

FY22 Interim Results Shareholder Presentation

11 March 2022



Disclaimer

This presentation has been prepared by DXN Limited (ACN 620 888 548) (**DXN** or **Company**).

NOT AN OFFER

This presentation is for information purposes only. This presentation does not comprise a prospectus, product disclosure statement or other offering document under Australian law (and will not be lodged with the Australian Securities and Investments Commission) or any other law.

This presentation also does not constitute or form part of any invitation, offer for sale or subscription or any solicitation for any offer to buy or subscribe for any securities nor shall they or any part of them form the basis of or be relied upon in connection therewith or act as any inducement to enter into any contract or commitment with respect to securities. In particular, this presentation does not constitute an offer to sell or a solicitation to buy, securities in the United States of America.

NOT INVESTMENT ADVICE

This presentation is not investment or financial product advice (nor tax, accounting or legal advice) and are not intended to be used for the basis of making an investment decision. Recipients should obtain their own advice before making any investment decision.

SUMMARY INFORMATION

This presentation does not purport to be all inclusive or to contain all information about the Company or any of the assets, current or future, of the Company.

This presentation contains summary information about the Company and its activities which is current as at the date of the presentation. The information in this presentation is of a general nature and does not purport to contain all the information which a prospective investor may require in evaluating a possible investment in the Company or that would be required in a prospectus or product disclosure statement or other offering document prepared in accordance with the requirements of Australian law or the laws of any other jurisdiction, including the United States of America.

The Company does not undertake to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

FORWARD LOOKING STATEMENTS

Certain statements contained in this presentation, including information as to the future financial or operating performance of the Company and its assets, are forward looking statements. Such forward looking statements:

- (a) **are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies;**
- (b) **involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward looking statements; and**
- (c) **may include, among other things, statements regarding estimates and assumptions in respect of prices, costs, results and capital expenditure, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions.**

The Company disclaims any intent or obligation to publicly update any forward looking statements, whether as a result of new information, future events or results or otherwise.

The words “believe”, “expect”, “anticipate”, “indicate”, “contemplate”, “target”, “plan”, “intends”, “continue”, “budget”, “estimate”, “may”, “will”, “schedule” and similar expressions identify forward looking statements.

All forward looking statements contained in this presentation are qualified by the foregoing cautionary statements. Recipients are cautioned that forward looking statements are not guarantees of future performance and accordingly recipients are cautioned not to put undue reliance on forward looking statements due to the inherent uncertainty therein.

NO LIABILITY

The Company has prepared this presentation based on information available to it at the time of preparation. No representation or warranty, express or implied, is made as to the fairness, accuracy or completeness of the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law, the Company, its related bodies corporate (as that term is defined in the *Corporations Act 2001* (Cth) (**Corporations Act**)) and the officers, directors, employees, advisers and agents of those entities do not accept any responsibility or liability including, without limitation, any liability arising from fault or negligence on the part of any person, for any loss arising from the use of this presentation or its contents or otherwise arising in connection with it.

FY22 1H Highlights

Progress Against Strategy

- ✓ **Strong momentum in modular data centre manufacturing**
- ✓ **Cash Flow positive in the half**
- ✓ **Capital /debt raising closed with Pure Asset**
- ✓ **Successful completion of the acquisition of SDC Darwin**
- ✓ **Melbourne data centre dispute resolved**
- ✓ **Subsequent events – new CEO and management, Multiplex contract**

Financial Snapshot

as at 31 December 2021



60%

Booked revenue growth
over 1HFY21 (\$6.6m)



\$7.9M

New modular contracts
secured in 1HFY22



**Positive
Cashflow
for the Half**



Modular Data Centre
Manufacturing Growth

61%



7.5%

Data Centre
Operations Growth
(excluding Darwin)

\$3.1M

Cash at bank as at
31 December 2021

Strategic Priorities

Growth on the back of our established pillars and strong market themes

Modular Data Centre Manufacturing

- Repeat modular business from blue-chip customers – mining, subsea, Edge data centres, global internet companies, Satellite operators, Telco and e-Health
- Strategic focus on Defence and Government modular data centre opportunities (new standards emerging for these agencies)
- R&D and Product Development into emerging market segments such as Crypto and Edge hybrid Hyperscale market for Asia

