AUCLOUD

Sovereign Cloud Holdings Limited

INVESTOR PRESENTATION
Acquisitions and Equity Raising

18 March 2024

Important Notices & Disclaimer

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This presentation has been prepared by Sovereign Cloud Holdings Limited ACN 622 728 189 (SOV or the **Company**) and is dated 18 March 2024.

This presentation contains summary information about the Company, its associated entities, and the proposed acquisitions as at the date of this presentation (unless otherwise stated) and has been prepared in relation to a proposed offer of fully paid ordinary shares in the Company (**New Shares**) (**Offer**).

Ord Minnett Limited ACN 002 733 048 is the bookrunner, lead manager and underwriter to the Offer (**Lead Manager**).

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This document contains certain forward looking statements and comments about future events including the Company's expectations about the Acquisitions, the performance of the SOV group, and forecast financial information for SOV and the Targets (including MergeCo) following completion of the Acquisitions.

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The non-IFRS financial information does not have a standardised meaning prescribed by IFRS. Therefore, the non-IFRS financial information is not a measure of financial performance, liquidity or value under the IFRS and may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with IFRS. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information included in this presentation.

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Highlights

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1. **Executing on strategic review** announced in June 2023, to build, partner & acquire new capabilities in cyber security and partner in the multi-Cloud and Public Cloud markets to leverage the capital invested in the existing four Sovereign Cloud platforms

2. **3 strategically aligned acquisitions** (**Acquisitions** or **Targets**) with the combined business (**MergeCo**) focused on a **capital-light**, **diversified cyber security** and cloud solution offering with a national footprint

3. Transformational growth driven by business combination that brings **higher margin product diversification, broader geographic diversification and a scaled platform with clearly identified synergies**

4. MergeCo forecast to achieve **FY25F Underlying EBITDA of $4.7m[1] on FY25F revenue of $36.6m**, with transition to positive monthly operating cash flow within 1H FY25[2]

5. Leadership change in February 2023 came with a **proven track record of delivering M&A growth and synergies** in the technology sector

6. Builds on the **sales momentum in the underlying cloud solutions business** that has seen the new management team deliver revenue[3] growth of 58% between 1H23 and 1H24, ARR[4] growth of 41%, ARPU[4] growth of 16% whilst reducing expenses by 19%

7. Equity Raising of up to $30 million ($25 million underwritten), with NEXTDC (33.6%) providing full support

1. Refer to Page 8 & Appendix A (Key Assumptions and Basis of Presentation). 2. Assumes completion of Acquisitions and consolidation of accounts from 30 April 2024. 3. Comprises actual AUCloud cloud and cyber revenue. 4 AUCloud standalone actual ARR and ARPU & refer to Appendix G (Glossary) for definitions.

Acquisitions Overview

AUCloud has entered into binding agreements for 3 strategic acquisitions

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- **PCG Cyber** is a Canberra based cybersecurity consultancy firm specialising in Australian Government security advice and operations
- **Venn IT** Venn IT is a Queensland and South Australia based MSP and professional consulting business, data resilience & backup protection specialist servicing customers in the mining, financial services, education, and distribution sectors
- **Arado** is a suite of cloud and managed services, with a strong presence in Queensland. Arado has a customer base in State & Local Government and enterprises accounts across various sectors, including agriculture, industrial, health and resources

Strategic Rationale

1. Three acquisitions create a platform for a scaled enterprise in a fragmented cloud and cyber security sector. Targeting strong business economics at customer and margin level & continued M&A to scale up quickly through further waves of accretive acquisitions to absorb high-quality cyber businesses
2. All acquisitions are independently profitable in 1H FY24, have a diversified customer base with predictable revenue and CAPEX light business models. Post completion MergeCo will have ~84% Annual Recurring Revenue (ARR[1])
3. Acquisitions leverage capital deployed in sovereign cloud infrastructure increasing utilisation of the built capacity, along with revenue, product & geographic diversification spanning cyber security and secure cloud solutions to increase competitiveness
4. Corporate Australia and Government entities continue to focus on strengthening their cloud and cyber security posture, with >60% Australian companies expected to increase cyber budgets in 2023[2]

1. As at December 2023 on a pro forma MergeCo basis. Refer to Appendix G (Glossary) for definition for definition of ARR and ARPU. 2. Source: "Rising demand for cyber security creates investment opportunities" https://www.austrade.gov.au/en/news-and-analysis/analysis/australias-a-7-billion-cyber-security-opportunity

Overview of MergeCo

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MergeCo Overview

- Broader product portfolio aligned to customer needs, with revenue spread across the broad spectrum of cyber security and cloud solutions.
- Combined 200 customers bring scale and diversified revenue across local, state and federal Government agencies, mining, finance, professional services, education, health and distribution sectors.
- Strengthening cyber security position with the platform to create a cyber security national footprint
- Expanded partner network will include AWS, CISCO, Commvault, Google, Microsoft, NetApp, Pure Storage, Rubrik, VMware, Veeam which when combined delivers cutting edge technology and expertise.
- Highly skilled M&A leadership team led by CEO and Managing Director Peter Maloney, combined with key executives from acquisition companies to take on leadership positions.

Impact of Acquisitions

- ✓ Revenue, product & geographic diversification spanning cyber security and secure cloud solutions to increase competitiveness
- ✓ Expanded customer base with predictable Annual Recurring Revenue
- ✓ Increased ARPU via fully integrated model of product bundling
- ✓ Acquisitions leverage capital deployed in sovereign cloud infrastructure

Pro Forma Financial and Operating Profile

Metrics ($m)	FY23A Stat. AUCloud	FY24F Stat. AUCloud[1]	FY24F Pro forma MergeCo[1]	FY25F Stat. MergeCo[1]
Revenue	6.5[2]	10.9	28.9	36.6
Gross Margin %	n/m	36%	68%	70%
Underlying EBITDA[3]	**(15.7)**	**(10.1)**	**(2.0)**	**4.7**
Depreciation-ROU Assets[4]	(1.5)	(1.4)	(1.4)	(1.6)
Depreciation-Other Assets[4]	(3.9)	(4.2)	(4.2)	(4.0)
EBIT	(21.1)	(15.7)	(7.6)	(0.9)

