

APPENDIX 4D

Half-year report



1. COMPANY DETAILS

Name of entity: **DXN Limited**
ABN: 46 620 888 548
Reporting period: For the half-year ended 31 December 2022
Previous period: For the half-year ended 31 December 2021

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

				\$
Revenues from ordinary activities	down	42.0%	to	3,811,296
Loss from ordinary activities after tax attributable to the owners of DXN Limited	down	42.3%	to	(2,241,444)
Loss for the half-year attributable to the owners of DXN Limited	down	42.3%	to	(2,241,444)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the Group after providing for income tax amounted to \$2,241,444 (31 December 2021: \$3,884,699).

3. DIVIDENDS

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

4. NET TANGIBLE ASSETS

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.41	0.41

5. CONTROL GAINED OVER ENTITIES

Not applicable.

6. LOSS OF CONTROL OVER ENTITIES

Not applicable.

7. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Not applicable.

8. AUDIT QUALIFICATION ON REVIEW

Details of audit/review dispute or qualification (if any):

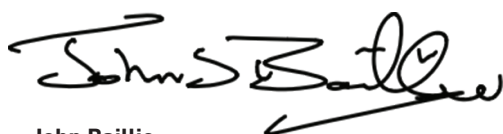
The auditor's review report is unmodified but contains an emphasis of matter paragraph related to material uncertainty regarding going concern.

9. ATTACHMENTS

Details of attachments (if any):

The Interim Report of DXN Limited for the half-year ended 31 December 2022 is attached.

10. SIGNED

A handwritten signature in black ink, appearing to read 'John Baillie', with a long horizontal stroke extending from the end.

John Baillie
Non-Executive Chairman

Date: 24 February 2023

FINANCIAL REPORT

For the half-year ended 31 December 2022

DXN Limited
(ACN 620 888 548)



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CORPORATE DIRECTORY



DIRECTORS

John Baillie
John Dimitropoulos
Peter McGrath

COMPANY SECRETARY

George Lazarou

REGISTERED OFFICE

5 Parkview Drive
Sydney Olympic Park NSW 2127
Telephone: 1300 328 239

PRINCIPAL OFFICE

3 Dampier Road
Welshpool WA 6106
Telephone: 1300 328 239

SHARE REGISTRAR

Automic Pty Ltd
Level 5
191 St Georges Terrace
Perth WA 6000

AUDITORS

Moore Australia Audit (WA)
Level 15 Exchange Tower
2 The Esplanade
Perth WA 6000

SOLICITORS

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Arnotts Technology Lawyers
Level 8, 23 Hunter Street
Sydney NSW 2000

BANKERS

ANZ
15 Hutton Street
Osborne Park WA 6017

Westpac
341 George Street
Sydney NSW 2000

STOCK EXCHANGE LISTING

DXN Limited shares are listed on the
Australian Securities Exchange
(ASX code: DXN, DXNOD)

DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of DXN Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

Directors

The following persons were directors of DXN Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

John Baillie

John Dimitropoulos

Peter McGrath (*appointed on 25 November 2022*)

Richard Carden (*resigned on 25 November 2022*)

PRINCIPAL ACTIVITIES

DXN's Data centre manufacturing division engineers, constructs and commissions data centre solutions globally. The Group's data centre infrastructure has a wide range of applications, which includes edge data centres and telecommunications applications (satellite, and cable landing stations). The Group's prefabricated construction method reduces the on-site labour and time to deploy and improves quality. Solutions by DXN's Data centre manufacturing division are ideal for rapid deployments in both urban and remote locations.

DXN's Data centre operations division provide space, power, cooling, and physical security for clients to house their computer servers and related storage and networking equipment. The data centre operations have now been classified as 'discontinued operations' – see note 7 for further details.

DIVIDENDS

There were no dividends paid, recommended or declared during the current or previous financial half-year.

REVIEW OF OPERATIONS

The loss for the Group after providing for income tax amounted to \$2,241,444 (31 December 2021: \$3,884,699).

H1FY2023 sales to customers were down 42% from H1FY2022 mainly due to uncertainty during the period with customers, around the proposed sale of the DXN business to Flow Digital and subsequent termination of the business sale agreement. As per the update to the market on 28 December 2022, many customers delayed discussions, and now that the uncertainty has been resolved, customers have resumed engagement with DXN.

DXN reported a 13% gross margin improvement during the same period, mainly due to the upfront cash contribution from the Flow Exclusive Global Distribution License Agreement ('EGDLA') and Exclusive Global Consulting Services Agreement ('EGCSA'), as well as funds received from the R&D tax offset.

Earnings before interest, taxation, depreciation and amortisation ('EBITDA') is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for specific items. The directors consider EBITDA to reflect the core earnings of the Group.

