or an Ineligible Shareholder and therefore unable to participate in the Entitlement Offer. To the maximum extent permitted by law, the Company disclaims all liability in respect of such determination.

2. SUMMARY OF OPTIONS AVAILABLE TO YOU

If you are an Eligible Shareholder you may take any of the following actions:

- take up all of your Entitlement, and if you do so, you may also apply for additional New Shares under the Top-Up Facility;
- take up part of your Entitlement and allow the balance to lapse, in which case you will receive no value for the lapsed part of your Entitlement; or
- do nothing and let all of your Entitlement lapse and you will receive no value for the lapsed Entitlement.

If you are a Shareholder that is not an Eligible Shareholder you are an Ineligible Shareholder. Refer to Section 3.8 for more detail on Ineligible Shareholders.

Options available to you	Key considerations
1. Take up all of your Entitlement, or take up all of your entitlements and participate in the Top-Up Facility	<p>If you wish to take up all of your Entitlement, you may elect to purchase all of the New Shares at the Offer Price specified in your personalised Entitlement and Acceptance Form (see Section 3.4 for instructions on how to take up your Entitlement).</p> <p>The New Shares will rank equally in all respects with existing Shares.</p> <p>The Entitlement Offer closes at 5.00pm (Sydney time) on 23 June 2023.</p> <p>Eligible Shareholders who take up their Entitlement in full can also apply for additional New Shares under the Top-Up Facility.</p>
2. Take up part of your Entitlement	<p>If you wish to take up only part of your Entitlement, you may elect to purchase a lesser number of New Shares at the Offer Price, than the number of New Shares specified in your personalised Entitlement and Acceptance Form (see Section 3.4 for instructions on how to take up your Entitlement).</p> <p>The New Shares will rank equally in all respects with existing Shares.</p> <p>If you only take up part of your Entitlement, the relevant portion of your Entitlement will lapse and you will receive no benefit. Lapsed Entitlements may be subscribed for under the Top-Up Facility or by the Underwriters.</p> <p>The Entitlement Offer closes at 5.00pm (Sydney time) on 23 June 2023.</p>
3. Do nothing and let all of your Entitlement lapse	<p>If you do nothing with respect to all of your Entitlement, your Entitlement will lapse and you will receive no benefit. These Entitlements may be subscribed for under the Top-Up Facility or by the Underwriters.</p> <p>By allowing your Entitlement to lapse, you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up your Entitlement and you will not receive any value for your Entitlement. Although you will continue to own the same number of Shares, your percentage shareholding in the Company will be diluted.</p>

3. HOW TO APPLY

3.1 Overview of the Entitlement Offer

Eligible Shareholders are being offered the opportunity to purchase 1 New Share for every 1 existing Share held as at the Record Date of 7.00pm (Sydney time) on 6 June 2023, at the Offer Price of \$0.05 per New Share.

You have a number of decisions to make in respect of your Entitlement. You should read this Offer Booklet carefully before making any decisions in relation to your Entitlement.

The Entitlement Offer opens on 9 June 2023 and will close at 5.00pm (Sydney time) on 23 June 2023.

3.2 Your Entitlement

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 1 New Share for every 1 existing Share you held as at the Record Date.

If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have a separate Entitlement for each separate holding.

New Shares issued under the Entitlement Offer will be fully paid ordinary shares in the Company and will rank equally in all respects with existing Shares on issue.

See Section 6.12 for information on restrictions on participation.

3.3 Consider the Entitlement Offer carefully in light of your particular investment objectives and circumstances

The Entitlement Offer is being made pursuant to provisions of the Corporations Act which allow entitlement offers to be made without a prospectus. This Offer Booklet does not contain all of the information which may be required in order to make an informed decision regarding an application for New Shares offered under the Entitlement Offer. As a result, it is important for you to read carefully and understand the information on the Company and the Entitlement Offer made publicly available, prior to deciding whether to take up all or part of your Entitlement or do nothing in respect of your Entitlement. In particular, please refer to this Offer Booklet, your personalised Entitlement and Acceptance Form, the Company's annual report for the year ended 30 June 2022 which was released to ASX on 16 September 2022, and other ASX announcements made available at www.australiacloud.com.au (including announcements which may be made by the Company after publication of this Offer Booklet).

Please consult with your stockbroker, solicitor, accountant, financial adviser or other professional adviser if you have any queries or are uncertain about any aspect of the Entitlement Offer. You should also refer to the "Key Risk Factors" section of the Company's Investor Presentation included in Section 5.

3.4 Options available to you

If you are an Eligible Shareholder, you may take any of the following actions:

- take up all of your Entitlement;
- take up part of your Entitlement and let the remainder lapse; or
- do nothing and let all of your Entitlement lapse.

Eligible Shareholders who do not participate fully in the Entitlement Offer will have their percentage holding in the Company reduced.

If you wish to take up all of your Entitlement, or take up all of your Entitlement and participate in the Top-Up Facility

If you wish to take up all of your Entitlement, please either:

- complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies for all of the New Shares in your Entitlement; or
- pay your Application Monies for all of the New Shares in your Entitlement 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.

If you take up and pay for all your Entitlement before the Closing Date, it is expected that you will be issued New Shares on 29 June 2023. The Company's decision on the number of New Shares to be issued to you will be final.

The Company also reserves the right (in its absolute discretion) to reduce the number of New Shares issued to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if the Company believes their claimed Entitlements to be overstated or if they or their nominees fail to provide information to substantiate their claims to the Company's satisfaction (see Section 6.4).

Eligible Shareholders who take up their Entitlement in full can also apply for additional New Shares under the Top-Up Facility.

If you wish to take up part of your Entitlement

If you wish to take up only part of your Entitlement, please either:

- complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies for the number of New Shares in your Entitlement that you wish to subscribe for; or
- pay your Application Monies for the relevant number of New Shares 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.

If you take up and pay part of your Entitlement before the Closing Date, it is expected that you will be issued New Shares on 29 June 2023. The Company's decision on the number of New Shares to be issued to you will be final.

If you do not take up all of your Entitlement, the relevant part of your Entitlement will lapse and you will receive no benefit. Lapsed Entitlements will be subscribed for under the Top-Up Facility or by the Underwriters.

The Company also reserves the right (in its absolute discretion) to reduce the number of New Shares issued to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if the Company believes their claimed Entitlements to be overstated or if they or their nominees fail to provide information to substantiate their claims to the Company's satisfaction (see Section 6.4).

If you wish to let all of your Entitlement lapse

If you do nothing with respect to your Entitlement, your Entitlement will lapse and you will receive no benefit. Lapsed Entitlements will be subscribed for under the Top-Up Facility or by Underwriters.

By allowing your Entitlement to lapse, you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up your Entitlement. Although you will continue to own the same number of Shares, your percentage shareholding in the Company will be diluted.

3.5 Payment

You can pay in the following ways:

- by BPAY® for persons resident in Australia; or
- by electronic funds transfer (**EFT**) for persons resident outside Australia.

Cash payments or payments via cheque will not be accepted. Receipts for payment will not be issued.

The Company will treat you as applying for as many New Shares as your payment will pay for in full.

Any Application Monies (greater than \$2.00) received for more than your final allocation of New Shares will be refunded as soon as practicable after the Closing Date. No interest will be paid to applicants on any Application Monies received or refunded.

Payment by BPAY®

For payment by BPAY®, please follow the instructions on the personalised Entitlement and Acceptance Form. You can only make payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

If you are paying by BPAY®, please make sure you use the specific biller code and your unique reference number on your personalised Entitlement and Acceptance Form. If you have multiple holdings and consequently receive more than one personalised Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings only use the reference number specific to that holding. If you do not use the correct reference number specific to that holding your application will not be recognised as valid.

Please note that should you choose to pay by BPAY®:

- you do not need to submit your personalised Entitlement and Acceptance Form but are taken to make the declarations, representations and warranties on that Entitlement and Acceptance Form and in Section 3.7; and
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the Company's Share Registry by no later than 5.00pm (Sydney time) on 23 June 2023. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration in the timing of when you make your payment.

3.6 Payment by EFT

For payment via EFT, please follow the instructions on the personalised Entitlement and Acceptance Form.

If you are paying via EFT, you must complete and return your Entitlement and Acceptance Form once your Application Monies have been paid. Completed Entitlement and Acceptance Forms must be emailed to capitalmarkets@linkmarketservices.com.au.

To complete your personalised Entitlement and Acceptance Form

- Enter the number of New Shares accepted (refer to Section 3.4 above regarding the options available to you).
- Work out your payment amount. To calculate the total amount, multiply the number of New Shares you wish to apply for by the Offer Price of \$0.05.
- Payment must be received in cleared funds before 5:00pm (Sydney time) on 23 June 2023. You must use your SRN/HIN as the reference number for your deposit. If you do not use your SRN/HIN, your application will not be able to be processed. You will also need to ensure that you are aware of any transfer fees with your financial or banking institution as the Share Registry is only able to process funds received in Australian dollars.
- Enter your contact telephone number at which we may contact you regarding the application for Shares, if necessary.

3.7 Representations by acceptance

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will be deemed to have represented to the Company that you:

- are not an Ineligible Shareholder and are otherwise eligible to participate in the Entitlement Offer;
- acknowledge that you have read and understand this Offer Booklet and your personalised Entitlement and Acceptance Form in their entirety;
- agree to be bound by the terms of the Entitlement Offer, the provisions of this Offer Booklet, and the Company's constitution;
- authorise the Company to register you as the holder(s) of New Shares allotted to you;
- declare that all details and statements in the personalised Entitlement and Acceptance Form are complete and accurate;
- declare you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the personalised Entitlement and Acceptance Form;
- acknowledge that once the Company receives your personalised Entitlement and Acceptance Form or any payment of Application Monies via BPAY®, you may not withdraw your application or funds provided, except as allowed by law;
- agree to apply for and be issued up to the number of New Shares specified in the personalised Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY® at the Offer Price per New Share;
- authorise the Company, the Lead Manager, the Company's Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares to be

issued to you, including to act on instructions of the Company's Share Registry upon using the contact details set out in your personalised Entitlement and Acceptance Form;

- acknowledge and agree that:
 - determination of eligibility of investors for the purposes of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of the Company and/or the Lead Manager; and
 - each of the Company and the Lead Manager, and each of their respective affiliates, disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law;
- declare that you were the registered holder(s) at the Record Date of the Shares indicated on your personalised Entitlement and Acceptance form as being held by you on the Record Date;
- acknowledge that the information contained in this Offer Booklet and your personalised Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- acknowledge that this Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX;
- acknowledge the statement of risks in the "Key Risk Factors" section of the Company's Investor Presentation included in Section 5 and that investments in the Company are subject to risk;
- acknowledge that none of the Company, the Lead Manager, or their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, contractors, consultants or advisers, guarantees the performance of the Company, nor do they guarantee the repayment of capital;
- agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and of your holding of shares on the Record Date;
- authorise the Company to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you;
- are an Eligible Shareholder and that the law of any place does not prohibit you from being given this Offer Booklet and the personalised Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares and that you are otherwise eligible to participate in the Entitlement Offer;
- are not in the United States and you are not acting for the account or benefit of a person in the United States (to the extent such person holds Shares for the account or benefit of such person in the United States);
- understand and acknowledge that New Shares have not been, nor will be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States. Notwithstanding the foregoing, the Entitlements may not be purchased, taken up or exercised by persons in the United States or by persons who are acting for the account or

benefit of a person in the United States. The New Shares may not be offered or sold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and the applicable securities laws of any state or other jurisdiction in the United States;

- have not and will not send this Offer Booklet, the Entitlement and Acceptance Form, or any other materials relating to the Entitlement Offer to any person in the United States or any other country outside Australia; and
- if acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia, New Zealand or the Philippines and is not in the United States, and you have not sent this Offer Booklet, the Entitlement and Acceptance Form or any information relating to the Entitlement Offer to any such person.

