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# DXN LIMITED

13 September 2024

## FY24 RESULTS AND OUTLOOK



13 September 2024

DXN Limited | Investor Presentation 2024



# Introduction



DXN is an Australian based prefabricated modular data centre manufacturer and operator of Edge\* data centers.

DXN's core business is designing, engineering, manufacturing, maintaining and operating data centers.



### Modular Division

Designs, engineers, manufactures, and deploys Edge\* facilities across Asia Pacific



### Data Center Operations

Operates, maintains and markets two data centers in Hobart and Darwin

*\* Edge refers to bringing computation and data storage closer to the location where it is needed, minimizing latency.*

# DXN Limited Summary

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

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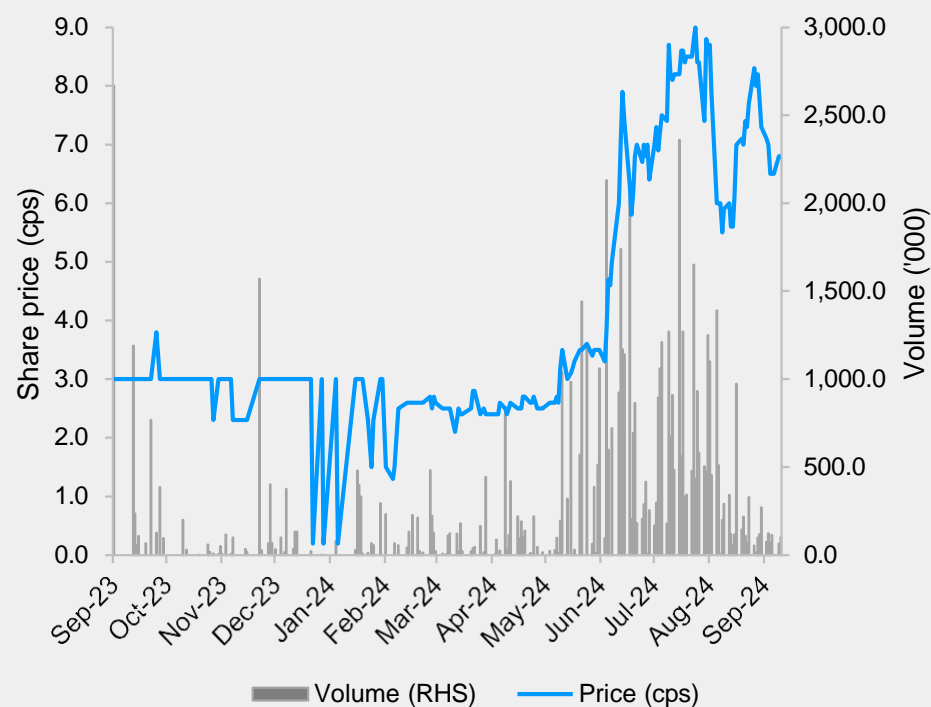
## Company Summary

Share Price	[cps]	6.8
Shares on Issue	[mil.]	186.9
Market Cap.	[\$m]	12.7
Cash (current)	[\$m]	3.0
Debt	[\$m]	4.1
Enterprise Value	[\$m]	13.8
Warrants	[mil.]	200.0

## Directors & Management

Abigail Cheadle	Non-Executive Chairman
Brendan Power	Non-Executive Director
Myo Ohn	Non-Executive Director
Shalini Lagrutta	CEO & Managing Director
Laila Green	Interim CFO

## Price & Volume Chart



# FY24 Highlights

## Results

- Group revenue \$10.8m (FY23 \$6.58m) including Modules and Data Centers.
- Group EBITDA \$0.6m (FY23: \$4.96m EBITDA loss)
- Group Underlying EBITDA\* \$1.2m (FY23: \$4.92m Underlying EBITDA loss)
- \$1.3m positive operating cashflow in 2H24 versus negative cashflow of \$0.9m in 1H24.
- Closing cash: \$2.98m
- Refreshed Board, new CFO and Company Secretary.

## Modules

- \$12.4m module orders won (FY23: \$4.1m), a 202% improvement on FY23
- 21 modules delivered in FY24, over 80 to date
- FY24 revenue: \$8.2m (increasing by 110% on FY23)
- FY24 EBITDA: \$2.4m
- FY25 modules work in hand: \$8.9m to be recognised from orders in FY24 with another \$1.5m contracted in YTD FY25.

## Data Centres

- \$2.5m revenue and \$1.3m EBITDA for Darwin and Hobart data centres.
- \$1.4m annual saving over the remaining nine years achieved from exit from Sydney data centre lease

## Outlook

- Over \$1.5m in new module orders YTD
- FY25 revenue guidance: \$16.0m (increase of 48% on FY23)

\* EBITDA (underlying) excludes net interest, share issue, and non-cash LTIP costs for former KMPs, depreciation and amortisation, asset impairment and restructuring costs for Sydney data centre.