	31 Dec 2022	31 Dec 2021	Change	Change
	\$	\$	%	%
Sales to customers	3,811,296	6,624,060	(2,812,764)	(42%)
Cost of goods sold	(1,855,363)	(4,899,689)	3,044,326	(62%)
Gross margin	1,955,933	1,724,371	231,562	13%

Other income	1,119,993	874,861	245,132	28%
Less: other operating expenses	(2,953,512)	(4,322,360)	1,368,848	(32%)
EBITDA	122,414	(1,723,128)	1,845,542	(107%)

EBITDA	122,414	(1,723,128)	1,845,542	(107%)
Depreciation and amortisation expenses	(1,590,700)	(1,782,657)	191,957	(11%)
Foreign exchange gains/(losses)	3,582	21,250	(17,668)	(83%)
Equity-settled employee costs	(18,486)	(105,929)	87,443	(83%)
Finance expenses	(762,752)	(294,853)	(467,899)	159%
Finance income	4,498	618	3,880	628%
Net loss after tax	(2,241,444)	(3,884,699)	1,643,255	(42%)

Data centre manufacturing

- During the half-year DXN continued to design, build and deploy orders for major Tier 1 customers such as Sub.co, Belau Submarine Cable Company (BSCC), Covalent Lithium, Mawson Infrastructure, Telstra, Centre of National Resilience in Perth through Multiplex, and several large global internet companies.
- On 28 November 2022 DXN announced that it had entered into an EGDLA and EGCSA with Flow2Edge Holdings I Pte Ltd (Flow). The EGDLA is a contract for a minimum of 10 modules per year (for exclusivity to continue on a yearly basis) for 10 years with an exclusivity fee of \$2 million while the EGCSA is a consulting contract for \$1.5 million over 3 years. DXN has since received \$2 million in cash as part of the exclusivity and licensing fees associated to the EGDLA. Further, DXN has also received the first quarterly payment of \$125,000 related to the EGCSA.
- The continued growth of subsea cables within the region, as well as the increases in automation in the resources sector and new applications of technology linked Edge Data Centres, all feed the greater demand for DXN's prefabricated modular data centres for customers.
- As DXN focuses on our core business of Data centre manufacturing, underpinned by the EGDLA with Flow, as well as potential new modular manufacturing opportunities within Australia, we anticipate a turnaround in calendar year 2023.

Data centre operations

- DXN's Data centre operations have been classified in this report as 'discontinued operations' (see note 7) as the Board continues to consider all strategic options to sell its data centre operations assets. DXN has received non-binding indicative offers to acquire its data centre assets and negotiations are ongoing. In the meantime, it is 'business as usual' within the data centre operations.
- Sydney (SYD01) – During this financial half-year, DXN continued its Cloud product sales activities in partnership with OrionVM, an Australian based cloud solution provider. DXN also commenced onboarding new rack customers in SYD01 during the financial half- year.
- Hobart (TAS01) – DXN's primary customer at the data centre is Tasmanet, one of only two accredited suppliers to the Tasmanian Government for the Tasmanian Cloud.
- Darwin – Secure Data Centre (SDC) continues to perform positively, and as expected.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 5 August 2022, DXN announced that all the business assets of DXN shall be sold to Flow2Edge Australia Pty Ltd for approximately \$26 million in cash, subject to completion adjustments. The Sale Agreement included the sale of 100% of the shares in TAS01 Pty Ltd, 100% of the shares in Secure Data Centre Pty Ltd and 100% of the units in SDC Trust, and of the business and assets of DXN. The sale was conditional on satisfying various conditions precedent.

In the same announcement, DXN advised that it had breached its financial covenant under its Facility Agreement entered into with Pure Asset Management Pty Ltd ('Pure') in October 2021. Pure agreed to waive its rights in relation to the relevant default of the financial covenant. DXN also undertook and completed a placement for \$2.125 million (before transaction costs) through the issue of up to 250 million fully paid ordinary shares at \$0.0085 per share, being priced at a 70% premium to DXN's last closing share price of \$0.005 as at 4 August 2022. The Placement was to be used to fund DXN's working capital position up until the expected completion date of the transaction. These shares were issued on 11 August 2022.

On 12 September 2022, DXN announced, due to the inability to satisfy a condition precedent, a further update to the sale of business assets of DXN. Under the revised Sale Agreement, the Edge modular manufacturing business was to be sold to Flow2Edge Australia Pty Ltd for \$20 million in cash, while DXN would retain its data centre operations business and consider related strategic options.

On 17 October 2022, DXN announced that this revised Sale Agreement had been executed.

On 31 October 2022, DXN announced that Flow had provided notice to the Company that the conditions precedent to completion of the Sale Agreement could not be satisfied. The transaction could not be completed in its current form and the Sale Agreement was terminated.

On 28 November 2022, DXN announced that it had entered into an Exclusive Global (excluding Australia) Distribution Licence Agreement ('EGDLA') with Flow2Edge Holdings I Pte Ltd ('FLOW2Edge') targeting the international export market for DXN data centre modules. FLOW2Edge is to pay DXN \$2 million in exclusivity fees (subsequently received by DXN in December 2022) for an initial 10-year agreement for worldwide (excluding Australia) exclusivity for the marketing and distribution of DXN Modules. During the first 12 months of the EGDLA, commencing 180 days from the date of signing, FLOW2Edge must place orders with DXN for a minimum of 10 DXN Modules.

