

UPDATE ON SALE OF MODULAR ASSETS

12 October 2023: DC Two Limited (ASX: DC2) (“DC Two” or the “Company”), a vertically integrated revenue generating data centre, cloud, and software business, refers to the ASX announcement released on 27 February 2023 with regards to the sale agreement for the disposal of its non-core infrastructure assets (“Modular Assets”) to D Comm Infrastructure Pty Ltd (“DComm”).

As announced on 8 June 2023, the agreement achieved satisfaction of buyer’s due diligence but remained subject to the satisfaction of the remaining conditions precedent. As announced on 31 July 2023 the Company provided DComm with continued exclusivity and an extension to the completion date. In exchange for the continued exclusivity and completion date extension the total non-refundable deposit increased from \$20,000 to \$100,000, however in accordance with the terms of the agreement, the Company has today provided DComm with notice terminating the sale agreement on the basis that the remaining conditions precedents to completion have not been satisfied in a reasonable timeframe.

Since the announcement on 27 February 2023, the sale agreement was subject to unexpected delays with key suppliers agreeing to novate supply agreements on successful completion of the transaction. During this time a number of customers associated with the Modular Assets, and whose agreements were to be novated across under the terms of the sale agreement, provided notice that they did not intend to renew their agreement with the Company at the end of their agreement expiry.

The Company still considers the Modular Assets as non-core to its strategy. DComm and the Company have agreed to continue discussions for the potential of a new sale agreement if a reasonable timeframe can be met with satisfactory terms as the modular assets remain a large part of their portfolio strategy, however both parties have agreed that the announced transaction will not proceed as it stands, and the current sale agreement to be terminated.

The Company is aware of other unrelated parties interested in acquiring the assets. On termination of the agreement with DComm the Company will be free to actively engage with these parties. Given the revenue contribution from the assets, the Company has determined that, at this stage, it will retain the assets. Moving forward the focus will be firmly on selecting projects with a high internal rate of return (IRR).

The Company will continue to update the market with any material developments, including providing details of any binding transactions which may eventuate.

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.

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.

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