Key MergeCo Metrics[5]

Customers #
200+

Dec-23 ARR
$25m

Dec-23 ARPU
$173,000

FY25F Revenue
$36.6m

Cap. Invest. to date
$23.2m

1. FY24 Forecast (Stat. AUCloud) represents 6 months' actual results + 4 months' forecast of AUCloud standalone, + 2 months' synergised forecast on a MergeCo basis (assuming the Acquisitions occur on 30 April 2024); FY24F Pro forma represents aggregated MergeCo financials as if the Acquisitions occurred on 1 July 2023; FY25F is based on forecast on a MergeCo basis. See Appendix A for basis of preparation and key assumptions. 2. FY23A revenue of $6.5m includes $2.1m of non-recurring Technical Project Services related revenue, and $4.4m of cloud and cyber security services revenue. Refer appendix g Glossary for definition of ARR and ARPU. 3. Excludes one-off acquisition and restructuring costs of $1.3m and the impact of Share Based Payments – refer to Note 6 on Page 13. 4. Depreciation of Right-Of-Use assets relate to data centre costs and rental costs (cash items). Depreciation of other assets relates to non-cash items. 5. Key metrics are indicative as at December 2023, and post synergies on a pro forma basis.

Transaction Summary

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Acquisitions consideration[1]	• Acquisitions total consideration of up to $30.0m[2] comprising ~$18.275m cash on completion, $8.85m in AUCloud shares, $0.875m of deferred cash consideration payable 180 days after completion and up to $2.0m subject to achieving certain performance milestones
	  • **PCG Cyber**: Total purchase price of $15.0m, comprising $11.875m of cash consideration at completion, $2.5m worth of consideration shares (escrowed for 6 months from completion), and deferred cash consideration of $0.625m (180 days deferral) to satisfy completion adjustments and claims under the share purchase deed
	  • **Venn IT**: Total purchase price of $6.0m, comprising $3.075m of cash consideration at completion, $2.85m worth of consideration shares (escrowed for 24 months from completion), and deferred cash consideration of $0.075m (180 days deferral) to satisfy completion adjustments and claims under the share purchase deed. The share purchase deed also includes an earn out payment of up to $2.0m , subject to the target business achieving net revenue growth targets for the financial years ending 30 June 2025 and 30 June 2026
	  • **Arado**: Total purchase price of $7.0m, comprising $3.325m of cash consideration at completion, $3.5m worth of consideration shares (escrowed for 12 months from completion), and deferred cash consideration of $0.175m (180 days deferral) to satisfy completion adjustments and claims under the business and asset sale deed

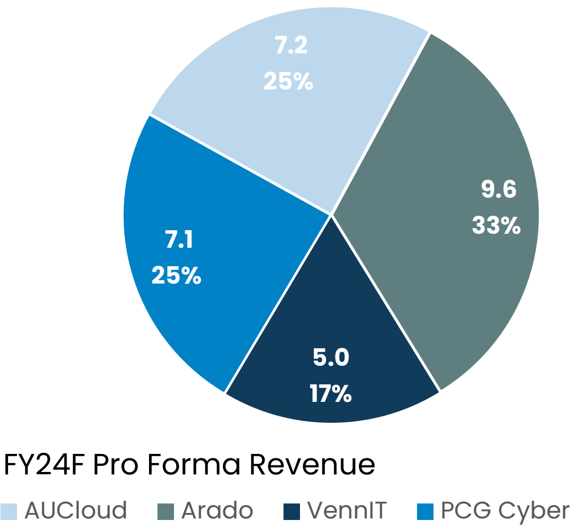
Funding	• Acquisition consideration and associated costs to be funded by:
	  • A 2.95 for 1 pro-rata accelerated renounceable entitlement offer to raise up to $30.0 million and underwritten to $25.0 million (the **Offer**)
	  • AUCloud shares issued to vendors with a value of $8.85m (at price equal to the lower of the 14-day VWAP prior to completion and the offer price under the equity raising) (subject to shareholder approval at an EGM to be held in April 2024)
	• Net proceeds of the Offer will be applied to funding of the Acquisition cash consideration, paying transaction costs and to provide working capital for MergeCo

Major shareholders and directors and their related entities	• NEXTDC (33.6%) has committed to subscribing for up to $12.6 million under the Offer, via taking up its full entitlement under the Institutional Entitlement Offer and sub-underwriting part of the Retail Offer • In addition, the Company has received binding commitments from other directors including Chair, Cathie Reid and Managing Director and CEO, Peter Maloney to take up their entitlements either in full or in part or to sub-underwrite the Offer • Director’s and their related entities have provided upfront binding commitments of $15.7 million in the form of the take up of entitlements and sub-underwriting of the Offer
Timing	• The target completion date for the Acquisitions is 30 April 2024

1. Refer to Appendix C for a summary of the acquisition agreements for each Target. 2. Subject to customary purchase price adjustments

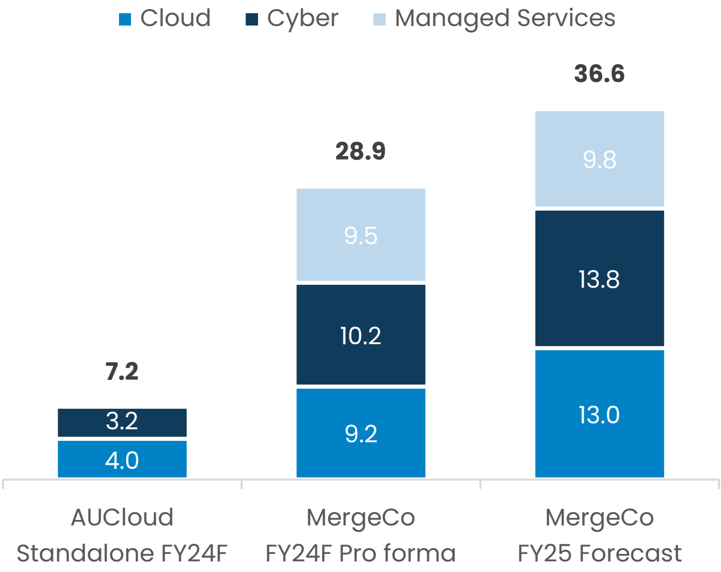
Revenue contribution and GM improvement

Acquisitions Contribution[1,2] ($m)