At the same time, DXN also entered into an Exclusive Global Consulting Services Agreement ('EGCSA') with FLOW2Edge to support their edge data centre operations across Asia Pacific. FLOW2Edge will pay DXN \$1.5 million in consulting fees, payable over 3 years, which is the initial term, and can be mutually extended after the initial term.

As has been previously announced to the market, and most recently on 28 December 2022, DXN has been considering all strategic options to sell its data centre assets, thereby providing the opportunity to repay existing debt facilities, provide additional working capital to the modular manufacturing business, and focus on reaching positive EBITDA.

DXN has received non-binding indicative offers to acquire its data centre assets and negotiations are ongoing. As such, the Company has disclosed these business assets as 'discontinued operations'.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL HALF-YEAR

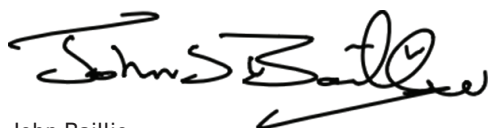
No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

Signed in accordance with a resolution of the Board of Directors.



John Baillie
Non-Executive Chairman

24 February 2023



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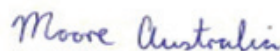
**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF DXN LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2022, there have been:

- a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- b) no contraventions of any applicable code of professional conduct in relation to the review.



SHAUN WILLIAMS
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 24th day of February 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2022

	Note	Consolidated 31 Dec 2022 \$	31 Dec 2021 \$
Revenue from continuing operations			
Sales to customers	4	2,485,591	5,711,236
Cost of goods sold		(1,289,085)	(4,703,024)
Gross margin		1,196,506	1,008,212
Other income	5	1,091,798	895,828
Interest revenue calculated using the effective interest method		4,498	618
Expenses			
Acquisition expenses		-	(20,615)
Administration expenses		(201,248)	(96,292)
Compliance and legal expenses		(202,840)	(347,449)
Consultants and contractors		(72,355)	(111,416)
Depreciation and amortisation expenses	6	(101,858)	(51,992)
Employee benefits expenses		(1,643,252)	(2,051,070)
Loss on disposal of assets		(37,198)	-
Marketing expenses		(12,574)	(1,611)
Occupancy expenses		(44,491)	(509,224)
Research and development expense		(38,969)	(504,972)
Telecommunication and technology expenses		(15,945)	(289)
Travel expenses		(37,275)	(12,230)
Finance costs	6	(378,345)	(171,366)
Loss before income tax expense from continuing operations		(493,548)	(1,973,868)
Income tax expense		-	-
Loss after income tax expense from continuing operations		(493,548)	(1,973,868)
Loss after income tax expense from discontinued operations	7	(1,747,896)	(1,910,831)
Loss after income tax expense for the half-year attributable to the owners of DXN Limited		(2,241,444)	(3,884,699)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive loss for the half-year attributable to the owners of DXN Limited		<u>(2,241,444)</u>	<u>(3,884,699)</u>
Total comprehensive loss for the half-year is attributable to:			
Continuing operations		(493,548)	(1,973,868)
Discontinued operations		(1,747,896)	(1,910,831)
		<u>(2,241,444)</u>	<u>(3,884,699)</u>
Earnings per share for loss from continuing operations attributable to the owners of DXN Limited			
Basic earnings per share	8	(0.03)	(0.15)
Diluted earnings per share	8	(0.03)	(0.15)
Earnings per share for loss from discontinued operations attributable to the owners of DXN Limited			
Basic earnings per share	8	(0.10)	(0.15)
Diluted earnings per share	8	(0.10)	(0.15)
Earnings per share for loss attributable to the owners of DXN Limited			
Basic earnings per share	8	(0.13)	(0.30)
Diluted earnings per share	8	(0.13)	(0.30)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	Consolidated 31 Dec 2022 \$	30 Jun 2022 \$
Assets			
Current assets			
Cash and cash equivalents	9	2,492,294	1,924,767
Trade and other receivables	10	204,759	649,672
Inventories/work in progress	11	1,121,338	1,248,380
Other assets	12	321,277	134,460
		<u>4,139,668</u>	<u>3,957,279</u>
Assets of disposal groups classified as held for sale	16	20,373,554	-
Total current assets		<u>24,513,222</u>	<u>3,957,279</u>
Non-current assets			
Property, plant and equipment	13	262,752	7,193,482
Right-of-use assets	14	1,010,664	11,184,958
Intangibles	15	204,569	3,796,859
Bank guarantees and deposits		33,917	528,917
Other assets	12	515,833	608,333
Total non-current assets		<u>2,027,735</u>	<u>23,312,549</u>
Total assets		<u>26,540,957</u>	<u>27,269,828</u>
Liabilities			
Current liabilities			
Trade and other payables	17	1,137,867	2,503,210
Contract liabilities		143,436	332,507
Borrowings	18	313,248	58,971
Lease liabilities	19	116,272	728,679
Employee benefits		154,755	156,743
Income in advance	20	916,667	-
Other financial liabilities		868,164	850,000
		<u>3,650,409</u>	<u>4,630,110</u>
Liabilities directly associated with assets classified as held for sale	21	10,209,551	-
Total current liabilities		<u>13,859,960</u>	<u>4,630,110</u>
Non-current liabilities			
Borrowings	18	4,128,792	4,000,000
Lease liabilities	19	961,266	10,775,981
Employee benefits		13,091	16,038
Other financial liabilities		400,000	400,000
Total non-current liabilities		<u>5,503,149</u>	<u>15,192,019</u>
Total liabilities		<u>19,363,109</u>	<u>19,822,129</u>
Net assets		<u>7,177,848</u>	<u>7,447,699</u>
Equity			
Issued capital	22	45,424,949	43,471,842
Reserves	23	1,410,382	1,391,896
Accumulated losses		<u>(39,657,483)</u>	<u>(37,416,039)</u>
Total equity		<u>7,177,848</u>	<u>7,447,699</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2022

