

FUNDING SECURED TO UNDERPIN NEW PHASE OF REVENUE GROWTH

Highlights;

- *DC Two has strengthened its commercial foundation and received binding commitments to raise A\$1,000,000 at \$0.039 per share, via a two-tranche placement to sophisticated and institutional investors.*
- *The company is also undertaking a Share Purchase Plan to raise up to a further A\$1,000,000 (with the ability to accept oversubscriptions), with eligible shareholders able to acquire shares at the same offer price per share as the placement.*
- *Proceeds will be used to accelerate recurring revenue, offer additional flexibility to pursue growth opportunities, and execute a comprehensive investor engagement strategy aimed to increase the Company's value and liquidity.*
- *Significant cost efficiencies have recently been achieved, resulting in an estimated A\$500,000 per year reduction in overall costs. A full internal restructure has also re-aligned focus towards growing revenue at the Bibra Lake data centre.*

29 SEPTEMBER 2022: DC Two Limited (ASX: DC2) ("DC Two" or the "Company"), a vertically integrated revenue generating data centre, cloud and software business, is pleased to announce that it has received binding commitments from institutional and sophisticated investors to successfully raise \$1,000,000 (before costs) through a two-tranche placement ("Placement").

The Placement will see the Company issue 25,641,025 new fully paid ordinary shares at an issue price of \$0.039 per share, representing a 13.3% discount to DC Two's closing share price of \$0.045. The Placement has been conducted pursuant to the Company's existing Placement capacity, and a total of 7,516,666 new shares will be issued in the first tranche under ASX Listing Rule 7.1A. The remaining shares will be issued in a second tranche following shareholder approval at the AGM scheduled to be held in November 2022.

The Company will also offer a share purchase plan ("SPP") to existing shareholders to raise up to \$1,000,000, with the ability to accept oversubscriptions. Existing eligible DC Two shareholders will be given the opportunity to acquire additional shares up to a maximum of \$30,000 per eligible shareholder at the same issue price as shares issued under the Placement, being \$0.039 per share.

The Placement was well supported and bids received were in excess of what was being offered under the Placement, providing strong validation that investors appreciate the Company's new growth strategy. DC Two will cancel the second tranche convertible note offering announced in May 2022, due to the lengthy shareholder approval process and requirement for immediate funding to execute growth objectives.

DC Two’s Managing Director Blake Burton commented: “We are delighted with the outcome of the Placement. This marks a major reset for the business, and demonstrates the belief that the Company is positioned to grow alongside its expanding customer base. We have achieved sixth consecutive quarters of recurring revenue growth with very limited capital and resources, and this funding will allow our team to grow revenue, maximise shareholder return and scale our presence in Western Australia and beyond.”

