

AGM PRESENTATION

20 November 2023

DXN Limited (ASX: DXN)

This document has been approved by the board of DXN Limited



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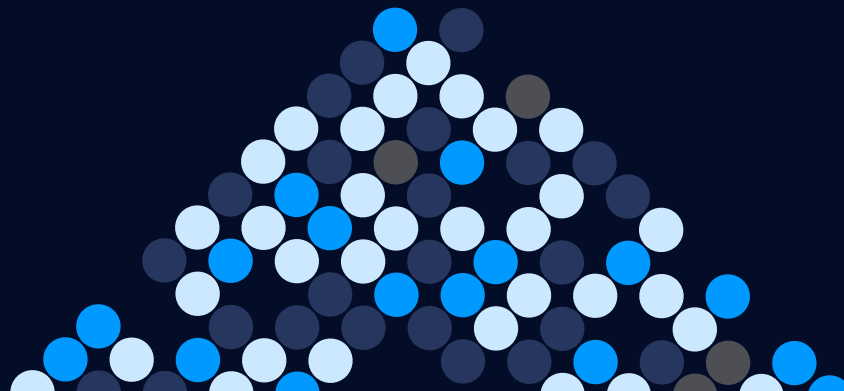
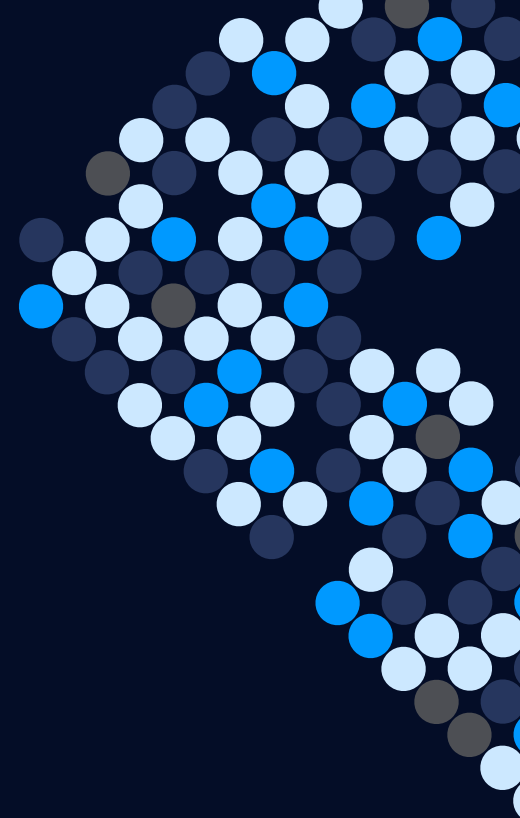
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CEO ADDRESS

Ms. Shalini Lagrutta



DXN Today



DXN Limited’s core business is designing, engineering, manufacturing and supplying industry leading modular data centers.

We have a significant track record in delivering industry leading customized modular data centers in Australia and the Asia Pacific region.



Modular Division

Design, manufacture and supply of industry leading Edge facilities across Asia Pacific.



Data Center Operations

Operates, maintains and markets data centers in Sydney, Hobart and Darwin.

Advanced plans to divest some or all of the data centres

FY23 Key Results Summary

- FY23 Revenue at \$6.5m - down from previous year mainly due to uncertainty around attempted third party bid for DXN. Recovery of customer demand is underway as Modular sales orders increasing in H2 FY23 and into FY24.
- Improved FY23 EBITDA (loss) and improvement on gross profit with key restructure initiatives underway



FY23
Revenue

\$6.5m



Improvement in FY23
EBITDA

**Loss for FY23
improved 20% to
prior year**



FY23
Gross Profit

Gross Profit \$3.7m
**GP Margin % up
86% to 56%**

* EBITDA (underlying) excludes net interest, share issue, and non-cash LTIP costs, depreciation and amortisation, asset impairment

