

DC TWO EXPANDS BEYOND DATA CENTRES & INFRASTRUCTURE

ACQUISITION OF IT CLOUD SERVICES PROVIDER, ATTAINED GROUP.

30 December 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 it has signed a binding conditional agreement to acquire 100% of the issued capital of managed IT and cloud services provider, Attained Group Pty Ltd (**Attained**).

This acquisition represents an initial step towards building a unique technology offering, leveraging the Company's existing core assets and services within the broader cloud microservices IT sector. (ASX: 2 May 2022, 31 October and 14 December).

Highlights:

- **Proposed acquisition of profitable leading Australian managed IT and cloud services provider, Attained.**
- **Strategic move to leverage the IT infrastructure foundations built over the last three years at the Company's flagship Bibra Lake data centre.**
- **Acquisition adds strong revenue and profit foundation to accelerate the Company's strategic move into the broader cloud microservices IT sector.**
- **Acquisition to bolster management team to further support growth towards long-term objectives.**
- **Acquisition transacted at minimum deemed ~43% premium to Company's current share price.**
- **Company continues to assess its operations to enable long-term growth in this growing tech sector.**

Overview:

Attained is a profitable Australian leading managed IT and cloud services provider, deploying and managing technology solutions across a variety of enterprises to improve performance and efficiency. The acquisition will accelerate the Company's strategic move into the broader cloud microservices IT sector, leveraging the IT infrastructure foundations built over the last three years.

Aligned with its transition to the next phase of growth (ASX: 31 October 2022), the Company has continued to assess several M&A growth opportunities aimed at building a unique technology offering, within a sector globally projected to reach USD 8 billion by 2026, according to Allied Market Research.²

The acquisition of Attained is deemed an initial, strategic steppingstone for the Company, covering several technology layers, deemed critical to build an end-to-end market offering. These include, among others:

- Cyber Security.
- Managed IT services.
- Cloud services.
- Network and Voice solutions.

Furthermore, Attained will enable the Company to expand its commercial footprint within Australia and other expanding markets it operates in, with a number of ASX listed and private clients who operate across Australia, UK, Asia and Europe.

During the last three years, Attained has demonstrated its ability to generate profit while achieving an average of ~\$3 million in unaudited revenue. Via this transaction, the Company expects to drive further growth by leveraging its IT infrastructure foundations built over the last three years.

Attained will be acquired for a total consideration of ~\$2 million. The stock component of the acquisition will be issued at \$0.05/share, representing a ~43% premium to the Company's current share price.

The Company's managing director, Mr Blake Burton is a shareholder and director of Attained and the acquisition will be subject to shareholder approval. Under the terms of the acquisition Mr Burton will receive consideration shares and no cash consideration for his shareholding in Attained.

Subject to completion Attained CEO Paul Arch (non-related vendor, refer to Annexure) will join the DC Two executive team as COO, and Attained CTO Liam Gale (non-related vendor, refer to Annexure) will join as CIO. Paul Arch, with his extensive background in emerging technologies and leadership, has brought several successful opportunities to the Australian technology space in the past. Mr Arch was the founder of Datamate Backup Services as well as the DC West data centre in Perth. He played a key role in the founding of Attained, where he identified the emerging trend of service and infrastructure integration businesses. As Chief Operating Officer for DC Two, Mr Arch will continue his dedication to helping clients achieve their goals through technology, building strong teams and fostering strong relationships. "We are excited to join the DC Two team, and the opportunities it will bring for both staff and clients. With the many synergies across the businesses, it will allow us to further grow and continue to deliver the best possible services to the market."

Liam Gale is a highly skilled and experienced technical leader with a strong background in managed IT services including as Managing Director of specialist IT solutions provider, Aviso IT, and more recently as CTO of Attained. Liam successfully led the technical integration of the business systems of three managed services companies into those of Attained. He also played a key role in automating several key processes, resulting in increased efficiency and accuracy.

Aligned with its overarching vision, the Company notes it will continue to assess several M&A and corporate growth opportunities aimed at building a unique technology offering in technology layers including:

- Infrastructure & Data Centres.
- Professional Services.

- Orchestration.
- API Gateways.
- Cyber Security.

The expected completion of the transaction is late February. The cash component as noted in the Annexure will be funded through future revenue of the merged entity, which may be supplemented from the sale of non-core assets. Further information on key terms and conditions of the acquisition agreement are included in the annexure to this announcement.

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

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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.

FORWARD-LOOKING STATEMENTS

Statements contained in this release, 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.

[ENDS]

2 - <https://www.alliedmarketresearch.com/microservices-architecture-market>

ANNEXURE

The Company has executed a share sale and purchase agreement with the shareholders of Attained, (**SPA**) whereby, subject to shareholder approval, the Company is proposing to acquire 100% of the issued share capital in Attained (**Proposed Acquisition**) for approximately \$2,000,000 in share consideration and deferred cash payments.

Under the terms of the SPA, completion of the Proposed Acquisition will be subject to the satisfaction or waiver of conditions precedent including:

- (a) **Due Diligence:** the Company completing legal due diligence on Attained;
- (b) **Shareholder approvals:** the Company obtaining shareholder approval under Listing Rules 7.1, 10.1 and 10.11;
- (c) **Key Employees:** Execution of employment agreements between the Company and Paul Arch and Liam Gale; and
- (d) Other standard conditions precedent for a transaction of this nature.

The total consideration to be paid to the sellers comprises:

- (e) cash consideration: four cash instalments of approximately \$277,194 per instalment to be paid in aggregate to the unrelated sellers on the three, six, nine and twelve month anniversaries of completion, representing a total value of \$1,108,776; and
- (f) up to 17,824,504 consideration shares (**Consideration Shares**) to be issued to the sellers, with each share having a deemed issue price of \$0.05 to be issued on completion.

Subject to shareholder approval under Listing Rule 7.1, the non related vendors will receive 3,913,323 Consideration Shares as follows:

- 1,340,365 shares to Aviso It Pty Ltd (ACN 140 352 941), being an entity associated with Liam Gale; and
- 2,572,957 shares to Esidium Group Pty Ltd (ACN 104 244 840), being an entity associated with Paul Arch.

Subject to shareholder approval under Listing Rules 10.1 and 10.11, 13,911,182 Consideration Shares will be issued to a nominee of Mr Blake Burton, the Company's Managing Director. Mr Burton currently draws a salary of approximately \$50,000 (excluding superannuation) for his role with Attained. Following the Proposed Acquisition, this payment will cease and Mr Burton's aggregate remuneration from the Company will increase by \$50,000, reflecting his ongoing role managing the consolidated entity.

ANNEXURE

The Consideration Shares will be subject to voluntary and ASX escrow requirements, whereby the Consideration Shares to be issued to Mr Blake Burton will be escrowed for 2 years from completion, and the balance of the Consideration Shares will be escrowed for 12 months from completion.

The Company intends to convene a general meeting in the first quarter of 2023 to seek the above shareholder approvals. ASX has confirmed Listing Rule 11.1.2 and 11.1.3 do not apply to the Proposed Transaction.