

APPENDIX 4E

ASX Preliminary Final Report

Name of entity	Sovereign Cloud Holdings Limited
ABN	80 622 728 189
Reporting period	Year ended 30 June 2024 (FY24)
Previous corresponding period	Year ended 30 June 2023 (FY23)

1. Results for Announcement to the Market

Group Financial Results

Results	FY24 \$	FY23 \$	Change %
Revenues from ordinary activities	10,230,122	6,477,558	58%
Loss from ordinary activities after tax attributable to members	(19,718,100)	(21,283,416)	7%
Net loss for the period attributable to members	(19,718,100)	(21,283,416)	7%

2. Dividends

No interim or final dividends were declared or paid for the year.

3. Brief Explanation of the Figures Reported above

Refer to the attached audited Annual Financial Report for FY24 for the following information:

- consolidated statement of profit or loss
- consolidated statement of other comprehensive income
- consolidated balance sheet
- consolidated statement of changes in equity
- consolidated statement of cash flows
- notes to the consolidated financial statements

4. Net Tangible Assets per Security

	30-Jun-24	30-Jun-23
Net tangible asset backing per ordinary security (cents)	8.5	7.2

Right-of-use assets accounted for in accordance with AASB 16 have been included in the calculation of net tangible assets.

APPENDIX 4E continued

5. Control Gained over Entities having a Material Effect

On 30 April 2024, Sovereign Cloud Australia Pty Ltd acquired 100% of the issued share capital of Venn IT Solutions Pty Ltd and PCG Cyber Pty Ltd. In addition, Sovereign Cloud Australia Pty Ltd also acquired the business assets of Arado, formerly known as Newbase Computer Services Pty Ltd from Canopy Tools Group Pty Ltd.

6. Loss of Control of Entities having a Material Effect

Not applicable.

7. Details of Aggregate Share of Profits (Losses) of Associates and Joint Venture Entities

Not applicable.

8. Compliance with IFRS

The attached Annual Financial Report complies with Australian Accounting Standards, which include AIFRS. Compliance with AIFRS ensures that the financial report complies with International Financial Reporting Standards (IFRS).

9. Commentary on the results for the period

Please refer to the Review of Operations in the Directors Report which forms part of the Consolidated Financial Report for further information in relation to the results for the period.

10. Compliance statement

This report is based on financial statements that have been audited.

Signed:



Cathie Reid

Chair

Dated: 26 August 2024

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Sovereign Cloud Holdings Limited

ANNUAL REPORT 2024

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Protecting Australian Data.

Every day Australian businesses & governments trust us to safe guard their most important assets; data, brand reputation & people.

AUCloud empowers Australian enterprise and government customers with the latest sovereign cloud infrastructure, cyber security solutions and managed IT services.

Designed specifically to deliver a cloud computing service that operates in compliance with the laws of Australia. Our Sovereign Cloud solutions maintain robust security accreditation and is supported by our dedicated security cleared personnel.

We help customers comply with best practice cyber security standards to ensure their business continuity.

Our vision is to be Australia's preferred partner to government and enterprise in cloud, data protection and cyber security.

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We empower Australian organisations to leverage the latest global technologies safely and effectively.

Our **Cyber Security** solutions protect Australian businesses and governments, while our **Sovereign Cloud** infrastructure and managed backup services ensure data security, sovereign control and business continuity.

Our **Managed IT** services deliver on-demand, cost-effective and scalable support. With a unique blend of integrated technologies, skilled professionals and top-tier security, we're dedicated to securing the Australia of today, for tomorrow.

MESSAGE FROM THE CHAIR

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the annual report for Sovereign Cloud Holdings Limited (“AUCloud” or “SOV” or “Group” or the “Company”) for the fiscal year 2024. This year has been truly transformative for our Company, characterised by significant diversification and growth. We have strategically restructured our business through targeted acquisitions, leading to an expanded customer base, a broader range of products and services and enhanced capabilities to serve new markets.

Our strategy of diversification underscores our commitment to becoming Australia’s preferred partner for government and enterprise organisations in cloud services, data protection and cyber security.

In FY24, AUCloud completed three strategically aligned acquisitions, finalising the transactions on 30 April 2024. The acquisitions will help refocus AUCloud to becoming a capital-light, diversified technology leader with a national footprint.

We remain focused on delivering secure, sovereign cloud infrastructure while expanding our revenue streams through enhanced cyber security solutions and complementary national managed IT services. Our sales and marketing strategies have been strengthened with a renewed emphasis on market channels and enterprise sales, complimented by a dedicated government public sector team.

We have also bolstered our cyber security capabilities by leveraging the success of our Security Operations Centre (SOC), deepening our engagement within the cyber security ecosystem.

AUCloud continues to effectively manage the utilisation of our investment in four sovereign cloud platforms and we are focused on expanding in the multi-cloud and public cloud markets.

On 31 March 2024, Phil Dawson resigned from his Board position as Director. Announced previously on 31 October 2023, Mr Dawson’s decision to step down was driven by a desire to spend more time in the UK with his family. We extend our heartfelt gratitude to Phil for his exceptional contributions, guiding the Company from its formative stages through to its ASX listing in December 2020 and his transition to Executive Director in February 2023.

AUCloud’s sovereign cloud service (IaaS) and cyber security solutions are underpinned by a range of security certifications and accreditations including “Certified Strategic” on Digital Transformation Agency’s Hosting Certification Framework (HCF), assessed to the “Protected” controls of the Australian Signals Directorate’s (ASD) Information Security Manual (ISM) through to the Australian Cyber Security Centre’s Cloud Assessment and Authorisation



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MESSAGE FROM THE CHAIR continued

Framework (CAAF), inclusive of the Information Security Registered Assessors Program (IRAP) certification and ISO 27001.

Our sovereignty and security certifications provide our customers with the assurance that their data is secure and that our services meet the highest standards.

Looking ahead, the Company is focussed on integrating the acquisitions, growing our customer base both directly and through partnerships.

The Board is confident that with the transformative changes implemented and the strong foundation we've established, we are well-positioned for continued growth in 2025.

On behalf of the Board, we would like to express our sincere gratitude to our highly skilled workforce for their exceptional service during FY24. We also extend our thanks to our shareholders for their continued support.



Cathie Reid AM
Chair

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MESSAGE FROM THE CEO

Dear Shareholders,

I am pleased to address you in my first full year as Managing Director and CEO. Our vision is to become Australia's preferred partner for government and enterprise organisations in cloud, data protection and cyber security. We are committed to achieving this through the delivery of comprehensive solutions that meet the growing needs of our customers in cyber security, cloud and managed IT.

Company Transformation and Growth

FY24 has been pivotal for AUCloud, characterised by significant transformation, diversification, and growth. Recognising the need for change and the need to put AUCloud on a path of sustainable growth, we implemented a strategic restructuring, culminating in the successful completion of three key acquisitions on 30 April 2024.

We welcomed customers, partners and employees from VennIT, Newbase and PCG Cyber. It is really pleasing that customers have embraced the opportunity to source products & services from our expanded Group; particularly in cyber security.

The acquisitions have expanded our customer base, broadened our geographic reach, and diversified our product offerings, enhancing our ability to serve both existing and new markets while broadening our revenue streams.

Strategic Acquisitions and Integration

Following the acquisitions, we have restructured the Company into two core divisions: 1) Cyber Security Solutions and 2) Cloud Solutions (incorporating Managed Services).

As part of the integration we have also welcomed some new highly skilled leaders into the business all of whom are focused on growing our customer base and creating a culture of operational excellence.

Our integration program, including people, systems and processes is progressing ahead of schedule, with the rebranding and full integration of all acquisitions expected to be completed by H1 FY25.

Enhanced Capabilities and Market Position

Our focus remains on growing our customer base in sovereign cloud services, cyber security solutions and managed services. Our expanded product portfolio now spans a broad spectrum of highly complementary solutions, supported by a diversified revenue base across various sectors, including government, financial services, law, technology and health. We are strengthening our market presence through partnerships with industry leaders and investing in skills development and cutting-edge technologies to further grow our position.



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MESSAGE FROM THE CEO continued

Meeting the Needs of a Growing Sector

Australian enterprises and government sectors continue to invest in cloud solutions to modernise IT infrastructure, support remote work and leverage advanced technologies like Artificial Intelligence (AI) and big data. The rise of cloud-native startups and tech innovation hubs highlights the significant focus on cloud-related businesses. Concurrently, the surge in cyber threats in Australia and globally has driven a sharp increase in investment in cyber security solutions, as organisations bolster defences to protect against data breaches and ransomware. The Australian Government is also playing a crucial role; funding initiatives to enhance national cyber security and protect Australians' data and the nation's critical infrastructure. These market forces underscore the critical importance of cloud and cyber security technologies in Australia's digital economy.

AUCloud is well positioned to support Australian organisations by delivering comprehensive, high-performance cloud computing solutions, coupled with end-to-end cyber security solutions and managed IT support.

Looking Ahead

As we move forward, our strategy focuses on integrating acquisitions, organic customer growth, and expanding our offerings to drive continued success. The team at AUCloud are driven by achieving our strategic goals and continuing to deliver exceptional value and support to our clients; which in turn creates shareholder value.

Thank you to all our shareholders, particularly those that supported the March 2024 capital raising and a warm welcome to all the new shareholders that joined the registry.

Congratulations to the team at AUCloud, who have embraced the significant changes we have made, whilst maintaining a laser focus on delivering for our customers.



Peter Maloney
CEO and Managing Director

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HIGHLIGHTS

KEY METRICS

CUSTOMERS

240+

EMPLOYEES

100+

ASD SECURITY CLEARANCE

>50%

Security cleared personnel

SOVEREIGN CLOUD ZONES

4

ANNUAL RECURRING REVENUE (ARR)

A\$22 million

AVERAGE REVENUE PER USER (ARPU)

A\$107k

TOTAL CONTRACT VALUE (TCV)

A\$25 million

MARKET SIZE

A\$133 billion

Projected IT spending in Australia in 2024*

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*Gartner Research 2023

HIGHLIGHTS continued

AQUISITIONS

April 2024

- Arado
- PCG Cyber
- Venn IT Solutions

CERTIFICATIONS & GLOBAL STANDARDS

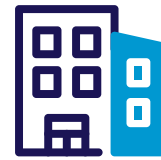
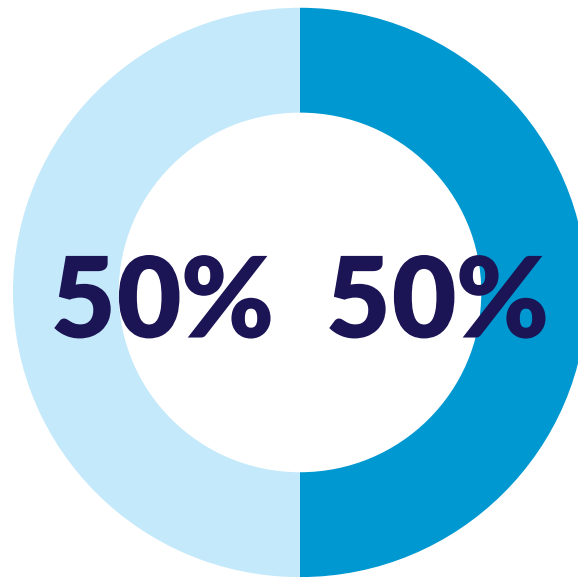
- 27001 Certified
- IRAP Assessed at PROTECTED
- 100% Australian Data Sovereignty
- Australian Security Cleared Personnel
- Australian Security Operations Centre (SOC)
- Certified Strategic Cloud Service Provider under the DTA's Hosting Certification Framework

CUSTOMER PROFILE

* Revenue mix as at 30 June 2024



Public Sector
Government



Corporate
Enterprise
Customers

STRATEGIC PARTNERSHIPS



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HIGHLIGHTS continued

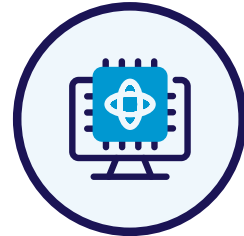
CUSTOMER SEGMENTS



Government & Public Sector



Defence



Technology



Legal



Financial



Healthcare

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As a client of AUCloud, I can confidently say that their commitment to security and compliance has provided Kompozition with a high-level of confidence in our platform operations. Their reliable and scalable solutions have been instrumental in supporting our growth and delivering exceptional value to our clients.

