

ACQUISITION OF CYBER SECURITY EXPERT

10 July 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 the execution of a binding agreement to acquire the assets and business of Shimazaki Management Group Pty Ltd trading as Thomas Cyber (“Thomas Cyber”), an established cyber security expert.

This agreement represents an additional step in the vision to expand beyond data centres and infrastructure, building a unique technology offering into the broader cloud microservices sector.

HIGHLIGHTS:

- Strategic acquisition to acquire cyber security expert, Thomas Cyber.
- Cyber security market is expected to reach USD13.95 billion by 2028 in Australia, growing at a CAGR of 18.44%¹.
- Acquisition aligned with the Company’s strategy to acquire technology and people.
- Additional milestone in the Company’s strategy to create an end-to-end market offering in the broader cloud microservices sector.
- Thomas Cyber’s management to join the Company’s newly formed cyber division and further develop its cyber security capabilities driven by cutting-edge microservices.
- All performance-based consideration with a \$0.025 floor share price, demonstrating the incoming management’s commitment to Company’s organic growth strategy.
- Company continues to assess value accretive transactions to acquire technology and talented individuals, to drive further organic growth.

OVERVIEW:

Thomas Cyber operates an established cyber security business, catering to a diverse client base that includes ASX-listed companies, government organizations, and private entities across Australia and internationally.

This acquisition is crucial for the Company’s clients, delivering enhanced cyber security services, comprehensive end-to-end market solutions, and access to innovative technologies, ensuring the protection and integrity of their digital assets in an evolving landscape.

The proposed acquisition of Thomas Cyber is aligned with the Company’s strategy to acquire technology and attract talented individuals, enhance capabilities, and market position, to drive continued organic growth.

In particular, Thomas Cyber represents an opportunity for the Company to expand its technology capabilities and add expertise in the cyber security technology layer. The rapidly evolving cyber security market is expected to reach USD13.95 billion by 2028 in Australia alone, growing at a CAGR of 18.44%¹

Through this transaction, the Company achieves an additional milestone in its strategy to create an end-to-end market offering in the broader cloud microservices sector. Previously announced milestones include:

- **Acquisition of Attained:** an Australian leading managed IT and cloud services provider, deploying and managing technology solutions across several technology layers including cyber security, managed IT services, cloud services, network and voice solutions. (ASX: 4 April 2023)
- **Disposal of non-core assets:** the disposal of its non-core infrastructure assets for a total consideration of \$3 million, with completion expected by the end of July 2023 subject to remaining conditions precedents being satisfied. (ASX: 8 June 2023)

Immediately following completion of the acquisition, a new cyber division will be created within the Company. Thomas Cyber's management will join the Company and lead the new division to assist in further developing its cyber security capabilities driven by cutting-edge microservices powered by AI.

The consideration for the acquisition will be performance-based only, with a \$0.025 floor share price, demonstrating the incoming management's commitment to the Company's organic growth strategy. The key terms of the proposed acquisition of Thomas Cyber are set out in the annexure to this announcement.

Thomas Cyber delivered ~\$360,000 in unaudited revenue for FY2023, which provides a strong foundation moving into FY2024.

The Company notes it continues to assess value accretive M&A transactions to acquire technology and talented individuals, expand its capabilities and enhance its market position, driving further organic growth.

AUTHORISATION:

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

INVESTOR RELATIONS CONTACT DETAILS:

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YOUR WAY

ABOUT DC TWO:

DC Two revolutionizes the data centre and cloud technology landscape with its comprehensive suite of vertically integrated services. Our offerings encompass every aspect of the data centre and cloud technology stack, driven by cutting-edge microservices powered by AI. DC Two develops advanced software assets to optimize its internal operations and empower clients and technology partners worldwide with enhanced control, flexibility, and automation through AI-driven microservices.

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. These forward-looking statements are not guarantees or predictions of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the Company's control, and which may cause actual results to differ materially from those expressed in the statements contained in this release.

The Company cautions shareholders and prospective shareholders not to put undue reliance on forward-looking statements, which reflect the Company's expectations only as of the date of this announcement. The Company disclaims any obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

-ENDS-

^[1] AUSTRALIA CYBERSECURITY MARKET SIZE & SHARE ANALYSIS - GROWTH TRENDS & FORECASTS (2023 - 2028)
<https://www.mordorintelligence.com/industry-reports/australia-cybersecurt-y-market>

ANNEXURE

Under the terms of the Agreement, DC Two shall acquire the business and assets of Shimazaki Management Group Pty Ltd trading as Thomas Cyber (ACN 622 703 084) free from any and all debts and encumbrances, for the consideration referred to below (**Consideration Shares**):

- **Tranche 1:** 1 Performance Right converting into 1,000,000 Shares upon the Incoming Employees remaining continuously employed by the Buyer for a period of 12 months from Completion;
- **Tranche 2:** 1 Performance Right converting into:
 - \$75,000 worth of Shares if the Thomas Cyber Business achieves a minimum of \$1,000,000 in audited revenue for the fiscal 2024 period; or
 - \$35,000 worth of Shares if the Thomas Cyber Business achieves a minimum of \$500,000 in audited revenue for the fiscal 2024 period;
- **Tranche 3:** 1 Performance Right converting into:
 - \$200,000 worth of Shares if the Thomas Cyber Business achieves a minimum of \$3,000,000 in audited revenue for the fiscal 2025 period; or
 - \$100,000 worth of Shares, if the Thomas Cyber Business achieves a minimum of \$2,000,000 in audited revenue for the fiscal 2025 period,

The deemed issue price of the Consideration Shares to be issued on conversion of each respective tranche of Performance Rights is the **higher** of:

- i. \$0.025 per Share; and
- ii. The volume weighted average price of Shares traded on the ASX in the 15-days prior to the lodgement of the Buyers 30 June 2024 annual report for Tranche 2; and
- iii. The volume weighted average price of Shares traded on the ASX in the 15-days prior to the lodgement of the Buyers 30 June 2025 annual report for Tranche 3.

The Consideration Shares will be subject to voluntary and ASX escrow requirements, whereby the Considerations shares to be issued will be escrowed for 1 year from the date that each performance right is converted into shares.

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

- Due Diligence by DC Two: DC Two confirming in writing to Thomas Cyber that it is satisfied with the outcome of any due diligence it has conducted in relation to the Thomas Cyber business;
- Employment agreements: Dr Thomas Jreige and Kristen Rayson entering into employment agreements with DC Two under terms which are mutually acceptable to both parties;
- Third Party Consents and Approvals: The Parties obtaining all other approvals, consents, novations, transfers of IP and other rights, or waivers of a third party (including those of any Governmental

Agency) which are necessary or desirable to implement the Acquisition or to assign the Thomas Cyber Business Contracts and Intellectual Property Licenses; and

- Other standard conditions precedent for a transaction of this nature.

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