# FY24 Results: Profit & Loss

<u>Year to June (\$'000)</u>	<u>FY23</u>	<u>FY24</u>
Module revenue	3,839	8,091
Data Centre revenue	2,737	2,664
<b>Group Revenue</b>	<b>6,576</b>	<b>10,755</b>
Other Income	1,175	498
Cost of goods sold	-2,845	-4,903
Operating costs (Inc. one-off items)	-9,869	-5,706
<b>EBITDA</b>	<b>-4,963</b>	<b>644</b>
<b>One-off Adjustments:</b>		
Restructuring costs	0	752
Equity settled employee costs	37	101
Change in fair value of warrants	0	-275
Other adjustments	0	-4
<b>EBITDA (underlying)</b>	<b>-4,926</b>	<b>1,218</b>
D&A	-3,118	-1,497
Finance	-1,532	-1,450
<b>Statutory Net Loss</b>	<b>-9,613</b>	<b>-2,303</b>

- Revenue growth: DXN reported revenue of \$10.8m, up 63.5% from the previous year.
- Module revenue: \$8.1m up 110% on previous year and expected to increase in FY25 with over \$10.0m work in hand YTD.
- Gross profit: gross profit increased to \$5.9m from \$3.7m, a 57% increase.
- EBITDA: DXN achieved a positive EBITDA of \$0.64m, a turnaround from the previous year's loss of \$4.96m.
- Net income (loss): DXN reduced its net loss by 76%, \$2.3m compared to the \$9.6m loss in the prior year.
- Operating expenses: administrative, compliance, and legal expenses were significant, with employee benefits expenses at \$2.7m, down from the previous year of \$3.3m.
- Earnings Per Share (EPS): EPS improved to a loss of 1.6cps share, compared to a loss of 8.5cps cents in the prior year.

# FY24 Results: Balance Sheet

Year to June (A\$'000)	FY23*	FY24
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,268	2,983
Receivables & Inventories	636	1,621
Other assets	141	280
Total current assets	2,046	4,884
<b>Non-current assets</b>		
Property, plant and equipment	2,279	1,807
Right-of-use assets	10,145	3,524
Intangibles & Other	4,012	3,945
Total non-current assets	16,436	9,276
<b>Total assets</b>	<b>18,481</b>	<b>14,160</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	1,035	1,549
Contract liabilities	698	3,485
Borrowings	144	85
Lease liabilities & Other	4,061	1,186
Total current liabilities	5,939	6,305
<b>Non-current liabilities</b>		
Borrowings	4,113	4,080
Lease liabilities	8,190	3,494
Other financial liabilities	414	693
Total non-current liabilities	12,718	8,268
<b>Total liabilities</b>	<b>18,656</b>	<b>14,572</b>
<b>Net (liabilities)/assets</b>	<b>-175</b>	<b>-413</b>

\*represented to include Darwin data centre which was classified as 'held for sale' in FY23

- The increase in cash was primarily driven by the increase in FY24 module sales.
- In FY24 the reduction in right-of-use assets, and lease liabilities was mainly due to the surrender of the Sydney data centre lease.
- FY24 shows an improvement in the Current Ratio from .3 times in FY23 to .8 times in FY24
- Contract liabilities relate to amounts received in advance from customers, the FY24 increase reflects an increase in sales.
- Darwin data centre has been included in the consolidation balance sheet as DXN no longer considers the asset as 'held for sale' and is focusing on growing the business.

#### \*FY23 Assets Held for Sale

Cash and cash equivalents	558
Trade and other receivables	39
Property, plant and equipment	1,119
Right-of-use assets	1,786
Intangibles	3,086
	<b>6,589</b>

#### \*FY23 Liabilities Held for Sale

Trade payables	-12
Payroll liabilities	-2
GST payable	-13
Lease liability	-1,870
Employee benefits	-32
	<b>-1,929</b>

# FY24 Results: Cashflow

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Year to June (\$'000)	FY23	FY24
<b>Cash flows from operating activities</b>		
Receipts from customers	8,851	12,901
Payments to suppliers and employees	-11,034	-10,744
R&D tax incentive claim	1,030	0
Other income	-377	-986
Net cash (used in) operating activities	-1,531	1,171
<b>Cash flows from investing activities</b>		
Warranty repayment	0	-144
Payments for plant and equipment	-136	-39
Payments for intangible assets	-198	0
Net cash (used in) investing activities	-334	-183
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares and options	2,125	1,775
Payment of capital raising costs	-172	-136
Net Financing	-729	-869
Net cash from financing activities	1,224	770
Net (decrease)/increase in cash	-640	1,758
Cash and cash equivalents at start	1,925	1,268
Effects of exchange rate	-16	-43
<b>Cash and cash equivalents at end</b>	<b>1,268</b>	<b>2,984</b>