We've recently enhanced our security posture significantly by leveraging AUCloud's 24/7 Security Operations Center (SOC). The proactive monitoring and rapid response capabilities of their team have given us peace of mind, allowing us to focus on our core competencies.

Overall, AUCloud has not only met our expectations but has exceeded them, providing us with robust, reliable, and secure cloud solutions that truly align with our needs.

Michael Ninness
CEO & Founder | Kompozition

HIGHLIGHTS continued

AWARD WINS

2024

- Australian Cyber Security Awards Security Operations Centre (SOC) Provider of the Year
- Australian Cyber Security Awards Ransomware Provider of the Year
- Veeam ProPartner Australia Awards Cloud & Service Provider of the Year

2023

- AFR Most Innovative Companies Ranked 9th Technology
- Australian Business Awards Service Innovation Winner
- Australian Business Awards Tech Innovation Winner
- Australian Business Awards Employer of Choice



“AUCloud has helped AgriFutures Australia improve our cyber security framework by providing IT Security Advisory services and managing our Security Operations Centre. Their assistance with our ICT security program and their SOC services using Microsoft Sentinel have contributed to our improved cyber maturity. AUCloud’s approach, which covers governance, risk management, and compliance services (GRC), as well as security improvement initiatives and awareness programs, has supported our ability to deal with emerging threats and handle potential security incidents. Their support has given us the confidence and resilience to face the complex cyber threat landscape.”

Nicole Legovich

Senior Manager, Information Systems and Business Improvements | AgriFutures Australia

INDUSTRY ENGAGEMENT

AUCloud's thought leadership and expertise were featured in 340+ media mentions this year, reaching a potential audience of over 30 million. AUCloud presented research, insights, and thought leadership at key events in partnership with peak industry bodies and associations.

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"Partnering with a top-tier cloud and managed IT service provider has added significant value to our IT operations. AUCloud's expertise ensures our media operations are seamlessly supported, allowing us to focus on delivering unparalleled content and service to our audience across Australia. Trusting them with our technology needs means we can stay ahead of the curve in an ever-evolving industry."

Mat Williams
Head of Technology Operations | Australian Radio Network (ARN)

PEOPLE AND CULTURE

OUR VALUES

Building trust and growth for our customers, our people and our community.

THE CUSTOMER

The customer is at the centre of everything we do.



ONE TEAM

Strength comes from valuing our people and a commitment to our shared goals.



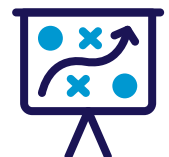
ACCOUNTABLE

Integrity and transparency build trust.



BRAVE

Challenge norms to drive improvement and innovation.



Amanda Ball
Chief People Officer

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BOARD OF DIRECTORS



Cathie Reid AM
Chair and Non-Executive Director

Cathie was appointed to the Sovereign Cloud Holdings Board on 20 December 2017.

She is a member of the Remuneration and Nomination Committee, and a member of the Audit and Risk Committee.

Ms Reid is a distinguished entrepreneur who previously co-founded Icon Group, a leading provider of integrated cancer care services with operations throughout the APAC region, as well as Australia's Epic Pharmacy Group and the SpArc Foundation.

Previously, Ms Reid was Deputy Chair of the Federal Government's Cyber Security Industry Advisory Committee.

She currently also serves as a Director of the Brisbane Lions Australian Rules Football Club.

In recognition of her contributions to healthcare and philanthropy, Ms Reid was inducted into the Australian Businesswomen's Hall of Fame in 2015, included in the Australian Financial Review Top 100 Women of Influence, and was appointed a Member of the Order of Australia (AM) in 2019.



Peter Maloney
CEO and Managing Director

Peter was appointed Chief Executive Officer and Managing Director of Sovereign Cloud Holdings on 30 January 2023.

He is a member of the Audit and Risk Committee.

Mr Maloney is an experienced company director and CEO with over 20 years of leadership in the Australian technology sector. He was most recently the Managing Director of Dye & Durham Australia, a subsidiary of the Canadian-listed Dye & Durham Ltd (TSX: DND), having assumed this role following DND's acquisition of GlobalX in July 2021.

As CEO of GlobalX, Mr Maloney successfully led the company through its transition from a founder-led start-up to a more mature organisation, achieving annual revenues of approximately A\$90 million.

Peter has also served as Chief Operating Officer at iCare Solutions and held the position of Director, Credit & Information Services at illion (formerly Dun & Bradstreet).

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BOARD OF DIRECTORS continued



Craig Scroggie
Non-Executive Director

Craig Scroggie was appointed to the Sovereign Cloud Holdings Board on 24 December 2021.

He has more than 25 years' experience in the ICT industry, having held senior positions with Symantec, Veritas Software, Computer Associates, EMC Corporation and Fujitsu.

Mr Scroggie is the current Chief Executive Officer and Managing Director of NEXTDC (ASX: NXT), Australia's leading Data-Centre-as-a-Service provider.

Prior to joining NEXTDC, Craig was Symantec's Vice President and Managing Director for the Pacific Region. Craig serves as a member on the University of Southern Queensland Business School Advisory Board and the La Trobe University Business School Advisory Board (Chair) and holds the position of Adjunct Professor.

Craig is also a Non-Executive Director of Freelancer Limited (ASX:FLN).



Ross Walker
Non-Executive Director

Ross Walker was appointed to the Sovereign Cloud Holdings Board on 8 November 2017.

He is a member of the Remuneration and Nomination Committee, and a Member of the Audit and Risk Committee.

He is a Fellow Chartered Accountant with extensive industry experience, having worked with Arthur Andersen from 1978 to 1985, including three years in the USA, before joining Pitcher Partners Brisbane (formerly Johnston Rorke).

Ross served as Managing Partner at Pitcher Partners for 20 years, retiring from equity in 2017. During his career he has been actively involved in corporate finance, valuations, audit, capital raisings, and mergers and acquisitions.

Mr Walker is also a Non-Executive Director of RPM Global Limited (ASX: RUL) and a Non-Executive Director of Wagners Holding Company Limited (ASX: WGN).

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DIRECTORS REPORT

The Directors present their report together with the financial report of Sovereign Cloud Holdings Limited (the "Company") and its controlled entities (together the "Group"), for the year ended 30 June 2024 and auditor's report thereon.

1. Directors

The names of the Directors in office at any time during or since the end of the year are:

- **Cathie Reid AM** (Chair)
- **Peter Maloney** (Managing Director)
- **Phil Dawson** (Executive Director) – resigned 31 March 2024
- **Craig Scroggie** (Non-Executive Director)
- **Ross Walker** (Non-Executive Director)

The Directors have been in office since the start of the year to the date of this report unless otherwise stated.

2. Principal Activities

The Group's principal activity is provision of Cloud Services and Cyber Security Solutions, supporting Australia's leading organisations and Government agencies. AUCloud specialises in delivering data and security solutions to enhance compliance and overall security.

During the year, the Group had a change in the nature of these activities, by broadening its product offerings to include managed services, as well as the resale of hardware and support.

3. Review of Operations

Group Financial Results

The Group recorded a net loss for the year of \$19.7 million (FY23: loss of \$21.3 million). The decrease in loss was due to increased revenue through organic growth and two-months trading of the acquired entities, a reduction in the underlying cost base of AUCloud prior to the acquisitions completed on 30 April 2024, offset by an increase in one-off professional, restructuring, and integration costs.

Revenue

Revenue in FY24 was \$10.8 million compared to \$6.8 million over the previous corresponding year.

One-off project revenue associated with Arqit symmetric keys project reduced by \$1.3 million in FY24 (\$0.64 million) compared to FY23.

Excluding one-off revenue, the underlying AUCloud revenue, prior to the acquisitions, increased by \$1.9 million (41%) through organic growth with Cloud up 33% and Cyber up 46%. The Group recorded \$3.4 million revenue attributed to the acquired entities for two-months of trading.

DIRECTORS REPORT continued

Expenses

Total expenses in FY24 were \$30.6 million compared to \$28.1 million in FY23 (an increase of \$2.5 million). The year-on-year comparison is not a like for like comparison due to the reduction in the underlying cost base of AUCloud pre-acquisition, then the merged cost base post acquisitions, and the subsequent integration activities and realised synergies.

Financial Position

The Group's net asset position increased in FY24 by \$17.8 million to \$42.7 million at 30 June 2024, as a result of the three acquisitions settled on 30 April 2024 and associated capital raising's.

4. Strategy and Future Prospects

The Group's vision is to become Australia's preferred partner to Government & Enterprise in cloud, data protection & cyber security. AUCloud's strategy is to build, partner or acquire capabilities to create a diversified cyber security and cloud solutions business with a national footprint, at scale.

The Group's strategy is being delivered through; integration of acquisitions, organic customer growth, effective partnerships and continuing to expand our offerings.

In FY24 AUCloud completed three strategically aligned acquisitions, creating a platform for transformational growth. In FY25, AUCloud is focused on delivering on its commitment to be cash flow positive and profitable in HY1 and continuing to execute on the strategy.

5. Key Risks and Risk Management

The Company has a detailed risk management framework, that assesses the key financial and non-financial risks that have the potential, should they occur, to materially impact the Group and its ability to achieve its strategic objectives and long-term performance. The framework is integrated into the daily management of the business to ensure the oversight and management of business risks. Further details of the risk management framework and processes are detailed in AUCloud's Corporate Governance Statement.

Listed below are relevant key risks for the business identified in the risk management framework:

Financial Performance

AUCloud requires sufficient cash to guarantee the continuation of its strategic initiatives. The Group may encounter challenges in realising its strategy along with potential difficulties such as severe liquidity or solvency issues, financial deficits, or financial turmoil, stemming from any shortcomings in the planning of implementation of its capital management. Adequate financial resources are essential for the Group to continue to invest in its products in the coming years.

DIRECTORS REPORT continued

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.

Economic Risk, Including Level of Government Spending

Cloud infrastructure hosting is somewhat insulated from economic risk. Firms need to continue to consume compute, storage and internet services in order to operate their own business. Firms can elect to substitute from procuring cloud solutions to investing in on-premises infrastructure; however, it can be a timely and costly exercise.

The heightened growth of cyber-crime translates into the provision of solutions to protect, detect, and respond to cyber-crimes. Some firms embed that cost into the cost of doing business; for other firms it can be discretionary and vulnerable to shifts in economic circumstances.

Generally, the Group is vulnerable to significant shifts in economic circumstances brought about by abrupt or extended economic downturns, which could have repercussions on customers' spending behaviour. The Group's customer base includes prominent entities such as public authorities and government departments in Australia and adjustments in the allocation of government funds or limitations on their spending capacity may have the potential to influence the Group's earnings.

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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DIRECTORS REPORT 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.

Ability to Source New Talent and Retain Existing Talent

The 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 the 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.

6. After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

7. Environmental Regulation

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

8. Dividends Paid, Recommended and Declared

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

DIRECTORS REPORT continued

9. Information on Directors and Company Secretary

<p>Cathie Reid AM Chair/Non-Executive Director</p>	<ul style="list-style-type: none"> • Appointed as Chair on 20 December 2017. • Member of the Remuneration and Nomination Committee. • Member of the Audit and Risk Committee. • Current Director of the Brisbane Lions AFL Club. • Former Deputy Chair of the Federal Government's Cyber Security Industry Advisory Committee. • Member of the Order of Australia (AM) for services to healthcare delivery and philanthropy. • Holds a Bachelor of Pharmacy (BPharm).
<p>Peter Maloney CEO and Managing Director</p>	<ul style="list-style-type: none"> • Appointed as Chief Executive Officer and Managing Director on 30 January 2023. • Member of the Audit and Risk Committee. • 20+ years of leadership experience in the Australian technology sector. • Holds a Master of Business Administration (MBA) and Bachelor of Commerce (BCom).
<p>Craig Scroggie Non-Executive Director</p>	<ul style="list-style-type: none"> • Appointed as Non-Executive Director on 24 December 2021. • Member on the University of Southern Queensland Business School Advisory Board. • Member of the La Trobe University Business School Advisory Board (Chair) and holds the position of Adjunct Professor. • Current Chief Executive Officer and Managing Director of NEXTDC (ASX: NXT), appointed June 2012 and served prior as a Non-Executive Director since 2010 IPO. • Current Non-Executive Director of Freelancer Limited (ASX:FLN). • Holds a Master of Business Administration (MBA).
<p>Ross Walker Non-Executive Director</p>	<ul style="list-style-type: none"> • Appointed as Non-Executive Director on 8 November 2017. • Member of the Remuneration and Nomination Committee. • Member of the Audit and Risk Committee. • Former Managing Partner of accounting and advisory firm Pitcher Partners for 20+ years. • Current Non-Executive Director of RPM Global Limited (ASX: RUL). • Current Non-Executive Director of Wagners Holding Company Limited (ASX: WGN). • Holds a Bachelor of Commerce (BCom) and is a Fellow Chartered Accountant (FCA).
<p>Michelle Crouch Company Secretary</p>	<ul style="list-style-type: none"> • Appointed as Company Secretary on 16 October 2020. • Employed by Pitcher Partners as a Director to perform company secretarial duties for Sovereign Cloud Holdings Ltd. • Holds a Bachelor of Business (BBus) and is a Chartered Accountant (CA).