FY23 Highlights

ACTION		IMPACT
<p>Datacentre division Actively seek the sale or divestment of one or more data centre assets (Darwin and Tasmania) and exit of the Sydney data centre</p>	Well underway	Interest from different parties with discussions well underway for the sale of the Darwin data centre. Heads of agreement for exit of Sydney data centre site lease.
<p>Cost reductions initiated We have reduced costs across the group.</p>	Ongoing	Approximately \$0.8 million net savings per annum were initiated in H2 FY23 and targeted during FY24, with meaningful impact commencing in late Q1.
<p>Asset impairment A material write-down of assets, particularly related to the Sydney (SYD01) data centre, which is being exited.</p>	Complete	FY23 non-cash \$4.1m asset impairment of fixed assets and receivables.
<p>Cash management Considerable improvement in cash management and cashflow forecasting</p>	Complete and ongoing	Payables reduced 68% to <\$1.0m and improved project management terms on Modular contracts to match design and build costs.
<p>Modular Manufacturing division Enhancing operational processes to track and improve gross margins. We have refined supply chain and operational systems to improve manufacturing margins.</p>	Ongoing	Targeting initial 15% improvement in manufacturing gross margins.
<p>Flow Digital Infrastructure (Flow) International distribution agreement.</p>	Ongoing	The first two quarters of FY23 were focussed on the potential sale of business assets to Flow which did not eventuate. However, DXN did negotiate an international distribution agreement which included licence fees payable to DXN and future module orders for resale by Flow into Asia Pacific.

Modular Data Centres

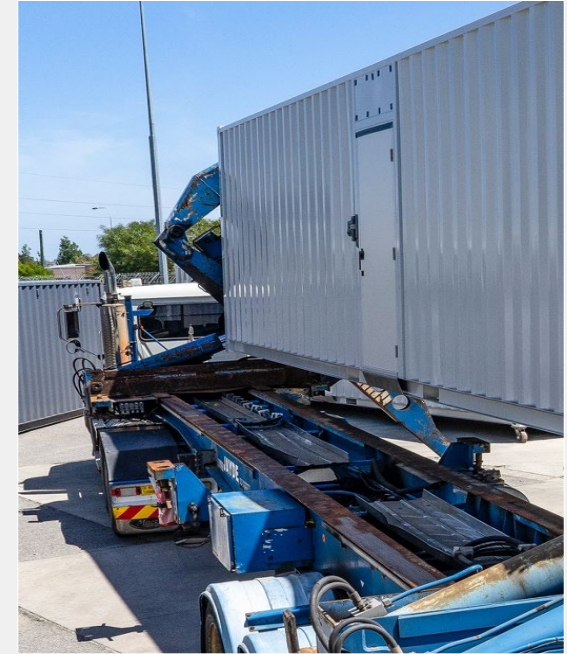
What is a prefabricated modular data centre?



Prefabricated data centre, designed in-house by DXN and built at our in-house manufacturing facility in Perth, WA



DXN maintains full control over the design and manufacturing process, ensuring the highest standards of quality and reliability.



DXN's modular design means the data centres can be deployed to any location and easily customised.

FY23 Key Highlights

Key Projects Delivered

DXN completed delivery of the following modular data centre projects in FY23:



Edge Module – Mining



Edge Module - Mining



Edge Module – First Module



CLS - Timor Leste Submarine Cable



Centre of National Resilience (Perth)
- main data centre and communication modules



Second and third edge
data centre deployment



Palau Cable Landing Station

Global Deployment Locations

DXN Module Customers

4	AGIG ***	17	SubCo *
5	Teletok ***	18	Boeing *
6	SpeedCast *	19	Covalent Lithium ****
7	Telcom Niue *	20	Streamline Connect *
8	Avaroa Cable Limited **	21	Newcrest Mining **
9	Southern Cross Cable Network ***	22	SISCC *
10	SES Networks *	23	BSCC Palau *
11	Speedcast Project 2 *	24	Wingu Africa Edge DC and CLS *****
12	Synergy **	25	Multiplex *****
13	Resolute *****	26	AngloAmerican *
14	SES Networks Project 2 *	27	Pilbara Minerals *
15	Venues West *	28	Timor-Leste *
16	AHG *	29	Mawson **

* Represents a module built and deployed for the customer

* Internal fit out of module only



DXN Customers and Market Segments

Mining							
Energy & Gas							
Construction							
CLS*							
Defence							
Telco							
Government							
Edge DC							

* Cable Landing Station – the landing point for an international cable

Outlook – Key Strategic Initiatives

DXN has four key initiatives underway to put DXN on the best footing for future stability, profitability and growth.