3.8 Entitlements of Ineligible Shareholders and appointment of nominee under section 615

The Company, in its absolute discretion, may extend the Entitlement Offer to any Shareholder if it is satisfied that the Entitlement Offer may be made to the Shareholder in compliance with all applicable laws. The Company, in its absolute discretion, reserves the right to determine whether a Shareholder is an Eligible Shareholder and therefore able to participate in the Entitlement Offer, or an Ineligible Shareholder and therefore unable to participate in the Entitlement Offer. To the maximum extent permitted by law, the Company disclaims all liability in respect of such determination. Refer to Section 6.1 for further details on eligibility of Shareholders to participate in the Entitlement Offer.

New Shares that Ineligible Shareholders would otherwise have been entitled to will instead be issued to Berne No 132 Nominees Pty Ltd ACN 010 413 591 (**Nominee**), who the Company has appointed to sell the New Shares and return the net proceeds to Ineligible Shareholders.

The Nominee will have the absolute and sole discretion to determine the timing, the price at which the New Shares may be sold and the manner of such sale, which is expected to be on-market on the ASX. The net proceeds above the Offer Price (in Australian dollars), if any, of the sale of the relevant New Shares will be distributed to the Ineligible Shareholders pro rata in proportion to their respective shareholdings as at the Record Date (after deducting costs, including costs of the sale and costs of distributing the proceeds). There is no assurance that the Nominee will be able to sell the New Shares issued pursuant to the Ineligible Shareholder's Entitlements at an offer price that will result in Ineligible Shareholders receiving any net proceeds for their Entitlements such that Ineligible Shareholders may receive no value for their Entitlements.

Neither the Company nor the Nominee will be subject to any liability for failure to sell the New Shares that would have been offered to Ineligible Shareholder or to sell them at a particular price.

Notwithstanding that the Nominee must sell the New Shares, Ineligible Shareholders, may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds.

The Company has applied for and received approval from ASIC to the appointment of the Nominee for the purposes described in this Section 3.8 and section 615 of the Corporations Act.

3.9 Issue of additional New Shares under the Top-Up Facility

Any New Shares not taken up by the Closing Date may be made available to those Eligible Shareholders who took up their full Entitlement and applied for additional New Shares under the Top-Up Facility at the same Offer Price (**Eligible Top-Up Facility Participants**). An Eligible Top-Up Facility Participant can apply for additional New Shares under the Top-Up Facility in excess of their Entitlement at the Offer Price.

There is no guarantee that those Eligible Top-Up Facility Participants will receive the number of New Shares applied for under the Top-Up Facility, or any. If Eligible Top-Up Facility Participants apply for more New Shares than are available under the Top-Up Facility, the Directors propose that New Shares available under the Top-Up Facility be allocated to Eligible Top-up Facility Participants on a pro-rata basis, subject to compliance with securities laws.

If you apply for additional New Shares under the Top-Up Facility and your application is successful (in whole or in part) your New Shares will be issued at the same time that other New Shares are issued under the Entitlement Offer. There is no guarantee you will receive any New Shares under the Top-Up Facility.

Refund amounts (greater than \$2.00), if any, will be paid in Australian dollars. You will be paid either by cheque sent by ordinary post to your address as recorded on the Share register (the registered address of the first-named in the case of joint holders), or by direct credit to the nominated bank account as noted on the Share register as at the Closing Date. If you wish to advise or change your banking instructions with the Company's Share Registry you may do so by going to www.linkmarketservices.com.au and following the instructions.

3.10 Brokerage and stamp duty

No brokerage fee is payable by Eligible Shareholders who accept their Entitlement. No stamp duty is payable for subscribing for New Shares under the Entitlement Offer.

3.11 Enquiries

If you have not received or you have lost your personalised Entitlement and Acceptance Form, or have any questions, please contact the Company's Shareholder information line on 1800 282 568 (within Australia) or +61 1800 282 568 (outside Australia) between 8.30am and 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.

4. AUSTRALIAN TAX CONSIDERATIONS

4.1 Introduction

This is a general summary of the Australian taxation consequences of the Entitlement Offer for Eligible Shareholders that hold their shares on capital account for Australian income tax purposes. The category of Shareholders considered in this summary are limited to individuals, complying superannuation entities and certain companies, trusts or partnerships. This summary does not consider the consequences for Shareholders who:

- hold existing Shares, New Shares or Entitlements in a business of share trading or dealing in securities, or otherwise hold their existing Shares, New Shares or Entitlements on revenue account or as trading stock;
- acquired existing Shares in respect of which the Entitlements are issued under an employee share scheme;
- are subject to the 'Taxation of Financial Arrangements' provisions in Division 230 of the *Income Tax Assessment Act 1997* (Cth) in relation to their holding of Shares, New Shares or Entitlements; or
- are tax residents of any jurisdiction other than Australia.

The information contained in this summary is of a general nature and is not intended to address the circumstances of any particular individual or entity.

This summary is based upon the legislation and established interpretation of legislation as at the date of this Offer Booklet, but is not intended to be an authoritative or complete statement of the law as relevant to the circumstances of each Shareholder.

As the taxation implications of the Entitlement Offer will depend upon a Shareholder's particular circumstances, Shareholders should seek and rely upon their own professional taxation advice before concluding on the particular taxation treatment that will apply to them.

Shareholders that are subject to tax in a jurisdiction outside Australia may be subject to tax consequences in that jurisdiction in respect of the Entitlement Offer that are not covered by this summary. Such Shareholders should seek and rely upon their own professional taxation advice in relation to the taxation implications of the Entitlement Offer in any jurisdictions that are relevant to them.

Neither the Company, nor any of its officers or employees, nor its taxation or other advisers, accepts any liability or responsibility in respect of any statement concerning taxation consequences of the Entitlement Offer.

4.2 Income tax consequences of Entitlements

a) Issue of Entitlements

The issue of Entitlements to Australian resident Shareholders should not, of itself, give rise to any amount of assessable income or capital gain for Shareholders on the basis that market value consideration shall be paid for the Shares should the Entitlements be exercised in part or in whole.

b) Exercise of Entitlements

The exercise of Entitlements should not, of itself, result in any amount being included in a Shareholder's assessable income and should not give rise to any capital gain under the CGT provisions.

Eligible Shareholders that exercise their Entitlements will receive New Shares. New Shares will be taken to have been acquired on the day on which the Entitlements were exercised for CGT purposes.

The CGT cost base of each New Share acquired will be the sum of the amount paid to exercise the corresponding Entitlement (i.e. the Offer Price) and any incidental costs in acquiring the New Shares.

c) Lapse of Entitlement

If an Eligible Shareholder does not accept all or part of their Entitlement in accordance with the instructions set out above, then that Entitlement will lapse. There should be no adverse taxation implications for an Eligible Shareholder from the lapse of the Entitlement.

4.3 Income tax consequences of New Shares

The New Shares should constitute CGT assets for CGT purposes.

Dividends paid to Eligible Shareholders in relation to their New Shares should generally be subject to the same income tax treatment as dividends in relation to existing Shares held in the same circumstances.

As outlined above, the CGT cost base of a New Share should generally be equal to the sum of the amount paid to exercise the corresponding Entitlement (i.e. the Offer Price) and any incidental costs in acquiring the New Share. Any future sale of New Shares will constitute a disposal for CGT purposes. A capital gain will arise if the capital proceeds on disposal exceed the CGT cost base of a New Share. A capital loss will arise if the capital proceeds on disposal are less than the reduced CGT cost base of a New Share.

Shareholders may be able to apply carried forward or current year capital losses to reduce their capital gain on disposal. The ability to utilise capital losses is dependent on meeting the relevant tests.

Non-corporate Shareholders may be entitled to a concession which discounts the amount of capital gain that is assessed. Broadly, the concession is available where the New Shares have been held for more than 12 months or more prior to disposal. The concession results in a 50% reduction in the assessable amount of a capital gain for an individual Shareholder and a one-third reduction of a capital gain for an Australian tax resident complying superannuation entity Shareholder (including generally where a flow through trust or partnership distributes to such Shareholders), after offsetting any current or carried forward losses.

In relation to trusts or partnerships including limited partnerships, the rules surrounding capital gains and the CGT discount are complex, but the benefit of the CGT discount may flow through to relevant beneficiaries or partners, subject to certain requirements being satisfied provided that the relevant beneficiaries or partners, subject to tax on the capital gains are considered to have satisfied the relevant test period to be considered to hold the shares at risk. We recommend trusts or partnerships including limited partnerships and relevant beneficiaries or partners seek their own independent professional tax advice should they seek to access the CGT discount.

Australian tax resident Shareholders who hold New Shares on revenue account, as trading stock or are subject to the rules in Division 230 of the *Income Tax Assessment Act 1997* (Cth) concerning the taxation of financial arrangements should seek separate independent professional tax advice.

4.4 Non-resident CGT withholding

Specific rules can apply to the disposal of certain taxable Australian property under contracts entered into on or after 1 July 2016, whereby a 12.5% non-final withholding tax may be applied. However, the rules should not apply to the disposal of a New Share on ASX (in accordance with a specific exemption).

4.5 Provision of TFN or ABN

Australian tax legislation imposes withholding tax at the highest marginal rate (currently 45% plus a Medicare levy of 2%) on the payment of distributions on certain types of investments, such as the unfranked part of any dividend, where no TFN or ABN (if applicable) has been provided and no exemption applies. Australian tax resident Shareholders may be able to claim a tax credit/refund (as applicable) in respect of any tax withheld on dividends in their income tax returns.

Shareholders that have not previously provided their TFN or ABN (if applicable) to the Company's Share Registry may wish to do so prior to the Closing Date to ensure that withholding tax is not deducted from any future distribution payable to them.

A Shareholder is not obliged to provide their TFN, or where relevant, ABN to the Company.

4.6 Other Australian taxes

GST and stamp duty should not generally be payable in relation to the issue, sale, or exercise of Entitlements, nor in relation to the acquisition of New Shares.

Eligible Shareholders may however be restricted in their ability to claim input tax credits in relation to costs incurred in relation to their acquisition of the New Shares (such as costs relating to professional advice obtained by Shareholders regarding the Entitlement). This will depend on each Eligible Shareholder's particular circumstances and as such this should be reviewed by Shareholders prior to making any claim.

5. ASX ANNOUNCEMENTS AND INVESTOR PRESENTATION

Refer to the attachments.

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.

³ Eligible 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)

Sovereign Cloud Holdings Limited

Equity Raising

1 June 2023



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- This presentation is dated 1 June 2023 and has been prepared by Sovereign Cloud Holdings Limited (ACN 622 728 189) (**AUCloud**) in relation to a pro-rata non-renounceable entitlement offer of new fully paid ordinary shares in AUCloud (**New Shares**) to eligible shareholders in Australia, New Zealand, Philippines and the United Kingdom (**Entitlement Offer**).
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Summary



AUCloud (SOV) is today launching a ~A\$8.49 million pro-rata non-renounceable entitlement offer ("Entitlement Offer")

- 1 for 1 Entitlement Offer
- \$0.05 per New Share ("**Offer Price**")
- 37.5% discount to the TERP¹ of \$0.08 or 53% discount to the one-month VWAP of \$0.106



Binding commitments have been received from five major shareholders to fully or partially take up their entitlements. 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



Net proceeds of the Entitlement Offer will predominantly fund working capital requirements associated with executing the Company's initiatives identified in the recent Strategic Review.

¹ (1) The Theoretical Ex-rights Price ("TERP") is calculated by reference to AUCloud's closing price on Wednesday 31 May 2023 of \$0.11 per share, being the last trading day prior to the announcement of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which AUCloud shares trade immediately after the ex-date of the Entitlement Offer and will depend on many factors and may not approximate TERP. TERP includes the new shares issued under the placement.

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AUCloud Investment Highlights



MARKET DRIVERS REMAIN STRONG

Demand for Cloud Services remains robust, while the Cyber Security market has exhibited strong growth following recent high profile attacks on Optus, Medibank, Latitude and others.



