

DC TWO RECEIVES BINDING COMMITMENTS FOR \$2.5M PLACEMENT

Highlights;

- *DC Two has received binding commitments from institutional and sophisticated investors to successfully raise \$2.5m (before costs), to support the Company's growth agenda.*
- *The capital raise was strongly supported by a number of existing shareholders, along with a number of new quality institutional and high net-worth investors. DC Two's directors have also participated in the raise.*
- *The funding will enable DC Two to complete Tier III design and construction accreditation of its Bibra Lake data centre, together with an improved balance sheet to accelerate and expand its enterprise customer base and fulfill an estimated \$2.7m in existing contracts.*
- *Expansion of DC Two's management and sales team is currently underway, with funding allowing the Company to secure additional highly credentialed personnel to drive growth.*
- *The Company achieved \$472k in recurring revenue for Q4 FY21 and will have an implied market capitalisation of \$11.2m post-placement.*

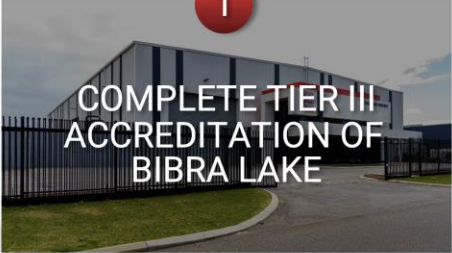


27 September 2021: DC Two Limited (ASX: DC2) ("DC Two" or the "Company"), is pleased to announce that it has received binding commitments from institutional and sophisticated investors to successfully raise \$2.5m (before costs). The funding will be used to complete Tier III accreditation of its Bibra Lake data centre, fulfill an estimated \$2.7m in existing contracts, and expand the sales team to drive further growth with a focus on enterprise customers.

The Placement will see the Company issue a total of 16,666,666 new fully paid ordinary shares at an issue price of \$0.15 per share, with a 1:2 free attaching option exercisable at \$0.30/share expiring 2 years from the date of issue. The placement will be completed in 2 tranches, with Tranche 2 shares and all options subject to shareholder approval at the Company's AGM expected in November 2021.

The capital raise was strongly supported by a number of the Company's existing shareholders who increased their percentage holding of the Company, along with a number of new quality institutional and high net-worth investors joining the DC Two share register. DC Two's directors also participated in the raise.

DC Two Managing Director Justin Thomas said; "We are delighted with the outcome of the Placement, which has secured interest from new and existing investors who are committed to our vision of becoming a major player within the Australian data centre sector and recognise DC Two's potential. This funding will unlock our ability to grow the Company, maximise shareholder return and scale our presence in key markets."

FUNDS WILL BE DIRECTED TOWARDS THREE KEY GROWTH INITIATIVES

<p>1</p>  <p>COMPLETE TIER III ACCREDITATION OF BIBRA LAKE</p> <p>Completion of Tier III design and construction accreditation will allow DC Two to transition resources from development into commercial activities to onboard <u>enterprise customers</u> for significant revenue growth.</p>	<p>2</p>  <p>EXECUTE \$2.7M IN DC MODULAR CONTRACTS</p> <p>Recurring revenue from these contracts to provide a stronger commercial foundation for the business, with the scope and strategy in place to scale.</p>	<p>3</p>  <p>EXPAND MANAGEMENT & SALES TEAMS</p> <p>Additional highly credentialed personal to focus on increasing revenue across all areas of the business while generating sustained shareholder value in 2021 and beyond.</p>
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The Bibra Lake data centre site is online, generating revenue and is hosting DC Two's new cloud platform. The proceeds of the Placement will enable DC Two achieve Tier III design and construction accreditation of Bibra Lake, and scale its offering on a per rack basis for Co-location and specialised Cloud Hosting services.

The facility has the initial potential capacity to house up to 400 racks, which will be bought online in a staged approach and in line with future customer contracts. The data centre is also set to be the only Tier III facility and ISO 27001 ISMS accredited cloud platform provider in Western Australia – providing DC Two with a complete edge when tendering for mid-market and enterprise customers requiring Tier 3 compliance, security and access accreditations.

The Company is anticipating to complete the Tier III design accreditation process by the end of the 2021 calendar year, following which, final construction budgets and timetables can be prepared with the intention to have construction accreditation completed during the first half of 2022. Once Bibra Lake is operating at full capacity, the Company anticipates only limited CAPEX will be required to operate.