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	40,345,107	1,176,956	(30,513,590)	11,008,473
Loss after income tax expense for the half-year	-	-	(3,884,699)	(3,884,699)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(3,884,699)	(3,884,699)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of shares	3,343,966	-	-	3,343,966
Capital raising costs	(217,231)	32,667	-	(184,564)
Share-based payments	-	105,929	-	105,929
Balance at 31 December 2021	<u>43,471,842</u>	<u>1,315,552</u>	<u>(34,398,289)</u>	<u>10,389,105</u>
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	43,471,842	1,391,896	(37,416,039)	7,447,699
Loss after income tax expense for the half-year	-	-	(2,241,444)	(2,241,444)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(2,241,444)	(2,241,444)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of shares	2,125,000	-	-	2,125,000
Capital raising costs	(171,893)	-	-	(171,893)
Share-based payments	-	18,486	-	18,486
Balance at 31 December 2022	<u>45,424,949</u>	<u>1,410,382</u>	<u>(39,657,483)</u>	<u>7,177,848</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2022

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
Cash flows from operating activities		
Receipts from customers	5,490,169	7,898,087
Payments to suppliers and employees	(7,306,420)	(8,591,172)
R&D tax incentive claim	1,029,786	826,741
Government grants	58,430	45,203
Interest received	4,508	385
Interest paid	-	(16,353)
Other income	-	2,034
Net cash (used in)/from operating activities	(723,527)	164,925
Cash flows from investing activities		
Payments associated with the acquisition of business	-	(3,629,032)
Payments for plant and equipment	(1,900)	(19,828)
Payments for intangible assets	-	(25,272)
Net cash (used in) investing activities	(1,900)	(3,674,132)
Cash flows from financing activities		
Proceeds from issue of shares and options	2,125,000	3,143,966
Payment of capital raising costs	(171,893)	(184,564)
Finance facility drawn down	-	4,000,000
Repayment of finance facility	(18,925)	(1,645,891)
Transaction costs related to loans and borrowings	(228,039)	(346,474)
Net cash from financing activities	1,706,143	4,967,037
Net increase in cash and cash equivalents	980,716	1,457,830
Cash and cash equivalents at the beginning of the financial half-year	1,924,767	1,663,955
Effects of exchange rate changes on cash and cash equivalents	(14,477)	(12,369)
Cash and cash equivalents at the end of the financial half-year	2,891,006	3,109,416

The above consolidated statement of cash flow should be read in conjunction with the accompanying notes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

Note 1. General information

The financial statements cover DXN Limited and the entities it controlled (together referred to as the 'Group') at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is DXN Limited's functional and presentation currency.

DXN Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

5 Parkview Drive
Sydney Olympic Park NSW 2127

Principal place of business

3 Dampier Road
Welshpool WA 6106

Other business addresses

40-50 Innovation Drive
Dowsing Point Tasmania 7010

27 Harvey Street
Darwin NT 0800

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 February 2023.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements are condensed financial statements that do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Discontinued operations

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Disposal groups classified as held for sale

Disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

Note 2. Significant accounting policies (continued)

Going concern

The accounts have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. The Group incurred a loss of \$2,241,444 (31 December 2021: loss of \$3,884,699) for the period ended 31 December 2022 and operating cash outflow of \$723,527 (31 December 2021: cash inflow of \$164,925).

The ability of the Group to continue to pay its debts as and when they fall due is dependent upon the Group successfully raising additional share capital, refinancing debt facilities, and generating sufficient revenue.

The directors are of the view that there is sufficient working capital in the Group to pay its debts as and when they fall due on the basis that DXN continues to generate ongoing revenues at current levels.

