Investor Update & Capital Raise Presentation

9 September 2021

DXN MAKING GLOBAL LOCAL

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Executive Summary

DXN Progresses its Regional Edge Operator strategy

- DXN is acquiring the Secure Data Centre in Darwin for $4.88m (Acquisition)
- DXN is planning to raise ~ $7.1m in a combination of placement & share purchase plan (SPP) at a price of $0.009 and a $4m debt facility
    - Singapore-based Edge data centre operator, DC Alliance, has invested $1.25m in this placement with a view to forming a strategic partnership with DXN
    - DXN has placed a further ~$0.39 million to sophisticated investors in this placement
    - SPP of up to $1.5m
    - Pure Asset Management Term Loan facility of $4 million
    - The funds raised will be used for the Acquisition and working capital (to take advantage of the strong demand for modular data centres)
- The Darwin acquisition is another step in DXN's desire to position itself as a leading participant in the rapidly growing Edge data centre market in both Australia and the Asia Pacific region

Secure Data Centre Provides a Gateway to Subsea Cables and Domestic Fibre Routes

- Secure Data Centre (SDC) has been in operation for 17 years and offers the only continuously maintainable data centre in the Northern Territory of Australia
- The data centre is a profitable well-maintained facility and provides an excellent gateway path into Asia and other subsea cables that may come into Australia as well as terrestrial cable systems in Australia
- The data centre is the most connected facility for telecommunication services in the Northern Territory
- The Subsea Cable from Vocus that extends from Port Headland to Darwin will now be linked to the ASC cable that extends Australia to Singapore

Source: [Vocus to link up subsea cables to create Darwin-Jakarta-Singapore Cable | ZDNet]

Secure Data Centre Acquisition

DXN expands its portfolio of Edge data centres

- DXN has entered an agreement to purchase Secure Data Centre (SDC), a data centre in Darwin, Northern Territory, for ~$4.88m (including entitlements and warranties)
- ~$3.83m in cash payable upon settlement, plus $0.2m in equity on settlement, and $0.85m warranty retention will be paid after 12 months from settlement
    - SDC's vendors to operate the facility and provide continuity with DXN for a period of three years (reviewed annually)
    - FY21 revenue of ~$1.7m and EBITDA of ~$0.7m
- SDC is the only continuously maintainable data centre in the Northern Territory
- Significant organic growth opportunity with ~70 racks occupied with the capacity to expand to 127 racks in existing data halls
- The acquisition adds further strength to DXN's position in Edge data centre ownership and operation, adding to the Hobart data centre acquired in May 2020

Financials

Proforma profit & loss statement

Year to June (A$'000)	Unaudited DXN Current	Unaudited Darwin Acquisition	Unaudited DXN Proforma	*Change*
DC Operations	984	1,726	2,710	*175%*
DC Manufacturing	7,219	-	7,219	*0%*
Other[1]	1,314	10	1,324	*1%*
Group Revenue[2]	**9,517**	**1,736**	**11,253**	***18%***
COGS	-5,787	-399	-6,186	*7%*
Gross Profit	**3,730**	**1,337**	**5,067**	***36%***
Gross Margin	*39%*	*77%*	*45%*	*15%*
Expenses	-6,083	-627	-6,710	*10%*
EBITDA (normalised)	**-2,353**	**710**	**-1,643**	***-30%***

[1] Other revenue of $1.3m relates to EM DG and R&D grants

[2] Excludes add-back of Lease liability of $3.3m in favour of DXN

Data Centres

- Darwin
- Hobart
- Sydney

Manufacturing

- Perth
- Domestic and International sales

- 175% increase in DC Operations, with now three datacentres, all with significant rack space available to grow revenues
- Funding from this capital raising and the improved group cashflow means more resources can be focused on customer acquisition
- Proforma Group Gross Profit increase by 36% to over $5.0m
- Modules revenue for the proforma year remains unchanged at $7.2m
- Refer to appendix for reconciliation

Capital-lite Edge Data Centre Model

DXN will look to offset the capital component of its growth into the Edge DC market

- DXN will continue to look for brownfield and greenfield opportunities to expand its position in the Edge data centre market
- Large property development groups across Asia Pacific have recently shown a strong appetite to enter the Edge data centre market
- DXN believes there is an opportunity to utilise third party capital to facilitate the purchase of brownfield assets or the development of greenfield assets whilst retaining management control