Funding from this capital raise will also be utilised for the fulfillment and execution of a number of DC Modular contracts. Significant contracts include, an initial fixed term contract signed in June 2021 for a minimum of \$926,376 including GST over a 5-year term¹, and an additional contract signed in August 2021 for \$1,775,358 inc GST over a 36-month period².

Expansion of DC Two's management and sales team is currently underway, with funding allowing the Company to secure additional highly credentialed personnel to drive growth and secure new enterprise customers. Structural changes are also occurring that will enable DC Two's Managing Director and Senior Management Team to directly focus on growing revenue.

PLACEMENT DETAILS

The issue price of \$0.15 represents a 16.67% discount to DC Two's closing share price on 22nd September 2021 of \$0.18 and a 25% discount to the 15-day volume-weighted average price (VWAP) of \$0.20. The

¹ ASX Announcement: DC2 Signs Fixed Term ESG Agreement for Approximately A926k (17th June 2021)

² ASX Announcement: DC2 Signs Multiple Colocation Agreements for Approx. A1.77m (23rd August 2021)

Placement Shares will rank equally with the Company's existing fully paid ordinary shares. The Placement will occur over a two-tranche structure. 8,775,000 fully paid ordinary shares (Tranche 1 Shares) will be issued utilising the Company's placement capacity under ASX Listing Rule 7.1.

7,891,666 fully paid ordinary shares (Tranche 2 Shares) will be issued subject to shareholder approval at the Company's AGM anticipated in November 2021. The 8,333,333 free attaching unlisted options exercisable at \$0.30 each expiring 2 years from the date of issue, will also be subject to shareholder approval at the Company's AGM anticipated in November 2021.

Included in the Tranche 2 Shares are 666,666 Shares to be issued pursuant to Director's participation of \$100,000 in the raise. Similarly, included in the 8,333,333 free attaching options are 333,333 free attaching options to be issued to Directors. These issues are subject to shareholder approval at the Company's AGM anticipated in November 2021.

Alto Capital and Xcel Capital acted as Joint Lead Managers to the Placement and will receive 6% capital raising fee and will be issued with 4,000,000 options exercisable at \$0.30 each expiring 2 years from the date of issue, subject to shareholder approval at the Company's AGM anticipated in November 2021.

INDICATIVE TIMETABLE

Event	Date
Settlement of Tranche 1 Shares	4 October 2021
AGM & approval of Tranche 2 Shares and free-attached options	November 2021
Settlement of Tranche 2 Shares	November 2021 post-AGM approval

Note: this timetable is indicative only. Dates are subject to change at the discretion of the Joint Lead Managers and the Company.

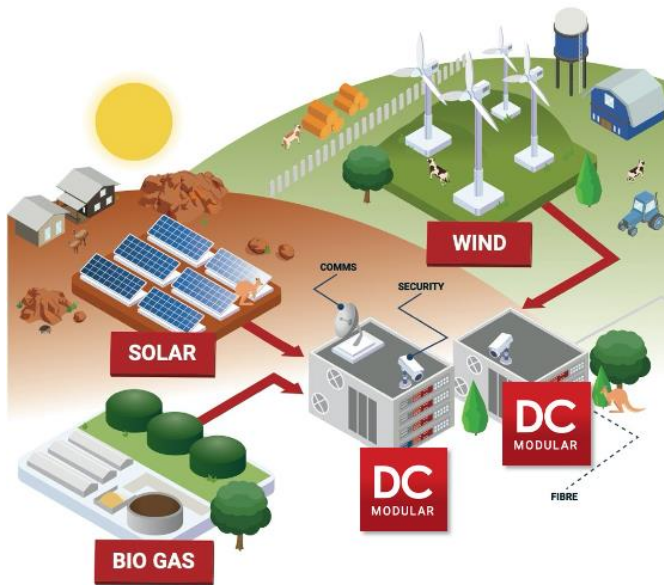
This announcement has been approved for release by the Board of DC Two.

For more information please contact:

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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.



ABOUT DC MODULAR

DC Two have developed a high density and transportable data centre that enables quick and easy deployment in any location. Based on durable ISO standard sea containers and non-ruggedized insulated variants, the transportable data centre only requires power and data connectivity and is suitable for high performance or supercomputing specific workloads.

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.