The directors believe it is appropriate to prepare these accounts on a going concern basis because:

- the signing of the Flow EGDLA agreement - during the first 12 months of the EGDLA, commencing 180 days from signing, Flow must place orders with DXN for a minimum of ten (10) DXN modules - it has already paid the \$2 million exclusivity fee in the current half-year;
- the signing of the Flow EGCSA agreement - Flow will pay DXN \$1,500,000 in consulting fees, payable over 3 years, which is the initial term, and can be mutually extended after the initial term. In the first twelve (12) months of the agreement, DXN is to receive \$125,000 per quarter, before reverting to a monthly amount of \$41,667 for the remaining two (2) years of the initial agreement. The first \$125,000 was received in the current half-year;
- DXN has also commenced a process for the sale of its data centre operations assets, thereby providing the opportunity to repay existing debt facilities and recapitalise the modular manufacturing business;
- should the sale of the Data Centre operations businesses not proceed, there is sufficient positive operating cash flows from the Hobart and Darwin Data Centres, to repay outstanding liabilities and continue normal operations;
- should the sale of the Data centre operations businesses not proceed, the directors have the opportunity to explore sub-leasing options for the Sydney data centre;
- the directors have an appropriate plan to increase revenues by introducing additional cloud products and customers into the Data Centres, if required;
- the directors have an appropriate plan to contain certain operating expenditure such as reducing employee and administrative costs, as required;

The accounts have been prepared on the basis that the Group can meet its commitments as and when they fall due and can therefore continue normal business activities, and the realisation of assets and liabilities in the ordinary course of business.

Note 3. Operating segments

Identification of reportable operating segments

The Group is organised into two operating segments: Data centre manufacturing and Data centre operations. These operating segments are based on the internal reports that are reviewed and used by the Chief Executive Officer ('CEO') and the Group's Executive Leadership Team (who are identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The information reported to the CODM on a monthly basis is the segment profit that represents the profit earned by each segment without allocation of the share of central administration costs including directors' salaries, finance income, non-operating gains and losses in respect of financial instruments and finance costs, and income tax expense.

Operating segment information

Major customers

The Group has a number of customers to which it provides services and products.

Data centre manufacturing

The Group supplies 2 single external customers who account for 55% and 28% (31 December 2021: 2 customers; 48% and 20%) of the external revenue. The next most significant customer accounts for 14% (31 December 2021: 7%) of the external revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

Note 3. Operating segments (continued)

Data centre operations

The Group supplies 1 single external customer which accounts for 34% (31 December 2021: 1 customer; 54%) of the total segment revenue.

The Data centre operations have been disclosed in this report as 'Discontinued operations' – see note 7.

There were no intersegment sales during the reporting periods.

Operating segment information

	Data centre manufacturing \$	Data centre operations \$	Other (Corporate) \$	Total \$
Consolidated - 31 Dec 2022				
Revenue				
Revenue from external customers	2,485,591	1,325,705	-	3,811,296
Other income	-	31,777	1,096,295	1,128,072
Total revenue	2,485,591	1,357,482	1,096,295	4,939,368
Results				
Profit/(loss) before income tax	398,534	(1,747,896)	(892,082)	(2,241,444)
Income tax	-	-	-	-
Profit/(loss) after income tax	398,534	(1,747,896)	(892,082)	(2,241,444)
Assets				
Segment assets	3,046,508	20,373,554	3,120,895	26,540,957
Total assets				26,540,957
Liabilities				
Segment liabilities	3,373,518	10,209,551	5,780,040	19,363,109
Total liabilities				19,363,109
Consolidated - 31 Dec 2021				
Revenue				
Revenue from external customers	5,710,953	913,107	-	6,624,060
Other income	-	-	896,729	896,729
Total revenue	5,710,953	913,107	896,729	7,520,789
Results				
Profit/(loss) before income tax	251,864	(1,529,134)	(2,607,429)	(3,884,699)
Income tax	-	-	-	-
Profit/(loss) after income tax	251,864	(1,529,134)	(2,607,429)	(3,884,699)
Consolidated - 30 Jun 2022				
Assets				
Segment assets	3,320,218	21,697,912	2,251,698	27,269,828
Total assets				27,269,828
Liabilities				
Segment liabilities	3,599,571	11,394,313	4,828,245	19,822,129
Total liabilities				19,822,129

Assets used jointly by reportable segments are allocated on the basis of the revenues earned by the individual reportable segments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

Note 3. Operating segments (continued)

All revenue is derived in Australia.

Note 4. Revenue

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
From continuing operations		
<i>Revenue from contracts with customers</i>		
Sales to customers	<u>2,485,591</u>	<u>5,711,236</u>

100% of the Group's revenue from external customers is recognised over time.

All revenue is derived in Australia.