Recurring Revenue Growth for Data Centres and Modules

- New revenue stream - cloud solutions being introduced to all DXN data centres
- Partnership with DCA on cross-selling data centre products
- Additional multi-year maintenance revenue on all fully deployed module sales
- Turnkey solutions being requested as part of modular deployments
- Data Centre as a Service (DCaaS) being explored with specific blue-chip mining clients

Greenfield & Capital-lite model

- In this calendar year, DXN to focus on vertical revenue growth of existing data centre portfolio
- Opportunistically, looking at small Edge DC builds for production-disaster recovery sites within Australia
- Customer-led contracts with capital underpinning agreements

Further developments with international opportunities

- Growth opportunity significant for DXN for modular Edge data centres in APAC with global internet companies
- Partnerships with DCA for regional build operate Edge data centre opportunities

Edge Market Themes and Drivers

- ✓ **Global demand for data** shows no signs of slowing down
- ✓ **Distribution of data networks** (primarily by the global internet companies) continue to drive Edge infrastructure growth
- ✓ In APAC and other emerging markets, demand for distributed network infrastructure continues to accelerate due to growth in 5G
- ✓ **Global internet companies** demand resilience, operational excellence and repeatability in their edge network designs and deployment
- ✓ **Australian mining growth** set over the next 18 months as WA Gov recovery plan kicks-in
- ✓ **Prefabricated Modular Edge Data Centres** that are fit for purpose shall continue to grow in demand due to the above
- ✓ **Why is DXN well placed for Edge market growth**
 - Australian-standards design and manufacturing as high-quality solution for APAC and ANZ deployments
 - Many market segments require Edge data centres in a highly connected work – telco, mining, subsea, health, manufacturing, ports, smart cities
 - DXN offers customer-designed solution that is in demand
 - DXN has access to R&D and talent pool



Appendix: Corporate Overview and Strategy

“

**DXN designs, manufactures,
operates and owns data centres
that bring critical communication
infrastructure closer to where
users need it**

”

Timeline

Business Development Milestones

| | | | | | | | |
|--|--|---|--|--|--|---|--|
| Nov 2018 Modular manufacturing commenced focused on internal needs | April 2019 First undersea cable landing station order signed | Sept 2019 New focus on pre-fabricated modular solutions for Subsea Cable Landing Stations, Mining and EDGE Data Centres | Feb 2020 DXN entered into an agreement to purchase DC3, a data centre in Hobart Tasmania | Jan 2021 New modular fit for purpose manufacturing facility (WA) | Sep 2021 DC Alliance makes strategic investment into DXN Limited | Dec 2021 \$6.6m in Total Revenue in 1H FY22 (improved 60% over pcp) | Jan 2022 Multiplex deal worth ~\$3.5m. Largest deal to date in DXN trading history |
|--|--|---|--|--|--|---|--|

| | | | | | | |
|--|--------------------------|--|---|--|--|--|
| Jan 2018 Leasing of Sydney and Melbourne data centre sites | April 2018 IPO | Feb 2020 Launched its regional data centre colocation strategy with an acquisition in Hobart, Tasmania | Dec 2020 Business restructure largely completed, cutting operating expenses significantly | Oct 2021 DXN Limited acquire SDC Data Centre in Darwin | Dec 2021 DXN becomes cash flow positive Dec 2021 Melbourne dispute solved | Jan 2022 New CEO (Shalini Lagrutta), Strong CFO and CCO added to existing team |
|--|--------------------------|--|---|--|--|--|

Corporate Milestones

Two Complementary Offerings

DXN designs, manufactures, operates and owns data centres

Modular Data Centre Manufacturing



- Pre-fabricated modular (PFM) design allows for scale to be capital efficient
- Annual build capacity of 7MW or 35-50 modules
- Growing reputation as a subsea cable landing station (CLS) provider
- Turnkey deployment allows for customisation of Data Centre (DC) requirements
- Attached ongoing support and maintenance
- Perfectly positioned in Perth to support SE ASIA and Africa

Data Centre Operations



- Capital Efficient – scalable capex closely matching sales
- Rapid Deployment – three months for additional capacity
- EDGE DC - expansion into major regional and capital cities outside Sydney
- SYD DC is most centrally located (to all clouds) and offers lowest latency