SCALABLE PLATFORMS DELIVERED

Sovereign Cloud has invested over 5 years, building scalable cloud platforms, which are IRAP and Certified PROTECTED, supported by a highly skilled workforce of over 60 people.



GROWTH OPPORTUNITIES IN CYBER SECURITY

The AUCloud Security Operations Centre (SOC) ensures continuous network monitoring for cyber threats and attacks for high profile Government Agencies such as the AEC. This capability positions AUCloud to expand cyber security revenue.



SOVEREIGN CLOUD PARTNERSHIPS

Capitalise on the emerging global market trend of hyperscale cloud providers partnering with domestic Sovereign Cloud providers to expand revenue into Multi-Cloud and Public Cloud markets.



SALES MOMENTUM

Following a period of investment in building a network of Sovereign Cloud Solutions, the Company is focused on driving revenue by building enterprise sales whilst not losing sight of the proven success in Government sales.

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Strategic Review

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Strategic Review Summary

The fundamentals are in place



The demand for Cyber Security and Cloud Solutions continues to build enabling broadening of solutions



Significant capital has been invested to build a network of **Sovereign Cloud Solutions designed for scale**



Security Operations Centre (SOC), relied on by high-profile customers, such as the AEC, with a significant opportunity to expand offering.



A network of over 60 Channel Partners including MSPs, ISVs & OEMs to **leverage market access**



Credentialed workforce & accredited systems including NV1 Cleared Personnel, IRAP Certification, PROTECTED Certification & ISO27001 Accreditation.

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Strategy changes



Strengthen sales and marketing capabilities, with increased emphasis on channels to market, Enterprise sales whilst maintaining a dedicated Government team.



Expand the AUCloud 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 existing four Sovereign Cloud platforms.



Targeted focus on industry specific solutions through the addition of complimentary products & services to the existing product suite.



Align cost base to the changed focus of the business and current activities.

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Tailwinds for Cyber Security & Cloud Solutions remain strong

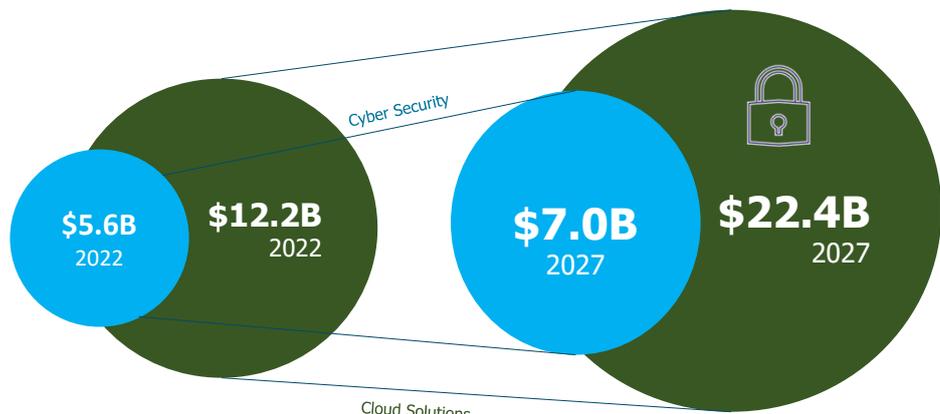
Most Australian companies (60%) are expected to increase cyber budgets in 2023

Cyber Crime is committed every 7 minutes costing Australia billions

Ongoing reviews of Australian legislation focussed on enhancing data sovereignty laws

Federal regulatory framework driving cyber market growth

Cloud Solutions market is forecast to continue its growth trajectory



Source: <https://www.austrade.gov.au/news/insights/insight-australia-s-a-7-billion-cyber-security-opportunity>
Public Cloud Services Opportunities and Dividends to the Australian and New Zealand Economies, an IDC White Paper • November 2022

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FY23 Highlights (9 months)

 <p>Revenue Growth</p>	<p>Revenue increased to \$4.3m up 52% YOY ¹</p> <ul style="list-style-type: none"> Increased revenues reflect growth from new customers and existing customer net revenue retention Cyber Security accounts for c. 40% of all revenue
 <p>Total Contract Value</p>	<p>TCV Outstanding increased \$681k (10%) to \$7.2m in 9 months to 31 March 2023</p> <ul style="list-style-type: none"> 0% customer churn ² Sales pipeline improving but requires more focus to increase spread of revenue
 <p>Customer Unit Economics</p>	<p>Growing Customer Unit Economics</p> <ul style="list-style-type: none"> ARR up 58% to \$5.8M ³ ARPU ⁴ steady at \$90,000 p.a.
 <p>Network expansion</p>	<p>Eastern Seaboard Coverage</p> <ul style="list-style-type: none"> Brisbane Sovereignty Cloud opened in December 2022 & Melbourne opens in June 2023 Future capital to focus on Cloud Solutions & Cyber Security product expansion to capture increased share of wallet
 <p>Industry Tailwinds</p>	<p>Heightened market awareness in areas of cyber security and data sovereignty</p> <ul style="list-style-type: none"> Significant cyber security breaches in high profile Australian companies Government tenders are increasingly focused on how data sovereignty requirements are to be addressed

¹. 9-month period ending 31 March 2023 compared to same period FY22
². All customers with monthly spend >\$1,000
³. Month revenue x 12 in July 2022, compared to Month revenue x 12 in March 2023.
⁴. ARPU defined as Average Revenue Per Customer per annum



Financial Overview

AUCLLOUD

Profit & Loss

Revenue

- In December 2021 the Company raised \$35m to invest in new cloud platforms as part of a national expansion strategy and fund working capital to scale AUCloud to critical mass.
- In FY22 and YTD FY23 the Company expanded its reach across the eastern states through new cloud platforms in Brisbane and Melbourne.
- Revenue growth in YTD FY23 (9 months) has come from new contracts, and through the contract expansion with Arqit to support the deployment of the Asia Pacific region's first Quantum Safe Symmetric Key Agreement Platform as a Service which has resulted in lower overall gross margin due to licence fees.

Cost of Sales

- Cost of sales mostly relates to software licensing and maintenance fees associated with the cloud platforms and related services some of which are on charged to customers where appropriate. A component of these costs are fixed and not proportionate to revenue volumes which will allow gross margins to improve as revenue grows.

Operating Expenses

- Employee costs increased in FY22 and YTD23 primarily due to additional head count in conjunction with the geographic rollout of cloud sovereignty zones starting in Brisbane. At 31 December 2022 total headcount of full time equivalent employees was 74 and is currently 66.
- The Company believes the current employee numbers are required to scale the business and implement the changes following the recent strategic review.

Profit & Loss Summary (\$m)	31 March 2023 (Unaudited)	30 June 2022 (Audited)	30 June 2021 (Audited)
Cloud Services	2.9	2.7	2.0
Cyber Security	1.4	1.5	0.5
Total Revenue	4.3	4.2	2.5
Cost of Sales	(3.7)	(3.3)	(2.2)
Gross Profit	0.6	0.9	0.3
Employee Expenses	(10.1)	(9.5)	(6.4)
Other Expenses	(2.3)	(2.5)	(1.6)
Total Operating Expenses	(12.4)	(12.0)	(8.0)
EBITDA	(11.8)	(11.1)	(7.7)
Depreciation & Amortisation	(4.1)	(4.2)	(3.5)
Interest expense, net	(0.1)	(0.2)	(0.4)
Loss for year/period	(16.0)	(15.5)	(11.6)

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Cash Flow

Operating Activities

- The net cash outflows from operating activities over the past three financial years reflect the investment in new cloud platforms as part of a national expansion strategy; resulting in higher operating costs, as expected, while the cash inflow from increased revenue has been less than expected.
- It is generally acknowledged that the business model to scale an early stage infrastructure-as-service business requires initial years of negative operating cashflows as more customers utilise the platforms.

Investing Activities

- Payment for property, plant & equipment in FY22 and YTD FY23 primarily relates to the new cloud platforms in Brisbane & Melbourne.

Financing Activities

- Proceeds from share issues relate to the IPO capital raising in December 2020 and the December 2021 placement to NEXTDC & entitlement offer to existing shareholders.
- Lease payments relate to both data centre right of use assets and the funding of computer equipment & software located at the Sydney data centre (Sovereignty Zone 2). Lease liabilities relating to the computer equipment & software will be fully paid by November 2023.

Cashflow Summary (\$m)	31 March 2023 (Unaudited)	30 June 2022 (Audited)	30 June 2021 (Audited)
Operating Activities			
Receipts from customers	4.0	4.6	2.5
Payments to suppliers and employees	(17.6)	(15.9)	(10.3)
R & D Tax Rebate	0.2	0.4	0.4
IPO expenses	-	-	(0.5)
Interest Paid	(0.2)	(0.3)	(0.4)
Net Cash Flows from Operating Activities	(13.6)	(11.2)	(8.3)
Investing Activities			
Payment for property, plant and equipment	(5.4)	(4.4)	(0.5)
Net Cash Flows from Investing Activities	(5.4)	(4.4)	(0.5)
Financing Activities			
Proceeds from share issue	-	35.1	25.4
Principal portion of lease payments	(1.8)	(3.3)	(3.1)
Payment of share issue costs	-	(1.0)	(1.1)
Net Cash Flows from Financing Activities	(1.8)	30.8	21.2
Net Cash Flows	(20.8)	15.2	12.4
Cash and Cash Equivalents			
Cash and Cash Equivalents at the beginning of the period	28.7	13.5	1.1
Net change in cash for period	(20.8)	15.2	12.4
Cash and cash equivalent at end of period	7.9	28.7	13.5

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Actual and Pro Forma Balance Sheets (\$m)

Pro Forma Balance Sheet

The 31 March 2023 historical balance sheet shown opposite has been adjusted to reflect the impact of the Entitlement Offer as if it had taken place at 31 March 2023 comprising:

- The issue of 169.7 million shares at 5 cents each to raise capital of \$8.5 million.
- The payment of an estimated \$0.2 million in costs incurred by the Company in relation to the costs of the transaction.

Proceeds and Use of Funds (\$m)	
Proceeds received from the Entitlement Offer	8.5
Use of funds	
Working capital associated with executing the Company's Strategic initiatives	8.3
Transaction costs associated with the Offer	0.2
	8.5

- The Company expects net cash outflows from operations to continue.
- Funds raised from the Entitlement Offer will be used to fund the Company's working capital requirements as it executes on its strategic initiatives.
- It is expected that the Company will need to raise further funds in the future.

