

COMPLETION OF THOMAS CYBER ACQUISITION

17 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 successful completion of the acquisitions of the assets and business of Shimazaki Management Group Pty Ltd trading as Thomas Cyber (“Thomas Cyber”), as announced on 10 July 2023.

A new cyber division will now be created within DC Two which will encompass Thomas Cyber and the existing cyber security capabilities within DC Two and Attained. Thomas Cyber’s management will lead the new division to assist in further developing the Company’s cyber security capabilities driven by cutting-edge microservices powered by AI.

The Company plans to expand the current cyber security services offered through Thomas Cyber by utilising the Company’s existing infrastructure and AI capabilities. This includes developing new systems using AI technology.

In doing so, the Company’s management team is confident that the new cyber security division can be scaled up quickly, and deliver a greater number of cyber security services effectively.

Acquisition Overview:

The consideration for the acquisition is performance-based only, with a \$0.025 floor share price, demonstrating the incoming management’s commitment to the Company’s organic growth strategy.

Dr Thomas Jreige, the current CEO and co-founder of Thomas Cyber, has been appointed as the new Head of Cyber of the Company and will lead the division. Kristen Raysen, the co-founder and current BRM of Thomas Cyber, will transition to the role of BRM - Cyber Security at the Company.

To realise all performance rights which are linked to revenue targets, the Thomas Cyber business will need to achieve at least \$1,000,000 in audited revenue for FY2024 and at least \$3,000,000 in audited revenue for FY2025. A significant increase from the ~\$360,000 in unaudited revenue the Thomas Cyber business delivered for FY2023. The key terms of the acquisition of Thomas Cyber are set out in the annexure to this announcement.

While the Company’s new cyber division will encompass Thomas Cyber and the existing cyber security capabilities within DC Two and Attained, the revenue criteria above will not include any existing recurring

cyber security revenue from within the Company. Revenue from any future cyber security business acquisitions will also not be included.

Thomas Cyber's management will be solely focused on organic growth. Revenue from new cyber security services provided to the Company's existing clients will be included, along with services to both new clients and Thomas Cyber's existing clients.

The Company will continue 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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ABOUT DC TWO:

DC Two revolutionises 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.



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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-

ANNEXURE

The Company has executed and completed the agreement to acquire the assets and business of Thomas Cyber 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.

Under the terms of the agreement, completion was 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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