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DIRECTORS REPORT continued

10. Meetings of Directors

Directors	Directors' meetings		Audit committee meetings		Remuneration committee meetings	
	Held	Attended	Held	Attended	Held	Attended
Cathie Reid AM	11	11	2	2	1	1
Peter Maloney	11	11	2	2	1	1
Phil Dawson (resigned 31 March 2024)	9	9	-	-	-	-
Ross Walker	11	11	2	2	1	1
Craig Scroggie	11	8	-	-	-	-

Held: Represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

Non-committee members are invited and attend the various committee meetings.

11. Directors' Interests

The relevant interest of each Director in the shares and options issued by the Company at the date of this report is as follows:

Sovereign Cloud Holdings Limited

	Ordinary Shares*	Options over Ordinary Shares*
Cathie Reid	12,407,769	-
Ross Walker	1,788,365	-
Craig Scroggie**	-	-
Phil Dawson***	693,400	-
Peter Maloney	1,833,333	3,850,000

* The Company completed a share consolidation of 1 security for every 10 securities on 7 June 2024.

** Craig Scroggie is the managing director of NEXTDC which owns 52,268,818 shares of the Company's issued capital.

*** The shares held by Phil Dawson are held by Assured Digital Group (a UK based company) in which Mr Dawson and spouse hold a 39% interest.

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DIRECTORS REPORT continued

12. Shares Under Option

Unissued ordinary shares of Sovereign Cloud Holdings Limited under option at the date of this report are as follows:

Date granted	No of Options		Exercise price	Expiry date
	Issued	Vested		
30/09/2020	28,750	28,750	\$6.00	01/07/2024
30/01/2023	150,000	-	\$0.00	31/12/2027
30/10/2023	125,000	-	\$3.00	1/07/2027
30/10/2023	125,000	-	\$3.00	1/07/2028
30/04/2024	8,255,000	-	\$0.30	1/07/2028

No option holder has any right under the options to participate in any other share issue of the Group.

No shares were issued during the year on exercise of options.

The number of options and exercise price shown above reflects the share consolidation of 1 security for every 10 securities completed by the Company on 7 June 2024.

13. Indemnification of Officers

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or Executive, for which they may be personally liable, except where there is a lack of good faith.

During the financial year, the Company paid insurance premiums to insure the Directors and Officers of the Company against certain risks associated with their activities as Officers of the Company. The terms of that policy prohibit disclosure of the nature of the liability covered, the limit of such liability and the premium paid.

Further disclosure required under section 300(9) of the *Corporations Act 2001* is prohibited under the terms of the contract.

14. Auditor's Independence Declaration

A copy of the auditor's independence declaration under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

15. Non-audit Services

There were no amounts paid or payable to the company's auditor and related practices of the auditor for non-audit services during the 2024 Financial Year.

DIRECTORS REPORT continued

16. Legal Proceedings on Behalf of the Company

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

This report is made in accordance with a resolution of the Directors.

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Cathie Reid

Chair

Dated: 26 August 2024

REMUNERATION REPORT

The Directors of Sovereign Cloud Holdings Limited present the Remuneration Report (the 'Report') for the Company and its subsidiaries (together, the 'Group') for the financial year ended 30 June 2024.

The information provided in the Report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

The remuneration report is set out under the following sections:

1. **Principles Used to Determine the Nature and Amount of Remuneration;**
2. **Service Agreements;**
3. **Details of Remuneration;**
4. **Share Based Compensation Benefits;**
5. **Equity Instruments Held by Key Management Personnel; and**
6. **Other Transactions with Key Management Personnel.**

1. Principles Used to Determine the Nature and Amount of Remuneration

Remuneration and compensation have the same meaning in this report.

This report discusses the company's policies in regard to compensation of key management personnel. Key management personnel ('KMP') include all Directors of the Company and certain executives who, in the opinion of the Board and Managing Director, have authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

The Board has established a Remuneration committee to assist with remuneration and incentive policies enabling the Group to attract and retain KMP and Directors who will create value for shareholders and support the Group's mission. The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic, operational objectives and achieve the broader outcome of creation of value for shareholders.

Executive Remuneration Policy and Practices

The Group's remuneration framework is designed to attract, retain, motivate and reward employees for performance that is competitive and appropriate for the results delivered. The framework aligns remuneration with the achievement of strategic goals and the creation of value for shareholders.

The key criteria supporting the Group's remuneration framework are:

- Competitiveness and reasonableness;
- Acceptability to shareholders;
- Performance linkage/alignment of executive compensation; and
- Transparency.

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REMUNERATION REPORT continued

Executive KMP remuneration includes both fixed and variable components, with variable rewards consisting of short and long term incentives that are based on Group performance outcomes.

(a) Fixed Compensation

Fixed compensation is calculated on a total cost basis and includes salary, allowances, non-cash benefits, employer contributions to superannuation funds and any fringe benefits tax charges related to employee benefits, including motor vehicles parking provided.

Compensation levels are reviewed using an individual approach, based on evaluation of the individual, and a comparison to the market. A KMP's compensation is also reviewed on promotion.

(b) Performance Linked Compensation

Performance linked compensation includes both short-term and long-term incentives and is designed to reward each KMP for meeting and exceeding their Key Performance Objectives (KPO's). The Short-Term Incentive (STI) is an 'at risk' incentive provided in the form of cash, while the Long-Term Incentive (LTI) is provided as options over ordinary shares of the Company under the rules of the Employee Share Option Plan (ESOP).

(i) Short-term Incentive Plan

STI is an 'at risk' incentive provided in the form of cash. The Company has a variable pay structure through the STI for each Key Management Personnel. The objective of the STI is to create clear alignment between individual and business performance and remuneration by providing a performance-based reward to participants in line with their relative contribution to the Company. The STI achieves the alignment by focusing participants on achieving goals which contribute to sustainable shareholder value and providing a clear link between performance and the Company's financial result.

The STI compensation is based on a percentage of the individual's base salary. The amount of any STI in any financial year is determined by the Board in its sole discretion based on the achievement of certain performance targets. The current STI plan is the same for all senior management, at varying percentages of their base salary such that they all have the same performance hurdles, which are based on the Company's financial performance.

In FY24, the Group did not achieve the financial performance milestones, thereby not satisfying the STI performance target.

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REMUNERATION REPORT continued

(ii) Long-term Incentive Plan

LTI is provided as options over ordinary shares of the Company under the rules of the Employee Share Option Plan (ESOP). The new ESOP was approved by the Board at the Extraordinary General Meeting on 24 April 2024. Eligible participants of the ESOP include any person who is a director, employee or consultant and are granted at the discretion of the Board of Directors. Options were issued in each financial year under the Company's ESOP.

The Remuneration Committee consider this equity performance-linked remuneration structure to be appropriate as KMP only receive a benefit when there is a corresponding direct benefit to shareholders.

Non-Executive Director Remuneration Policy and Practices

Under the Constitution, the Board may decide the remuneration to which each Director is entitled for his or her services as a Director. In addition, under the ASX Listing Rules, the total amount payable to all Directors for their services (excluding for these purposes, the remuneration of any Executive Director) must not exceed an aggregate in any financial year the amount fixed in the general meeting (currently \$500,000 per annum).

The current Non-executive Directors fees are \$80,000 per annum (inclusive of superannuation where applicable) and Directors may also be reimbursed for all travelling and other expenses incurred in connection with their Company duties. Non-executive Chair fees are \$90,000 per annum.

This aggregate annual sum does not include any special remuneration which the Board may grant to the Directors for special exertions or additional services performed by a Director for or at the fees.

2. Service Agreements

There are no formal service agreements with the Non-Executive Directors. On appointment to the Board, the Directors receive an appointment letter with the Company, confirming the terms of his or her appointment, his or her role and responsibility and the Company's expectations of him or her as a Director.

Non-Executive Directors are paid a fixed remuneration, comprising base and/or salary and superannuation (as applicable). Non-Executive Directors, do not receive bonus payments or participate in security-based compensation plans and are not provided with retirement benefits.

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REMUNERATION REPORT continued

3. Details of Remuneration

Details of remuneration of each Director and key management personnel of Sovereign Cloud Holdings Limited for the financial years ended 30 June 2023 and 30 June 2024 are set out below.

	Year	Short-term		Post - Employment		Long-term	Security-based Payments	Total	Performance Related
		Salary and fees	Non-monetary benefits	STI Cash bonus	Superannuation	Long service leave	Share-based payment (options)		
		\$	\$	\$	\$	\$	\$		
Directors									
Cathie Reid	2024	90,000	-	-	-	-	-	90,000	-
	2023	90,000	-	-	-	-	-	90,000	-
Ross Walker	2024	80,000	-	-	-	-	-	80,000	-
	2023	80,000	-	-	-	-	-	80,000	-
Craig Scroggie	2024	80,000	-	-	-	-	-	80,000	-
	2023	80,000	-	-	-	-	-	80,000	-
Phil Dawson*	2024	279,375	-	-	27,500	-	-	306,875	-
	2023	372,500	-	-	27,500	4,451	69,804	474,256	15%
Peter Maloney	2024	372,500	-	-	27,500	685	58,378	459,063	13%
	2023	169,744	-	-	-	128	9,515	179,387	5%
Other Key Management Personnel									
Theo Tragoudistakis**	2024	41,667	-	-	4,583	406	17,351	64,007	27%
TOTAL	2024	943,542	-	-	59,583	1,091	75,729	1,079,945	7%
TOTAL	2023	792,244	-	-	27,500	4,579	79,319	903,642	9%

* Phil Dawson resigned as an Executive Director on 31 March 2024.

** Theo Tragoudistakis was appointed as CFO on 01 May 2024. Remuneration disclosed is only for the period considered to be KMP.

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REMUNERATION REPORT continued

4. Share Based Compensation Benefits

Peter Maloney (Managing Director and CEO) and Theo Tragoudistakis (CFO) have received options during the period under the LTI. Details of the performance options issued to these KMPs and vested during the financial year, are set out below.

Grant Date	Expiry Date	Tranche	Balance 01/07/2023	No of Options		Balance 07/06/2024 Pre- consolidation	Balance 30/06/2024* Post- consolidation	Fair Value Per Option* Post- consolidation \$
				Issued	Expired			
30/09/2020	01/07/2024	#1	350,340	-	(350,340)	-	-	\$1.80
19/10/2022	01/07/2027	#3	1,000,000	-	(1,000,000)	-	-	\$0.60
30/01/2023	31/12/2027	#4	1,500,000	-	-	1,500,000	150,000	\$0.46
30/10/2023	01/07/2027 01/07/2028	#5	-	250,000	-	250,000	25,000	\$0.40
30/04/2024	30/04/2029	#6	-	51,800,000	-	51,800,000	5,180,000	\$0.23
			2,850,340	52,050,000	(1,350,340)	53,550,000	5,355,000	

* The Company completed a share consolidation of 1 security for every 10 securities on 07 June 2024.

