



14 October 2024

ASX Announcement: DXN

DXN Limited Secures Commitments for \$6,500,000 Placement and Reduction and Restructure of Pure Asset Management Debt

- **\$6.5m Placement to sophisticated and institutional investors at \$0.07 per share**
- **Placement was strongly supported by new and existing institutional and sophisticated investors, including members of the Board and the executive team**
- **Proceeds from the placement will fund upgrades to the Darwin Property, modular data centre innovation, partial repayment of the Pure Asset Management loan, and general working capital and operations**
- **\$2m reduction in debt to Pure Asset Management being \$1m principal paid off with funds from the capital raise and another \$1m principal (with \$222k in fees) converted from debt into equity as well as reduction in security held and covenant requirements.**

DXN Ltd (ASX:DXN) ("DXN" or "the Company"), is pleased to announce that the recent \$6.5 million (before costs) capital raise at \$0.07 ("Placement") was successful, with the Placement being significantly oversubscribed. The demand from investors is a clear testament to their confidence in DXN's strategic direction and growth potential.

Ms Shalini Lagrutta, CEO and Managing Director commented:

"DXN has experienced strong interest in the capital raise, underscoring the market's belief that the data centre industry's tailwinds will drive increased demand for prefabricated modular data centres and edge data centre deployments. With this capital, and the Company's newly restructured business which has posted its first-ever positive EBITDA result in FY24, we are positioned for growth in new geographical markets and in response to customer demand, developing new prefabricated modular data centre product lines, specifically high-density Artificial Intelligence workloads. We thank our shareholders for their support to date and welcome these new shareholders to our register."

Placement

The Company has received firm commitments to raise \$6.5 million (before costs) by way of placement, which has been strongly supported by new and existing sophisticated and institutional investors, including members of the DXN Board and executive. The Placement, will be conducted in two tranches as follows:

- **Tranche 1 to raise \$3,269,000 through the issue of 46,700,000 New Shares at an issue price of \$0.07 per share. Tranche 1 will issue 28,011,065 New Shares utilising the Company's existing placement capacity under Listing Rule 7.1 and 18,688,935 New**

Shares will be issued utilising the Company's existing placement capacity under Listing Rule 7.1A (Tranche 1); and

- Tranche 2 to raise \$3,231,000 through the issue of 46,157,143 New Shares at an issue price of \$0.07 per share. Tranche 2 will be subject to shareholder approval at the Annual General Meeting (AGM) of the Company to be held on 29 November 2024.

The placement was conducted at a price of \$0.07 per share, which represents a:

- 9% discount to the last close price of \$0.077 on 9 October 2024; and
- 19% discount to the 15-day Volume Weighted Average Price (VWAP) of \$0.086.

Settlement of the New Shares under Tranche 1 is expected to take place on Thursday, 17 October 2024. Quotation and trading of the New Shares issued under Tranche 1 is expected to take place on Friday, 18 October 2024.

Settlement of the New Shares under Tranche 2 is expected to take place on Thursday, 5 December 2024. Quotation and trading of the New Shares issued under Tranche 2 is expected to take place on Friday, 6 December 2024.

Current DXN Directors, Abigail Cheadle, Dr Myo Ohn, Brendan Power, Shalini Lagrutta have in total subscribed for 2,314,286 shares in the Placement. Director participation in the Placement will be subject to shareholder approval at the Company's upcoming AGM.

Use of Funds

Proceeds raised from the Placement will be used for:

- | | |
|--|--------|
| • Upgrades associated with the Darwin Property | \$1.5m |
| • Modular data centre product innovation | \$2.0m |
| • Pure Asset Management partial loan repayment | \$1.0m |
| • General working capital and operational expenses
(increasing sales and technical staff and offer costs) | \$2.0m |

Reduction and Restructuring of Pure Asset Management Debt

DXN has entered into a binding term sheet with Pure Asset Management ("Pure") which is a variation to the existing Loan Facility Agreement where DXN will pay down \$1m in principle off the facility and convert \$1m in debt to equity. Pure agrees to subscribe to 17,457,142 additional fully paid ordinary shares in DXN amounting to the value of \$1,222,000. This is comprised of the conversion of \$1m in debt to equity and \$222,000 in fees related to the restructuring of the debt facility, both of which are at Placement Price of \$0.07. Under the term sheet, Pure and DXN have agreed to narrow the scope of the General Security Agreement (GSA), releasing security over the entire Group. The revised security package will now be limited to the Data Centre subsidiaries. Additionally, the minimum cash balance requirement will be reduced from \$750k to \$500k, with covenant testing shifting from weekly to quarterly (September, December, March, and June).

PAC Partners Securities Pty Ltd and Taylor Collison Limited acted as Joint Lead Managers to the Placement and will receive 3% in selling fee and 3% in management fee, both payable in cash. At the time of settlement of Tranche 2, and subject to shareholder approval, the Company will issue to the Joint Lead Managers 10m options 100% premium of the offer price at \$0.14 per share and expiring 2 years from the date of issue, for services provided in connection with the Placement.

Authorised for release by the Board of DXN Ltd

FOR MORE INFORMATION

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ABOUT DXN Ltd

DXN designs, engineers, manufactures, maintains and operates data centres whether modular, centralised or for our customers.

The Company is a leading provider across the Asia Pacific region with a proven track record with government and blue-chip customers.

It has two core divisions:

1. Modular division – designs, engineers, manufactures, and deploys EDGE facilities and critical data centre infrastructure; and
2. Data centre operations - operates, maintains and markets data centres and critical infrastructure for our own DXN data centres as well as our modular customers. For more <https://dxn.solutions>.

Definitions

Definition of Edge in the context of telecommunication networks: In telecommunications networks, the term "edge" refers to the part of the network that is closest to the end-users or devices. It represents the boundary or interface between the core of the network (which may include centralized data centres or backbone networks) and the external environment, such as individual users, mobile devices, and other connected endpoints. The "edge" is where data enters or exits the network and is often the first point of interaction with the network