Note 5. Other income

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
From continuing operations		
Research and development tax incentive claim	1,029,786	826,741
Export marketing development grant	36,600	30,000
Government wage subsidies	21,830	15,203
Net foreign exchange gain	3,582	21,250
Other	-	2,634
Other income	<u>1,091,798</u>	<u>895,828</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

Note 6. Expenses

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
Loss before income tax from continuing operations includes the following specific expenses:		
<i>Depreciation</i>		
Depreciation - property, plant and equipment	14,617	29,562
Depreciation - right-of-use assets	73,060	12,177
Total depreciation	87,677	41,739
<i>Amortisation</i>		
Amortisation - intangibles	14,181	10,253
Total depreciation and amortisation	101,858	51,992
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	346,277	171,366
Interest and finance charges paid/payable on lease liabilities	32,068	-
	378,345	171,366
<i>Leases</i>		
Short-term lease payments	-	-
<i>Superannuation expense</i>		
Defined contribution superannuation expense	165,569	145,077
<i>Employee benefits expense excluding superannuation</i>		
Employee benefits expense excluding superannuation	1,477,683	1,905,993

Note 7. Discontinued operations

DXN's Data centre operations have been classified in this half-year report as 'discontinued operations' as the Board continues to consider all strategic options to sell its data centre operations assets. DXN has received non-binding indicative offers to acquire its data centre assets and negotiations are in advanced stages.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

Note 7. Discontinued operations (continued)

Financial performance information

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
Sales to customers	1,325,705	904,013
Cost of goods sold	(566,278)	(196,665)
Gross margin	<u>759,427</u>	<u>707,348</u>
Other income	31,777	9,094
Administration expenses	(29,161)	(42,653)
Compliance and legal expenses	(3,600)	-
Consultants and contractors	(125,400)	(41,800)
Depreciation and amortisation expenses	(1,488,842)	(1,730,665)
Employee benefits expenses	(131,662)	(156,763)
Marketing expenses	(606)	(202)
Occupancy expenses	(313,680)	(475,693)
Telecommunication and technology expenses	(61,742)	(56,010)
Finance costs	(384,407)	(123,487)
Total expenses	<u>(2,539,100)</u>	<u>(2,627,273)</u>
Loss before income tax expense	(1,747,896)	(1,910,831)
Income tax expense	-	-
Loss after income tax expense from discontinued operations	<u>(1,747,896)</u>	<u>(1,910,831)</u>

Cash flow information

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
Net cash (used in) operating activities	(944,102)	(1,084,601)
Net cash (used in) investing activities	(1,900)	(3,629,032)
Net cash (used in) financing activities	-	(831,598)
Net decrease in cash and cash equivalents from discontinued operations	<u>(946,002)</u>	<u>(5,545,231)</u>

For details of contingent liabilities in relation to discontinued operations refer to note 25.

Note 8. Earnings per share

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the owners of DXN Limited	<u>(493,548)</u>	<u>(1,973,868)</u>
	Cents	Cents
Basic earnings per share	(0.03)	(0.15)
Diluted earnings per share	(0.03)	(0.15)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

Note 8. Earnings per share (continued)

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
<i>Earnings per share for loss from discontinued operations</i>		
Loss after income tax attributable to the owners of DXN Limited	<u>(1,747,896)</u>	<u>(1,910,831)</u>
	Cents	Cents
Basic earnings per share	(0.10)	(0.15)
Diluted earnings per share	(0.10)	(0.15)

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
<i>Earnings per share for loss</i>		
Loss after income tax attributable to the owners of DXN Limited	<u>(2,241,444)</u>	<u>(3,884,699)</u>
	Cents	Cents
Basic earnings per share	(0.13)	(0.30)
Diluted earnings per share	(0.13)	(0.30)

At 31 December 2022 and 31 December 2021, options and performance rights over ordinary shares were excluded from the calculation of the weighted average number of ordinary shares used in calculating diluted earnings per share due to being anti-dilutive, as the Group reported a loss for the period.

	Number	Number
<i>Weighted average number of ordinary shares</i>		
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>1,665,608,315</u>	<u>1,300,312,636</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>1,665,608,315</u>	<u>1,300,312,636</u>

Note 9. Cash and cash equivalents

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Current assets</i>		
Cash at bank and on hand	<u>2,492,294</u>	<u>1,924,767</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

Note 10. Trade and other receivables

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Current assets</i>		
Trade receivables	144,754	635,390
Less: Allowance for expected credit losses	-	-
	<u>144,754</u>	<u>635,390</u>
 GST receivable	 60,005	 14,282
	<u><u>204,759</u></u>	<u><u>649,672</u></u>

Allowance for expected credit losses

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Consolidated	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
	%	%	\$	\$	\$	\$
0 to 30 days	-	-	64,248	314,975	-	-
30 to 60 days	-	-	-	8,416	-	-
60 to 90 days	-	-	-	-	-	-
over 90 days	-	-	80,506	311,999	-	-
			<u>144,754</u>	<u>635,390</u>	<u>-</u>	<u>-</u>

Note 11. Inventories/work in progress

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Current assets</i>		
Materials and consumables	716,831	467,366
Work in progress - Customers (contract asset) ¹	404,507	781,014
	<u><u>1,121,338</u></u>	<u><u>1,248,380</u></u>

¹ Relates to external customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

Note 12. Other assets

	Consolidated 31 Dec 2022 \$	30 Jun 2022 \$
<i>Current assets</i>		
Prepayments	292,553	120,904
Bank guarantees	15,168	-
Other deposits	13,556	13,556
	<u>321,277</u>	<u>134,460</u>
<i>Non-current assets</i>		
Other non-current assets (Borrowing costs capitalised net of amortisation)	515,833	608,333
	<u>837,110</u>	<u>742,793</u>