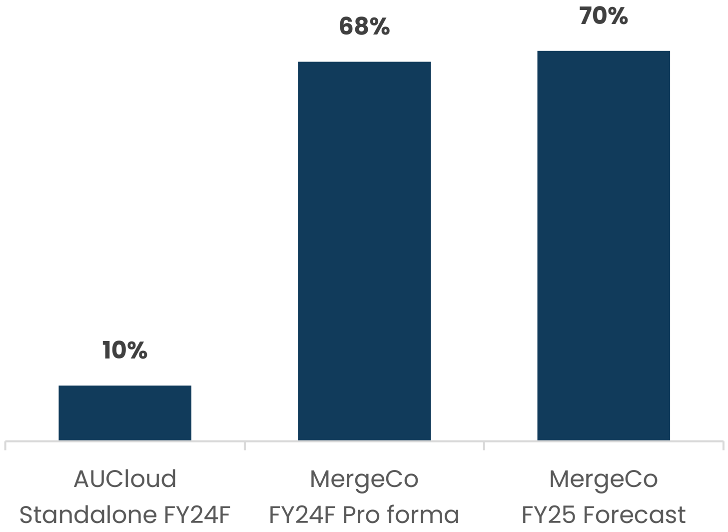
- Post Acquisitions, base AUCloud business will contribute ~25% of total revenue, with the balance of revenue driving gross margin accretion

Revenue by division[2,3] ($m)



- Refocus on cyber security and managed services streams delivering near 60% of MergeCo revenue, further leveraging the Company to the industry's strong structural tailwinds

Pro forma Gross Margin[2,4] (%)



- Acquisitions to be gross margin accretive, driven by stronger contribution from high margin cyber security services and managed services
- Gross margin improvement also reflects cost realignment and scale efficiencies delivered through MergeCo

1. Represent FY24F pro forma revenue contribution from each entity. Refer to Appendix A for basis of presentation and key assumptions. 2. FY24F Pro forma represents aggregated MergeCo financials as if the Acquisitions and synergies occurred on 1 July 2023; FY25F is based on forecast on a MergeCo basis. 3. Cloud revenue includes other professional services, hardware and software support. 4. Gross margin % presented on a pre-AASB16 basis.

Pro Forma Balance Sheet as at 31 Dec 2023

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The below table is presented for illustrative purposes to show the impact on the balance sheet as if the Acquisitions and the Offer had occurred at 31 December 2023[1]

	A	B	C	D	A+B+C+D	E	A+B+C+E
$m	AUCloud Standalone[2]	Target Entities[3]	Acquisitions[4]	Offer[5] (Minimum)	31 Dec 2023 Pro Forma (Min)	Offer[5] (Maximum)	31 Dec 2023 Pro Forma (Max)
Current assets							
Cash and cash equivalents	4.7	2.0	(20.5)	23.8	10.0	28.5	14.7
Trade and other receivables	1.8	1.8	-	-	3.6	-	3.6
Prepayments	2.1	-	-	-	2.1	-	2.1
Total current assets	**8.6**	**3.8**	**(20.5)**	**23.8**	**15.7**	**28.5**	**20.4**
Non-current assets							
Trade and other receivables	-	0.2	-	-	0.2	-	0.2
Prepayments	0.2	-	-	-	0.2	-	0.2
Property, plant and equipment	8.0	0.3	-	-	8.3	-	8.3
ROU Assets	4.8	-	-	-	4.8	-	4.8
Goodwill and other Intangibles	0.3	-	29.6	-	29.9	-	29.9
Total non-current current assets	**13.3**	**0.5**	**29.6**	**-**	**43.4**	**-**	**43.4**
Total assets	**21.9**	**4.3**	**9.1**	**23.8**	**59.1**	**28.5**	**63.8**
Current liabilities							
Trade payables and accruals	2.2	2.7	-	-	4.9	-	4.9
Provisions	0.4	0.3	-	-	0.7	-	0.7
Lease liabilities	1.3	-	-	-	1.3	-	1.3
Total current liabilities	**3.9**	**3.0**	**-**	**-**	**6.9**	**-**	**6.9**
Non-current liabilities							
Lease liabilities	2.9	-	-	-	2.9	-	2.9
Other long-term provisions	0.1	0.1	-	-	0.2	-	0.2
Deferred consideration	-	-	2.0	-	2.0	-	2.0
Total non-current liabilities	**3.0**	**0.1**	**2.0**	**-**	**5.1**	**-**	**5.1**
Total liabilities	**6.9**	**3.1**	**2.0**	**-**	**12.0**	**-**	**12.0**
Net assets	**15.0**	**1.2**	**7.1**	**23.8**	**47.1**	**28.5**	**51.8**

1. Financial information presented on a post-AASB16 basis. Refer Appendix A for basis of presentation and key assumptions. 2. Represent AUCloud's reviewed balance sheet as at 31 December 2023. 3. Represent unaudited balance sheets of PCG and Venn at 31 December 2023 and Arado for 31 October 2023 adjusted for certain transactions required and accounting adjustments to occur prior to Completion. 4. Represents the Acquisitions with the difference between the total consideration and deferred consideration and net assets of the target entities being reflected as goodwill and other intangible assets 5. The minimum Offer reflects a $25m Offer less transaction costs of $1.2m and the maximum is $30m less transaction costs of $1.5m.

