

12 September 2022

ASX Announcement

UPDATE ON SALE OF BUSINESS ASSETS OF DXN

Highlights

- EDGE module manufacturing business to be sold to Flow2Edge Australia Pty Ltd for A\$20 million in cash
- DXN intends to use the cash proceeds to pay down debt and make a distribution to shareholders
- DXN to retain data centre businesses and consider related strategic options

The Board of DXN Limited (ASX: DXN) (“**the Company**” or “**DXN**”) provides a further update to the ASX announcement released on 5 August 2022 in relation to the business sale agreement (“**Sale Agreement**”) with Flow2Edge Australia Pty Ltd (“**FLOW**”) to sell all of DXN’s business and assets, which included all of the shares in subsidiaries, TAS01 Pty Ltd and Secure Data Centre Pty Ltd and all of the units in the SDC Unit Trust (the “**Announced Transaction**”).

Due to the inability to satisfy the conditions precedent to the Sale Agreement, DXN and FLOW have entered into a term sheet (the “**Term Sheet**”) to amend the terms of the Announced Transaction. DXN will now only sell the business and assets that relate to the Company’s EDGE module manufacturing business (**Sale Assets**), with DXN retaining the data centre businesses (the “**Revised Transaction**”). The consideration payable to DXN is A\$20 million. From completion, FLOW will pay all accounts payable in relation to the EDGE module manufacturing business, leave liability for transferring employees and all other liabilities in relation to the Sale Assets.

DXN intends to use the proceeds from the Revised Transaction to repay its debts, provide working capital for its data centre businesses and make a distribution to its shareholders. A further announcement detailing the final terms of the Revised Transaction will be made when DXN and FLOW enter into a definitive, revised business sale agreement (**Revised BSA**).

DXN will determine the amount of the distribution to be made to shareholders and communicate this to shareholders once it has repaid its debts and determined the working capital requirements in relation to the data centre businesses going forward.

On completion of the Revised Transaction the Board of DXN will continue to look at opportunities to extract value for shareholders from the data centre businesses.

FLOW is a private entity incorporated in Australia, which operates under the FLOW Digital Infrastructure group. Further background on FLOW is set out in the Company’s ASX announcement released on 5 August 2022. The Company undertook due diligence on FLOW’s assets and liabilities, financial position and its controlling entity to satisfy the Company of FLOW’s financial capacity to perform its obligations under the Announced Transaction and the Revised Transaction.

The Revised Transaction remains subject to conditions precedent including execution of the Revised BSA and the approval of both the Foreign Investment Review Board (“**FIRB**”) and DXN’s shareholders. DXN expects to put the Revised Transaction to shareholders at its Annual General Meeting, to be held in late November 2022.



Indicative Timetable for the Revised Transaction

Set out below is an indicative timetable for completion of the Revised Transaction.

Event	Date
Notice of Annual General Meeting and Independent Expert's Report for the Revised Transaction sent to DXN shareholders	Late October 2022
DXN Shareholder Meeting to approve the Revised Transaction	Late November 2022
Expected Completion of the Revised Transaction	By 15 December 2022

**The above timetable is an indication only and is subject to change and timing of when all conditions precedent are satisfied.*

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Release of this ASX announcement has been authorised by the Board of DXN Limited

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