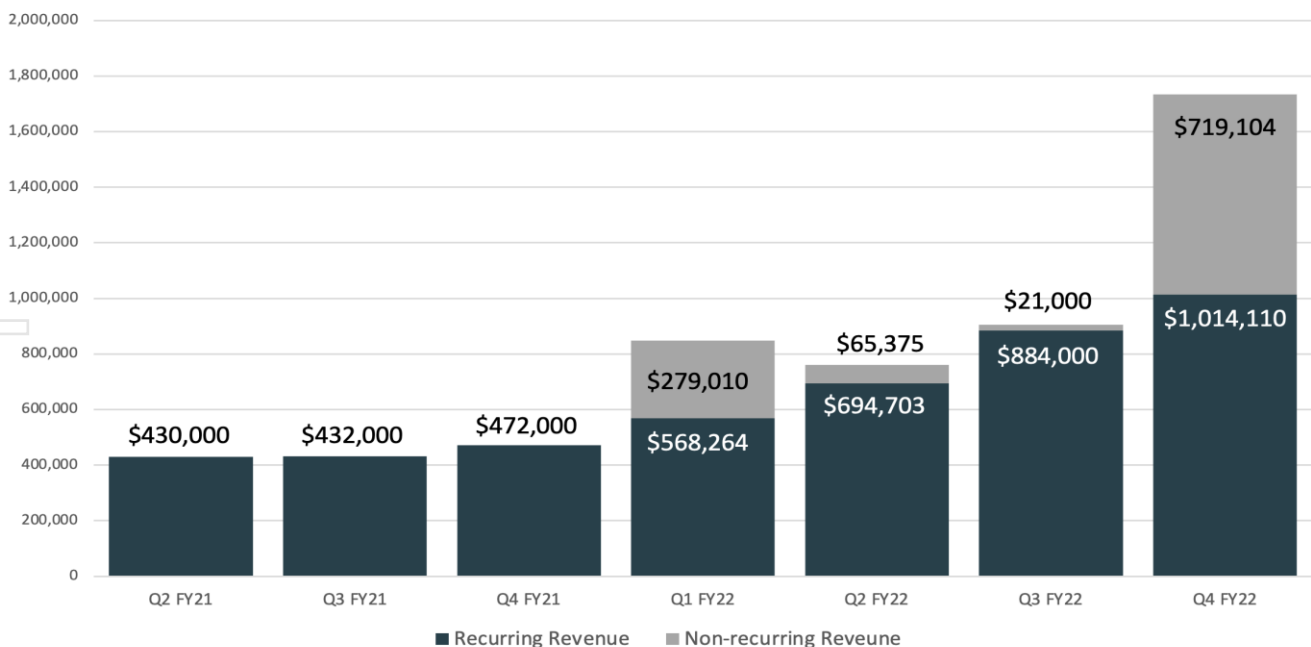
Entering the next phase of growth

The Placement will enable DC Two to accelerate its growth trajectory, and formalise its aspirations to become a major data centre, cloud and professional services provider with a national footprint. The funding will also ensure DC Two has a strong commercial foundation, and will provide a robust balance sheet to support its growth ambitions for a significant period of time.

Funds will immediately be directed towards marketing efforts aimed to supercharge recurring revenue in the Bibra Lake data centre - WA’s only Tier III design accredited data centre with its own ISO 27001 ISMS accredited cloud platform. DC Two will also pursue Tier III construction accreditation, and if successful this will provide further competitive advantages when tendering for large enterprise customers.

Recently, DC Two achieved its sixth consecutive quarter of recurring revenue growth, increasing 14.7% to a record A\$1,014,110 for Q4 FY22. This growth has been achieved with very limited capital and resources, and the Company is highly confident that recurring revenue for Q1 FY23 will continue to trend higher.

QUARTER ON QUARTER RECURRING REVENUE GROWTH



Successful implementation of growth initiatives

In May 2022, DC Two announced a strategic shift in operations that focused on improving cost efficiencies, bolstering and incentivising teams, identifying margin rich revenue opportunities, and maximising revenue from current assets. The company is pleased to announce that many of the objectives relating to these measures have been achieved, these include;

- Raising of growth capital – **Achieved**
- Identify cost efficiencies and reduce unnecessary expenditure – **Achieved**
- Management transition – **Achieved**
- Performance shares cancelled to improve dilutionary impacts - **Achieved**
- Employee share plan to incentivise performance - **Achieved**
- Bibra Lake Tier III Design accreditation – **Achieved**
- Commission Victoria Regional Data Centre - **Achieved**
- Begin phased shut down Osborne Park facility – **Achieved**

In addition to the above, the strategic alliance between DC2 and Attained Group has already identified multiple synergies. Recently, the strategic alliance resulted in the first joint customer, whereby DC Two provides the customer with cloud services out of its flagship Bibra Lake facility, and Attained Group provides ongoing managed services. While the deal is immaterial for DC Two, we expect the partnership to grow moving forward as both companies jointly target customers.

Marketing efforts to sell additional services to drive revenue growth are underway, either through partnerships, or by selling directly to customers. These include professional services, network services and cyber security. These services are complementary to DC Two's existing offering of data centre co-location and cloud services, with the benefit of offering a new revenue stream and also further enabling the growth of DC Two existing service offering.

A full internal restructure was recently completed to re-align focus towards growing the Bibra Lake asset. In total, expenses have been reduced by an estimated A\$500,000 per year. This saving is a mix of staff redundancies due to the restructure, but also renegotiating agreements with suppliers and software vendors, and has no impact on the Company's ability to operate and grow the business moving forward.

Following on from its internal restructure, DC Two has also identified aspects of its business which it considers to be non-core to its future strategy, and is in preliminary discussions relating to the potential sale of these assets. DC Two is also investigating the viability of potential acquisitions opportunities that could realise synergies and provide exposure to complementary sectors and new markets.

The Company advises that at the date of this announcement, discussions relating to potential transactions remain early stage, incomplete and confidential. There can be no certainty that any binding agreement or agreements will be reached, that any transaction will eventuate or that any required shareholder approvals or regulatory approvals will be obtained. The Company will update the market in accordance with its obligations under ASX Listing Rule 3.1 and confirms that it is in compliance with Listing Rule 3.1.

Placement Details

The issue price of \$0.039 represented a 13.3% discount to DC Two's closing share price of \$0.045 and a 18.9% discount to the 15-day volume-weighted average price (VWAP) of \$0.048. The Placement Shares will rank equally with the Company's existing fully paid ordinary shares. Settlement of the Placement is expected to be completed on Thursday 29th September. The Placement has been conducted pursuant to the Company's existing Placement capacity and a total of 7,516,667 new shares will be issued under ASX Listing Rule 7.1A.

DC Two will seek shareholder approval for the issue of a further 18,124,358 tranche 2 Placement Shares.

Share Purchase Plan

In addition to the Placement, the Company is pleased to announce the launch of a share purchase plan (SPP), under which, existing eligible DC Two shareholders will be given the opportunity to acquire shares up to a maximum of \$30,000 per eligible shareholder at the same issue price as shares issued under the Placement, being \$0.039 per share. The SPP aims to raise up to \$1,000,000 and is also subject to DC Two's discretion to close the book early and scale back applications (if necessary).