Offer Summary

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Indicative Capital Structure and Use of Funds

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Sources	$m	Uses	$m
Offer (min)	25.0	Consideration for Acquisitions[1]	28.0
Scrip	8.9	Working capital	3.8
		Transaction costs[2]	1.2
		Restructuring costs	0.9
Total	**33.9**	**Total[3]**	**33.9**

Sources	$m	Uses	$m
Offer (max)	30.0	Consideration for Acquisitions[1]	28.0
Scrip	8.9	Working capital	8.5
		Transaction costs[2]	1.5
		Restructuring costs	0.9
Total	**38.9**	**Total[3]**	**38.9**

Indicative Pro Forma Capital Structure[4]	Min Offer ($25m)			Max Offer ($30m)		
	Shares	Options/ Perf. Rights	Fully diluted shares	Shares	Options/ Perf. Rights	Fully diluted shares
Existing Shares	339.4	6.4	345.8	339.4	6.4	345.8
New Shares issued	833.3	-	833.3	1,001.2	-	1,001.2
New Shares issued as Acquisition consideration[5]	295.0	0.8	295.8	295.0	0.8	295.8
Options and perf. rights granted[6]	-	73.7	73.7	-	82.1	82.1
Pro forma Shares on Issue	**1,467.7**	**80.9**	**1,548.6**	**1,635.6**	**89.3**	**1,724.9**
Indicative Market Capitalisation ($m)[7]	**44.0**		**46.5**	**49.1**		**51.7**
Implied Enterprise Value ($m)[8]	**34.0**		**36.5**	**34.4**		**37.0**

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1. Excludes a $2m earn-out payable (funded by profits) in FY26/FY27 dependent on achievement of growth in net revenue in FY25/FY26. 2. The estimated transaction costs relate to fees paid to the Lead Manager and other advisers for the Offer and acquisitions. 3. Total estimated retained cash in the Targets on completion is $2.0 million. 4. The Company will seek shareholder approval to consolidate share capital on a 10-for-1 basis post completion of the Offer and the Acquisitions. 5. The number of shares is calculated based on the Offer Price. The actual number of shares to be issued will be based on the lower of the 14 day VWAP prior to completion and the Offer Price 6. The Company intends to grant options and performance rights representing up to 5% of the expanded share capital to senior management of the Company and Targets shortly following completion of the Acquisitions. Vesting of the options and performance rights will be subject to the achievement of prescribed performance hurdles and employment conditions. 7. Market capitalisation is calculated based on the Offer Price. 8. Calculated based on 31 Dec 2023 net cash of $10.0 million and $14.7 million in the minimum Offer and maximum Offer respectively deducted from indicative market capitalisation.

Offer Summary

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Equity Raising	$30.0 million pro rata accelerated renounceable entitlement offer (underwritten to $25.0 million), for the issue of a minimum 833.3 million new ordinary shares (**New Shares**) and up to 1,001.2 million New Shares based on an offer ratio of 2.95 new ordinary shares for each existing ordinary share held as at the Record Date (**Offer**). Retail shareholders will be offered the ability to apply for additional shares in excess of their entitlements subject to scale back at the discretion of the Company.
Offer Price	$0.03 per New Share representing (**Offer Price**): • 9.6% discount to the TERP of $0.033[1] • 26.8% discount to the last closing price of $0.041 on 15 March 2024
Ranking	New Shares issued will rank equally with existing AUCloud shares
Use of proceeds	The net proceeds of the Offer will largely be deployed to fund the upfront cash consideration of the Acquisitions, to pay transaction and restructuring costs[2] and for working capital requirements associated with executing the Company's strategic initiatives.
Major shareholders and directors and their related entities	• NEXTDC (which currently holds 33.6% of the Company's share capital) has committed to subscribing for up to $12.6 million under the Offer, via taking up its full entitlement under the Institutional Entitlement Offer and sub-underwriting part of the Retail Offer • In addition, the Company has received binding commitments from other directors including Chair, Cathie Reid and Managing Director and CEO, Peter Maloney to take up their entitlements either in full or in part or to sub-underwrite the Offer • Director's and their related entities have provided upfront binding commitments of $15.7 million in the form of the take up of entitlements and sub-underwriting of the Offer
Underwriting	The Entitlement Offer is underwritten by Ord Minnett to $25.0m on the terms and conditions of an Underwriting Agreement dated 18 March 2024 between the Lead Manager and the Company. Refer Appendix d for a summary of the Underwriting Agreement and sub-underwriting arrangements

*1. The Theoretical Ex-rights Price (**TERP**) is calculated by reference to the Company's closing share price on 15 March 2024 of $0.041 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 the Company's 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 Offer. 2. Transaction costs represent fees of the Lead Manager and other advisers for the Offer and acquisitions and restructuring costs of approximately $0.9m*

Timetable

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Date[1]	Event
Monday, 18 March 2024	Institutional Entitlement Offer bookbuild
Tuesday, 19 March 2024	Institutional Shortfall Bookbuild
Wednesday, 20 March 2024	Trading halt lifted and announcement of outcome of the Institutional Entitlement Offer
Thursday, 21 March 2024	Record date for the Entitlement Offer
Monday, 25 March 2024	Retail Entitlement Offer period opens
Wednesday, 27 March 2024	Settlement of Institutional Entitlement Offer
Thursday, 28 March 2024	New Shares allotted under the Institutional Entitlement Offer
Wednesday, 10 April 2024	Retail Entitlement Offer closes
Thursday, 18 April 2024	Allotment of New Shares issued under the Retail Entitlement Offer
Wednesday, 24 April 2024	Extraordinary general meeting to approve issue of consideration shares, share consolidation, the adoption of a new Long Term Incentive Plan, the grant of options and performance rights to the Managing Director and CEO, and amendment to the Company's constitution to permit virtual meetings
Tuesday, 30 April 2024	Completion of the Acquisitions

1. All dates and times are indicative only and AUCloud reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth), ASX Listing Rules and other applicable laws. All times and dates are in reference to Sydney time

Appendices

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c Acquisition Summaries

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a. Key Assumptions and Basis of Preparation

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Basis of preparation[1]

Historical financial information

The historical profit and loss financial information is extracted from the audited financial statements of AUCloud for the financial year ended 30 June 2023.
The pro forma balance sheet is derived from the reviewed balance sheet of AUCloud as at 31 December 2023 adjusted to reflect:

- the acquisitions of PCG Cyber, Venn IT and Arado;
- unaudited balance sheets of PCG and Venn at 31 December 2023 adjusted for certain transactions required to occur prior to completion and the assets to be acquired for Arado based on the unaudited management accounts at 31 October 2023; and
- the Offer at the minimum raising of $25m and maximum raising of $30m.

Forecast financial information

The forecast financial information has been prepared by the Directors having regard to an assessment of present economic and operating conditions and based on a number of general and specific assumptions, the material assumptions of which are summarised opposite.