Note 13. Property, plant and equipment

	Consolidated 31 Dec 2022 \$	30 Jun 2022 \$
<i>Non-current assets</i>		
Leasehold improvements - at cost	2,384	3,045,118
Less: Accumulated depreciation	(1,912)	(693,259)
	<u>472</u>	<u>2,351,859</u>
Plant and equipment - at cost	417,220	286,054
Less: Accumulated depreciation	(170,365)	(151,425)
	<u>246,855</u>	<u>134,629</u>
Motor vehicles - at cost	26,016	26,016
Less: Accumulated depreciation	(13,676)	(12,050)
	<u>12,340</u>	<u>13,966</u>
Office equipment - at cost	28,798	61,126
Less: Accumulated depreciation	(27,736)	(50,558)
	<u>1,062</u>	<u>10,568</u>
DC modules - at cost	-	10,415,688
Less: Accumulated depreciation	-	(5,768,198)
	<u>-</u>	<u>4,647,490</u>
ICT hardware - at cost	86,962	340,736
Less: Accumulated depreciation	(84,939)	(305,766)
	<u>2,023</u>	<u>34,970</u>
	<u>262,752</u>	<u>7,193,482</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

Note 14. Right-of-use assets

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Non-current assets</i>		
Land and buildings - right-of-use	1,168,961	12,178,466
Less: Accumulated depreciation	(158,297)	(993,508)
	<u>1,010,664</u>	<u>11,184,958</u>

Note 15. Intangibles

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Non-current assets</i>		
Goodwill - at cost	-	1,986,421
Software development - at cost	175,682	38,970
Patents and trademarks - at cost	-	36,480
Less: Accumulated amortisation	-	(8,390)
	-	28,090
Software - at cost	112,729	232,167
Less: Accumulated amortisation	(83,842)	(141,443)
	28,887	90,724
Customer contracts - at cost	-	2,703,418
Less: Accumulated amortisation	-	(1,050,764)
	-	1,652,654
	<u>204,569</u>	<u>3,796,859</u>

Note 16. Assets of disposal groups classified as held for sale

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
Cash and cash equivalents	398,712	-
Trade and other receivables	128,017	-
Bank guarantees	495,000	-
Other current assets	414	-
Property, plant and equipment	6,311,725	-
Right-of-use assets	9,654,236	-
Intangibles	3,385,450	-
	<u>20,373,554</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

Note 17. Trade and other payables

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Current liabilities</i>		
Trade payables ¹	902,152	2,152,202
Payroll liabilities	109,997	162,552
Other payables and accruals ²	125,718	188,456
	<u>1,137,867</u>	<u>2,503,210</u>

Terms and conditions relating to the above financial instruments.

¹ Trade payables are non-interest bearing and generally on 30 day terms.

² Other payables are non-interest bearing have no fixed repayment terms.

Note 18. Borrowings

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Current liabilities</i>		
Insurance premium funding	295,663	60,855
FlexiCommercial Pty Ltd ¹	42,888	-
Less: Unexpired charges	(25,303)	(1,884)
	<u>313,248</u>	<u>58,971</u>
<i>Non-current liabilities</i>		
Pure Asset Management Pty Ltd ²	4,000,000	4,000,000
FlexiCommercial Pty Ltd	153,682	-
Less: Unexpired charges	(24,890)	-
	<u>4,128,792</u>	<u>4,000,000</u>
	<u>4,442,040</u>	<u>4,058,971</u>

¹ This is a Chattel Mortgage Facility with FlexiCommercial Pty Ltd for a Pressbrake Machine in use in our Perth factory. The interest rate on this facility is 9.996% and is repayable over 5 years (60 months) with no balloon payment.

² \$4,000,000 secured facility with Pure Asset Management Pty Ltd ('Pure') is to finance working capital and acquisitions. The interest rate on this facility (including line fee) is 11.25% per annum. In addition, there was a 2.5% establishment fee. This facility is due to mature on 14 October 2025 and is secured by a General Security Agreement over the assets of the Company. This facility is subject to financial covenants, where a breach of a covenant can lead to an 'Event of Default'. As at 31 December 2022, there was no 'Event of Default'.

As previously disclosed, DXN reported a breach of a financial covenant to Pure, where the Group's cash balance had fallen below \$1,250,000. On 5 August 2022, Pure provided a waiver for the breach of the covenant, subject to DXN executing the following agreements:

- i) a business purchase agreement in relation to the main assets and undertaking of the Group; and
 - ii) an underwriting agreement between the Borrower and the Lender in connection with the proposed \$2,125,000 share placement by the Borrower,
- each in a form satisfactory to the Lender.