Options issued during the 2024 financial year consist of high and low exercise price instruments which vest based on certain conditions, as set out below:

- **Tranche 1 & 3:** These options were issued to Phil Dawson with service and market conditions. The options expired on the date Phil Dawson ceased to be employed or engaged with the Group.
- **Tranche 4:** These options were issued to Peter Maloney on his appointment as CEO. The options can only be exercised if the 15-trading day volume weighted average market price of AUCloud share is equal to or greater than \$10.00 per AUCloud share (Target Share Price – post share consolidation) as at close of trading on ASX on the date that is fifteen trading days after the date of release on ASX by AUCloud of its Appendix 4D for the half year ended 31 December 2025 (HY2026 Results). The options have no exercise price.
- **Tranche 5:** These options were issued to Theo Tragoudistakis. In order to satisfy the vesting condition, the employee must remain employed by AUCloud as at the vesting date. The options have an exercise price of \$3.00 (post share consolidation).
- **Tranche 6:** These options were issued to Peter Maloney & Theo Tragoudistakis. The options can only be exercised if the Company achieves an underlying EBITDA of at least \$4.0m as detailed in the management accounts for the financial year ending 30 June 2025. The employee must remain employed by AUCloud as at the vesting date. The options have an exercise price of \$0.30 (post share consolidation).

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REMUNERATION REPORT continued

Fair Value of Options Granted

The assessed fair value at the date of grant of options issued is determined using an option pricing model that takes into account the exercise price, the underlying option price at the time of issue, the term of option, the underlying option's expected volatility, expected dividends and risk-free interest rate for the expected life of the instrument.

Details of performance rights over ordinary options in the Company provided remuneration to the key management personnel of the Group are set out below. When exercisable, each option is convertible into one ordinary share in the Company.

The value of the options were calculated using the inputs shown below:

	Tranche 1	Tranche 1A	Tranche 3	Tranche 4
Inputs into Pricing Model	September 2020 Issue	September 2020 Issue	October 2022 Issue	January 2023 Issue
Grant Date	30-Sep-20	30-Sep-20	19-Oct-22	30-Jan-23
Exercise Price	\$0.60	\$0.20	\$0.00	\$0.00
Vesting Conditions	Employment	Refer above	Refer above	Refer above
Share price at grant date	\$0.60	\$0.60	\$0.18	\$0.15
Expiry Date	30-Jun-24	30-Jun-25	1-Jul-27	31-Dec-27
Life of the instruments	4 years	5 years	5 years	5 years
Underlying option price volatility	50%	N/A	85%	85%
Expected dividends	-	N/A	-	-
Risk free interest rate	0.17%	N/A	3.50%	3.18%
Pricing model	Black Scholes	-	Monte Carlo	Monte Carlo
Fair value per instrument	Refer above	-	0.060	0.046

	Tranche 5	Tranche 5A	Tranche 6
Inputs into Pricing Model	October 2023 Issue	October 2023 Issue	April 2024 Issue
Grant Date	31-Oct-23	31-Oct-23	30-Apr-24
Exercise Price	\$3.00	\$3.00	\$0.30
Vesting Conditions	Refer above	Refer above	Refer above
Share price at grant date	\$0.09	\$0.09	\$0.03
Expiry Date	1-Jul-27	1-Jul-28	30-Apr-29
Life of the instruments	4 years	5 years	5 years
Underlying option price volatility	85%	85%	100%
Expected dividends	-	-	-
Risk free interest rate	4.37%	4.49%	4.10%
Pricing model	Binomial	Binomial	Binomial
Fair value per instrument	0.034	0.042	0.023

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REMUNERATION REPORT continued

5. Equity Instruments Held by Key Management Personnel

Ordinary Shares

	Balance at 30 June 2023	Balance at resignation	Entitlement Offer March 2024	Sold during the Year	Balance at 7 June 2024 Pre- consolidation	Balance at 30 June 2024* Post- consolidation
Cathie Reid	65,374,526	-	58,703,164	-	124,077,690	12,407,769
Ross Walker	4,527,506	-	13,356,143	-	17,883,649	1,788,365
Craig Scroggie***	-	-	-	-	-	-
Phil Dawson**	6,934,000	6,934,000	-	-	-	-
Peter Maloney	10,000,000	-	8,333,333	-	18,333,333	1,833,333

* The Company completed a share consolidation of 1 security for every 10 securities on 7 June 2024.

** The shares held by Mr Dawson include 6,934,000 shares (pre-consolidation) held by Assured Digital Group Limited (a UK based company) in which Mr Dawson spouse hold 39% interest.

*** Mr C Scroggie is the Managing Director of NEXTDC Limited which was issued 408,603,710 shares as part of the Entitlement offer in March 2024.

Options

	Balance at 01 July 2023	Granted as Compensation	Forfeited, Exercised, and Expired	Balance at 7 June 2024 Pre- consolidation	Balance at 30 June 2024* Post- consolidation	Vested and Exercisable 30 June 2024
Phil Dawson	1,350,340	-	(1,350,340)	-	-	-
Peter Maloney	1,500,000	37,000,000	-	38,500,000	3,850,000	-
Theo Tragoudistakis	-	15,050,000	-	15,050,000	1,505,000	-

* The Company completed a share consolidation of 1 security for every 10 securities on 7 June 2024.

Other Transactions with Key Management Personnel

There were no other transactions with KMP during the 2024 Financial Year.

Signed on behalf of the board of Directors.



Cathie Reid

Chair

Dated: 26 August 2024

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AUDITOR'S INDEPENDENCE DECLARATION

**TO THE DIRECTORS OF SOVEREIGN CLOUD HOLDINGS LIMITED
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2024 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants



Stewart Douglas
Director
Brisbane
26 August 2024

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$	2023 \$
Revenue and other income			
Revenue from contracts with customers	3	10,230,122	6,477,558
Interest income	4	263,301	107,489
Other income	4	347,002	210,249
		10,840,425	6,795,296
Expenses			
Employee benefits expense		(13,758,129)	(13,294,565)
Licensing fees		(6,351,704)	(6,147,987)
Professional fees		(1,990,993)	(627,026)
Marketing		(612,421)	-
Travel & Entertainment		(339,413)	(261,565)
Other expenses		(917,032)	(2,129,750)
Finance costs	5	(178,537)	(231,539)
Depreciation and amortisation	5	(6,410,296)	(5,386,280)
		(30,558,525)	(28,078,712)
Loss before income tax expense		(19,718,100)	(21,283,416)
Income tax expense	6	-	-
Loss for the year		(19,718,100)	(21,283,416)
Other comprehensive income for the year		-	-
Total comprehensive loss		(19,718,100)	(21,283,416)
Earnings per share (post share consolidation)			
		Cents	Cents
Basic earnings per share	30	(4)	(13)
Diluted earnings per share	30	(4)	(13)

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Note	2024 \$	2023 \$
Current assets			
Cash and cash equivalents	8	8,394,863	11,639,865
Receivables	9	4,359,720	1,065,249
Other assets	10	2,097,908	4,535,637
Total current assets		14,852,491	17,240,751
Non-current assets			
Property, plant and equipment	11	6,755,352	9,917,111
Intangible assets	12	28,871,242	357,697
Right of use lease assets	13	5,091,439	5,899,808
Other assets	10	234,400	527,235
Total non-current assets		40,952,433	16,701,851
Total assets		55,804,924	33,942,602
Current liabilities			
Payables	14	5,464,518	3,133,417
Lease liabilities	15	1,547,736	1,601,237
Provisions	16	2,226,930	528,166
Total current liabilities		9,239,184	5,262,820
Non-current liabilities			
Lease liabilities	15	3,546,363	3,648,611
Provisions	16	275,417	127,323
Total non-current liabilities		3,821,780	3,775,934
Total liabilities		13,060,964	9,038,754
Net assets		42,743,960	24,903,848
Equity			
Share capital	17	133,153,618	95,822,032
Reserves	18	1,014,291	787,665
Accumulated losses	19	(91,423,949)	(71,705,848)
Total Equity		42,743,960	24,903,848

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

	Contributed equity	Reserves	Accumulated losses	Total Equity
	\$	\$	\$	\$
Consolidated				
Balance as at 30 June 2022	87,611,747	680,749	(50,422,432)	37,870,064
Loss for the year	-	-	(21,283,416)	(21,283,416)
Transactions with owners in their capacity as owners:				
Contributions, net of transaction costs	8,210,285	-	-	8,210,285
Share based payments expensed	-	106,916	-	106,916
Balance as at 30 June 2023	95,822,032	787,665	(71,705,848)	24,903,848
Loss for the year	-	-	(19,718,100)	(19,718,100)
Transactions with owners in their capacity as owners:				
Contributions, net of transaction costs	37,331,586	-	-	37,331,586
Share based payments expensed	-	226,626	-	226,626
Balance as at 30 June 2024	133,153,618	1,014,291	(91,423,949)	42,743,960

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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$	2023 \$
Cash flow from operating activities			
Receipts from customers		12,273,362	5,993,624
Operating grant receipts		318,444	163,249
Payments to suppliers and employees		(24,189,826)	(23,816,909)
Interest received		263,301	106,226
Right of use lease interest		(178,537)	(208,428)
Net cash provided by / (used in) operating activities	20	(11,513,257)	(17,762,239)
Cash flow from investing activities			
Payments for acquisitions, net of cash acquired		(18,758,288)	-
Payments for property, plant and equipment		(108,076)	(4,679,723)
Payments for intangible assets		(7,976)	(68,426)
Net cash provided by / (used in) investing activities		(18,874,340)	(4,748,149)
Cash flow from financing activities			
Proceeds from share issue		30,536,972	7,985,017
Principal portion of lease payments		(1,642,177)	(2,470,477)
Payment of share issue costs		(1,752,200)	(77,949)
Net cash provided by financing activities		27,142,595	5,436,590
Reconciliation of cash			
Cash at beginning of the financial year		11,639,865	28,713,662
Net increase / (decrease) in cash held		(3,245,001)	(17,073,797)
Cash at end of financial year	8	8,394,863	11,639,865

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

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NOTES TO FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2024

1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Sovereign Cloud Holdings Limited is a listed public company, incorporated and domiciled in Australia.

The financial report comprises the consolidated entity ("Group") consisting of Sovereign Cloud Holdings Limited and its subsidiaries.

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001 (Cth)*.

Sovereign Cloud Holdings Limited is a for-profit entity for the purposes of preparing the financial statements.

Compliance with IFRS

The consolidated financial statements of Sovereign Cloud Holdings Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical Cost Convention

These financial statements have been prepared under the historical cost convention.

(b) Critical Accounting Estimates and Judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Actual results may differ from these estimates. Areas where assumptions are significant to the financial statements, or involving a higher degree of judgement due to complexity are as follows:

- the determination of depreciation rates on property, plant and equipment (Note 11 and 1(l)); and
- the incremental borrowing rate and estimated exercise of option terms in relation to the calculations of right-of-use assets (Note 13) and lease liabilities (Note 15).
- The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined by an external valuation using a binomial option pricing model incorporating various assumptions and taking into account the terms and conditions upon which the instruments were granted (note 27).

NOTES TO FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2024

- Goodwill – The Group tests annually, or more frequently, if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of each cash generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

(c) Going Concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group incurred a loss from ordinary activities of \$19.7 million during the year ended 30 June 2024 (2023: a loss of \$21.3 million) and had cash on hand at 30 June 2024 of \$8.4 million.

The Group's working capital requirements have to date been primarily funded through various equity capital raisings over the past five years.

Executing on the Group's previously announced strategic review, the Group completed three strategically aligned acquisitions on 30 April 2024. The combined Group created product, customer and geographic diversification. The broader product portfolio aligned to customer needs focuses on the Group's core business units; cyber security and cloud solutions. Post completion of the acquisitions \$8.9m in synergies were realised.

In March 2024 the Company completed a \$30 million Entitlement Offer to fund the acquisitions and further strengthen the Group's balance sheet with additional working capital.

The Group forecasts a positive EBITDA in FY25, with a transition to positive monthly operating cash flow in 1HFY25.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

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NOTES TO FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2024

(d) Business Combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

The consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree. Deferred consideration payable is measured at its acquisition date fair value. Contingent consideration to be transferred by the acquirer is recognised at the acquisition date fair value. At each reporting date subsequent to the acquisition, contingent consideration payable is measured at its fair value with any changes in the fair value recognised in profit or loss unless the contingent consideration is classified as equity, in which case the contingent consideration is measured at its acquisition date fair value.

Goodwill is initially recognised at an amount equal to the excess of: (a) the aggregate of the consideration transferred, the amount of any non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition); over (b) the net fair value of the identifiable assets acquired and liabilities assumed. For accounting purposes, such measurement is treated as the cost of goodwill at that date.

If the net fair value of the acquirer's interest in the identifiable assets acquired and liabilities assumed is greater than the aggregate of the consideration transferred, the amount of any non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest, the difference is immediately recognised as a gain in the profit or loss.

Acquisition related costs are expensed as incurred.