CASH & CAPITAL MANAGEMENT

- Focus on cash, generating positive cash flow and capital management - to ensure appropriate funding for the future is in place.

TURNAROUND

- Focus on DXN turnaround to profitable growth and cash generation. Includes initiatives for cost reduction and margin improvement.
- **Sydney Data Centre lease exit** - which has severely impacted DXN's cash and EBITDA performance historically.

REBUILD

- Rebuild and grow module business.

EXIT NON-CORE ASSETS

- Strategic sale of assets/ centres that no longer fit the business model.

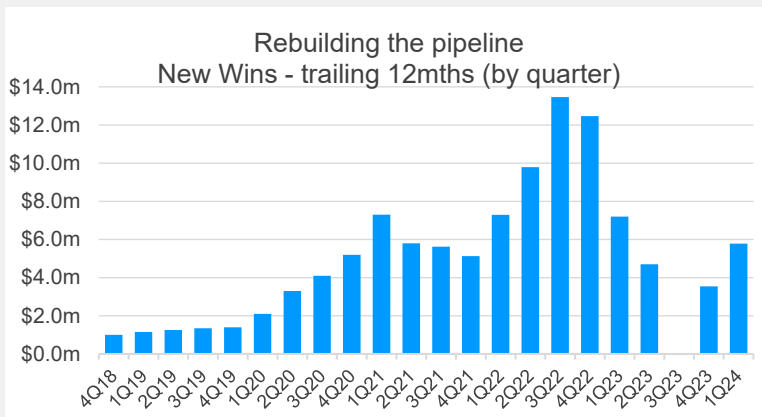
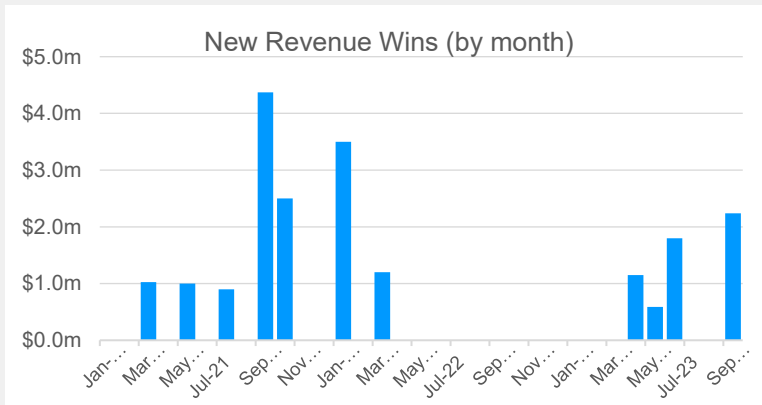
Outlook – Exiting Sydney Data Centre Lease

Exiting Sydney Data Centre Lease at 5 Parkview Drive, Sydney Olympic Park

- DXN are in the process of arranging the surrender of the Sydney Data Centre lease which is due to end in approximately 9 years, releasing DXN from the lease liability.
- Exit has been agreed as at the end of February 2024.
- With an agreed payment equivalent to approximately 6 months lease, but payable over an agreed longer period
- Existing customers will be re-located to another data centre
- DXN will undertake to decommission its Sydney equipment at the site between now and exit in February 2024.

Outlook - Rebuild and Grow Modular Business

Rebuild Modular Business



- The DXN team has secured 42 module sales within the last three years.
- The win gap (between May 2022 and Jan 2023) shows the normally consistent modular win rate dropped off during that period. It was the same period that DXN announced to the market that it is being acquired by Flow Digital infrastructure; that deal was subsequently aborted due to regulatory issues.
- Demand for modular cable landing stations and data centres enabling Edge computing is enjoying strong structural demand and will continue to do so.
- The new customer pipeline has been materially expanded and additional new orders are expected during the remainder of FY24

Outlook – Exit Non-Core Assets

Exit Non-Core Assets

- DXN's data centres (in Darwin and Tasmania) continue to be profitable.
- However, as previously announced, the Company will continue to explore the sale of assets deemed non-core to DXN's business model going forward.
- Discussions with interested parties continue.
- All options are being explored including special purpose vehicles (SPV).