As announced to the market on 5 August 2022, both agreements were successfully executed. Additionally, Pure amended the Facility Agreement by increasing the level of cash required under its financial covenant to \$1,600,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

Note 19. Lease liabilities

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Current liabilities</i>		
Lease liability	116,272	728,679
<i>Non-current liabilities</i>		
Lease liability	961,266	10,775,981
	<u>1,077,538</u>	<u>11,504,660</u>

Note 20. Income in advance

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Current liabilities</i>		
Income in advance	916,667	-

As per the Exclusive Global Distribution License Agreement ('EGDLA') signed with Flow2Edge Holdings I Pte Ltd ('Flow'), and announced to the market on 28 November 2022, DXN received an upfront \$2 million exclusivity fee for an initial 10-year agreement for worldwide (excluding Australia) exclusivity for the marketing and distribution of DXN Modules. During the first 12 months of the EGDLA, commencing 180 days from the date of signing, FLOW2Edge must place orders with DXN for a minimum of 10 DXN Modules. The first \$1 million of this exclusivity fee has been immediately recognised upon receipt, whilst the remaining \$1 million will be recognised over the first twelve months of the agreement.

Note 21. Liabilities directly associated with assets classified as held for sale

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
Trade payables	75,979	-
Payroll liabilities	8,830	-
GST payable	9,226	-
Other payables	22,082	-
Lease liability	10,068,975	-
Employee benefits	24,459	-
	<u>10,209,551</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

Note 22. Issued capital

	31 Dec 2022 Shares	Consolidated 30 Jun 2022 Shares	31 Dec 2022 \$	30 Jun 2022 \$
Ordinary shares - fully paid	<u>1,721,314,836</u>	<u>1,471,314,836</u>	<u>45,424,949</u>	<u>43,471,842</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2022	1,471,314,836		43,471,842
Issue of shares - placement	11 August 2022	250,000,000	\$0.0085	2,125,000
Capital raising costs				(171,893)
Balance	31 December 2022	<u>1,721,314,836</u>		<u>45,424,949</u>

Note 23. Reserves

	Consolidated 31 Dec 2022 \$	30 Jun 2022 \$
Share-based payments reserve	1,100,080	1,081,594
Options reserve	<u>310,302</u>	<u>310,302</u>
	<u>1,410,382</u>	<u>1,391,896</u>

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Share-based payments \$	Options \$	Total \$
Balance at 1 July 2022	1,081,594	310,302	1,391,896
Share-based payments	<u>18,486</u>	<u>-</u>	<u>18,486</u>
Balance at 31 December 2022	<u>1,100,080</u>	<u>310,302</u>	<u>1,410,382</u>

Note 24. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

Note 25. Contingent liabilities

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Discontinued operations</i>		
5 Parkview Drive, Olympic Park, Sydney NSW ¹	495,000	495,000
<i>Continuing operations</i>		
3 Dampier Road, Welshpool, WA ¹	33,917	33,917
	<u>528,917</u>	<u>528,917</u>

¹ Relates to deposits given to landlords' legal representatives at 31 December 2022 over leased premises. These deposits are held in solicitor trust accounts and are classified as restricted cash.

Note 26. Commitments

There were no capital commitments as at 31 December 2022 and 30 June 2022.

Note 27. Related party transactions

Transactions with related parties

There were no transactions with related parties during the current and previous financial half-year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 28. Events after the reporting period

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

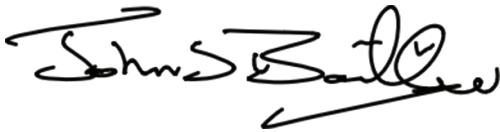
DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'John Baillie', with a stylized flourish at the end.

John Baillie
Non-Executive Chairman

24 February 2023

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF DXN LIMITED****Report on the Half-Year Financial Report****Conclusion**

We have reviewed the accompanying half-year financial report of DXN Limited (the Company) and its controlled entities (the Consolidated Entity or Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the company is not in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard *AASB 134: Interim Financial Reporting and the Corporations Regulations 2001*.

Emphasis of Matter – Material Uncertainty Regarding Going Concern

Without modification to our conclusion expressed above, we draw attention to Note 2 "Going Concern" of the financial statements which states that the financial statements have been prepared on a going concern basis. Should the Company be unable to achieve the funding outcomes described in Note 2 and continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts other than as stated in the financial report.

Basis for Conclusion

We conducted our review in accordance with Auditing Standards on Review Engagements *ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF DXN LIMITED (CONTINUED)

Auditor's Responsibility for the Review of the Financial Report

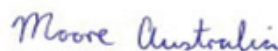
Our responsibility is to express a conclusion on the financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial report is not in accordance with the *Corporations Act 2001* including:

- i. giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and
- ii. complying with *Accounting Standard AASB 134: Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



SHAUN WILLIAMS
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 24th day of February 2023.





DXN Limited (DXN) specialises in designing, manufacturing, and operating state-of-the-art data centres that are located in strategic locations to better serve the needs of users. We at DXN believe in pushing the boundaries of what traditional data centres can achieve, particularly when it comes to edge computing. As the premier vertically integrated data centre provider in the Asia-Pacific region, we offer both traditional data centre facilities and cutting-edge standalone prefabricated data centre solutions.

5 Parkview Dr,
Sydney Olympic Park
NSW 2127



1300 328 239
www.dxn.solutions