

DISPOSAL OF NON-CORE ASSETS FOR \$3M IN CASH

DISPOSAL OF NON-STRATEGIC MODULAR BUSINESS ASSETS TO FOCUS ON NEXT PHASE OF GROWTH.

27 FEBRUARY 2023: 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 agreement to dispose of its non-core infrastructure assets for a total consideration of \$3 million in cash.

The agreement was executed with D Comm Infrastructure Pty Ltd, a subsidiary of D Comm Ventures Pty Ltd, a leading Web 3.0 technology company (DComm) (Agreement).

Highlights:

- Proposed divestment of DC Modular business assets to DComm to generate \$3 million in cash (before costs).
- DComm is a leading web 3.0 technology and infrastructure company.
- Focus on next phase of growth to build a unique technology offering within the cloud microservices sector around the Company’s core assets and service offerings.
- Following completion, the Company will accelerate its growth plans from a position of financial strength.
- Agreement subject to conditions precedent.
- On 30 December 2022, the Company announced the proposed acquisition of leading managed IT and cloud services provider, Attained.
- Attained has demonstrated its ability to generate an average of ~\$3 million in unaudited revenue during the last 3 years.
- Attained acquisition progressing well and expected to close by the end of March 2023.
- Via these two transactions, the Company expects to drive further growth by leveraging its IT infrastructure foundations built over the last three years, from a position of financial strength.

Overview:

During fiscal 2023, the Company has been focussing on its next phase of growth, with a view of building a unique technology offering within the cloud microservices sector by leveraging its data centre and cloud hosted services. These initiatives have included the assessment of the strategic alignment of its divisions (ASX: 31 January 2023).

Aligned with this overarching rationale, the Company has identified the modular infrastructure assets (Modular Assets) as non-strategic towards its tech-focussed growth objectives.

Therefore, the Company has executed a binding agreement to dispose of its Modular Assets to a subsidiary of leading Web 3.0 technology company, DComm, for a total consideration of \$3 million in cash. The completion of this transaction is subject to the conditions precedent included in the Annexure to this Announcement.

DComm is a leading web 3.0 technology group of companies in the blockchain industry in Australia and internationally and has investment over \$2 million in the current FY23 alone to build a cutting-edge layer 1 blockchain protocol for the "Tokenisation of Assets". DComm's Infrastructure division has a pipeline of \$3.5 million renewable energy projects in Western Australia. Brett Endersby, CEO of DComm Infrastructure Pty Ltd, said "The purchase of DC Two's modular data centre business is a strategic acquisition which will allow DComm to expand the data centres to this pipeline of renewable energy projects".

As part of the disposal, the Company will also transfer to DComm its non-strategic Modular customer agreements and contracts which contributed \$1,173,828 revenue for the December 2022 half year period. This includes the customer agreement with AusMT Energy Pty Ltd (**AusMT**), as announced on 23 June 2022. To date the AusMT agreement has produced lower than expected revenues and the Company has been in ongoing discussions with AusMT with regards to the performance under the agreement.

Subject to completion of this transaction, the Company will receive cash consideration in the amount of \$3 million (before costs), enabling a strong acceleration of its growth objectives within the cloud microservices sector, including the assessment of several M&A growth opportunities. Funds from the sale will be applied towards items including sales and marketing, technical product and service development, technical staff salaries and other staffing costs, the paydown of debt secured against the Modular Assets and general working capital.

On 30 December 2022, the Company announced the proposed acquisition of leading cloud provider, Attained. Over the last three years, Attained has demonstrated its ability to generate an average of ~\$3 million in unaudited revenue.

The acquisition of Attained was the first acquisition for the Company, covering several technology layers, deemed critical to build an end-to-end market offering around the Company's core assets and service offerings. These include, among others:

- Cyber Security.
- Professional 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.

The Company received shareholder approval for the Attained acquisition on February 23rd and expects to complete the acquisition by the end of March 2023. The Company expects the DComm Agreement to complete early to mid Q4 FY2023, subject to the completion of due diligence.

Via these two transactions, the Company expects to drive further growth by leveraging its IT infrastructure foundations built over the last three years, from a position of financial strength.

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.

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]

ANNEXURE

Under the terms of the Agreement, DComm shall acquire the Modular Assets free from any and all debts and encumbrances, for the consideration referred to below:

- an initial non-refundable deposit of AUD \$20,000 (**Deposit**);
- a refundable exclusivity deposit of AUD \$80,000 (**Exclusivity Deposit**); and
- cash consideration of AUD \$3,000,000 (**Cash Consideration**) less the Deposit and Exclusivity Deposit payable within 30 days the conditions precedents.

The Agreement is subject to the satisfaction or waiver conditions precedent, including the following:

- **Due Diligence by D Comm:** D Comm confirming in writing to DC Two that it is satisfied with the outcome of any due diligence it has conducted in relation to DC Two and the DC Modular Assets; and
- **Third Party Consents and Approvals:** the parties obtaining, where applicable, all other regulatory consents and approvals that may be required for the parties to complete the proposed transaction.

The Company has sought and obtained confirmation that ASX Listing Rule 11.2 does not apply to the Agreement.