	Actual		Pro Forma 31 March 2023 (Unaudited)
	30 June 2022 (Audited)	31 March 2023 (Unaudited)	
Assets			
Cash and cash equivalents	28.7	7.9	16.2
Trade and other receivables	0.6	1.2	1.2
Prepayments	1.7	4.5	4.5
Total Current Assets	31.0	13.6	21.9
Property, plant and equipment	8.6	10.7	10.7
Intangible assets	0.3	0.3	0.3
Right of use leased assets	4.8	6.5	6.5
Other assets	1.3	0.7	0.7
Total Non-Current Assets	15.0	18.2	18.2
Total Assets	46.0	31.8	40.1
Liabilities			
Trade and other payables	3.0	3.3	3.3
Lease liabilities	2.2	1.9	1.9
Provisions	0.5	0.5	0.5
Total Current Liabilities	5.7	5.7	5.7
Lease liabilities	2.3	4.0	4.0
Provisions	0.1	0.1	0.1
Total Non-Current Liabilities	2.4	4.1	4.1
Total Liabilities	8.1	9.8	9.8
Net Assets	37.9	22.0	30.3
Equity			
Share capital	87.6	87.6	95.9
Reserves	0.7	0.7	0.7
Accumulated losses	(50.4)	(66.3)	(66.3)
Total Equity	37.9	22.0	30.3

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Offer Summary

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Offer Summary

Equity Raising	\$8.49 million equity raising via a pro rata non-renounceable entitlement offer, for the issue of up to 169,700,336 new ordinary shares (New Shares) based on an offer ratio of one new ordinary share for each existing ordinary share held as at the Record Date (Entitlement Offer)
Offer Price	\$0.05 per New Share representing (Offer Price): <ul style="list-style-type: none"> • 53% discount to the one-month VWAP of \$0.106 as at close of last trading on Wednesday, 31 May 2023 • 37.5% discount to the TERP⁽¹⁾ of \$0.08
Ranking	New Shares issued will rank equally with existing AUCloud shares
Use of proceeds	The proceeds of the Equity Raising will largely be deployed to assist with funding working capital requirements associated with executing the Company's strategic initiatives.
Commitments	The Company has received binding commitments from five major shareholders to take up their entitlements either in full or in part, which together 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.
Underwriting	<p>The Entitlement Offer is, to the extent not covered by the binding commitments, underwritten by Peter Maloney, the CEO & Managing Director of the Company, (or an entity controlled by Peter Maloney), NEXTDC Ventures Holdings No. 1 Pty Ltd (NEXTDC) (an entity controlled by NEXTDC Limited), and Badger 31 Pty Ltd (Badger) (an entity controlled by Catherine Reid, a current director and chair of the Company). The underwriting commitments are allocated as follows: Peter Maloney (10,000,000 New Shares), NEXTDC (62,966,055 New Shares) and Badger (36,081,827 New Shares). The underwriting represents approx. 64.3% of total New Shares offered under the Entitlement Offer (being the balance of New Shares not subject to the binding commitments from major shareholders) and the equivalent of approx. \$5.45 million based on the Offer Price.</p> <p>Peter Maloney will have a priority right in respect of his underwriting, with the balance of the total underwritten New shares to be allocated between NEXTDC and Badger based on their respective shareholdings in the Company as between each other (approx. 63.6% and 36.4% respectively) and up to their respective underwritten amounts.</p>

(1) The Theoretical Ex-rights Price (TERP) is calculated by reference to AUCloud's closing price on Wednesday, 31 May 2023 of \$0.11 per share, being the last trading day prior to the announcement of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which AUCloud shares trade immediately after the ex-date of the Entitlement Offer and will depend on many factors and may not approximate TERP. TERP includes the new shares issued under the placement.

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Equity Raising Timetable

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

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Key Risks



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Key Risk Factors

AUCloud is subject to various risk factors. Some of these are specific to its business activities, while others are of a general nature. Individually, or in combination, these risk factors could have a material adverse impact on AUCloud's assets and liabilities, financial position and performance, profits and losses and prospects, and the value of its shares. The key risk factors are described below. The risks set out below are not an exhaustive list of the risks associated with AUCloud or the industry in which it operates, or an investment in AUCloud shares either now or in the future, and this information should be used as guidance only. There can be no guarantee that AUCloud will achieve its stated objectives or that any forward-looking statement or forecasts will eventuate. Before deciding whether to invest in AUCloud, you should read the entire presentation and satisfy yourself that you have a sufficient understanding of these potential risks and should consider whether an investment in AUCloud is suitable for you after taking into account your own investment objectives, financial circumstances and tax position. If you are in any doubt as to anything in this presentation, you should consult your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

SPECIFIC RISKS

- **Competitive landscape and actions of others:** AUCloud operates in a competitive landscape alongside a number of other service providers with competing technologies, product offerings and geographic presence. These include a number of global IaaS providers which offer competing services to AUCloud on a global scale. Although AUCloud is in a niche market, and notwithstanding the barriers to entry in that market, AUCloud may face competition from new entrants and existing competitors who may have significant advantages, including greater name recognition, longer operating history, lower operating costs, pre-existing relationships with current or potential customers or decision makers and greater financial, marketing and other resources. If competitor product offerings are perceived to be superior to AUCloud's, or competitors are able to compete effectively on price, AUCloud may lose existing or potential customers, incur costs to improve its network, or be forced to reduce prices.
- **Sustained losses:** Like many start up technology companies, AUCloud has incurred regular operating losses since inception. AUCloud may not be able to achieve or maintain profitability or positive free cash flow in the near term if at all and as such the business will likely require ongoing funding from cash reserves or from new equity issuances.
- **Cyber risk:** Given AUCloud's business model is premised on providing secure cloud services, any unauthorised access to customer data would severely prejudice AUCloud's reputation as a credible provider of such services to its targeted customers. While instances of "cyber-crime" are particularly damaging, other events, such as accidental loss of confidential data or experiencing significant network issues may also cause financial loss or reputational damage (or both). While AUCloud is particularly focused on mitigating the likelihood of cyber risk, given its business model, the consequences of the risk including the adverse effect on AUCloud's future financial performance and position, are potentially significant.
- **Changes to law or Government policy:** The collection, storage and protection of data, including the migration of systems to the cloud, for Governments and CNIs is a current focus of Government policy, which is evolving rapidly. As Government departments and agencies consider transitioning legacy systems and datasets to third party hosted environments, including to the cloud, there is a growing focus on how Government agencies can ensure the security of that data. Rules and guidelines for Government departments and agencies in relation to outsourcing cloud functions, and the requirements of third party providers of those functions, have been developed, however there is no guarantee that the implementation of those rules and guidelines will occur in the manner currently anticipated by AUCloud. In addition, those rules and guidelines will likely be supplemented and varied over time. AUCloud has limited capacity to predict policy developments, it is possible that policies will be implemented in the future that may preclude or hinder AUCloud's competition in the market for Government outsourcing of cloud services.
- **Authorisations and accreditations:** AUCloud relies on authorisations and accreditations to operate its business. In particular, AUCloud is IRAP-accredited which provides credentials as a provider of its services to the Australian Government. IRAP is an ASD initiative. ASD endorses suitably qualified ICT professionals as IRAP assessors to provide relevant security services and highlight information security risks which aim to secure broader industry and Australian Government information (and associated) systems. AUCloud is ISO/IEC 27001 certified. There is no guarantee that AUCloud will be able to obtain or retain the authorisations and accreditations it requires to compete in the market. Any failure by AUCloud to obtain additional authorisations or accreditations mandated by the Australian Government would materially adversely affect AUCloud's operational and financial performance.

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Key Risk Factors (continued...)

- **Concentration of customer base and nature of customer contracts:** AUCloud has a relatively concentrated customer base. If AUCloud was to lose one or more of its key customers, AUCloud's business and financial condition could be adversely impacted. There may also be a long lead-time to secure new customer contracts for AUCloud, and by their nature, such customer contracts are relatively short-term (with a typical contract term of between three months and five years). If AUCloud was to lose one or more of these customer contracts, its operations, earnings and financial condition could be adversely impacted. In addition, if one or more of these contracts is not renewed upon expiry and AUCloud is unable to add new customers, its business, financial condition and financial performance could be adversely impacted in the future.
- **Ability to attract and retain key employees:** AUCloud's business is dependent on attracting and retaining highly skilled and experienced employees. It is essential that appropriately skilled staff be available in sufficient numbers to support AUCloud's business. AUCloud requires staff to have a variety of skills and expertise, some of which are niche specialities in which there are limited practitioners available for recruitment. Accordingly, the loss of, or the inability to attract, skilled and experienced employees is a key risk for AUCloud. The loss of key staff to a competitor may exacerbate this impact. AUCloud's ability to attract and retain employees in a cost effective manner is subject to external factors such as unemployment rates, prevailing wage legislation and changing demographics in its operating markets. Changes that adversely impact AUCloud's ability to attract and retain quality employees could materially adversely affect AUCloud's future financial performance and position.
- **Operating history:** The execution of AUCloud's business plan may take longer to achieve than planned and the costs of doing so may be higher than budgeted. AUCloud's operating business plan requires working capital and there can be no assurance that the objectives will be achieved. Accordingly, AUCloud may need to raise capital again in the near future, and with fewer operational objectives achieved, which may have an adverse effect on AUCloud's share price.
- **Low customer uptake of service:** A lack of customer demand and aggressive competition could limit AUCloud's ability to achieve desired rates of return on investment, and have a material adverse effect on the growth prospects and/or financial position of AUCloud, which may cause AUCloud to require further funding.
- **Funding and capital:** The continued growth of AUCloud relies on customer acquisition. Capital is required to maintain and grow the existing technology platform. AUCloud requires sufficient access to capital to fund this expenditure. Failure to obtain capital on favourable terms may hinder AUCloud's ability to expand and pursue growth opportunities, which may reduce competitiveness and have an adverse effect on the financial performance, position and growth prospects of AUCloud. AUCloud's continued ability to implement its business plan effectively over time is dependent in part on its ability to raise future funds. There is no assurance that additional funds will be available in the future, and/or be secured on reasonable commercial terms. If adequate funds are not available or not available on reasonable commercial terms in the future, then AUCloud may not be able to take advantage of opportunities, develop new ideas or otherwise respond to competitive pressures.
- **Interruptions to operations, including infrastructure and technology failure:** AUCloud could be exposed to short, medium or long-term interruptions to its services, some of which is provided by third parties. AUCloud may be unable to deliver a service as a result of numerous factors, including:
 - human error;
 - power loss;
 - improper maintenance by entities not related to AUCloud;
 - physical or electronic security breaches;
 - fire, earthquake, hurricane, flood and other natural disasters;
 - water damage;
 - intentional damage to the networks from vandalism;
 - accidental damage to the networks from civil works;
 - war, terrorism and any related conflicts or similar events worldwide; and
 - sabotage and vandalism.

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Key Risk Factors (continued...)

- **Change in technology:** Demand for cloud services can change rapidly because of technological innovation, new product introductions, declining prices and evolving industry standards, amongst other factors. New solutions and new technology often render existing solutions and services obsolete, excessively costly or otherwise unmarketable. As a result, the success of AUCloud depends on AUCloud being able to keep up with the latest technological progress and to develop or acquire and integrate new technologies into its product offering. Advances in technology also require AUCloud to commit resources to developing or acquiring and then deploying new technologies for use in operations.
 - **Relationships with key intellectual property licensors and technology:** AUCloud relies on relationships with key intellectual property licensors and technology partners, from whom it licenses the right to use particular intellectual property and technology. AUCloud's ability to offer its cloud services is dependent on its ability to use particular intellectual property and technology, and any change in the ability to use or protect the intellectual property AUCloud relies on may have an effect on AUCloud's future financial performance and position.
 - **Insurance:** AUCloud seeks to maintain appropriate policies of insurance consistent with those customarily carried by organisations in its industry. Any increase in the cost of the insurance policies of AUCloud or the industry in which it operates could adversely affect AUCloud's business, financial condition and operational results. AUCloud's insurance coverage may also be inadequate to cover losses it sustains. Uninsured loss or a loss in excess of AUCloud's insured limits could adversely affect AUCloud's business, financial condition and operational results.
- GENERAL RISKS**
- **AUCloud's share price may fluctuate:** AUCloud is subject to the general market risk that is inherent in all securities traded on a stock exchange. This may result in fluctuations in its share price that are not explained by the fundamental operations and activities of AUCloud. There is no guarantee that the price of AUCloud's shares will increase following the Offer, even if AUCloud's earnings increase. AUCloud's shares may trade at, above or below the Offer price due to a number of factors, including:
 - changes to government policy, legislation or regulation;
 - inclusion in or removal from particular market indices (including S&P/ASX indices); and
 - the nature of the markets in which AUCloud operates.
 - **Other factors that may negatively affect investor sentiment and influence AUCloud specifically or the stock market more generally** include acts of terrorism, an outbreak of international hostilities, civil unrest, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events.
 - **Trading in AUCloud's shares may not be liquid:** There can be no guarantee that there will be an active market for AUCloud's shares following completion of the Offer. There may be relatively few potential buyers or sellers of AUCloud's shares on ASX at any given time. This may increase the volatility of the market price of AUCloud's shares. It may also affect the prevailing market price at which shareholders are able to sell their AUCloud shares. This could result in shareholders receiving a market price for their AUCloud shares that is less than the price that they paid.
 - **Shareholders may suffer dilution:** AUCloud may issue more shares in the future in order to fund working capital requirements, acquisitions or investments or to reduce its debt. While AUCloud will continue to be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period (other than where exceptions apply), any such equity raisings may dilute the interests of shareholders.
 - **Taxation changes may occur:** The taxation treatment for shareholders is dependent upon the tax law as currently enacted in Australia. Changes in tax or stamp duty law or changes in the way tax or stamp duty law is expected to be interpreted in Australia may adversely impact AUCloud's returns or the dividends paid by AUCloud to shareholders. An investment in AUCloud shares involves tax considerations that differ for each investor. Investors are encouraged to seek professional tax advice in connection with any investment in AUCloud.