The basis of preparation and presentation of the forecast financial information, is consistent with the basis of preparation and presentation of the historical financial information.

The pro forma financial information is based on the aggregated forecast financial information for each MergeCo entity on the basis that the transaction occurred on 1 July 2023 and that all synergies relating to merger occurred from that date.

Key assumptions are:[1]

- No material changes to the competitive and operating environment of AUCloud, current economic and market conditions, government legislation and other regulations which would impact AUCloud's activities.
- The Acquisitions will complete on 30 April 2024.
- Actual reviewed results for the six months to 31 December 2023 for AUCloud are included and unaudited management accounts for the six months to 31 December 2023 for PCG Cyber, Venn IT and Arado are used as a basis for forecasting MergeCo's financial performance.
- Other than current known events, no further significant client wins or client losses are forecast over the period.
- On an aggregated basis for MergeCo entities, the following revenue assumptions are made:
  - Cyber revenue is assumed to increase 22% in FY24 and 35% in FY25 based on committed revenue, identified pipeline opportunities, historical run-rates and growth from recently launched Cyber Security solution.
  - Cloud revenue is assumed to increase 22% in FY24 and 41% in FY25 based on currently committed revenue.
  - Managed services revenue is assumed to increase 29% in FY24 and 3.5% in FY25 based on the revenue trend in FY24.
- Gross profit margins are assumed to increase from 63% in FY23 to 68% in FY24 and 70% in FY25 on an aggregated basis for MergeCo entities reflecting changes undertaken with suppliers to reduce to costs and the ongoing revenue growth using available capacity in fixed costs.
- Employee costs are assumed to reduce 5% in FY24 and 21% in FY25 on an aggregated basis reflecting current headcount and salaries adjusted for identified synergies to be implemented following the Acquisitions with two months benefit in FY24 and a full year benefit in FY25.
- Property costs are assumed to reduce 8% in FY24 and 45% in FY25 on an aggregated basis reflecting current property leases adjusted for identified synergies from office rationalisation and expiring leases to be implemented following the Acquisitions with two months benefit in FY24 and a full year benefit in FY25.
- Other overheads are assumed to reduce 8% in FY24 and 10% in FY25 on an aggregated based reflecting current expenditure adjusted for synergies from consolidation of group expenditure reducing the expenditure historically required on an individual basis offset by increased marketing costs to support revenue growth.

1. The basis of preparation and key assumptions set out in this section should be read in conjunction with the risk factors set out in Appendix b.

b. Key Risk Factors

AUCloud is subject to various risk factors. Some of these are specific to its business activities and the Acquisitions, 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.

This section sets out some of the key risk factors associated with an investment in AUCloud (including matters in relation to the Acquisitions). The risks set out below are not listed in order of importance and do not constitute 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. Many of the risks are outside of the control of AUCloud. 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 any publicly available information about AUCloud (such as information on AUCloud's website and ASX, including previous ASX announcements and periodic disclosures) carefully 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. You should consult your accountant, financial adviser, stockbroker, lawyer or other professional adviser before making an investment decision.

ACQUISITION SPECIFIC RISKS

Acquisition risk: AUCloud has undertaken financial, tax, legal, commercial and other analysis on each of the Targets. It is possible that despite such analysis and the best estimate assumptions made by AUCloud, the conclusions drawn are inaccurate or are not realised (including assumptions as to synergies from the increased scale of MergeCo following Completion of the Acquisitions). To the extent that the actual results achieved by the Acquisitions are different to those indicated by AUCloud's analysis, there is a risk that the profitability and future earnings of AUCloud may be materially different from the profitability and earnings reflected in this presentation.

Completion risk: The Acquisitions will be subject to certain conditions precedent to Completion. If any of these conditions precedent are not satisfied or waived in accordance with the relevant acquisition documents, this could delay or prevent the Acquisitions from completing. Failure to complete any of the Acquisitions could adversely impact the Company's future growth plans and financial performance.

Material contracts - Change of control: Each of the Targets have material contracts with customers and suppliers that contain change of control provisions which will be triggered by completion of the Acquisitions. If counterparty consent is not provided, this may have an adverse effect on MergeCo's financial performance.

Integration risk: The Acquisitions involve the integration of each Target's business (which have previously operated independently to AUCloud). As a result, there is a risk that the integration of each business may be more complex and costly than anticipated, encounter unexpected challenges, take longer than expected, divert management attention or not deliver the expected benefits or cost synergies.

Unforeseen liabilities: AUCloud has satisfied itself with its due diligence enquiries to date but, in some cases, AUCloud did not receive all the information sought from the relevant Target. If any of the information that was provided is incomplete, inaccurate or misleading (including in respect of accounts provided by the Targets), the benefits expected to be derived from the Acquisitions may not be delivered. While AUCloud has sought appropriate protections in respect of any potential issues that have emerged from these due diligence investigations, there is a risk that a potential issue is more significant than was assessed, or that the protections sought were insufficient to mitigate the potential issue, resulting in loss to AUCloud. There is also a risk that the due diligence investigations have not identified all issues that would have been material to the decision by AUCloud to undertake the Acquisitions. The failure to identity these issues could have a detrimental impact on the financial performance of AUCloud or its operations.

Security for claims: The vendors of the Arado business may seek to distribute the proceeds of the sale and / or wind up the selling entities shortly after Completion, thus reducing AUCloud's security for settlement of claims against the selling entities. Whilst the vendors have agreed that AUCloud can sell the escrowed consideration shares to satisfy claims for a period after Completion, claims may come to light after this period and AUCloud will have limited security to satisfy those claims if the selling entities are wound up.

b. Key Risk Factors (cont.)

AUCLOUD

Concentration of customer base and nature of customer contracts: Like AUCloud, each of the Targets have a relatively concentrated customer base. If MergeCo was to lose one or more of its key customers, MergeCo's business and financial condition could be adversely impacted. Some of the contracts are, by their nature, relatively short-lived and some can be terminated on short notice by the counterparty. 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 MergeCo is unable to add new customers, its business, financial condition and financial performance could be adversely impacted in the future.