(e) Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and all of the entities the parent controls. The Group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entity to affect the amount of its returns.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is transferred to the Group and are de-recognised from the date that control ceases.

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NOTES TO FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2024

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as non-controlling interests. Non-controlling interests are initially recognised either at fair value or at the non-controlling interests' proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. Non-controlling interests in the results of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position respectively.

(f) Revenue from Contracts with Customers

The Group derives revenue from the provision of Cloud Services, Cyber Security Solutions and Managed Services.

The Group provides customers with access to IT hardware and services in a secure sovereign cloud environment, as well day-to-day management of customers' Cloud and on premises infrastructure and environments. These offerings are commonly referred to as Infrastructure as a Service (IaaS) and Managed Services, respectively.

IaaS Revenue is billed based on consumption and monthly pay-as-you-go model and recognised over time as the customer utilises the infrastructure, based on an agreed rate. Managed Services Revenue is typically based on a fixed recurring fee, recognised over time based on a fixed price agreement.

The Group provides end users with Cyber Security Solutions, including operating a Security Operations Centre (SOCaaS). Other Cyber Security professional services revenue is typically billed on a per hour or day rate, or fixed price agreement.

AUCloud undertakes technical services with customers to support their corporate and platform requirements. These services are charged for as specific performance obligations in the contracts are fulfilled.

Receivables from Contracts with Customers

A receivable from a contract with a customer represents the Group's unconditional right to consideration arising from the transfer of goods or services to the customer (i.e., only the passage of time is required before payment of the consideration is due). Subsequent to initial recognition, receivables from contracts with customers are measured at amortised cost and are tested for impairment.

NOTES TO FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2024

(g) Income Tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

(i) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Classification of Financial Assets

Financial assets recognised by the Group are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the Group irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

NOTES TO FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2024

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

- (a) the Group's business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial asset.

Classification of Financial Liabilities

Financial liabilities classified as held-for-trading, contingent consideration payable by the Group for the acquisition of a business, and financial liabilities designated at FVtPL, are subsequently measured at fair value.

All other financial liabilities recognised by the Group are subsequently measured at amortised cost.

Trade and Other Receivables

Trade and other receivables arise from the Group's transactions with its customers and are normally settled within 30 days.

Consistent with both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

Impairment of Financial Assets

The following financial assets are tested for impairment by applying the 'expected credit loss' impairment model:

- (a) debt instruments measured at amortised cost;
- (b) debt instruments classified at fair value through other comprehensive income; and
- (c) receivables from contracts with customers, contract assets and lease receivables.

The Group applies the simplified approach under AASB 9 to measuring the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables. Under the AASB 9 simplified approach, the Group determines the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables on the basis of the lifetime expected credit losses of the financial asset. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

For all other financial assets subject to impairment testing, when there has been a significant increase in credit risk since the initial recognition of the financial asset, the allowance for credit losses is recognised on the basis of the lifetime expected credit losses. When there has not been an increase in credit risk since initial recognition, the allowance for credit losses is recognised on the basis of 12-month expected credit losses. '12-month expected credit losses' is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

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FOR THE YEAR ENDED 30 JUNE 2024

The Group consider a range of information when assessing whether the credit risk has increased significantly since initial recognition. This includes such factors as the identification of significant changes in external market indicators of credit risk, significant adverse changes in the financial performance or financial position of the counterparty, significant changes in the value of collateral, and past due information.

The Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition when the financial asset is determined to have a low credit risk at the reporting date. The Group considers a financial asset to have a low credit risk when the counterparty has an external 'investment grade' credit rating (if available) of BBB or higher, or otherwise is assessed by the Group to have a strong financial position and no history of past due amounts from previous transactions with the Group.

The Group assumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

The Group determines expected credit losses using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the financial asset as well as current and future expected economic conditions relevant to the financial asset. When material, the time value of money is incorporated into the measurement of expected credit losses. There has been no change in the estimation techniques or significant assumptions made during the reporting period.

The Group has identified contractual payments more than 90 days past due as default events for the purpose of measuring expected credit losses. These default events have been selected based on the Group's historical experience. Because contract assets are directly related to unbilled work in progress, contract assets have a similar credit risk profile to receivables from contracts with customers. Accordingly, the Group applies the same approach to measuring expected credit losses of receivables from contracts with customers as it does to measuring impairment losses on contract assets.

The measurement of expected credit losses reflects the Group's 'expected rate of loss', which is a product of the probability of default and the loss given default, and its 'exposure at default', which is typically the carrying amount of the relevant asset. Expected credit losses are measured as the difference between all contractual cash flows due and all contractual cash flows expected based on the Group's exposure at default, discounted at the financial asset's original effective interest rate.

Financial assets are regarded as 'credit-impaired' when one or more events have occurred that have a detrimental impact on the estimated future cash flows of the financial asset. Indicators that a financial asset is 'credit-impaired' include observable data about the following:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) breach of contract;

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- (c) the lender, for economic or contractual reasons relating to the borrower's financial difficulty, has granted concessions to the borrower that the lender would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

The gross carrying amount of a financial asset is written off (i.e., reduced directly) when the counterparty is in severe financial difficulty and the Group has no realistic expectation of recovery of the financial asset. Financial assets written off remain subject to enforcement action by the Group. Recoveries, if any, are recognised in profit or loss.

(j) Impairment of Non-financial Assets

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash-generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use (where 'value in use' is determined as the present value of the future cash flows expected to be derived from an asset or cash-generating unit).

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is measured at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and is recognised in other comprehensive income to the extent that it does not exceed the amount in the revaluation surplus for the same asset. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

A reversal of an impairment loss for an asset measured at cost is recognised in profit or loss. A reversal of an impairment loss for an asset measured at a revalued amount is treated as a revaluation increase and is recognised in other comprehensive income, except to the extent that an impairment loss on the same asset was previously recognised in profit or loss, in which case a reversal of that impairment loss is also recognised in profit or loss.

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FOR THE YEAR ENDED 30 JUNE 2024

(k) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chief Executive Officer (CEO) has been identified as the chief operating decision maker. The CEO assesses the financial performance and position of the Group and makes strategic decisions.

(l) Property, Plant and Equipment

Each class of plant and equipment is measured at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and Equipment

Plant and equipment is measured at cost, less accumulated depreciation and any accumulated impairment losses.

Depreciation

Land is not depreciated. The depreciable amount of all other property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

Class of fixed asset	Depreciation rates	Depreciation basis
Improvements under lease	20%	Straight line
Office equipment at cost	20%	Straight line
Computer equipment at cost	20%	Straight line

(m) Intangible Assets

Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable or separately recognised. Goodwill is initially recognised at an amount equal to the excess of: (a) the aggregate of the consideration transferred, the amount of any non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition); over (b) the net fair value of the identifiable assets acquired and liabilities assumed. For accounting purposes, such measurement is treated as the cost of goodwill at that date.

Goodwill is not amortised, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses.

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NOTES TO FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2024

Separately Acquired Intangible Assets

Except for indefinite useful life intangible assets, which are not amortised but are tested annually for impairment, separately acquired intangible assets are recognised at cost and amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to an intangible asset is consistent with the estimated consumption of economic benefits of the asset. Subsequent to initial recognition, separately acquired intangible assets are measured at cost, less accumulated amortisation (where applicable) and any accumulated impairment losses. The amortisation period of intangible assets is 3 - 5 years.

Intangible Assets Acquired in a Business Combination

Intangibles acquired in a business combination are initially recognised at fair value (which, for accounting purposes, is treated as the cost of the intangible asset), and are subsequently amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to an intangible asset is consistent with the estimated consumption of economic benefits of the asset. Subsequent to initial recognition, intangible assets acquired in a business combination are measured at cost, less accumulated amortisation and any accumulated impairment losses. The amortisation period of customer related intangibles is 2 - 4 years.

(n) Leases

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease Assets

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the Group, and an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

NOTES TO FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2024

Lease Liabilities

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Group's incremental borrowing rate. Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Leases of 12-months or less and Leases of Low Value Assets

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

(o) Employee Benefits

(i) Short-term Employee Benefit Obligations

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the consolidated statement of financial position.

(ii) Long-term Employee Benefit Obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For currencies in which there is no deep market in such high quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency are used. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

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NOTES TO FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2024

Other long-term employee benefit obligations are presented as current liabilities in the consolidated statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the consolidated statement of financial position.

(iii) Retirement Benefit Obligations

Defined Contribution Superannuation Plan

The Group makes superannuation contributions to the employee's defined contribution superannuation plan of choice in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the related employee services are received. The Group's obligation with respect to employee's defined contributions entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the consolidated statement of financial position.

(iv) Share-based Payments

The Group operates share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(p) Goods and Services Tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(q) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to change in presentation for the current financial year.

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NOTES TO FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2024

(r) Earnings per Share

(i) Basic Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the financial period.

(ii) Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

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NOTES TO FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2024

2. Segment Information

(a) Description of Segments and Principal Activities

The Group's Chief Executive Officer (CEO), examines the Group's performance both from a product and geographic perspective and has identified two reportable segments of its business:

- **Cloud Services in Australia:** Provision of Cloud IaaS, Managed Services, Professional and support services in Australia. Also included in this segment is the resale of hardware and software licensing in Australia.
- **Cyber Security Services in Australia:** Managed Cyber Security and Cyber related consulting services in Australia.
- **All other segments:** This column includes support function and Group service costs.

The CEO primarily uses a measure of underlying earnings before interest, tax, depreciation and amortisation (EBITDA, see below) to assess the performance of the operating segments. However, the CEO also receives information about the segments' revenue on a monthly basis. Information about segment revenue is disclosed in note 3.

	Cloud	Cyber	Others	Total
2024	\$	\$	\$	\$
Revenue	6,032,644	4,197,478	-	10,230,122
EBITDA	(3,086,626)	1,902,551	(10,091,267)	(11,275,342)
Depreciation and Amortisation	(5,758,006)	(59,417)	(592,873)	(6,410,296)

(b) Underlying EBITDA

Underlying EBITDA excludes the effects of significant items of income and expenditure which may have an impact on the quality of earnings such as restructuring costs and legal expenses associated with the recent acquisitions and rebranding. It also excludes the effects of equity-settled share-based payments.

Interest income and finance cost are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

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NOTES TO FINANCIAL STATEMENTS continued

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	2024 \$
Underlying EBITDA	(11,275,342)
Finance costs	(178,537)
Interest income	263,301
Depreciation and amortisation	(6,410,296)
Restructuring costs	(886,058)
Employee options	(226,626)
Business acquisitions expenses	(1,004,542)
Profit before income tax from continuing operations	(19,718,100)

(c) Segment Assets

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

2024	Cloud \$	Cyber \$	Others \$	Total \$
Total non-current Assets (Property, plant and equipment, Intangible Assets, and Right of Use Assets)	26,129,599	14,654,596	168,238	40,952,433
	26,129,599	14,654,596	168,238	40,952,433

3. Revenue from Contracts with Customers

	2024 \$	2023 \$
Provision of Cloud Services	5,390,700	2,509,041
Provision of Cyber Security Services	4,197,478	1,914,688
Technical Project Services	641,944	2,053,829
	10,230,122	6,477,558

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NOTES TO FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2024

Disaggregation of Revenue

The disaggregation of revenue from contracts with customers is as follows:

	Cloud	Cyber	Others	Total
2024	\$	\$	\$	\$
Timing of Recognition				
At a point in time	187,265	-	641,944	829,209
Over time	5,203,435	4,197,478	-	9,400,913
	5,390,700	4,197,478	641,944	10,230,122
2023				
	Cloud	Cyber	Others	Total
2023	\$	\$	\$	\$
Timing of Recognition				
At a point in time	-	-	2,053,829	2,053,829
Over time	2,509,041	1,914,688	-	4,423,729
	2,509,041	1,914,688	2,053,829	6,477,558

4. Other Revenue and Other Income

	2024	2023
	\$	\$
Interest income	263,301	107,489
Other Income	28,557	-
R & D Refundable tax offset	318,445	210,249
	610,303	425,227

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FOR THE YEAR ENDED 30 JUNE 2024

5. Operating Profit

Profit / (losses) before income tax has been determined after:

	2024	2023
	\$	\$
Finance costs		
- Lease liabilities - finance charges - data centres (rack space)	169,926	170,425
- Lease liabilities - finance charges - software & computer equipment	8,611	61,114
	178,537	231,539
Depreciation:		
- Right of Use Assets	1,687,826	1,555,334
- Office Furniture and Equipment	130,974	43,242
- Computer Equipment	3,225,906	2,342,332
- Leased Assets	606,747	1,071,421
- Leasehold Improvements	181,853	269,767
	5,833,306	5,282,097
Amortisation:		
- Software and Other Intangibles	279,822	5,400
- Customer Related Assets	296,944	-
- Right of Use - Software	224	98,783
	576,990	104,183

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NOTES TO FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2024

6. Income Tax

Income Tax Reconciliation

The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:

	2024	2023
	\$	\$
Prima facie income tax payable on loss before income tax at 25.0% (2023: 25.0%)	(4,861,588)	(5,320,854)
Tax effect of:		
Non-assessable income	(80,791)	(52,562)
Non-deductible expenses	75,030	38,483
Other	(21,428)	(19,028)
Tax losses and deferred tax not recognised	4,851,395	5,353,961
Income tax expense attributable to loss	-	-
Deferred tax assets not brought to account		
Temporary differences	-	-
Tax losses	20,784,297	16,028,134
Unrecognised deferred tax assets	20,784,297	16,028,134

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FOR THE YEAR ENDED 30 JUNE 2024

7. Material Profit or Loss Items

The Group has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the Group.