Modular Manufacturing Update

Strong global demand for modular data centres

- DXN is well placed in the Asia Pacific and Australian markets, with strong demand for its high quality, bespoke data centre modules
- Key focus markets with a strong pipeline
  - ✓ Telco
  - ✓ Mining
  - ✓ Subsea Cables
  - ✓ EDGE DC

Targeted Market Segments

Cable Landing Stations

- Pre-fabricate specific for submarine cable industry
- Rapid deployment 90 days
- Highest quality factory built surface Protection C4
- Seismic rating
- Cyclone rating

Mining

- Purpose built
- High quality Australian design and build
- Dark site management
- Rugged and resilient
- Custom designed

Micro DC

- Plug and play, fully integrated solution
- Combining UPS, cooling, security, monitoring and HMI
- Ideal for enterprise
- 5G telco sites where there is a need for solutions closer to the end user

EDGE DC

- 1-3 MW deployment
- 100-400 racks
- Modular solution that allows scale
- 6 month build to any tier rating
- Own and operate options

Telco and Government

- Edge deployment
- 20kW to 1MW
- 5-200 rack
- 16 week build
- Satellite earth stations

Current Opportunity

Emerging Opportunity

Equity Capital Raising

Capital raising to generate up to $3.14m with an additional placement of $1.25m

- Placement of $1.64m at a price of 0.009 per share
  - $1.25m to DC Alliance
  - ~$0.39m to sophisticated investors
- Share purchase plan (SPP) to raise up to $1.5m at a price of $0.009 per share
- Second tranche placement of $1.25m to DC Alliance, who has an option that lapses on December 15, 2021 and is subject to FIRB and shareholder approval
  - GM anticipated to be held on Friday 22 October 2021
  - Second tranche placement to DC Alliance shall be priced at a 20% premium to the 10-day VWAP ahead of exercise, capped at $0.015 cents per share
- Shares will rank equally with existing ordinary shares

New Debt Facility

New $4.0m Term Loan Facility

Binding terms agreed with PURE Asset Management (“PURE”), subject to finalising documentation. PURE is a credit investor that provides funding that is less dilutive to shareholders

- $4.0m Secured Term Loan Facility
- $2.50m initially drawn to partially fund the Darwin acquisition, with $1.5m available at DXN’s until March 2022
- 8.75% Interest Rate
- 2.50% Line Fee
- 4-year term, Loan can be fully repaid by exercise of warrants
- 200m warrants with a conversion price of 2.0cps (122% premium to the placement price)

PURE is a alternative debt investor that is looking to fund growing companies. It has indicated that is would be willing to provide additional funding for future DC acquisitions, subject to due diligence and terms

Sources and Uses of Funds

Source of Funds	
Placement to DC Alliance and sophisticated investors	$1.64m
Share purchase plan	$1.50m
PURE debt facility	$4.0m
Total	**$7.14m**

- DXN will withhold $0.85m from the SDC purchase price for 12 months to cover any potential warranty claims against SDC

Uses of Funds	
Purchase of SDC – cash	$3.83m
Module manufacturing growth and working capital	$1.41m
Acquisition costs and facility establishment fee	$0.2m
Repayment of existing debt	$1.3m
Capital raising fees	$0.4m
Total	**$7.14m**

Capital Raising Timetable

Key dates for the offer event	
Record date for share purchase plan (7pm AEST)	Wednesday 8 September 2021
Announcement of the SPP and Lodge Appendix 3B	Thursday 9 September 2021
Issue of Shares under Placement and release of Appendix 2A and Cleansing Notice	Friday 10 September 2021
Documents mailed to eligible shareholders	Wednesday 15 September 2021
SPP opens – opening date for acceptances	Thursday 16 September 2021
SPP closes – closing date for acceptances	Thursday 30 September 2021
Announcement of results	Monday 4 October 2021
Issue of new shares under SPP and release Appendix 2A	Wednesday 6 October 2021
Quotation of shares issued under the issue	Thursday 7 October 2021

Thank you

Appendix

Pro-forma profit & loss statement reconciliation to Unaudited Statutory NPAT

FY21 DXN Reconciliation between Normalised EBITDA and Statutory NPAT	
EBITDA (normalised)	-2,353,446
Lease Liability	3,302,433
Acquisition expenses	-54,487
Amortisation – intangibles	-487,328
Depreciation	-4,121,271
Finance expenses	-203,495
Lease amortisation	-599,555
Lease interest charge	-295,482
NPAT Statuatory	**-4,812,631**

- Depreciation, Amortisation, finance expenses and lease interest charges as well as one off Acquisition expenses were not included in the Normalised EBITDA