Outlook Target – Bridge to Profitability

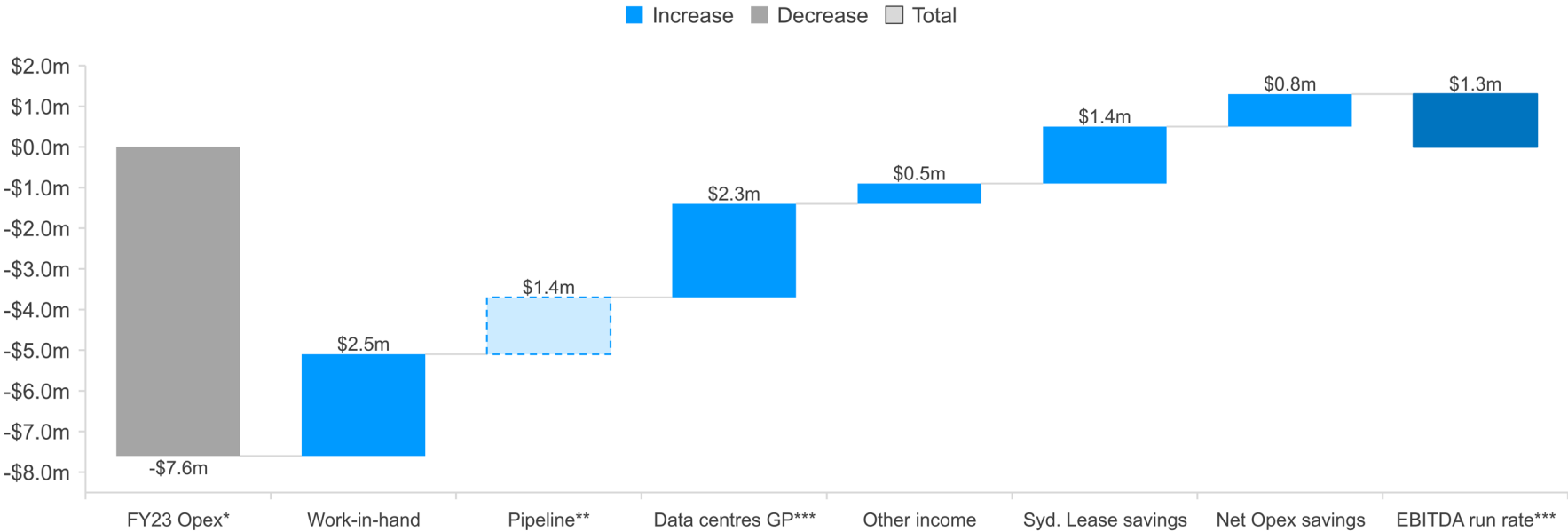
Finalise key restructure initiatives in FY24:

- Sale/divestment of data centre asset(s) - this will provide cash to further invest in the modular data centre business.
- Exit Sydney site lease

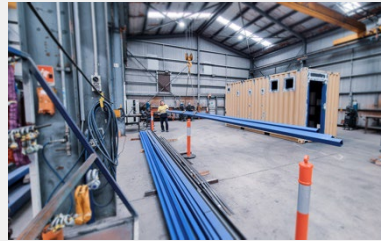
Achieve positive cash flow and underlying EBITDA for 2H FY24 and ongoing

Grow modules business with focus on pipeline growth with both work in hand and new pipeline work, improving margins, project disciplines and efficiencies – together with and strong pipeline growth in primary targeted sectors

Bridge to Profitability (run rate from end of Sydney Lease)



* including lease expense; ** based on current strong pipeline; *** prior to sale/ divestment of Data Centre(s)



THANK YOU

