

FY23 STRATEGY UPDATE

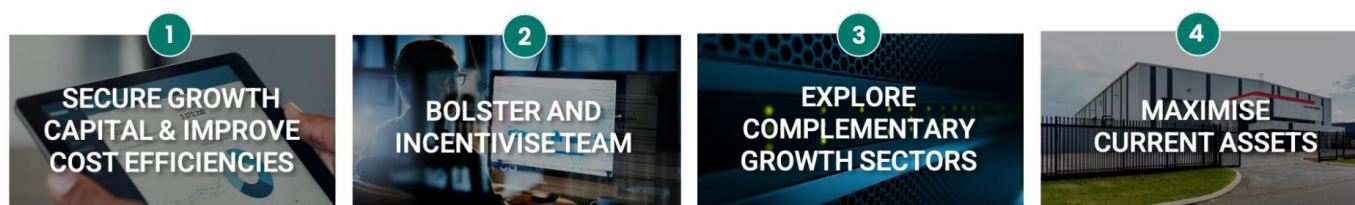
BEYOND DATA CENTRES & INFRASTRUCTURE

Highlights:

- Company continues to review its operations and existing core assets towards the broader cloud microservices offering.
- Several cost reduction and efficiencies achieved.
- Identification of several technology layers within the cloud microservices segment.
- The cloud microservices sector is projected to reach USD 8 billion by 2026, according to Allied Market Research.²
- Company's current assets positioned to maximise return for its stakeholders.

14 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 provide an update on its strategic initiatives, ahead of the offer closing date for its Share Purchase Plan (SPP) (ASX: 17 October 2022).

Since the release of its quarterly results, the Company has continued the strategic review of its operations and existing core assets, to enable an effective transition to its next phase of growth towards a broader cloud microservices offering. This review follows on from the previously stated four-step strategy (ASX: 2 May 2022 and 31 October 2022):



1) Secure growth capital & improve cost efficiencies:

Aligned with its previous market announcements, the Company has been implementing critical initiatives to secure growth capital & improve cost efficiencies. These include, among others:

- Successful placement and SPP provides capital to grow the business.
- Implementation of ~\$500k in cost savings, as announced on 25 October 2022, in the "Letter to Shareholders & Share Purchase Plan Offer Document".
- The Company further notes that the recent inflationary pressure on electricity and other critical services has impacted the cost efficiencies initiatives implemented by management.

2) Bolster and incentivise team:

The Company confirms the finalisation and implementation of:

- A revised commission structure for its sales team to incentivise long-term customer engagement.
- A new Employee Securities Incentive Plan.

Furthermore, the Company expects to finalise the Employee Share Scheme by the end of next quarter. The Employee Share Scheme will reduce cash outflows while incentivising employees.

These team-oriented initiatives are deemed critical by the Company as it implements its long-term strategy, aligned with the transition to the next phase of growth announced on 31 October 2022.

3) Explore complementary growth sectors:

On 31 October 2022, the Company updated the market on the assessment of several opportunities to leverage and expand its existing core assets and services to deliver a unique market offering within the broader cloud microservices sector¹ as it moves beyond data centres and infrastructure.

As part of this strategic assessment, the Company has identified several technology layers where it is planning to leverage its existing core assets and services to build an end-to-end market offering. These include, among others:

- Infrastructure & Data Centres.
- Hybrid Cloud Deployment.
- Cyber Security.
- Orchestration.
- APIs Gateways.

Over the last three years, the Company has built the necessary foundations to enable this next phase of growth across technologies that build up the microservices sector: a sector projected to reach USD 8 billion by 2026, according to Allied Market Research.²

As the Company progresses its strategy it will update the market as applicable.

4) Maximise current assets:

The Company continues to leverage its existing core assets, focussing on growing sales as part of its broader technology-focussed restructuring. As it progresses with step 3 above, the Company will position its current assets to maximise return for its stakeholders.

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]

1 - The Company advises that at the date of this announcement, discussions relating to potential transactions remain early stage, incomplete and confidential. There can be no certainty that any binding agreement or agreements will be reached, that any transaction will eventuate or that any required shareholder approvals or regulatory approvals will be obtained. The Company will update the market in accordance with its obligations under ASX Listing Rule 3.1 and confirms that it is in compliance with Listing Rule 3.1.

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