	Notes	2024 \$
Restructuring costs	a	886,058
Business acquisition costs	b	1,004,542
Loss on disposal of plant and equipment	c	271,806
Total material items from continuing operations		2,162,406

(a) Restructuring Costs

These costs primarily relate to staff restructuring activities undertaken during the FY24 year.

(b) Business Acquisition Costs

Costs associated with due diligence undertaken during the acquisitions in FY24 as well as other costs related to rebranding of the acquired entities.

(c) Loss on Disposal of Plant and Equipment

Certain Leasehold improvements and office equipment were acquired as part of the acquisitions during FY24. These assets were disposed of as part of integration activities undertaken.

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NOTES TO FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2024

8. Cash and Cash Equivalents

	2024	2023
	\$	\$
Cash and cash equivalents	8,394,863	11,639,865
	8,394,863	11,639,865

9. Receivables

CURRENT		
Receivables from contracts with customers	4,359,720	557,651
Other receivables	-	507,598
	4,359,720	1,065,249

Receivables from Contracts with Customers

A receivable from a contract with a customer represents the Group's unconditional right to consideration arising from the transfer of goods or services to the customer (i.e., only the passage of time is required before payment of the consideration is due). Invoicing of customers generally occurs monthly. Outstanding invoices are due for payment within 30 days of the invoice date.

At 30 June 2024 and 2023 there were no receivables past due nor impaired.

10. Other Assets

CURRENT		
Prepayments	1,128,679	3,578,724
Other assets	969,229	956,913
	2,097,908	4,535,637
NON CURRENT		
Prepayments	234,400	527,235
	234,400	527,235

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NOTES TO FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2024

11. Property, Plant and Equipment

	2024	2023
	\$	\$
Leasehold improvements		
Improvements under lease	279,572	279,572
Accumulated depreciation	(279,572)	(279,572)
	-	-
Office equipment at cost	354,131	216,643
Accumulated depreciation	(271,743)	(99,096)
	82,388	117,547
Computer equipment at cost	16,163,028	16,063,722
Accumulated depreciation	(9,490,063)	(6,264,157)
	6,672,965	9,799,564
Total property, plant and equipment	6,755,352	9,917,111

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year**Leasehold Improvements**

Opening carrying amount	-	269,768
Additions	181,853	-
Depreciation expense	(181,853)	(269,768)
Closing carrying amount	-	-

Office equipment

Opening carrying amount	117,547	130,978
Additions	95,815	29,811
Depreciation expense	(130,974)	(43,242)
Closing carrying amount	82,388	117,547

Computer equipment

Opening carrying amount	9,799,564	8,176,380
Additions	99,307	4,679,723
Transfers	-	(713,032)
Depreciation expense	(3,225,906)	(2,343,507)
Closing carrying amount	6,672,965	9,799,564

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NOTES TO FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2024

12. Intangible Assets

	2024	2023
	\$	\$
Patents, trademarks and licences at cost	9,449	9,449
Goodwill	23,209,336	-
Customer Related Intangible	5,873,000	-
Software intangibles at cost	221,452	485,226
Accumulated amortisation	(441,994)	(136,978)
Total intangible assets	28,871,242	357,697

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year

Goodwill

Opening balance	-	-
Additions	23,209,336	-
Closing balance	23,209,336	-

Customer Related Intangible

Opening balance	-	-
Additions	5,873,000	-
Depreciation and amortisation	(296,944)	-
Closing balance	5,576,056	-

Trademarks at cost

Opening balance	9,449	9,449
Additions	-	-
Closing balance	9,449	9,449

Software and other intangibles at cost

Opening balance	348,248	323,849
Additions	8,200	68,426
Transfers	-	-
Depreciation and amortisation	(280,046)	(44,027)
Closing balance	76,402	348,248

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NOTES TO FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2024

13. Right of Use Lease Assets

	2024	2023
	\$	\$
Data centres (rack space) under lease	10,576,585	8,712,688
Accumulated depreciation	(6,287,705)	(4,222,185)
	4,288,880	4,490,503
Computer equipment under lease	3,033,735	3,033,735
Accumulated depreciation	(2,231,175)	(1,624,428)
	802,560	1,409,307
Total carrying amount of lease assets	5,091,439	5,899,808

Reconciliation of Leased Assets

Reconciliation of the carry amount of lease assets at the beginning and end of the financial year:

Data centres (rack space)		
Opening carrying amount	4,490,503	2,817,175
Additions	1,486,204	3,228,664
Depreciation	(1,687,826)	(1,555,335)
Closing carrying amount	4,288,881	4,490,503
Software and other intangibles		
Opening carrying amount	-	242,869
Additions	-	-
Transfers	-	(144,086)
Depreciation and amortisation	-	(98,783)
Closing carrying amount	-	-
Computer equipment		
Opening carrying amount	1,409,307	1,773,184
Additions	-	-
Transfers	-	707,543
Depreciation	(606,747)	(1,071,421)
Closing carrying amount	802,560	1,409,307

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NOTES TO FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2024

14. Payables

	2024	2023
	\$	\$
CURRENT		
Unsecured liabilities		
Trade creditors	1,585,585	2,697,965
Sundry creditors and accruals	2,756,047	435,452
Deferred consideration	1,122,886	-
	5,464,518	3,133,417

15. Lease Liabilities

CURRENT		
Lease liability - Data Centres (rack space)	1,547,735	1,248,639
Lease liability - Computer equipment & software	-	352,598
	1,547,735	1,601,237
NON CURRENT		
Lease liability - Data Centres (rack space)	3,546,363	3,648,611
Lease liability - Computer equipment & software	-	-
	3,546,363	3,648,611
Total carrying amount of lease liabilities	5,094,099	5,249,849

16. Provisions

CURRENT		
Employee benefits	2,226,930	528,166
NON CURRENT		
Employee benefits	275,417	127,323
Total employee benefits liability	2,502,347	655,489

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NOTES TO FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2024

17. Share Capital

Issued and Paid-up Capital

	2024 \$'000	2023 \$'000
Ordinary shares - (2024: 163,563,360) (2023: 329,400,672)	133,153,618	95,322,032
	133,153,618	95,822,032

	2024		2023	
	Number	\$	Number	\$
Ordinary shares				
Opening balance	339,400,672	95,822,032	169,700,336	87,611,747
Shares issued:				
June 2023 - Entitlement Offer	-	-	169,700,336	8,485,017
Transaction costs relating to shares issued - 2023	-	(19,168)	-	(274,732)
March 2024 - Entitlement Offer	1,001,232,398	30,036,972	-	-
Transaction costs relating to shares issued - 2024	-	(1,536,218)	-	-
FY24 Acquisition Share issue	295,000,000	8,850,000	-	-
FY24 Share consolidation (1 for 10)	(1,472,069,710)	-	-	-
Closing balance	163,563,360	133,153,618	339,400,672	95,822,032

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

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NOTES TO FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2024

18. Reserves

	2024	2023
	\$	\$
Share based payments reserve	1,014,291	787,665
	1,014,291	787,665

The share based payments reserve is used to record the fair value of shares or options issued to employees.

Movements in reserve

Opening balance	787,665	680,749
Share based payments expensed	226,626	106,916
Closing balance	1,014,291	787,665

19. Accumulated Losses

Accumulated losses at beginning of year	(71,705,848)	(50,422,432)
Net profit / (loss)	(19,718,101)	(21,283,416)
Accumulated losses at end of year	(91,423,949)	(71,705,848)

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NOTES TO FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2024

20. Cash Flow Information

Reconciliation of Cash Flow from Operations with Profit after Income Tax

	2024	2023
	\$	\$
Profit / (loss) from ordinary activities after income tax	(19,718,100)	(21,283,416)
Adjustments and non-cash items		
Amortisation	576,990	104,183
Depreciation	5,833,306	5,282,098
Share based payment expense	226,626	106,916
Unrealised FX Gains & Losses	(23,342)	(37,215)
Changes in operating assets and liabilities		
(Increase) / decrease in receivables	(3,802,069)	(15,118)
(Increase) / decrease in other assets	1,804,047	(2,081,951)
Increase / (decrease) in payables	1,742,427	(241,728)
Increase / (decrease) in provisions	1,846,858	403,995
Cash flows from operating activities	(11,513,257)	(17,762,239)
Reconciliation of liabilities arising from financing activities		
Lease liability opening balance	5,249,849	4,491,662
Lease liability additions against ROU assets	1,486,204	3,228,664
Financing activities cashflows	(1,642,177)	(2,470,477)
Lease liability closing balance	5,093,875	5,249,849

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NOTES TO FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2024

21. Financial Risk Management

The Group is exposed to the following financial risks in respect to the financial instruments that it held at the end of the reporting period:

- (a) Interest Rate Risk
- (b) Credit Risk
- (c) Liquidity Risk
- (d) Fair Values compared with Carrying Amounts

The board of Directors have overall responsibility for identifying and managing operational and financial risks.

The Group holds the following financial instruments:

	2024	2023
	\$	\$
Financial assets		
<i>Amortised cost</i>		
- Cash and cash equivalents	8,394,863	11,639,865
- Receivables	4,359,720	550,249
	12,754,583	12,190,114
Financial liabilities		
<i>Amortised cost</i>		
- Payables	5,464,518	2,732,875
- Lease liabilities	5,094,099	5,249,849
	10,558,617	7,982,724

(a) Interest Rate Risk

The Group is exposed to interest rate risk in relation to its cash at bank. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Groups borrowings are subject to fixed interest rates.

The following table outlines that Group's exposure to interest rate risk in relation to future cashflows and the effective weighted average interest rates on classes of financial assets and financial liabilities:

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NOTES TO FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2024

Financial instruments	2024		2023	
	Interest bearing	Weighted average effective interest rate	Interest bearing	Weighted average effective interest rate
	\$		\$	
Financial assets				
Cash	8,394,863	2.84%	11,639,865	0.50%

No other financial assets or financial liabilities are expected to be exposed to interest rate risk.

Sensitivity

If interest rates were to increase/decrease by 50 basis points (2021: 50 basis points) from the rates prevailing at the reporting date, assuming all other variables remain constant, then the impact of profit for the year and equity would be as follows:

	2024	2023
+ / - 50 basis points (2023: 50 basis points)	\$	\$
Impact on profit after tax	41,974	58,199
Impact on equity	41,974	58,199

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in consolidated statement of financial position and notes to financial statements.

The Group does not have any material credit risk exposure to any single counterparty or group of counterparties under financial instruments entered into by the Group.

(i) Cash Deposits

Credit risk for cash deposits is managed by holding all cash deposits with major Australian banks, primarily Commonwealth Bank of Australia, NAB and St George Bank.

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NOTES TO FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2024

(ii) *Receivables from Contracts with Customers*

Credit risk for receivables from contracts with customers is managed by transacting with a large number of customers. Credit risk is relatively low given the Company has traditionally transacted with Federal and State Government Agencies, and provided goods & services under procurement contracts. Outstanding receivables are regularly monitored for payment in accordance with credit terms.

(iii) *Other Receivables*

Other receivables relate mainly to GST receivables from the Australian Taxation Office.