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Key Risk Factors (continued...)

- **Expected future events may not occur:** Certain statements in this presentation constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance and achievements of AUCloud to differ materially from any future results, performance or achievements expressed or implied in such forward-looking statements. Given these uncertainties, prospective investors should not place undue reliance on such forward-looking statements. In addition, under no circumstances should a forward-looking statement be regarded as a representation or warranty by AUCloud or any other person referred to in this presentation that a particular outcome or future event is guaranteed.
- **Impact of climate change:** Climate change presents a potentially material risk to AUCloud. The increasing severity of acute weather events (such as heatwaves, cyclones and storms) and chronic climate impacts may affect AUCloud's property (and associated communities) through physical damage, operating costs, and ability to trade, for example. These acute weather events may be sudden and acute or more gradual in nature. For example, property may be damaged by storms or flooding which requires extensive repairs. Alternatively, supply chains may be disrupted. Transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes to address mitigation and adaption requirements related to climate change. These may require AUCloud to incur costs to address these changes. The transition to a low carbon economy may enable AUCloud to realise opportunities such as reducing its reliance on the electricity grid by generating onsite renewable energy which also protects its business from future energy market and policy uncertainty.
- **Force majeure events may occur:** Events may occur within or outside Australia that could impact upon the global and Australian economies, the operations of AUCloud and the price of AUCloud's shares. These events include but are not limited to acts of terrorism, outbreaks of international hostilities, civil unrest, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events that can have an adverse effect on AUCloud's ability to conduct its business.
- **Exposure to general economic conditions:** The operating and financial performance of AUCloud is influenced by a variety of general domestic and global economic and business conditions that are outside the control of AUCloud. A prolonged deterioration in general economic conditions may impact the demand for AUCloud's services and may have a material adverse impact on the financial performance, financial position, cash flows, dividends, growth prospects and share price of AUCloud.
- **Accounting standards may change:** The Australian Accounting Standards to which AUCloud adheres are set by the AASB and are consequently outside the control of AUCloud and the Directors. Changes in accounting standards issued by the AASB or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in AUCloud's financial statements.
- **Litigation and regulatory inquiries:** AUCloud may be subject to litigation, complaints and other claims or disputes, regulatory inquiries or investigations and other enforcement action initiated by customers, employees, suppliers, regulators or other third parties in the course of its business. Such matters may have a materially adverse effect on AUCloud's financial performance and position. Even if such matters are successfully defended or settled without financial consequences, they may have a material adverse effect on AUCloud's reputation.

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Foreign selling restrictions

This presentation does not constitute an offer of New Shares of the Company in any jurisdiction in which it would be unlawful. In particular, this presentation may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Philippines

THE SECURITIES BEING OFFERED OR SOLD HAVE NOT BEEN REGISTERED WITH THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION (SEC) UNDER THE PHILIPPINE SECURITIES REGULATION CODE (THE CODE). ANY FUTURE OFFER OR SALE THEREOF IS SUBJECT TO REGISTRATION REQUIREMENTS UNDER THE CODE UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION.

The New Shares are being offered or sold to existing shareholders of the Company in an exempt transaction under Section 10.1(e) of the Code. The Company has not sought confirmation, and the SEC has not confirmed, whether the Offer qualifies as an exempt transaction under the Code.

United Kingdom

Neither this document nor any other document relating to the offer of New Shares has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (FSMA)) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to fewer than 150 persons who are existing shareholders of the Company. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (FPO), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

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Glossary

Term	Definition
AASB	Australian Accounting Standards Board
ACSC	Australian Cyber Security Centre
ARPU	Average Revenue Per Customer per annum
ARR	Annual Recurring Revenue
GTM	Go-To-Market
IaaS	Infrastructure as a Service
IaaS Consumption	The revenue recognised based on the aggregated consumption of the IaaS services, excluding implementation, consulting and setup charges or one off non-recurring charges. In the Company's experience it is reasonable to expect IaaS consumption to be repeated in subsequent periods
ICT	Information and Communication Technology
IRAP	Information Security Registered Assessors Program
ISV	Independent Software Vendor
MSP	Managed Service Provider
NEXTDC	NEXTDC Limited
SOCaaS	Security Operations Centre as a Service
SOCI Act	Security of Critical Infrastructure Act 2018 and subsequent amendments (2021; 2022)
TCV	Total Contract Value - the total value of expected revenue from estimated consumption of Infrastructure as a Service (IaaS), services secured through non enforceable customer contracts (e.g. purchase orders, statement of works). Invoices are raised typically on a monthly basis against these contracts based on actual customer usage. Such contracts generally form part of a larger contractual scope that is less defined but provides overarching commercial terms (e.g. Master Services Agreements, Channel Partner Agreements, Teaming Agreements)

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6. ADDITIONAL INFORMATION

This Offer Booklet (including the Company's ASX Announcements and Investor Presentation in Section 5) and enclosed personalised Entitlement and Acceptance Form have been prepared by the Company.

This Offer Booklet is dated 1 June 2023 and also available at www.australiacloud.com.au. The information in this Offer Booklet remains subject to change without notice and the Company is not responsible for updating such information.

There may be additional announcements made by the Company after the date of this Offer Booklet and throughout the period that the Entitlement Offer is open that may be relevant to your consideration of whether to take up, sell or transfer or do nothing in respect of, your Entitlement. Therefore, it is prudent that you check whether any further announcements have been made by the Company (by visiting ASX's website at www.asx.com.au, or the Company's website at www.australiacloud.com.au) before submitting your application to take up your Entitlement.

No party other than the Company has authorised or caused the issue of the information in this Offer Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in such information.

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Offer Booklet. Any information or representation that is not in this Offer Booklet may not be relied on as having been authorised by the Company or its related bodies corporate in connection with the Entitlement Offer.

The information in this Offer Booklet is important and requires your immediate attention.

You should read the information in this Offer Booklet carefully and in its entirety before deciding how to deal with your Entitlement. In particular, you should consider the risk factors outlined in the "Key Risk Factors" section of the Company's Investor Presentation included in Section 5, any of which could affect the operating and financial performance of the Company or the value of an investment in the Company.

You should consult your stockbroker, solicitor, accountant, financial adviser or other professional adviser to evaluate whether or not to participate in the Entitlement Offer.

6.1 Eligibility to participate in Entitlement Offer

This Offer Booklet contains an offer of New Shares to Eligible Shareholders in Australia and has been prepared in accordance with section 708AA of the Corporations Act as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73).

As set out in Section 1.2, Eligible Shareholders are those persons who:

- are registered as a holder of Shares as at the Record Date, being 7.00pm (Sydney time) on 6 June 2023;
- as at the Record Date, have a registered address on the Company's Share register in Australia, New Zealand, the Philippines or the United Kingdom, or are a Shareholder that the Company has otherwise decided is entitled to participate;
- are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such person holds Shares for the account or benefit of such person in the United States); and

- are eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

All Shareholders who do not satisfy the criteria to be Eligible Shareholders are Ineligible Shareholders. Ineligible Shareholders are not entitled to participate in the Entitlement Offer, unless the Company otherwise determines. Refer to Section 3.8 above for further information regarding the appointment of the Nominee to sell New Shares of Ineligible Shareholders.

The Company has determined that each person who is registered as a holder of Shares as at the date of this Offer Booklet satisfies the criteria to be an Eligible Shareholder, and therefore the Company is not aware of any person that would be considered an Ineligible Shareholder. As at the date of this Offer Booklet, the Company has not made a determination, pursuant to ASX Listing Rule 7.7.1(a) and section 708AA (including section 9A(3)(a)) of the Corporations Act, that it would be unreasonable to extend the Entitlement Offer to Ineligible Shareholders.

Notwithstanding the above, the Company, in its absolute discretion, may extend the Entitlement Offer to any Shareholder if it is satisfied that the Entitlement Offer may be made to the Shareholder in compliance with all applicable laws. The Company, in its absolute discretion, reserves the right to determine whether a Shareholder is an Eligible Shareholder or an Ineligible Shareholder. To the maximum extent permitted by law, the Company disclaims all liability in respect of such determination.

By returning a completed personalised Entitlement and Acceptance Form and making a payment by EFT, or making a payment by BPAY[®], you will be taken to have represented and warranted that you satisfy each of the criteria listed above to be an Eligible Shareholder. Trustees, custodians or nominees are therefore advised to seek independent professional advice as to how to proceed.

6.2 Ranking of New Shares

New Shares issued under the Entitlement Offer will be fully paid and rank equally in all respects with existing Shares on issue from their time of issue. The rights and liabilities attaching to the New Shares are set out in the Company's constitution, a copy of which is available at www.australiacloud.com.au.

6.3 Risks

The Company's Investor Presentation details important factors and risks that could affect the financial and operating performance of the Company. You should refer to the "Key Risk Factors" section of the Company's Investor Presentation released to ASX on 1 June 2023 and which is included in Section 5. You should consider these factors in light of your personal circumstances, including financial and taxation issues, before making a decision in relation to your Entitlement.

6.4 Reconciliation, and the rights of the Company

The Entitlement Offer and the calculation of Entitlements is a complex process. There may be a need to undertake a reconciliation of Entitlements. If reconciliation is required, it is possible that the Company may need to issue additional New Shares to ensure that the relevant investors receive their appropriate allocation of New Shares.

The Company also reserves the right to reduce the size of an Entitlement or number of New Shares allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders or other applicable investors, if the Company believes in its complete discretion that their claims are overstated or if they or their nominees fail to provide information requested to substantiate their claims. In that case, the Company may, in its discretion, require the relevant Shareholder to transfer existing Shares held by them or to purchase additional Shares on-market to meet this obligation. The relevant Shareholder will bear any and all losses caused by subscribing for New Shares in excess of their Entitlement and any actions they are required to take in this regard.

By applying under the Entitlement Offer, those doing so irrevocably acknowledge and agree to do the above as required by the Company in its absolute discretion. Those applying acknowledge that there is no time limit on the ability of the Company to require any of the actions set out above.

6.5 No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted.

6.6 Rounding of Entitlements

Where fractions arise in the calculation of an Entitlement, they will be rounded up to the nearest whole number of New Shares. The Company does not expect any fractions to arise, as Entitlements are calculated on a 1 for 1 ratio.

6.7 Trading of Entitlements

Your Entitlement is personal and cannot be traded on ASX, transferred, assigned or otherwise dealt with. If you do not take up your Entitlement by the Closing Date, being 5.00pm (Sydney time) on 23 June 2023, your Entitlement will lapse.

6.8 Quotation and trading of New Shares

The Company has applied for quotation of the New Shares on ASX in accordance with the ASX Listing Rule requirements. Trading of New Shares will, subject to ASX approval, occur shortly after allotment. If ASX does not grant quotation of the New Shares, the Company will repay all Application Monies (without interest). It is expected that trading on ASX of New Shares to be issued under the Entitlement Offer will commence at 10.00am (Sydney time) on 30 June 2023 on a normal settlement basis. Application Monies will be held by the Company on trust for applicants until the New Shares are allotted. No interest will be paid on Application Monies.

It is the responsibility of applicants to determine the number of New Shares allotted and issued to them prior to trading in the New Shares. The Company will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by the Company or failure to maintain their updated details with the Company's Share Registry or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to.

If you are in any doubt as to these matters, you should first consult with your stockbroker, solicitor, accountant, financial adviser or other professional adviser.