Design Manufacture and Operate



Modular Data Centre Manufacturing

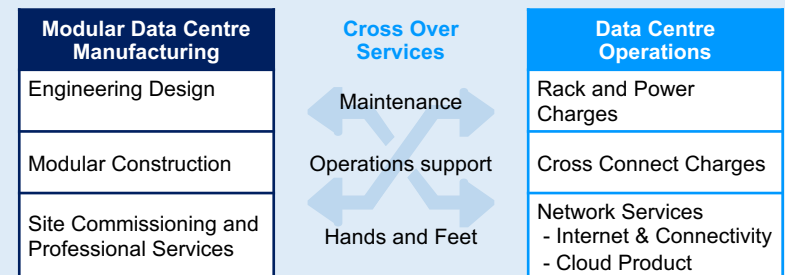
- Scalable, purpose-built data centre solutions
- Turnkey prefabricated modular data centres 2–500 racks, provides client flexibility
- Rapidly deployable globally
- Monitor, manage and operate



Data Centre Operations

- Designed and constructed to meet a client's specific technical, security and operational requirements
- Access to a comprehensive range of telecommunications carriers and network services
- Up-sell to customers within data centres
- Monitor, manage and operate

Revenue Models



Modular Data Centre Manufacturing Update

Strong global demand for modular data centers

Modular Data Centre Manufacturing

- ✓ **Subsea** – DXN expects to see demand for DXN's modular data centres and cable landing stations as subsea cables continue to come online over the next 10 years in the Asia and Pacific region. Customers around the world look to DXN to build and provide maintenance of their cable landing stations.
- ✓ **Mining** – The mining industry continue to grow with continuous increase in automation on mine sites and new builds being planned. DXN works closely with Tier 1 mining industry to provide a high-quality product that is locally built and delivered.
- ✓ **Edge Data Centres** – This market segment is set to grow for deployments from 50KW to 10MW designs. Wingu Africa being an example of this application that can be built in a factory and shipped globally. DXN is also seeing growth in communications modules/huts which also constitute Edge Data Centre sites and these are required in telcos and tower companies as they seek to replace old exchanges and modernize for new IT loads.

Factory Utilization and Expansion

- ✓ DXN factory utilization is maintained above 80% during the period.
- ✓ DXN has also put plans in place for expansion of facilities to support the modular data centre manufacturing growth expected.

List of Contracts

| Signed Contracts Year-to-Date FY22 | Approx. Value in AUD |
|--|-------------------------|
| Covalent Lithium, Sub.co (APX Partners), BSCC Palau, Wingu Africa, Cosmos Grid Tech, Multiplex and Others | ~\$12.5m |

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

Data Centre Operations

Expanded Edge data centre footprint

DXN-SYD01

- ✓ DXN Owned - DC situated in the Western Sydney growth corridor
- ✓ Carrier Neutral Edge DCs build by skilled in-house engineering and manufacturing teams
- ✓ Two purpose-built facilities using modular construction that have achieved Tier Ready III (design and TCCF) and Tier (design) Ready IV certification from the Uptime Institute
- ✓ 58 racks available can scale up to 725 racks

DXN-TAS01

- ✓ DXN Owned
- ✓ The Hobart DC is a modular designed DC currently at Tier II+
- ✓ TAS01 is a government accredited DC and currently provides services to the Tasmanian Government and is one of three commercial DCs in Tasmania
- ✓ 37 racks available can scale up to 65 racks



- ✓ DXN owned – Darwin DC has been in operation for 17 years and offers the only continuously maintainable data centre in the Northern Territory of Australia
- ✓ A gateway path into Asia and other subsea cables that will come into Australia as well as terrestrial cable systems Australia-wide
- ✓ The data centre is the most connected facility for telecommunication services in the Northern Territory.

EDGE | PIER

- ✓ Co-marketing Partner
- ✓ Concurrently maintainable & 99.982% uptime, Layered security zones with multi-factor authentication
- ✓ The only Tier certified datacentre South of Perth
- ✓ Clients include local businesses, state, federal government, Enterprise and a range of MSP's
- ✓ GovNext – ICT program approved member

DXN is able to offer colocation services for their CLS and PFE in its existing data centres.

DXN is also able to be a landing party - to design, build, and operate CLS and PFE huts in other locations in AU and NZ.



Management Team



The new CEO, Shalini Lagrutta is supported by a high calibre team of professionals to drive DXN's growth strategy.

Shalini Lagrutta
CEO



Craig Beatton
Head of Finance

Over 18 years of experience in financial markets. Craig worked with LawFinance Limited (ASX: LAW) for the last five years, including the role of CFO for three years. Prior to that he was at leading stockbroking firm Shaw and Partners Limited for twelve years, the last five of those as the company's CFO.