(c) **Liquidity Risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in bank deposits. At the reporting date the Group did not have access to any undrawn borrowing facilities.

The following table outlines the Group's remaining contractual maturities for non-derivative financial instruments. The amounts presented in the table are the undiscounted contractual cash flows of the financial liabilities, allocated to time bands based on the earliest date on which the Group can be required to pay.

	< 6 months	6-12 months	1-5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
Year ended 30 June 2024					
Payables	5,464,518	-	-	5,464,518	5,464,518
Lease liabilities	959,984	847,208	3,286,926	5,094,118	5,094,118
Net maturities	6,424,502	847,208	3,286,926	10,558,636	10,558,636
Year ended 30 June 2023					
Payables	3,133,417	-	-	3,133,417	3,133,417
Lease liabilities	993,649	607,588	3,648,611	5,249,848	5,249,848
Net maturities	4,127,066	607,588	3,648,611	8,383,265	8,383,265

(d) **Fair Values compared with Carrying Amounts**

The fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in consolidated statement of financial position and notes to financial statements.

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NOTES TO FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2024

22. Capital Management

When managing capital, management's objective is to ensure the Group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. This is achieved through the monitoring of historical and forecast performance and cash flows. To maintain or adjust the capital structure, the Group may seek to issue new shares.

23. Interests in Subsidiaries

The following are the Group's significant subsidiaries:

Subsidiaries of Sovereign Cloud Holdings Limited:	Country of incorporation	Ownership interest held by the Group	
		2024 %	2023 %
Sovereign Cloud Australia Pty Ltd	Australia	100	100
AUCyber Pty Ltd	Australia	100	100
Venn IT Solutions Pty Ltd	Australia	100	-
PCG Cyber Pty Ltd	Australia	100	-

AUCyber Pty Ltd was incorporated on the 29 June 2023. Venn IT Solutions Pty Ltd and PCG Cyber Pty Ltd were acquired on the 30 April 2024.

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NOTES TO FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2024

24. Business Combination

(a) Summary of Acquisitions

On 30 April 2024, Sovereign Cloud Australia Pty Ltd acquired 100% of the issued share capital of Venn IT Solutions Pty Ltd and PCG Cyber Pty Ltd, market participants in the IT Managed Service and Cyber security industries, respectively. In addition, Sovereign Cloud Australia Pty Ltd also acquired the business assets of Arado, formerly known as NewBase Computer Services Pty Ltd from Canopy Tools Group Pty Ltd.

These acquisitions have significantly increased the Group's market share in these industries and complement the Group's existing offering.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	\$
Purchase consideration (refer to (b) below):	
Cash paid	19,369,812
Ordinary shares issued	8,850,000
Contingent consideration	947,886
Total purchase consideration	29,167,698

The fair value of the 295,000,000 shares issued as part of the consideration paid for the acquisitions (\$8.85m) was based on the offer price of \$0.03 per share.

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NOTES TO FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2024

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value \$
Cash	993,592
Trade receivables	2,706,101
Current Tax Assets	60,082
Prepayments and Other Receivables	324,836
Land and buildings	181,853
Plant and equipment	89,953
Trade payables	(2,188,386)
Accruals and Other Payables	(624,155)
Loan Payable	(491,469)
Employee benefit obligations	(1,412,388)
Net identifiable assets acquired	(359,982)
Add: Goodwill	22,706,794
Add: Customer Related Intangible	5,873,000
Add: Deferred consideration (earn-out)	947,886
Net assets acquired	29,167,698

The goodwill is attributable to the workforce and the high profitability of the acquired business. It will not be deductible for tax purposes.

There were no acquisitions in the year ending 30 June 2023.

Revenue and Profit Contribution

The acquired business contributed revenues of \$3.4m and net profit of \$0.9m to the Group for the period from 1 May to 30 June 2024.

If the acquisition had occurred on 1 July 2023, consolidated pro-forma revenue and profit, for the acquired entities, for the year ended 30 June 2024 would have been \$20.79m and \$3.69m respectively. These amounts have been calculated using the acquired entities' results.

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NOTES TO FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2024

(b) Purchase Consideration – Cash Outflow

Outflow of cash to acquire subsidiary, net of cash acquired	\$
Cash consideration	19,369,812
Less: Balances acquired	
Cash	(611,524)
Net outflow of cash – investing activities	18,758,288

25. Parent Entity Details

Summarised presentation of the parent entity, Sovereign Cloud Holdings Limited, financial statements:

(a) Summarised Statement of Financial Position

	2024	2023
	\$	\$
Assets		
Current assets	123,673,478	87,368,106
Non-current assets	5,324,156	5,324,156
Total assets	128,997,634	92,692,262
Liabilities		
Current liabilities	160,692	324,426
Non-current liabilities	-	-
Total liabilities	160,692	324,426
Net assets	128,836,942	92,367,836
Equity		
Share capital	133,153,587	95,322,032
Retained earnings	(5,330,967)	(3,741,861)
Share based payments reserve	1,014,322	787,665
Total equity	128,836,942	92,367,836

(b) Summarised Statement of Comprehensive Income

Loss for the year		
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(1,589,107)	(819,282)

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NOTES TO FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2024

Contingent Liabilities

As at 30 June 2024, Sovereign Cloud Holdings Limited is not aware of contingent liabilities.

Contractual Commitments

As at 30 June 2024 contractual commitments entered into by Sovereign Cloud Holdings Limited is \$Nil (2023: \$Nil)

Guarantees

Sovereign Cloud Holdings Limited has not entered into any guarantees, in the current previous financial years, in relation to debts of its subsidiaries.

26. Deed of Cross Guarantee

Sovereign Cloud Holdings Limited and Sovereign Cloud Australia Pty Ltd are parties to a deed of cross guarantee under which each Company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' report under *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*.

(a) Consolidated Statement of Profit or Loss, Statement of Comprehensive Income and Summary of Movements in Consolidated Retained Earnings

The above companies represent a 'closed group' for the purposes of the instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Sovereign Cloud Holdings Limited, they also represent the 'extended closed group'.

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NOTES TO FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2024

Set out below is a consolidated statement of profit or loss and comprehensive income for the year ended 30 June 2024 of the closed group consisting of Sovereign Cloud Holdings Limited and Sovereign Cloud Australia Pty Ltd.

	2024	2023
	\$	\$
Revenue and other income		
Revenue from contracts with customers	8,270,135	6,477,558
Interest income	263,185	107,489
Other income	324,496	210,249
	8,857,815	6,795,296
Expenses		
Employee benefits expense	(12,529,325)	(13,294,565)
Licensing fees	(6,239,253)	(6,147,987)
Professional fees	(1,975,432)	(627,026)
Marketing	(596,759)	-
Travel & Entertainment	(330,132)	(261,565)
Other expenses	(863,473)	(2,129,750)
Finance costs	(175,537)	(231,539)
Depreciation and amortisation	(6,078,691)	(5,386,280)
	(28,788,602)	(22,460,893)
Loss before income tax expense	(19,930,787)	(15,665,597)
Income tax expense	-	-
Loss for the year	(19,930,787)	(15,665,597)
Other comprehensive income for the year	-	-

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NOTES TO FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2024

(b) Consolidated Statement of Financial Position

Set out below is a consolidated statement of financial position as at 30 June 2024 of the closed group consisting of Sovereign Cloud Holdings Limited and Sovereign Cloud Australia Pty Ltd.

	2024	2023
	\$	\$
Current assets		
Cash and cash equivalents	7,421,153	11,639,865
Receivables	2,272,790	565,249
Other assets	2,051,355	4,535,637
Total current assets	11,745,298	16,740,751
Non-current assets		
Property, plant and equipment	6,755,352	9,917,111
Intangible assets	6,992,718	357,697
Right of use lease assets	5,091,439	5,899,808
Other assets	22,327,029	527,235
Total non-current assets	41,166,539	16,701,850
Total assets	52,911,836	33,442,600
Current liabilities		
Payables	4,087,873	3,133,417
Lease liabilities	1,547,736	1,601,237
Provisions	923,172	528,166
Total current liabilities	6,558,781	5,262,820
Non-current liabilities		
Lease liabilities	3,546,363	3,648,611
Provisions	275,417	127,323
Total non-current liabilities	3,821,780	3,775,934
Total liabilities	10,380,561	9,038,755
Net assets	42,531,275	24,403,845
Equity		
Share capital	133,153,618	95,322,032
Reserves	1,014,291	787,665
Accumulated losses	(91,636,634)	(71,705,851)
Total equity	42,531,275	24,403,845

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NOTES TO FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2024

27. Share Based Payments

(a) Equity-settled Share-based Payments

(i) Employee Option Plan

The Company continued the Employee Share Options Plan (ESOP) as part of its overall long-term employee incentive arrangements.

Details of the options granted are provided below:

2024

Grant date	Expiry date	Exercise price	Balance at beginning of the year	Granted during the year	Exercised during the year	Expired during the year	Balance at the end of the year Pre-consolidation	Balance at the end of the year Post-consolidation	Exercisable at end of the year
30/09/2020	1/07/2024	\$6.00	876,468	-	-	(588,973)	287,495	28,750	28,750
9/09/2022	1/07/2027	\$ -	1,280,795	-	-	(1,280,795)	-	-	-
19/10/2022	1/07/2027	\$ -	1,000,000	-	-	(1,000,000)	-	-	-
30/01/2023	31/12/2027	\$ -	1,500,000	-	-	-	1,500,000	150,000	-
30/10/2023	1/07/2027	\$3.00	-	1,250,000	-	(125,000)	1,125,000	112,500	-
30/10/2023	1/07/2028	\$3.00	-	1,250,000	-	(125,000)	1,125,000	112,500	-
30/04/2024	30/04/2029	\$0.30	-	82,550,000	-	-	82,550,000	8,255,000	-
			4,657,263	85,050,000	-	(3,119,768)	86,587,495	8,658,750	28,750
Weighted average exercise price:			\$0.11	\$0.38	\$0.00	\$0.35	\$0.37	\$0.37	\$0.60

2023

Grant date	Expiry date	Exercise price	Balance at beginning of the year	Granted during the year	Exercised during the year	Expired during the year	Balance at the end of the year	Exercisable at end of the year
13/08/2019	30/06/2023	\$0.60	265,187	-	-	(265,187)	-	-
30/09/2020	30/06/2024	\$0.60	1,006,207	-	-	(129,739)	876,468	876,468
9/09/2022	1/07/2027	\$ -	-	2,284,202	-	(1,003,407)	1,280,795	-
19/10/2022	1/07/2027	\$ -	-	1,000,000	-	-	1,000,000	-
30/01/2023	31/12/2027	\$ -	-	1,500,000	-	-	1,500,000	-
			1,271,394	4,784,202	-	(1,398,333)	4,657,263	876,468
Weighted average exercise price:			\$0.60	\$0.00	\$0.00	\$0.17	\$0.11	\$0.60

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NOTES TO FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2024

(ii) Long-term Incentive Plan

As part of the Long-term Incentive Plan for Company Executives, the Company granted the following Employee Options under the Company's Employee Share Option Plan.

Number of Options	Tranche 1: 1,250,000 (Grant Date 30/10/2023)	Tranche 1: 27,516,666 (Grant Date 30/04/2024)
	Tranche 2: 1,250,000 (Grant Date 30/10/2023)	Tranche 2: 27,516,666 (Grant Date 30/04/2024)
		Tranche 3: 27,516,666 (Grant Date 30/04/2024)
Exercise Price	\$3.00	\$0.30
Expiry Date	Tranche 1: 1/07/2027 Tranche 2: 1/07/2028	30/04/2029
Vesting Dates	Tranche 1: 1/07/2025 Tranche 2: 1/07/2026	Tranche 1: 1/07/2025 Tranche 2: 1/07/2026 Tranche 3: 1/07/2027
Vesting Conditions	<p>Condition 1: the Eligible Employee has remained employed or engaged by the Company.</p> <p>Subject to the terms of the Company's Employee Share Option Plan</p>	<p>Condition 1: achieve an underlying EBITDA of at least \$4.0million as detailed in the management accounts for the financial year end 30 June 2025.</p> <p>Condition 2: At the time of satisfaction of Condition 1, the Eligible Employee has remained employed or engaged by the Company.</p> <p>Subject to the terms of the Company's Employee Share Option Plan</p>

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NOTES TO FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2024

Fair Value of LTI Options

The assessed fair value at the date of grant of options issued is determined using an option pricing model that takes into account the exercise price, the underlying option price at the time of issue, the term of option, the underlying option's expected volatility, expected dividends and risk-free interest rate for the expected life of the instrument as detailed below.