6.9 Notice to nominees and custodian

If the Company believes you hold Shares as a nominee or custodian you will have received, or will shortly receive, a letter in respect of the Entitlement Offer. Nominees and custodians should consider carefully the contents of that letter.

Persons acting as nominees for other persons must not take up Entitlements on behalf of, or send any documents related to the Entitlement Offer to, any person in the United States or any person that is acting for the account or benefit of a person in the United States. Persons in the United States and persons acting for the account or benefit of persons in the United States will not be able to take up or exercise Entitlements and may receive no value for any such Entitlements held.

The Company is not required to determine whether or not any registered holder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of Shares or

Entitlements. A nominee or custodian may only forward this Offer Booklet to, and take up Entitlements on behalf of, beneficial owners of Shares who reside in Australia, New Zealand and the Philippines or such other jurisdiction where the Company may determine it is lawful and practical to make the Entitlement Offer.

6.10 Not investment advice

This Offer Booklet is not a prospectus, product disclosure statement or other form of disclosure document under the Corporations Act and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. The Company is not licensed to provide financial product advice in respect of the New Shares. This Offer Booklet does not purport to contain all the information that you may require to evaluate a possible application for New Shares, nor does it purport to contain all the information which would be required in a prospectus prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with the Company's other periodic statements and continuous disclosure announcements lodged with ASX, which are available at www.australiacloud.com.au.

Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the information in this Offer Booklet, you have any questions about the Entitlement Offer, you should contact your stockbroker, solicitor, accountant, financial adviser or other professional adviser or call the Company's Shareholder information line on 1800 282 568 (within Australia) or +61 1800 282 568 (outside Australia) between 8.30am and 5.30pm (Sydney time), Monday to Friday.

Nominees and custodians may not distribute any part of this Offer Booklet in the United States or in any other country outside Australia except:

- that Australian nominees may send this Offer Booklet and related offer documents to beneficial Shareholders to beneficial owners of Shares who reside in Australia, New Zealand and the Philippines; and
- to beneficial Shareholders in other countries (other than the United States) where the Company may determine it is lawful and practical to make the Entitlement Offer.

6.11 Information availability

If you are in Australia, you can obtain a copy of this Offer Booklet during the period of the Entitlement Offer by calling the Company's Shareholder information line 1800 282 568 (within Australia) or +61 1800 282 568 (outside Australia) between 8.30am and 5.30pm (Sydney time), Monday to Friday.

A replacement personalised Entitlement and Acceptance Form can also be requested by calling the Company's Shareholder information line.

If you access the electronic version of this Offer Booklet, you should ensure that you download and read the entire Offer Booklet.

6.12 Foreign jurisdictions

The information in this Offer Booklet has been prepared to comply with the requirements of the securities laws of Australia. To the extent that you hold Shares or Entitlements on behalf of another person resident outside Australia, it is your responsibility to ensure that any participation (including for your own account or when you hold Shares or Entitlements beneficially for another person) complies with all applicable foreign laws and that each beneficial owner on whose behalf you are submitting the

personalised Entitlement and Acceptance Form is not in the United States and not acting for the account or benefit of a person in the United States.

This Offer Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021.

This Offer Booklet has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013. This Offer Booklet is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Philippines

THE SECURITIES BEING OFFERED OR SOLD HAVE NOT BEEN REGISTERED WITH THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION (SEC) UNDER THE PHILIPPINE SECURITIES REGULATION CODE (THE CODE). ANY FUTURE OFFER OR SALE THEREOF IS SUBJECT TO REGISTRATION REQUIREMENTS UNDER THE CODE UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION.

The New Shares are being offered or sold to existing shareholders of the Company in an exempt transaction under Section 10.1(e) of the Code. The Company has not sought confirmation, and the SEC has not confirmed, whether the Offer qualifies as an exempt transaction under the Code.

United Kingdom

Neither this Offer Booklet nor any other document relating to the offer of New Shares has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this Offer Booklet or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This Offer Booklet is issued on a confidential basis in the United Kingdom to fewer than 150 persons who are existing shareholders of the Company. This Offer Booklet may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this Offer Booklet is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d)

(high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together “relevant persons”). The investment to which this Offer Booklet relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this Offer Booklet.

6.13 Shareholder commitments

The Company has received binding commitments from five major Shareholders and Shareholder groups (set out in the table below) (**Committed Shareholders**) to take up their entitlements either in full or in part. This represents approx. 35.74% of total New Shares offered under the Entitlement Offer and the equivalent of \$3,032,622.70 based on the Offer Price.

Shareholder	Current shareholding	Current voting power	Commitment (New Shares)
NEXTDC Limited ³ (NEXTDC)	33,939,907	19.99%	33,939,907
Badger 31 Pty Ltd and others (Cathie Reid) ⁴	19,448,794	11.46%	19,448,794
Edwards Bay Capital Pty Ltd and others ⁵	18,723,502	11.03%	3,000,000
Wilson Asset Management Group	12,486,496	7.36%	2,000,000
Bretton Pty Ltd (Ross Walker)	2,263,753	1.33%	2,263,753
Total	86,862,452	51.19%	60,652,454

6.14 Underwriting

The Company has entered into agreements with each of the following person to underwrite the Entitlement Offer to the extent not covered by the Major Shareholder commitments:

- Peerless Investments Pty Ltd (**Peerless**), an entity associated with Peter Maloney, who is the Chief Executive Officer and Managing Director of the Company;
- NEXTDC Limited (**NEXTDC**) (or an entity controlled by NEXTDC); and
- Badger 31 Pty Ltd (**Badger**), an entity controlled by Catherine Reid, who is a current director and chair of the Company,

(the **Underwriters**). The Underwriters will not be paid a fee in connection with their underwriting of the Entitlement Offer.

³ Registered holder of the shares is NEXTDC Ventures Holdings No. 1 Pty Ltd. Refer Notice of change of interest of substantial holder (Form 604) given in respect of SOV dated 22 December 2021.

⁴ Badger 31 Pty Ltd as trustee for the CGR Family Trust, SG03 Pty Ltd as trustee for the Enforcer Superfund, Catherine Gay Reid and Stuart Anthony Giles. Refer Notice of change of interest of substantial holder (Form 604) given in respect of SOV dated 14 January 2022.

⁵ Edwards Bay Capital Pty Limited as trustee for the Balmoral Trust, Petromac Holding Pty Ltd as trustee for the PSM Trust, James McBeath, Rikki McBeath and Peter McBeath. Refer Notice of change of interest of substantial holder (Form 604) given in respect of SOV dated 14 January 2022.

The number of New Shares each Underwriter as agreed to underwrite is as follows:

Underwriter	Current holding	Entitlement	Shares underwritten	Holding post-offer with full underwrite
Peerless	Nil	Nil	10,000,000	10,000,000
NEXTDC	33,939,907 ³	33,939,907 ³	62,966,055	130,845,869 ³
Badger	19,448,794 ⁴	19,448,794 ⁴	36,081,827	74,979,415 ⁴

The following is a summary of the underwriting arrangements entered into between the Company and the Underwriters:

- A partial and limited underwriting in respect of a shortfall in valid applications under the Entitlement Offer up to 109,047,882 New Shares. Based on commitments received from Shareholders (see Section 6.13 above) to subscribe for an aggregate of 60,652,454 New Shares (**Committed Shares**), the underwriting is intended to cover the difference between the total New Shares under the offer and Committed Shares, being \$5,452,394.10 based on the Offer Price (**Underwritten Shares**).
- The number of New Shares that each Underwriter has agreed to underwrite is limited to the amounts set out in the above table. Therefore, if a Committed Shareholder fails to take up its entitlement per its commitment and no other Shareholders (other than remaining Committed Shareholders) take up their respective Entitlements, each Underwriter would be required to subscribe for the full number of New Shares they have agreed to underwrite, with the number of New Shares issued under the Entitlement Offer being less than the total New Shares. For the avoidance of doubt, it is not a condition of the Entitlement Offer proceeding that the Company receive valid applications for the Committed Shares.
- Peerless will have a priority right in respect of its underwriting, with the balance of any shortfall remaining after Peerless' underwritten amount is satisfied to be allocated between NEXTDC and Badger based on their shareholding in the Company as between each other (63.57% and 36.43% respectively) and up to their respective underwritten amounts.

As is customary with these types of arrangements:

- the obligation to underwrite is subject to the satisfaction of certain conditions precedent, including the delivery of certain due diligence materials and ASX not indicating that it will refuse quotation of the New Shares to be issued under the Entitlement Offer; and
- the Company and the Underwriter have given certain representations, warranties and undertakings in connection with the Entitlement Offer.

Each Underwriter may terminate their underwriting agreement and be immediately relieved of their obligations under it on the occurrence of certain events, including but not limited to:

- The offer materials for the Entitlement Offer (**Offer Materials**) are or become misleading or deceptive or likely to mislead or deceive, or there is an omission of information required by the Corporations Act or any forecast, expression of opinion, intention or expectation expressed in the Offer Materials is not fair and honest and based on reasonable assumptions, when taken as a whole, or the Company no longer has any reasonable basis for any such forecast, expression of opinion, intention or expectation.
- At any time between the announcement of the Entitlement Offer and the date of issue of the New Shares (inclusive), a new circumstance arises which in the opinion of the Underwriter is

a matter materially adverse to investors in the New Shares and which would have been required by the Corporations Act to be included in the Offer Materials had the new circumstance arisen before the Offer Materials was given to ASX.

- The Company ceases to be admitted to the official list of ASX or approval for quotation of new Shares to be issued under the Entitlement Offer is not given by ASX.
- There are certain delays in the timetable for the Entitlement Offer (excluding any delay agreed between the Company and the Underwriter), or the Entitlement Offer is withdrawn by the Company.
- There is a alteration to the share capital of the Company not otherwise disclosed to the Underwriter prior to the entry into the underwriting agreement, or the Company disposes or attempts to dispose of a substantial part of its business or property (without the consent of the Underwriter).
- Court or tribunal proceedings are commenced or threatened against the Company seeking an injunction or other order in relation to the Entitlement Offer.
- ASIC takes certain regulatory action in respect of the Company or any of its officers or Directors, or the Entitlement Offer.
- The Company or any of its material subsidiaries becomes insolvent or there is an act or omission which may result in the Company or any of its material subsidiaries becoming insolvent.
- There is a breach, termination, rescission or amendment to another underwriting agreement in respect of the Entitlement Offer without the prior written consent of the Underwriter, or a condition precedent to which another underwriting agreement is subject becomes impossible or unlikely to be satisfied.

6.15 Effect on control

Depending on Shareholder participation in the Entitlement Offer, the voting power of NEXTDC is likely to exceed 25% on completion of the Entitlement Offer. In controlling more than 25% of the voting power in the Company, NEXTDC will have the ability to block special resolutions at a meeting of Shareholders (e.g. amendments to the Constitution, approval of additional placement capacity under ASX Listing Rule 7.1A), including the ability to 'strike' the remuneration report for the Company considered at each annual general meeting.

The following scenarios demonstrate the impact of the Entitlement Offer on control of the Company based on various levels of Shareholder participation under the Entitlement Offer, each of which include the Underwriters subscribing for the shortfall.