Customer friendly contract terms: The Targets have entered into customer contracts with Government clients and sophisticated corporate groups. The contracts are on customer friendly terms and contain relatively short notice periods. Termination of any of these material contracts by the relevant counterparty may adversely affect MergeCo's financial position.

Higher reliance on professional services revenue: Following completion of the Acquisitions, MergeCo will have an increased reliance on professional services revenue. Professional services revenue, where not tied to a termed customer contract, carries a risk of early termination. This is particularly the case in respect of project related work. Early termination of these contracts may adversely affect MergeCo's financial position.

Loss of key personnel: 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. 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.

There is a risk of an unintended loss of key staff leading up to and following completion of the Acquisitions notwithstanding that incentives will be put in place by MergeCo to retain such persons. The loss of key members of the management team, or any delay in their replacement, may adversely affect the AUCloud's ability to implement its strategies and its future financial performance.

BUSINESS 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 and short operating history: Like many 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. does not have a long operational track record. As a result, 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.

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.

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b. Key Risk Factors (cont.)

AUCLOUD

Changes to law or Government policy: The storage 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 make the decision to transition 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. For example, AUCloud anticipates that those rules and guidelines will address the sovereign ownership of the service provider. While AUCloud has some 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 required to be IRAP-accredited to provide 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. The ACSC has also recently introduced a new Cloud Security Guidance and Cloud Assessment and Authorisation Framework. Further, each of the Target's and their employees hold certain authorisations and accreditations to operate the businesses. There is no guarantee that AUCloud will be able to obtain or retain the authorisations and accreditations it requires to compete in the market, including the authorisations and accreditations it requires in order to operate the Target businesses post-completion of the Acquisitions. Any failure by MergeCo to obtain additional authorisations or accreditations mandated by the Australian Government in the future would materially adversely affect MergeCo's operational and financial performance.

Funding and capital: The continued growth of AUCloud relies on customer acquisition and the acquisition of businesses to continue to scale AUCloud's existing business. 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 may depend 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 investment opportunities, make strategic acquisitions, 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.

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.

b. Key Risk Factors (cont.)

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.

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.

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.

AUCLOUD

EQUITY RAISING 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:

- general market conditions;
- fluctuations in the local and global market for listed stocks;
- 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. Further, approximately 88.9% of AUCloud's shares, prior to the equity raising, are held by the top 10 shareholders, with the directors, employees and related entities of AUCloud together holding 25.6%. This, combined with the fact that the consideration shares will be escrowed for a period of 12 - 24 months, will reduce the liquidity of trading in AUCloud's shares – at least for the duration of the escrow period.

Shareholders may suffer dilution: AUCloud may issue more shares in the future in order to fund 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 existing shareholders.

Influence of major shareholder: AUCloud's largest shareholder, NEXTDC, holds 33.6% of the Company's current share capital and this may increase to up to 36.3% as a result of its support of the Offer and sub-underwriting participation (in reliance on the exemption under exception 9 of section 611 of the Corporations Act). While NEXTDC has been very supportive of AUCloud's growth, this level of shareholding could allow NEXTDC to block certain corporate actions proposed by the Company should it wish to do so.

c. Acquisition Summary - PCG Cyber

AUCLOUD

Transaction overview	AUCloud, by way of its wholly owned subsidiary, Sovereign Cloud Australia Pty Ltd ACN 611 181 830, will acquire the entire issued share capital of PCG Cyber from its sole shareholder, pursuant to a share purchase deed (**SPD**), (the **PCG Cyber Acquisition**).
Acquisition consideration	Total purchase price of $15.0m, comprising: • $11.875m of cash consideration; • ordinary shares in AUCloud equal to $2.5m (issue price will be the lower of the 14 day VWAP of AUCloud shares prior to completion and the lowest offer price of any capital raising completed by SOV within one month prior to the completion date or completed in conjunction with the PCG Cyber Acquisition), escrowed for 6 months from completion; and • deferred consideration (payable in cash) of ~$0.625m (180 days deferral) to satisfy completion adjustments and claims under the SPD.
Conditions precedent to Completion	Completion of the PCG Cyber Acquisition is subject to the satisfaction or waiver of customary conditions precedent for a transaction of this nature, including (but not limited to): • landlord consent to the change of control of the tenant (PCG Cyber); • the discharge and release of historical encumbrances relating to PCG Cyber; • AUCloud receiving binding commitments for securities in connection with the Offer and the Underwriting Agreement not being terminated in accordance with its terms; • counterparty consent to key customer contracts and the renewal of contract terms; • the seller providing evidence of full and final repayment of a shareholder loan; • each of the key employees of PCG Cyber entering into an employment agreement in favour of PCG Cyber; • AUCloud shareholder approval for the issue of the consideration shares; and • no material adverse change occurring between exchange and Completion.
Timetable	Completion of the PCG Cyber Acquisition is expected to take place on 30 April 2024 subject to the conditions precedent having been satisfied or waived, or such later time as agreed between the parties.
Completion and pre-Completion conduct	For the period up to Completion, the sellers must carry on the business in all material respects in the ordinary course. The sellers are subject to customary restrictions and undertakings in respect of their pre-Completion conduct.
Representations and warranties	The sellers give customary representations and warranties relating to the shares of PCG Cyber and the PCG Cyber business, which are subject to customary exclusions, time limits and financial thresholds. Resolved claims by AUCloud may be set-off against the deferred consideration.