	Tranche 1	Tranche 2	Tranche 3
Grant date	30-Oct-23	30-Oct-23	30-Apr-24
Exercise Price (\$/share)	\$0.30	\$0.30	\$0.03
Expiry Date	1-Jul-27	1-Jul-28	30-Apr-29
Expected price volatility of the Group's shares	85%	85%	100%
Spot price (\$/share)	0.093	0.093	0.030
Risk free rate	4.37%	4.49%	4.10%
Pricing model	Binomial	Binomial	Binomial
Vesting conditions	Service	Service	Non-market / Service
Fair Value (\$/right)	0.034	0.043	0.023

28. Commitments

Leases

Operating lease expenditure contracted for at the end of the reporting period but not recognised as liabilities have been entered into:

	Within 1 year	1-3 years	3-5 years	More than 5 years	Total
Lease Obligations	167,962	-	-	-	167,962

The committed operating expenditure relates to a remaining lease terms of acquired office leases, including: Brisbane, Canberra and Adelaide.

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NOTES TO FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2024

29. Remuneration of Auditors

During the year, the following fees were paid or payable for services provided by the auditors of the Group, its related entities, its network firms and unrelated firm.

	2024	2023
	\$	\$
Auditors of the Group - Bentleys		
Audit and review of the financial statements	78,100	71,650
Non-audit services		
Accounting assistance	-	-

30. Earnings per Share (Post Share Consolidation)

	2024	2023
	Cents	Cents
Basic earnings per share	(4)	(13)
Diluted earnings per share	(4)	(13)

Earnings used in Calculating Earnings Per Share	2024	2023
	\$	\$
Loss attributable to the ordinary equity holders used in calculating earnings per share	(19,718,100)	(21,283,416)

	2024	2023
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	561,725,674	170,137,871
Dilutive options		
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	561,725,674	170,137,871

Options are anti-dilutive when converted to ordinary shares as they reduce loss per share.

The Company completed a share consolidation of 1 security for every 10 securities on 7 June 2024.

31. Events Subsequent to Reporting Date

There have been no material matters or circumstances which have arisen between 30 June 2024 and the date of this report that have significantly affected or may affect the operations of the Group, the results of those operations and the state of affairs of the Group in subsequent financial period.

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CONSOLIDATED ENTITY DISCLOSURE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2024

The following are the Group's significant subsidiaries:

Name of Entity	As at 30 June 2024					
	Type of Entity	Trustee, partner or Participant in JV	% of Share Capital	Country of incorporation	Australian resident or foreign resident	Foreign jurisdiction(s) of foreign residents
Sovereign Cloud Australia Pty Ltd	Body Corporate	-	100	Australia	Australian	n/a
AUCyber Pty Ltd	Body Corporate	-	100	Australia	Australian	n/a
Venn IT Solutions Pty Ltd	Body Corporate	-	100	Australia	Australian	n/a
PCG Cyber Pty Ltd	Body Corporate	-	100	Australia	Australian	n/a

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DIRECTORS DECLARATION

In accordance with a resolution of the Directors of Sovereign Cloud Holdings Limited, the Directors of the Company declare that:

- (a) the consolidated financial statements and notes, as set out on pages 32 to 77, are in accordance with the *Corporations Act 2011*, including:
 - (i) complying with the Corporations Regulations 2001 and Australian Accounting Standards and Interpretations, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - (ii) giving a true and fair view of the consolidated Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and
- (b) in the Directors' opinion there are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable; and
- (c) the consolidated entity disclosure statement on page 78 is true and correct, and
- (d) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 26 will be able to meet any liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 26.
- (e) the Directors have been given the declarations required by s295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer, for the financial year ended 30 June 2024.

Signed in accordance with a resolution of the Directors.



Cathie Reid

Chair

Dated: 26 August 2024

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOVEREIGN CLOUD HOLDINGS LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Sovereign Cloud Holdings Limited and controlled entity (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2024 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, the consolidated entity disclosure statement and the director's declaration.

In our opinion the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Australian Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter Relating to Material Uncertainty of Going Concern

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates the group incurred a loss from ordinary activities of \$19.7 million, operating cash outflows of \$11.5 million and cash on hand of \$8.4 million at 30 June 2024. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SOVEREIGN CLOUD HOLDINGS LIMITED
(CONTINUED)**

Key Audit Matter	How our audit addressed the key audit matter
<p>Revenue Recognition</p> <p>As disclosed in Note 3 the group recorded \$10,230,122 of revenue from contracts with customers. This includes revenue from the newly acquired subsidiaries from the date of acquisition to the year end date. The Group applies AASB 15 Revenue from Contracts to account for the services it provides. This was a key audit matter due to:</p> <ul style="list-style-type: none"> • The significance of revenue to the statement of financial performance; and • Judgments required by AASB 15 including identifying the performance obligations and allocating the transaction price. 	<p>Our procedures amongst others included:</p> <ul style="list-style-type: none"> • Reviewing the Groups policy to ensure in accordance with AASB 15; • Selecting a sample of revenue items and assessed the identification of performance obligations and the allocation of the transaction price; • Recalculating the amount of revenue, the Group has recognised; • Testing the cut-off of revenue; and • Assessing the adequacy of the disclosures included in the financial report.
<p>Capital Raising</p> <p>As disclosed in Note 15 the Group has raised capital of \$37,331,591 by issuing 1,296,232,398 shares (pre share consolidation). This was a key audit matter due to:</p> <ul style="list-style-type: none"> • The importance of the capital raising to the Group; and • The significance of the capital raise to the statement of financial performance; 	<p>Our procedures amongst others included:</p> <ul style="list-style-type: none"> • Vouching the announcement of securities to ensure the number of shares and consideration received are accurately reflected; • Reviewing the direct costs of the capital raise to ensure they align with the definition in paragraph 37 of AASB 132; • Assessing the adequacy of the disclosures included in the financial report.
<p>Valuation and Recognition of Share Based Payments</p> <p>As disclosed in Note 18 the Group introduced a new share based payment plan during the period and has expensed \$226,626 of share based payments through the share based payment reserve. This was a key audit matter due to:</p> <ul style="list-style-type: none"> • The estimation and complexity required to determine the fair value of the share option 	<p>Our procedures amongst others included:</p> <ul style="list-style-type: none"> • Reviewing the models used to calculate the fair value of the share options, and assessing the inputs as being reasonable • Reviewing the journal posted to recognise the share options to ensure the treatment is appropriate

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SOVEREIGN CLOUD HOLDINGS LIMITED
(CONTINUED)**

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Key Audit Matter (Continued)	How our audit addressed the key audit matter (Continued)
<p>Business Combinations/Acquisitions</p> <p>As disclosed in Note 25, On 1 May Sovereign Cloud Australia Pty Ltd acquired 100% of the issued share capital of Venn IT Solutions Pty Ltd & PCG Cyber Pty Ltd. In addition, Sovereign Cloud Australia Pty Ltd also acquired the business assets of Arado, formerly known as NewBase Computer Services Pty Ltd from Canopy Tools Group Pty Ltd.</p> <p>The business combination is accounted for in accordance with <i>AASB 3: Business Combinations</i>.</p> <p>The assets and liabilities acquired were stated at their fair values which were determined during the purchase price allocation performed.</p> <p>The purchase price allocation performed requires discretionary decisions, estimates and assumptions. Changes in these assumptions may have a material impact on the fair values.</p>	<p>Our procedures amongst others included:</p> <ul style="list-style-type: none"> Obtain the purchase price allocation performed by the outsourced independent party, and assessing the inputs as being reasonable <p>Corroborate calculations to supporting evidence to obtain reasonable assurance that the accounting principles applied are in line with <i>AASB 3: Business Combinations</i></p>

Other Required Information

The directors are responsible for the other required information. The other required information comprises the information included in the Group's annual report for the year ended 30 June 2024 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other required information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other required information and, in doing so, consider whether the other required information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other required information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of:

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SOVEREIGN CLOUD HOLDINGS LIMITED
(CONTINUED)**

Responsibilities of the Directors for the Financial Report (Continued)

- i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SOVEREIGN CLOUD HOLDINGS LIMITED
(CONTINUED)**

Auditor's Responsibilities for the Audit of the Financial Report (Continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 24 to 30 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Sovereign Cloud Holdings Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants



Stewart Douglas
Director
Brisbane
26 August 2024

SHAREHOLDER INFORMATION

The shareholder information set out below as applicable as at 12 August 2024.

A. Distribution of Equity Securities

Analysis of number of equity security holders by size of holding:

	No. Holders	No. of Shares	% of Shares
1 - 1,000	664	226,514	0.17%
1,001 - 5,000	298	740,585	0.55%
5,001 - 10,000	114	839,475	0.63%
10,001 - 100,000	258	9,390,703	7.01%
100,001 - and over	90	122,816,083	91.64%
	1,424	134,013,360	100%

B. Equity Security Holders

The names of the twenty largest holders of quoted equity securities (as at 12 August 2024) are listed below:

Rank	Name	Number Held	%
1	NextDC Ventures Holdings No. 1 Pty Ltd	52,268,818	39.00%
2	HSBC Custody Nominees (Australia) Limited	12,873,694	9.61%
3	CUSP Holdings Pty Ltd	12,262,711	9.15%
4	Citicorp Nominees Pty Limited	10,493,713	7.83%
5	J P Morgan Nominees Australia Pty Limited	4,069,194	3.04%
6	Peerless Investments Pty Ltd	1,833,333	1.37%
7	Valkent Pty Ltd	1,788,365	1.33%
8	Chembank Pty Limited	1,500,000	1.12%
9	UBS Nominees Pty Ltd	1,255,067	0.94%
10	Petromac Pty Ltd	1,236,175	0.92%
11	NDPM Pty Ltd	1,200,000	0.90%
12	Edwards Bay Capital Pty Ltd	1,033,333	0.77%
13	Telunapa Pty Ltd	936,175	0.70%
14	MFM Australia Pty Limited	825,020	0.62%
15	Assured Digital Group Limited	800,000	0.60%
16	Berne No 132 Nominees Pty Ltd	715,000	0.53%
17	Jomalco Pty Ltd	693,400	0.52%
18	Devonport Central Pty Ltd	659,091	0.49%
19	Squirrell Pty Ltd	629,500	0.47%
20	Prineas Super Pty Ltd	600,000	0.45%
	Total: Top 20 holders	107,672,589	80.34%
	Total: Remaining balance	26,340,771	19.66%
		134,013,360	100.00%

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SHAREHOLDER INFORMATION continued

C. The Names of the Substantial Shareholders listed in the Holding Register as at 12 August 2024 are:

Name	Number Held	%
NextDC Ventures Holdings No. 1 Pty Ltd	52,268,818	39.00%
HSBC Custody Nominees (Australia) Limited	12,873,694	9.61%
CUSP Holdings Pty Ltd	12,262,711	9.15%
Citicorp Nominees Pty Limited	10,493,713	7.83%
J P Morgan Nominees Australia Pty Limited	4,069,194	3.04%

D. Voting Rights

All shares in the Company are ordinary shares. Voting rights for ordinary shares are:

- On a show of hands, one vote for each shareholder
- On a poll, one vote for each fully paid ordinary share.

Option holders have no rights until the options are exercised. There is no current on-market buy-back.

E. Escrow Arrangements

The following shares are subject to voluntary escrow arrangements.

Escrowed Securities	Escrowed Until
29,500,000 shares	30-Oct-24

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CORPORATE DIRECTORY

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Directors

Ms Cathie Reid
Non-Executive Chair

Mr Peter Maloney
Managing Director

Mr Craig Scroggie
Non-Executive Director

Mr Ross Walker
Non-Executive Director

Chief Financial Officer

Mr Theo Tragoudistakis

Company Secretary

Mrs Michelle Crouch

Auditor

Bentleys Brisbane (Audit) Pty Ltd
Level 9, 123 Albert Street
Brisbane QLD 4000

Share Registry

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Company

The Company is listed on the Australian Securities Exchange Limited (ASX: SOV)

ABN: 80 622 728 189

Head Office

Brisbane Office:
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Fortitude Valley QLD 4006

Registered Office

Level 38 Central Plaza One
345 Queen Street
Brisbane QLD 4000

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