Scenario 1 – 35% participation

Only the Committed Shareholders participate in the Entitlement Offer based on their commitments (35.74% of total New Shares):

Shareholder	Holding	Voting power
Peter Maloney	10,000,000	2.95%
NEXTDC ³	131,270,459	38.68%
Badger ⁴	74,554,825	21.97%
Edwards Bay Capital Pty Ltd ⁵	21,723,502	6.40%
Wilson Asset Management Group	14,486,496	4.27%
Bretton Pty Ltd	4,527,506	1.33%
Other Shareholders	82,837,884	24.41%
Total	339,400,672	100%

Scenario 2 – 50% participation

50% of Shareholders participate in the Entitlement Offer (inclusive of Committed Shareholders):

Shareholder	Holding	Voting power
Peter Maloney	10,000,000	2.95%
NEXTDC ³	115,783,922	34.11%
Badger ⁴	65,843,648	19.40%
Edwards Bay Capital Pty Ltd ⁵	21,723,502	6.40%
Wilson Asset Management Group	14,486,496	4.27%
Bretton Pty Ltd	4,527,506	1.33%
Other Shareholders	107,035,598	31.54%
Total	339,400,672	100%

Scenario 3 – 75% participation

75% of Shareholders participate in the Entitlement Offer (inclusive of Committed Shareholders):

Shareholder	Holding	Voting power
Peter Maloney	10,000,000	2.95%
NEXTDC ³	88,631,868	26.11%
Badger ⁴	50,570,618	14.90%
Edwards Bay Capital Pty Ltd ⁵	21,723,502	6.40%
Wilson Asset Management Group	14,486,496	4.27%
Bretton Pty Ltd	4,527,506	1.33%
Other Shareholders	149,460,682	44.04%
Total	339,400,672	100%

6.16 Lead Manager

Morgans Corporate Limited ACN 010 539 607 (**Lead Manager**) has been engaged by the Company to act as lead manager to the Entitlement Offer. The role of the Lead Manager includes:

- advising and assisting the Company with matters affecting the Entitlement Offer, including structuring, consultation with regulators, and communications and marketing strategy; and
- to the extent there is any placement of Shortfall Shares (refer to Section 6.17 for further details), managing the bookbuild process for such shortfall placement and consulting with the Company on the allocation of Shortfall Shares (where applicable).

As is customary with these types of arrangements:

- the Company has agreed to indemnify and hold harmless the Lead Manager and their related bodies corporate and affiliates, branches and affiliates and their respective officers, directors, employees, advisors, representatives and agents, against all actions, claims, demands, proceedings, investigations, inquiries or judgments all claims, demands, damages, losses, liabilities, costs and expenses incurred directly or indirectly as a result of certain matters which occur in connection with the Entitlement Offer, and any and all losses (including any consequential or indirect loss), damages, costs, charges, liabilities, interest and expenses;
- the Company has agreed to reimburse that Lease Manager for costs and expenses incurred by the Lead Manager in providing the lead manager services, including legal fees (subject to an agreed cap); and
- the Company and the Lead Manager have given certain representations, warranties and undertakings in connection with the Entitlement Offer.

The Lead Manager will be paid the following fees for its services as lead manager to the Entitlement Offer:

- management fee of 1.5% of the gross proceeds raised under the Entitlement Offer;
- a selling fee of 1.5% of the gross proceeds raised under the Entitlement Offer, excluding funds raised from directors of the Company (or entities associated with directors of the Company), and certain other existing investors; and

- to the extent there is any Shortfall Shares, a selling fee of 3% of the proceeds received from any future placement of the Shortfall Shares (refer to Section 6.17 below for further details).

6.17 Allocation of Shortfall Shares

A shortfall may arise if applications received for New Shares under the Entitlement Offer (including through over-acceptances under the Top-Up Facility) and after allocation of any New Shares to the Underwriters is less than the number of New Shares offered. Given the nature of the underwriting arrangements, a shortfall is only expected to arise if a Committed Shareholder does not subscribe for part or all of the New Shares that it has committed to subscribe for under the Entitlement Offer.

The Directors reserve the right, subject to the requirements of the ASX Listing Rules and the Corporations Act, to place Shortfall Shares within three months after the Closing Date to either existing or new Shareholders at their discretion. If issued, Shortfall Shares will be issued at a price not less than the Issue Price of New Shares under the Entitlement Offer. Shareholders will not receive any payment or value for the Entitlements not taken up under the Entitlement Offer that are subsequently taken up as Shortfall Shares

6.18 Governing law

This Offer Booklet, the Entitlement Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the laws applicable in Queensland, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of Queensland, Australia and courts competent to hear appeals from those courts.

6.19 Disclaimer or representations

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Offer Booklet.

Any information or representation that is not in this Offer Booklet may not be relied on as having been authorised by the Company, or its related bodies corporate, in connection with the Entitlement Offer. Except as required by law, and only to the extent so required, none of the Company, nor any other person, warrants or guarantees the future performance of the Company or any return on any investment made pursuant to this Offer Booklet or its contents.

6.20 Withdrawal of the Entitlement Offer

The Company reserves the right to withdraw all or part of the Entitlement Offer at any time, subject to applicable laws, in which case the Company will refund Application Monies in relation to New Shares not already issued in accordance with the Corporations Act and without payment of interest.

To the fullest extent permitted by law, you agree that any Application Monies paid by you to the Company will not entitle you to receive any interest and that any interest earned in respect of Application Monies will belong to the Company.

6.21 Privacy

As a Shareholder, the Company and the Company's Share Registry have already collected certain personal information from you. If you apply for New Shares, the Company and the Company's Share Registry may update that personal information or collect additional personal information. Such information may be used to assess your acceptance of the New Shares, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

To do that, the Company and the Company's Share Registry may disclose your personal information for purposes related to your shareholdings to their agents, contractors or third party service providers

to whom they outsource services, in order to assess your application for New Shares, the Company's Share Registry for ongoing administration of the register, or to printers and mailing houses for the purposes of preparation of the distribution of Shareholder information and for handling of mail, or as otherwise under the *Privacy Act 1988* (Cth).

If you do not provide us with your personal information we may not be able to process your application. In most cases you can gain access to your personal information held by (or on behalf of) the Company or the Company's Share Registry. We aim to ensure that the personal information we retain about you is accurate, complete and up to date. To assist us with this please contact us if any of the details you have provided change. If you have concerns about the completeness or accuracy of the information we have about you, we will take steps to correct it. You can request access to your personal information by telephoning or writing to the Company through the Company's Share Registry as follows:

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
privacy.officer@linkgroup.com
Ph: +61 1800 502 355 (free call within Australia)

7. GLOSSARY

In this Offer Booklet, unless the context otherwise requires:

\$	means Australian dollars.
ABN	means Australian business number.
Application Monies	means application monies for New Shares received from an applicant.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited ACN 008 624 691 and where the context permits, the market operated by it.
Badger	means Badger 31 Pty Ltd ACN 108 155 148 as trustee for the CGR Family Trust.
Board	means the board of Directors of the Company.
Entitlement Offer	means the Placement and the Entitlement Offer.
Company	means Sovereign Cloud Holdings Limited ACN 622 728 189.
CGT	means capital gains tax.
Closing Date	means the day the Entitlement Offer closes, expected to be 5.00pm (Sydney time) on 23 June 2023.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Director	means a director of the Company.
Eligible Shareholder	has the meaning given to that term in Section 1.2.
Entitlement	means an Eligible Shareholder's entitlement to subscribe for New Shares.
Entitlement and Acceptance Form	means the personalised form that accompanies this Offer Booklet when despatched to Eligible Shareholders.
Entitlement Offer	means the pro-rata non-renounceable entitlement offer of 1 New Share for every 1 Share held at the Record Date at an Offer Price of \$0.05 per New Share.
FSMA	has the meaning given to that term in Section 6.12.
Ineligible Shareholder	means a Shareholder who is not an Eligible Shareholder.
Investor Presentation	means the Company's investor presentation released to ASX on 1 June 2023 and included in Section 5.
Lead Manager Parties	has the meaning given to that term in the 'Important Notices'.
Lead Manager or Morgans	means Morgans Corporate Limited (ACN 010 539 607).
New Share	means a Share to be allotted and issued under the Entitlement Offer, including any shortfall from the Entitlement Offer issued to the Underwriters or other investors.
NEXTDC	means NEXTDC Limited ACN 143 582 521.
Nominee	means Bernie No 132 Nominees Pty Ltd ACN 010 413 591.
Offer Booklet	means this document.
Offer Price	means \$0.05 per New Share.
Peerless	means Peerless Investments Pty Ltd ACN 098 390 848.
Record Date	means 7.00pm (Sydney time) on 6 June 2023.

Relevant Persons	has the meaning given to that term in the 'Important Notices' and in Section 6.12.
Entitlement Offer	means the retail component of the Entitlement Offer made to Eligible Shareholders.
Section	means a section of this Offer Booklet.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a registered holder of Shares.
Share Registry	means Link Market Services Limited (ACN 083 214 537).
Shortfall Shares	means those New Shares not taken up by Eligible Shareholders or the Underwriters under the Entitlement Offer, together with those New Shares to which any Ineligible Shareholders would otherwise have been entitled.
TERP	means theoretical ex-rights price.
TFN	means tax file number.
Top-Up Facility	has the meaning given to that term in Section 1.1.
VWAP	means the volume weighted average price.
Underwriters	means: (a) NEXTDC; (b) Badger; and (c) Peerless, and Underwriter means any one of them.
US Securities Act	means the US Securities Act of 1933, as amended.



Sovereign Cloud Holdings Limited

ACN 622 728 189

All Registry communications to:
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
Telephone: 1800 282 568
From outside Australia: +61 1800 282 568
ASX Code: SOV
Website: www.linkmarketservices.com.au

IID:

SRN/HIN:

Entitlement Number:

Number of Eligible Shares held as at the Record Date, 7:00pm (AEDT) on 6 June 2023:

Entitlement to New Shares on a 1 New Share for every 1 existing Share held:

Amount payable on full acceptance at A\$0.05 per Share:

Offer Closes 5:00pm (AEST):	23 June 2023
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ENTITLEMENT AND ACCEPTANCE FORM

On 1 June 2023, Sovereign Cloud Holdings Limited (**Company** or **Sovereign Cloud**) announced its intention undertake a 1 for 1 pro-rata non-renounceable entitlement offer of new fully paid ordinary shares in the Company to Eligible Shareholders (**Offer**). As an Eligible Shareholder you are entitled to acquire 1 New Share for every 1 existing Sovereign Cloud share that you hold on the Record Date, at an Offer Price of A\$0.05 per New Share. This is an important document and requires your immediate attention. If you do not understand it or you are in doubt as how to deal with it, you should contact your accountant, stockbroker, solicitor or other professional adviser.

IMPORTANT: The Offer is being made under the Offer Booklet dated 1 June 2023 (**Offer Booklet**). The Offer Booklet contains information about investing in the New Shares. Before applying for New Shares, you should carefully read the Offer Booklet. This Entitlement and Acceptance Form should be read in conjunction with the Offer Booklet. Unless otherwise defined in this document, capitalised terms used in this document have the meaning given to them in the Offer Booklet. If you do not wish to purchase New Shares under the Offer, there is no need to take any action.

If you do not have a paper copy of the Offer Booklet, you can obtain a paper copy at no charge, by calling the Sovereign Cloud Holdings Limited Offer Information Line on 1800 282 568 (within Australia) or +61 1800 282 568 (from outside Australia).

PAYMENT OPTIONS – If you wish to take up all or part of your entitlement, you have the payment option detailed below.

OPTION 1: PAYING BY BPAY®

If paying by BPAY®, refer to the instructions overleaf. **You do NOT need to return this acceptance form if you elect to make payment by BPAY®.** Payment must be received via BPAY® before 5:00pm (AEST) on 23 June 2023. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry in time. By paying by BPAY® you will be deemed to have completed an Application Form for the number of Shares subject of your application payment.



Billers Code: XXXXXX
Ref:

Telephone & Internet Banking – BPAY®

Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. More info: www.bpay.com.au
© Registered to BPAY Pty Ltd ABN 69 079 137 518

HOW TO ACCEPT THE OFFER

STEP 1. Decide the number of New Shares you wish to apply for.

A Entitlement (all or part of your Entitlement shown above)	B Additional Shares applied for above your Entitlement	C Total number of New Shares applied for
<input type="text"/>	<input type="text"/>	<input type="text"/>

STEP 2. Calculate your Application Amount.

D Total number of Shares applied for (see C above)	E Issue Price	F Application Amount
<input type="text"/>	<input type="text" value="A\$0.05"/>	<input type="text" value="A\$"/>

For example: 10,000 Shares x A\$0.05 = A\$500.00

G YOUR CONTACT DETAILS

Telephone Number <input type="text" value="()"/>	Telephone Number – after hours <input type="text" value="()"/>	Contact Name (PRINT) <input type="text"/>
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See overleaf for details and further instructions on how to complete and lodge this Entitlement and Acceptance Form.