c. Acquisition Summary - VennIT

AUCLOUD

Transaction overview	AUCloud, by way of its wholly owned subsidiary, Sovereign Cloud Australia Pty Ltd ACN 611 181 830, will acquire the entire issued share capital of Venn IT from its shareholders, pursuant to a share purchase deed (**SPD**), (the **Venn IT Acquisition**).
Acquisition consideration	Total purchase price of $6.0 million comprising: • $3.075m of cash consideration at completion; • ordinary shares in AUCloud equal to $2.85m (issue price will be the lower of the 14 day VWAP of AUCloud shares prior to completion and the offer price under the Offer), escrowed for 24 months from completion; • deferred consideration (payable in cash) of $0.075m (180 days deferral) to satisfy completion adjustments and claims under the SPD; and • The SPD also includes an earn out payment of up to $2.0m, subject to the target business reaching a net revenue growth target for the financial years ending 30 June 2025 and 30 June 2026. If the targets are achieved, $1.0 million will be payable on 31 July 2025 and $1.0 million will be payable on 31 July 2026.
Conditions precedent to Completion	Completion of the Venn IT Acquisition is subject to the satisfaction or waiver of customary conditions precedent for a transaction of this nature, including (but not limited to): • landlord consent to the change of control of the tenant (Venn IT); • the discharge and release of historical encumbrances relating to Venn IT; • AUCloud receiving binding commitments for securities in connection with the Offer and the Underwriting Agreement not being terminated in accordance with its terms; • each of the key employees of Venn IT entering into an employment agreement and intellectual property assignment deed in favour of Venn IT; • AUCloud shareholder approval for the issue of the consideration shares; and • no material adverse change occurring between exchange and Completion.
Timetable	Completion of the Venn IT Acquisition is expected to take place on 30 April 2024 subject to the conditions precedent having been satisfied or waived, or such later time as agreed between the parties.
Completion and pre-Completion conduct	For the period up to Completion, the sellers must carry on the business in all material respects in the ordinary course. The sellers are subject to customary restrictions and undertakings in respect of their pre-Completion conduct.
Representations and warranties	The sellers give customary representations and warranties relating to the shares of Venn IT and the Venn IT business, which are subject to customary exclusions, time limits and financial thresholds. Resolved claims by AUCloud may be set-off against the deferred consideration and the earn-out payment (if any).

c. Acquisition Summary - Arado

AUCLOUD

Transaction overview	AUCloud, by way of its wholly owned subsidiary, Sovereign Cloud Australia Pty Ltd ACN 611 181 830, to acquire the business and assets of 'Arado' from Canopy Tools Group Pty Ltd, CT4 Pty Ltd, and NewBase Computer Services Pty Ltd (the **Arado Acquisition**) pursuant to a business and asset sale deed (the **BSA**).
Acquisition consideration	Total purchase price of $7.0m, comprising: • $3.325m of cash consideration; • ordinary shares in AUCloud equal to $3.5m (issue price will be the lower of the 14 day VWAP of AUCloud shares prior to completion and the offer price under the Offer), escrowed for 12 months from completion; and • deferred consideration (payable in cash) of ~$0.175m (180 days deferral) to satisfy completion adjustments and claims under the BSA.
Conditions precedent to Completion	Completion of the Arado Acquisition is subject to the satisfaction or waiver of customary conditions precedent for a transaction of this nature, including (but not limited to): • counterparty consent to key customer contracts and the renewal of contract terms; • the discharge and release of encumbrances relating to the business and the assets; • AUCloud receiving binding commitments for securities in connection with the Offer and the Underwriting Agreement not being terminated in accordance with its terms; • each key employee having entered into a new employment agreement with AUCloud; • AUCloud shareholder approval for the issue of the consideration shares; and • no material adverse change occurring between exchange and Completion.
Timetable	Completion of the Arado Acquisition is expected to take place on 30 April 2024 subject to the conditions precedent having been satisfied or waived, or such later time as agreed between the parties.
Completion and pre-Completion conduct	For the period up to Completion, the sellers must carry on the business in all material respects in the ordinary course. The sellers are subject to customary restrictions and undertakings in respect of their pre-Completion conduct.
Representations and warranties	The sellers give customary representations and warranties relating to the business and the assets, which are subject to customary exclusions, time limits and financial thresholds. Claims by AUCloud may be set-off against the deferred consideration (which is payable 180 days after Completion) and AUCloud has the ability to force the sale of the consideration shares to satisfy any claim to the extent that the claim amount exceeds the deferred consideration.

d. Summary of Underwriting Agreement

AUCLOUD

The Company has entered into the Underwriting Agreement with the Lead Manager. Unless otherwise specified in this summary, capitalised (but undefined) terms have the meaning given in the Underwriting Agreement.

The Company is required to pay the Lead Manager the following fees:

- an underwriting fee equal to 1.5% of the proceeds raised under the underwritten component of the Entitlement Offer;
- a management and selling fee equal to 4.50% of the Institutional Entitlement Offer Proceeds, less any proceeds contributed by NEXTDC, its directors and their respective associates (**Excluded Parties**);
- a management and selling fee equal to 4.50% of that part of the Retail Entitlement Offer Proceeds that settle on the Retail Settlement Date less any proceeds contributed by Excluded Parties; and
- a management fee equal to 1.5% of the proceeds raised from any shortfall shares acquired by NEXTDC on the NEXTDC Balance Settlement Date.

The Company must also pay to, or reimburse, the Lead Manager for its reasonable expenses including legal costs and out-of-pocket expenses incurred in relation to the Offer. The Underwriting Agreement contains customary representations, warranties and indemnities in favour of the Lead Manager.

The Lead Manager may terminate the Underwriting Agreement and be released from its obligations on the occurrence of certain events, including (but not limited to – and in summary form only) if:

- the Company ceases to be admitted to the official list of the ASX or the Company's shares cease to be quoted on the ASX or it is announced by the ASX or the Company that such an event will occur;
- the Company or a subsidiary which represents 5% or more of the consolidated assets or earnings of the Company or its Related Bodies Corporate (as that term is defined in the Corporations Act) becomes insolvent;
- the Company withdraws all or part of the Offer;
- ASIC or any government agency commences an investigation or proceeding against the Company in relation to the Offer which is not withdrawn within 3 business day; or
- the S&P/ASX Small Ordinaries Index falls 10% on any two consecutive business days after the date of the Underwriting Agreement and on or before the retail settlement date or at the close of trading on the business day prior to the institutional settlement date or retail settlement date.