Sri Murugan
Head of Engineering

Over 20 years of experience in both Data Centre and Telecommunications Industry. Sri has worked at various global companies.



Justin Kellerman
Head of Project
Delivery

With DXN since 2017, Justin was previously Chief Operating Officer for 11 years at a successful company which specialised in providing backup power solutions .



Blair Taylor
Head of
Manufacturing

With DXN since 2017, Blair leads the manufacturing activities in the Perth factory.

This highly experienced team has strong industry experience that has been developed over many years

Income Statement – Normalised

| DXN Limited - Income Statement | 6 months to 31/12/2021 | 6 months to 31/12/2020 |
|---------------------------------------|-----------------------------------|-----------------------------------|
| | \$ | \$ |
| Revenue | | |
| Sales to customers | 6,624,060 | 4,133,406 |
| Cost of sales | (4,899,689) | (2,706,127) |
| Gross profit | 1,724,371 | 1,427,279 |
| Other income | 874,861 | 869,128 |
| Less: Other operating expenses | (3,117,284) | (2,729,250) |
| EBITDA (excluding one-offs) | (518,052) | (432,843) |
| | | |
| Covid-19 Government payments | - | 291,000 |
| Melbourne lease - rent expense | (454,545) | (83,971) |
| Melbourne lease - legal expenses | (245,559) | - |
| R&D expenses | (504,972) | - |
| EBITDA | (1,723,128) | (225,814) |
| | | |
| Depreciation & amortisation | (1,782,657) | (1,726,598) |
| Foreign exchange gains/(losses) | 21,250 | (79,756) |
| Equity-settled employee costs | (105,929) | (88,438) |
| Finance expenses | (294,853) | (263,237) |
| Finance income | 618 | 8,927 |
| Net loss before tax | (3,884,699) | (2,374,916) |

Financials

| DXN Limited - Statement of Financial Position | 31-Dec-21 | 30-Jun-21 | Commentary |
|--|-------------------|-------------------|--|
| | \$ | \$ | |
| Assets | | | |
| Current assets | | | |
| Cash & cash equivalent | 3,109,416 | 1,663,955 | Strong cash position, up 87% from June |
| Trade & other receivables | 988,258 | 666,152 | |
| Inventories/work in progress | 757,816 | 1,231,781 | |
| Other assets | 249,342 | 124,854 | |
| | 5,104,832 | 3,686,742 | |
| Non-current assets classified as held for sale | - | 544,011 | Assets reinvested into Module sales |
| Total current assets | 5,104,832 | 4,230,753 | |
| Non-current assets | | | |
| Property, plant & equipment | 7,700,719 | 8,701,703 | |
| Right of use assets | 11,217,109 | 8,407,598 | |
| Intangibles | 4,329,111 | 1,502,016 | |
| Bank guarantees | 528,950 | 1,028,917 | Resolution of Melbourne lease dispute |
| Other assets | 700,833 | - | |
| Total non-current assets | 24,476,722 | 19,640,234 | |
| Total assets | 29,581,554 | 23,870,987 | |
| Liabilities | | | |
| Current liabilities | | | |
| Trade & other payables | 1,231,535 | 2,153,523 | Trade payables well under control |
| Contract liabilities | 963,907 | 387,556 | |
| Borrowings | 204,384 | 1,027,255 | Both prior year facilities refinanced on more favourable terms |
| Lease liabilities | 834,702 | 625,417 | |
| Employee benefits | 164,360 | 181,290 | |
| Provisions | 850,000 | - | Provision for Warranty - Darwin acquisition |
| Total current liabilities | 4,248,888 | 4,375,041 | |
| Non-current liabilities | | | |
| Borrowings | 4,000,000 | 605,011 | New Pure Asset Management finance facility |
| Lease liabilities | 10,543,561 | 7,882,462 | |
| Provisions | 400,000 | - | |
| Total non-current liabilities | 14,943,561 | 8,487,473 | |
| Total liabilities | 19,192,449 | 12,862,514 | |
| Net assets | 10,389,105 | 11,008,473 | |
| Equity | | | |
| Issued capital | 43,471,842 | 40,345,107 | Successful placement and SPP during the period |
| Reserves | 1,315,552 | 1,176,956 | |
| Accumulated losses | (34,398,289) | (30,513,590) | |
| Total equity | 10,389,105 | 11,008,473 | |



Thank you