SOV EAC001



SOVEREIGN CLOUD HOLDINGS LIMITED

The Entitlement Offer to which this Entitlement and Acceptance Form relates is only made to those persons who:

- are registered as a holder of shares in the Company as at the Record Date, being 7.00pm (Sydney time) on 6 June 2023;
- as at the Record Date, have a registered address on the Company's Share register in Australia, New Zealand, the Philippines or the United Kingdom, or are a Shareholder that the Company has otherwise decided is entitled to participate;
- are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such person holds Shares for the account or benefit of such person in the United States); and
- are eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

This Entitlement and Acceptance Form and the Offer Booklet do not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States, or in any other jurisdiction in which such offer would be illegal. This Entitlement and Acceptance Form may not be distributed or released in the United States. Neither the Entitlements nor the New Shares sold in the Offer have been or will be registered under the U.S Securities Act of 1933, as amended (US Securities Act) or under the securities laws of any state or other jurisdiction of the United States.

ACCEPTANCE OF OFFER

By returning the Entitlement and Acceptance Form with payment to the Registry, or making payment received by BPAY®:

- that you have read and understood the Offer Booklet and this Entitlement and Acceptance Form and that you acknowledge the matters, and make the declarations, warranties and representations contained within the Offer Booklet;
- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the Constitution of Sovereign Cloud Holdings Limited;
- you represent and warrant that you understand that the Entitlements and the New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other state or jurisdiction of the United States and the New Shares may not be offered or sold, directly or indirectly in the United States or to persons that are acting for the account or benefit of persons in the United States (to the extent such persons are acting for the account or benefit of persons in the United States); and
- you represent and warrant that you are not in the United States and you are not acting for the account or benefit of a person in the United States (or, in the event that you are acting for the account or benefit of a person in the United States, you are not participating in the Offer in respect of that person), and you are not otherwise a person to whom it would be illegal to make an offer or issue of Entitlements or New Shares under the Offer and under any applicable laws and regulations.

HOW TO APPLY FOR NEW SHARES

1. WHEN PAYING BY BPAY® (AVAILABLE TO SHAREHOLDERS WITH AN AUSTRALIAN BANK ACCOUNT ONLY)

When you elect to make payment using BPAY® you must contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. For more information on paying by BPAY®: www.bpay.com.au

Work out the total amount payable by you. To calculate the total amount, multiply the number of New Shares you wish to apply for by A\$0.05.

Refer overleaf for the Biller Code and Reference Number. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

A. Acceptance of New Shares

Enter into section A the number of New Shares you wish to apply for. The number of New Shares must be equal to or less than your Entitlement, which is set out overleaf.

F. Payment Amount

Enter into section F the total amount payable by you. To calculate the total amount multiply the number in Section A by A\$0.05.

G. Contact details

Enter your contact telephone number where we may contact you regarding your acceptance of New Shares, if necessary.

2. HOW TO LODGE YOUR ENTITLEMENT AND ACCEPTANCE FORM

When paying by BPAY® you do not need to complete or return the Entitlement and Acceptance Form. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by the close of the offer.

Sovereign Cloud Holdings Limited reserves the right not to process any Entitlement and Acceptance Forms received after the Closing Date.

If you require further information on how to complete this Entitlement and Acceptance Form, please contact the Sovereign Cloud Holdings Limited Offer Information Line on 1800 282 568 (within Australia) or +61 1800 282 568 (from outside Australia) between 8:30am and 5:30pm (AEST) Monday to Friday.



Sovereign Cloud Holdings Limited
ACN 622 728 189

All Registry communications to:
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
Telephone: 1800 282 568
From outside Australia: +61 1800 282 568
ASX Code: SOV
Website: www.linkmarketservices.com.au

IID:
SRN/HIN:
Entitlement Number:
Number of Eligible Shares held as at the Record Date, 7:00pm (AEST) on 6 June 2023:
Entitlement to New Shares (on a 1 New Share for 1 basis):
Amount payable on full acceptance at A\$0.05 per Share:

Offer Closes 5:00pm (AEST):	Friday, 23 June 2023
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ENTITLEMENT AND ACCEPTANCE FORM

As an Eligible Shareholder you are entitled to acquire 1 New Share for every 1 Existing Share that you hold on the Record Date, at an Offer Price of A\$0.05 per New Share. You may also apply for New Shares in excess of your Entitlement under the Top-Up Facility, at the Offer Price. This is an important document and requires your immediate attention. If you do not understand it or you are in doubt as how to deal with it, you should contact your accountant, stockbroker, solicitor or other professional adviser.

IMPORTANT: The Offer is being made under the Offer Booklet dated 1 June 2023. The Offer Booklet contains information about investing in the New Shares. Before applying for New Shares, you should carefully read the Offer Booklet. This Entitlement and Acceptance Form should be read in conjunction with the Offer Booklet.

PAYMENT OPTION – If you wish to take up all or part of your Entitlement, you have the following payment options.

Option 1: Paying by BPAY®

If paying by BPAY®, refer to the instructions overleaf. **You do NOT need to return this acceptance form if you elect to make payment by BPAY®.** Payment must be received via BPAY® before 5:00pm (AEST) on Friday, 23 June 2023. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry in time. By paying by BPAY® you will be deemed to have completed an Application Form for the number of Shares subject of your application payment.

Option 2: Paying by EFT Payment

As an investor in Australia, New Zealand, United Kingdom and Philippines, you may pay via EFT and complete and return this Entitlement and Acceptance Form once your Application Payment has been made by EFT. Completed Entitlement and Acceptance Forms must be emailed to capitalmarkets@linkmarketservices.com.au.

1. Enter the number of New Shares accepted. You may also apply for New Shares in excess of your Entitlement under the Top-Up Facility.
2. Work out your payment amount. To calculate the total amount, multiply the number of New Shares you wish to apply for by A\$0.05.
3. Payment must be received in cleared funds before 5:00pm (AEST) on Friday, 23 June 2023. **You must use your SRN/HIN as the reference number for your deposit.** If you do not use your SRN/HIN, your application will not be able to be processed. You will also need to ensure that you are aware of any transfer fees with your Financial Institution as we are only able to process the AUD funds received.
4. Enter your contact telephone number at which we may contact you regarding the application for Shares, if necessary.

See overleaf for details and further instructions on how to complete and lodge this Entitlement and Acceptance form.

Account Name: PCPL - ITF SOVEREIGN CLOUD HOLDINGS LIMITED NRE
BSB: XXX-XXX
Account No: XXXXXXXX
Swift Code for Inbound Deposits from Overseas: CTBAU2SXXX



Biller Code: XXXXXXX
Ref:

Telephone & Internet Banking – BPAY®

Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. More info: www.bpay.com.au

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A Number of New Shares applied for and accepted (being not more than your Entitlement shown above)	B Number of additional New Shares applied for above your Entitlement	C Total number of New Shares applied for (add Boxes A and B)
<input type="text"/>	+	<input type="text"/>
	=	<input type="text"/>

D Payment amount (Multiply the number in section C by A\$0.05)

A\$

E Date of Submission

Reference on payment

F Telephone Number – Business Hours

Telephone Number – After Hours

Contact Name

SOVEREIGN CLOUD HOLDINGS LIMITED

The Entitlement Offer to which this Entitlement and Acceptance Form relates is only made to those persons who:

- are registered as a holder of shares in the Company as at the Record Date, being 7.00pm (Sydney time) on 6 June 2023;
- as at the Record Date, have a registered address on the Company's Share register in Australia, New Zealand, the Philippines or the United Kingdom, or are a Shareholder that the Company has otherwise decided is entitled to participate;
- are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such person holds Shares for the account or benefit of such person in the United States); and
- are eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

This Entitlement and Acceptance Form and the Offer Booklet do not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States, or in any other jurisdiction in which such offer would be illegal. This Entitlement and Acceptance Form may not be distributed or released in the United States. Neither the Entitlements nor the New Shares sold in the Offer have been or will be registered under the U.S Securities Act of 1933, as amended (US Securities Act) or under the securities laws of any state or other jurisdiction of the United States.

ACCEPTANCE OF OFFER

By returning the Entitlement and Acceptance Form with payment to the Registry, or making payment received by BPAY®:

- that you have read and understood the Offer Booklet and this Entitlement and Acceptance Form and that you acknowledge the matters, and make the declarations, warranties and representations contained within the Offer Booklet;
- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the Constitution of Sovereign Cloud Holdings Limited;
- you represent and warrant that you understand that the Entitlements and the New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other state or jurisdiction of the United States and the New Shares may not be offered or sold, directly or indirectly in the United States or to persons that are acting for the account or benefit of persons in the United States (to the extent such persons are acting for the account or benefit of persons in the United States); and
- you represent and warrant that you are not in the United States and you are not acting for the account or benefit of a person in the United States (or, in the event that you are acting for the account or benefit of a person in the United States, you are not participating in the Offer in respect of that person), and you are not otherwise a person to whom it would be illegal to make an offer or issue of Entitlements or New Shares under the Offer and under any applicable laws and regulations.

2. HOW TO LODGE YOUR ENTITLEMENT AND ACCEPTANCE FORM

When paying by BPAY® you do not need to complete or return the Entitlement and Acceptance Form. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by the close of the offer no later than 5:00pm (AEST) on Friday, 23 June 2023.

If paying by EFT, complete and return this Application Form once your Application Payment has been made by EFT. Completed Application Forms MUST be emailed to capitalmarkets@linkmarketservices.com.au.

If you require further information on how to complete this Entitlement and Acceptance Form, please contact the Sovereign Cloud Holdings Limited Offer Information Line on 1800 282 568 (within Australia) or +61 1800 282 568 (from outside Australia) between 8:30am and 5:30pm (AEST) Monday to Friday.

1. HOW TO APPLY FOR NEW SHARES

PAYING BY BPAY® (available to Shareholders with an Australian bank account only)

If you elect to make payment using BPAY® you must contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. For more information on paying by BPAY®: www.bpay.com.au

Work out the total amount payable by you. To calculate the total amount, multiply the number of New Shares you wish to apply for by A\$0.05.

Refer overleaf for the Biller Code and Reference Number. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

A. Acceptance of New Shares

Enter into section A the number of New Shares you wish to apply for. The number of New Shares must be equal to or less than your Entitlement, which is set out overleaf.

B. Application for Additional New Shares

You can apply for more New Shares than your Entitlement. Please enter the number of **additional** New Shares above your Entitlement for which you wish to apply into Box B. Your Application for additional New Shares may not be successful (wholly or partially). The decision of Sovereign Cloud Holdings Limited on the number of New Shares to be allocated to you will be final. No interest will be paid on any Application Monies received or returned.

C. Total Number of New Shares Subscribed for

To calculate total number of New Shares subscribed for, add Box A and Box B and enter this in Box C.

PAYING BY EFT PAYMENT

Complete all relevant sections of the Entitlement and Acceptance Form USING BLOCK LETTERS. These instructions are cross referenced to each section of the Entitlement and Acceptance Form.

A. Acceptance of New Shares

Enter into section A the number of New Shares you wish to apply for. The number of New Shares must be equal to or less than your Entitlement, which is set out overleaf.

B. Number of additional New Shares applied for above your Entitlement

Enter into section B the number of additional New Shares you wish to apply for.

C. Total number of New Shares

Total number of New Shares applied for (add Boxes A and B)

D. Payment amount

Work out your payment amount. To calculate the total amount, multiply the number of New Shares you wish to apply for by A\$0.05 and enter this into section D. The decision of Sovereign Cloud Holdings Limited on the number of New Shares to be allocated to you will be final. No interest will be paid on any Application Monies received or returned.

E. Submission date and Payment Reference

You should enter the date you submitted your EFT payment along with the payment referenced used. This will ensure we receive and process your application.

F. Contact details

Enter your contact telephone number where we may contact you regarding your acceptance of New Shares, if necessary.