The Lead Manager may also terminate the Underwriting Agreement and be released from its obligations under it on the occurrence of certain events where the Lead Manager has reasonable grounds to believe and does believe that the event has either given rise to, or could reasonably be expected to give rise to, a contravention by or a liability of the Lead Manager, or has had or is likely to have, a material adverse effect on:

- the financial position or performance, shareholders' equity, profits, losses, results, condition, operations or prospects of the Company or its Related Bodies Corporate;
- the success or outcome of the Offer;
- the willingness of investors to subscribe for shares under the Offer;
- the likely price at which shares issued under the Offer will trade on the ASX; or
- the ability of the Lead Manager to market, promote or effect settlement of, the Offer (**Materially Adverse Events**)

Some (but not all) of those Materially Adverse Events are described below (in summary form only):

- the Company fails to perform or observe any of its obligations under the Underwriting Agreement;
- the Company commits a breach of the Corporations Act, ASX Listing Rules, the Constitution or other applicable laws;
- an adverse change, in the business, assets, liabilities, financial position or performance, operations, management, outlook or prospects of the Company occurs;
- legal proceedings against the Company, any or its Related Bodies Corporate, or against any director of the Company or its Related Bodies Corporate or any regulatory body commences any enquiry or public action against the Company or its Related Bodies Corporate;
- an Acquisition Agreement is breached in circumstances where the breach has, or would be likely to have a material adverse effect on the outcome of the Offer;
- an Acquisition Agreement is amended in a material respect without the consent of the Lead Manager (with such consent not to be unreasonably withheld or delayed);
- a condition to completion of an Acquisition Agreement becomes, in the reasonable opinion of the Lead Manager, incapable of satisfaction by the time required for its satisfaction; or
- there is a disruption in financial markets including, a general moratorium on commercial banking activities in Australia, New Zealand, the United States, Japan, Singapore, the United Kingdom, a member state of the European Union or the People's Republic of China.

d. Summary of sub-underwriting arrangements and pre-commitments

Certain existing shareholders have entered into agreements to sub-underwrite the shortfall arising under the Entitlement Offer, in addition to commitments to take up their entitlements under the Entitlement Offer in full or in part, as follows:

- NEXTDC has committed to subscribing for up to $12.6 million under the Entitlement Offer, by taking up its full entitlement under the Institutional Entitlement Offer under the terms of a Commitment Letter and sub-underwriting part of the Retail Entitlement Offer to an amount of approximately $2.5 million under the terms of a Sub-Underwriting Letter; and

- Cathie Reid (Chair), Peter Maloney (Managing Director and CEO) and Ross Walker (Director) have committed to take up their entitlements under the Institutional Entitlement Offer in full or in part and/or to sub-underwrite part of the Retail Entitlement Offer, under the terms of Sub-Underwriting Letters.

The Commitment Letters and Sub-Underwriting Letters are on standard market terms for documents of this nature. The sub-underwriters will not be paid any fees in relation to these sub-underwriting arrangements.

If the Lead Manager exercises its right to terminate the Underwriting Agreement as a result of a termination event noted on the previous slide, the above sub-underwriting arrangements and commitments with NextDC and the Company's directors will also be terminated.

e. Foreign Selling Restrictions

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

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (SFO). Accordingly, this document may not be distributed, and the Entitlements and the New Shares may not be offered or sold, in Hong Kong other than to "professional investors" (as defined in the **SFO** and any rules made under that ordinance).

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The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (**FMC Act**).

The Entitlements and the New Shares in the entitlement offer 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.

Other than in the entitlement offer, the Entitlements and the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Singapore

This document and any other materials relating to the Entitlements and the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Entitlements and New Shares, may not be issued, circulated or distributed, nor may the Entitlements and New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (**SFA**) or another exemption under the SFA.

This document has been given to you on the basis that you are an "institutional investor" or an "accredited investor" (as such terms are defined in the SFA). If you are not such an investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Entitlements or the New Shares being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire such securities. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

f. FY23A MergeCo Summary Financials by entity

AUCLOUD

$m	AUCloud[1] Audited FY23A	Venn IT[2] Unaudited FY23A	Arado[2] Unaudited FY23A	PCG Cyber[2] Unaudited FY23A	MergeCo Aggregate
Revenue	6.5	5.0	7.3	6.5	25.3
Gross Margin %	n/m	91%	72%	100%	50%
EBITDA	**(15.7)**	**0.4**	**1.0**	**1.2**	**(13.1)**
Depreciation - ROU Assets	(1.5)	-	-	-	(1.5)
Depreciation - Other Assets	(3.9)	-	-	-	(3.9)
EBIT	(21.1)	0.4	1.0	1.2	(18.5)

1. Represents the audited financial statements of AUCloud for 30 June 2023 2. Represents unaudited financial information adjusted for the revenue recognition requirements of AASB 15 but before AASB 16 adjustments

g. Glossary

AUCLOUD

Term	Definition
Arado	Business and assets of 'Arado', being Canopy Tools Group Pty Ltd ACN 634 236 909, CT4 Pty Ltd as trustee for the Broadway Mall Trust ACN 136 951 052 and NewBase Computer Services Pty Ltd ACN 010 702 717
AASB	Australian Accounting Standards Board
ACSC	Australian Cyber Security Centre
ARR	Annual Recurring Revenue (ARR) is calculated as the average monthly revenue of the preceding rolling 3 months, multiplied by 4. ARR excludes one-off professional services or project-based revenue.
ARPU	Average Revenue Per User (ARPU) per annum is calculated by dividing ARR by the number of customers
CAPEX	Capital Expenditure
ASIC	Australian Securities & Investment Commission
ASX	Australian Securities Exchange
EGM	Extraordinary general meeting
IP	Intellectual Property
IaaS / SaaS / PaaS	Infrastructure as a Service / Software as a Service / Platform 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
IRAP	Infosec Registered Assessors Program
MSP	Managed Service Provider
MSSP	Managed Security Service Provider
MDR / EDR / XDR	Managed Detection & Response / Endpoint Detection & Response / Extended Detection & Response
MergeCo	Combined entity including AUCloud, Venn IT, PCG Cyber and the Arado business
NEXTDC	NEXTDC Ventures Holdings No. 1 Pty Ltd ACN 655 243 057
PCG Cyber	PCG Cyber Pty Ltd ACN 634 409 671
Targets	PCG Cyber, Venn IT and the Arado business collectively
SOV	Sovereign Cloud Holdings Limited ACN 622 728 189 (ASX : SOV)
VennIT	Venn IT Solutions Pty Ltd ACN 604 036 900

AUCLOUD

Sovereign Cloud Holdings Limited

End