



19 March 2020

ASX Announcement

Capital Raising and Board Update

Highlights:

- Previous Entitlement Offer withdrawn, funds will be returned to applicants.
- New Offer proposed to be launched: Entitlement issue on the basis of 2 New Shares for every 3 Shares held at Issue Price of \$0.02 per Share with 1:1 free attaching 3-year option exercisable at \$0.04 per Share.
- The commercial appeal of the acquisition of Data Centre 3 Pty Ltd in Hobart, Tasmania, remains unchanged and the Company is committed to Acquisition.
- Board reduced to 3 Directors, significantly reducing Board fees.

Capital Raising

Pre-fabricated modular data centre specialist, DXN Limited (ASX:DXN) (**Company** or **DXN**) advises shareholders that, further to the announcement of 12 February 2020, Prospectus dated 14 February 2020 and ASX announcement of 10 March 2020, due to the recent market volatility the Board has resolved to withdraw the Entitlement Issue which was proposed to be undertaken on the basis of one (1) new share (**New Share**) for every three (3) shares held by eligible shareholders on the record date at an issue price of \$0.04 per New Share to raise up to approximately \$6.0 million (**Former Offer**). A supplementary prospectus withdrawing the Former Offer has been lodged with ASIC. Pinnacle Corporate Finance Pty Ltd (**Pinnacle**), the Lead Manager and Underwriter to the Former Offer has consented to the withdrawal of the Former Offer and has agreed to the mutual termination of the underwriting agreement in relation to the Former Offer.

In order to raise sufficient funds to purchase the assets and revenues of Data Centre 3 Pty Ltd (**DC3**) (refer to announcement dated 12 February 2020 for further information on the DC3 acquisition) and for other activities including product manufacturing, working capital and data centre marketing, the Company proposes to launch a new Entitlement Issue on the basis of two (2) New Shares for every three (3) shares held by eligible shareholders on the record date at a new issue price (**New Issue Price**) of \$0.02 per New Share to raise up to approximately \$6.0 million (**New Offer**). The New Issue Price is a ~26% discount to the last traded price of \$0.027. Given the New Offer and revised timetable set out below, the Company will need to seek an extension to the current settlement sunset date for the DC3 acquisition from the vendor, TasmaNet Pty Ltd.

Subscribers in the New Offer will receive one (1) free-attaching option (**New Option**) for every one (1) New Share subscribed for and issued, exercisable at \$0.04 per Option on or before the date which is three years from the date of issue. Subject to meeting the requirements of the ASX Listing Rules, the Company intends to apply for quotation of the New Options.

DXN Limited

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CEO Mathew Madden said:

“In light of the recent market volatility it has become necessary to re-price the capital raising, due to events completely outside of the Company’s control. We will continue our aggressive push to secure our market leading position in the modular market in Australasia and continue building our position in the colocation market.

Further, our plan to continue to expand our carrier neutral Edge data centre footprint in Australia and New Zealand has not changed. This target will be achieved by developing new greenfield modular data centres, such as our new Sydney DC and / or acquiring existing operating data centres such as DC3.”

The New Offer will result in approximately 303,681,857 New Shares and 303,681,857 New Options being issued.

The funds raised from the New Offer are intended to be applied towards:

Uses	\$
Purchase price – DC3 acquisition ¹	2,430,000
costs associated with DC3 acquisition ²	100,000
Product Manufacturing ³	2,000,000
Working capital ⁴	1,028,637
Offer costs ⁵	425,000
Data centre marketing ⁶	90,000
Total Funds raised in Offer	6,073,637

Notes

1. Balance of purchase price of the DC3 assets and revenues from TasmaNet.
2. Funds to be applied to costs to obtain planning approval to expand the capacity of DC3 and advisory costs associated with the acquisition.
3. Funds to be applied towards DXN Modules product manufacturing.
4. Funds to be applied as working capital for the DXN business.
5. Funds to be applied towards the estimated expenses of the New Offer, which assumes the New Offer is fully subscribed.
6. Funds to be applied to Sydney data centre marketing strategies.

Pinnacle has been engaged as Lead Manager to the New Offer and will partially underwrite part or all of the New Offer, subject to execution of a formal underwriting agreement with the Company and any conditions contained therein. Further details will be provided in due course if an agreement is reached.

Further information with respect to the New Offer will be disclosed in a Prospectus, intended to be lodged with the ASIC on or about Friday, 27 March 2020 and mailed to eligible shareholders shortly after the record date. Shareholders may view the Company’s ASX announcements, including those relating to the New Offer, on the ASX website under the ASX code DXN.

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Persons should consider the Prospectus before deciding whether to acquire securities and eligible shareholders will need to complete the personalised entitlement and acceptance form that will accompany the Prospectus in order to apply for New Shares and attaching New Options under the New Offer.

Key dates for the New Offer Event	Proposed Date
Company Announces New Offer and lodges Appendix 3B with ASX	Thursday, 19 March 2020
Lodgement of Prospectus with ASIC and ASX	Friday, 27 March 2020
“Ex” date	Tuesday, 31 March 2020
Record Date	Wednesday, 1 April 2020
Dispatch of Prospectus to eligible Shareholders & Company announces this has been completed	Monday, 6 April 2020
Opening Date	Monday, 6 April 2020
Last day to extend the Closing Date of the New Offer	Tuesday, 28 April 2020
Closing Date	Friday, 1 May 2020
Shares and Options quoted on a deferred settlement basis	Monday, 4 May 2020
Announcement of results of the New Offer	Wednesday, 6 May 2020
Issue date / Securities entered into Shareholders’ security holdings / Lodgement of Appendix 2A with ASX	Friday, 8 May 2020
Quotation of Shares and Options issued under the New Offer	Monday, 11 May 2020

Board Changes

DXN has accepted the resignations of three existing Company Directors, Douglas Loh, Timothy Desmond and Terry Smart which will reduce the size of the Board to three persons which the Company believes is a more commensurate with a company of this size.

The Company thanks the outgoing directors for their significant contribution and wishes them well with future endeavours.

The Board of Directors now consists of:

- John Baillie (Chair elect);
- Richard Carden; and
- John Duffin.

-ends-

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About DXN Limited

DXN Limited designs, builds, owns and operates data centres. Offering integrated, customised and tailored solutions to clients, DXN provides businesses with the option of delivering solutions to site through containerised modules, or space in DXN's modular colocation facilities to suit technical specifications and operational requirements. From a single rack in the colocation facilities through to fully customised Edge Infrastructure, DXN can deliver a range of solutions to meet modern data centre requirements. DXN has achieved an industry first and become the first modular data centre developer in the world to receive both Uptime Institute Tier-Ready III and Tier-Ready IV design review awards. For more <https://dxn.solutions>

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ASX Release authorised by the Disclosure Committee

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