Participation in the SPP is voluntary and is available exclusively to shareholders who are registered as holders of Shares at 2:00 pm AWST on the Record Date of 28 September 2022 and whose registered address is in Australia or New Zealand (Eligible Shareholders). The SPP will be conducted as an exception to the placement capacities under the ASX Listing Rules.

Further information in relation to the SPP, including the terms and conditions of the SPP will be outlined in a separate SPP Offer Booklet which is expected to be released to the ASX and despatched to eligible shareholders on or about 4 October 2022.

Indicative SPP Timetable

Event	Date
Record Date (2:00pm AWST)	Wednesday, 28 September 2022
Announcement of Offer	Thursday, 29 September 2022
Offer Document made available to Eligible Shareholders	
Offer opening date	Tuesday, 4 October 2022
Offer closing date (5:00pm AWST)	Tuesday, 25 October 2022
Announcement of Offer results	Thursday, 27 October 2022
Issue of New Shares	Tuesday, 01 November 2022
Application for quotation of New Shares	
Commencement of trading of New Shares	Wednesday, 02 November 2022

Above timetable is indicative only and subject to change.

Convertible Notes and Director Options

On 2 May 2022, DC Two announced the issue of a two-tranche convertible note raising ("**Convertible Notes**"). Tranche 1 of the Convertible Notes was issued on 23 May 2022 raising \$502,500 (before costs). The unconverted Tranche 1 Convertible Notes remain on foot subject to the terms and pricing bands announced on 2 May 2022.

Convertible Notes with a face value of A\$1,248,500 were to be issued subject to shareholder approval, which included Convertible Notes to be issued to directors to offset outstanding director loans in the amount of \$361,000. Due to delays in the shareholder approval process, DC Two has terminated the Convertible Note deeds in respect of the tranche 2 Convertible Notes. Accordingly, no funds were raised under the tranche 2 Convertible Notes and any advanced funds will be repaid. The director loans with a value of \$361,000 remain on issue and are repayable on or before 1 October 2024.

On 2 May 2022, DC Two also disclosed the proposed issue of 4,000,000 lead manager options and 4,000,000 director options to be issued to Mr Blake Burton, which were subject to shareholder approval. DC Two no longer intends to proceed with the issue of the lead manager options or issue of director options to Mr Blake Burton, and will engage an independent remuneration expert to determine appropriate remuneration.

This announcement has been approved for release by the Board of DC Two.

For more information please contact:

Blake Burton

Managing Director

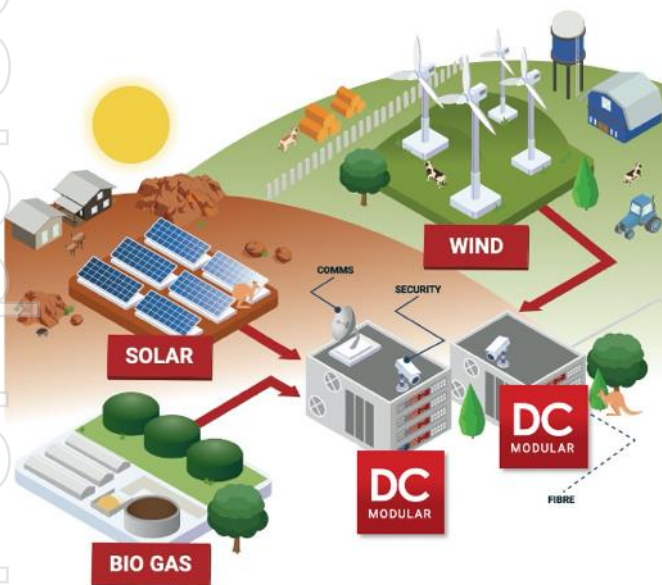
DC Two Limited

1300 331 888

investors@dctwo.com.au

ABOUT DC TWO

Established in 2012, DC Two offers a suite of vertically integrated services covering every part of the data centre and cloud technology stack. The Company offers a number of managed and integrated cloud services delivered from datacentres in Perth and Darwin and is currently rolling out DC Modular - a containerised "data centre in a box" innovation. DC Two also develops software assets to support our internal operations and provide enhanced control and flexibility, through automation and self-service, to our customers and technology partners, wherever they are.



ABOUT DC MODULAR

DC Two have developed a high density and transportable data centre that enables quick and easy deployment in any location. Based on durable ISO standard sea containers and non-ruggedized insulated variants, the transportable data centre only requires power and data connectivity and is suitable for high performance or supercomputing specific workloads.

FORWARD-LOOKING STATEMENTS

This announcement contains statements, particularly those regarding possible or assumed future performance, revenue, costs, dividends, production levels or rates, prices, or potential growth of DC Two Limited, are, or may be, forward-

looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Actual results may differ materially from those expressed or implied by these forward-looking statements depending on various factors. Any forward looking statements contained in this announcement are qualified by this cautionary statement.