## Operating Activities

- The improvement in net cash from operating activities is predominately driven by DXN's sales efforts leading to \$10.76 million in annual revenue.
- Operating cash flow was also impacted by several factors, including an increase in bank guarantees, expenses related to the decommissioning of the Sydney data centre and a reduction in R&D Grant receipts. This was partly offset by a reduction in employee costs.

## Investing Activities

- The Darwin data centre warranty settlement repayment plan commenced in FY24.
- Capital expenditure on PPE was reduced.

## Financing Activities

- In FY24, DXN raised \$2.1m through a share issue, with \$325k allocated to the part-repayment of the Pure Loan.
- The increase in finance facility payments was primarily due to the termination of the Sydney data centre lease.

# DXN Board and Executive

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**SHALINI LAGRUTTA**  
**CEO and Managing Director**

Shalini Lagrutta, with over two decades in telecoms and data centers was at Fujitsu, Huawei, LGC Wireless and Flexenclosure. From 2019- 2022, she grew revenue at DXN. As CEO, she focuses on restructuring and growth. Recognized in industry lists such as Capacity Media's 20 Women to Watch in 2020 and Top 30 Edge Computing Leaders by Data Economy and awarded the Infrastructure Masons (iM100) in December on various occasions, affirming leadership in the industry



**LAILA GREEN**  
**Interim CFO**

Laila Green is the interim Chief Financial Officer at DXN, bringing over 30 years of expertise in financial management, corporate governance, and organizational leadership. She has held executive roles in ASX-listed companies, not-for-profits, private enterprises, and multinationals, across diverse industries such as mining, manufacturing, and digital media. She excels in business transformation, risk management, and delivering results in dynamic environments. At DXN, Laila is dedicated to driving financial strategies and maintaining the highest corporate governance standards.



**ABIGAIL CHEADLE**  
**Chair and Non-Executive Director**

Ms. Cheadle, a Chartered Accountant, has had a distinguished career spanning Asia, Europe, the Middle East, and Australia. She held leadership roles at EY, Deloitte, and KordaMentha, in corporate turnaround and risk management. Notably, she led a successful turnaround during the Asian Financial Crisis and achieved a remarkable market cap surge at BFI Finance Indonesia. With expertise in various sectors, she's a seasoned ASX listed company Chair and NED.



**DR. MYO OHN**  
**Non-Executive Director**

Dr. Myo Ohn, Director of The One Matrix Ventures and a significant DXN shareholder. With a history of founding startups in diverse fields, including Space Age Advanced Materials and Internet Web 3.0, he's known for pioneering innovation. Dr. Ohn has held executive positions in NASDAQ- listed firms and currently leads startups like Campana Group. His academic background includes an EMBA from Queens University and advanced degrees in Aerospace Engineering and Photonics from the University of Toronto.



**BRENDAN POWER**  
**Non-Executive Director**

Mr. Power is Managing Director of Clear to Work and Safe Food Pro Partners, both large successful private companies in the education, hospitality, and software industries. Brendan is also Chair of Bronco's League Clubs and Power Tynan. With over 30 years business management experience he is a commercially astute project manager, public speaker and published author



## Key Customer Segments

GOVERNMENT & DEFENCE

DATA CENTRES

SUBSEA CABLE LANDING  
STATIONS

TELCO and SATELLITE

MINING

ENERGY & GAS

CONSTRUCTION

# Overview

## Business

- DXN Ltd (ASX: DXN) is an ASX listed manufacturer of prefabricated modular data centres and operator of small regional data centres.
- Established in 2016, listed 2018.
- International operations with 20 FTE staff, headquartered in Sydney.
- Designs, builds, owns and operates data centers built to global best practice standards offering a highly secure environment for mission critical computing infrastructure.

## Differentiation

- Reputation – Prefabricated Modular Data Centre (PMDC) Specialists.
- Technical capability – full design, delivery and execution, service & maintenance capability.
- Customer relationships – recent and ongoing deployment experience with global internet companies, blue-chip mining operators in Australia, defence related deployments and major government contracts in Asia Pacific region alongside Australian government.
- Rapid deployment – quick turnaround from start to finish between 4-6 months.
- Quality and safety – track record of safety and quality deployment, over 80 modules to date, globally.

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# Modular Data Centres

# Modular Data Centres

What is a prefabricated modular data centre?

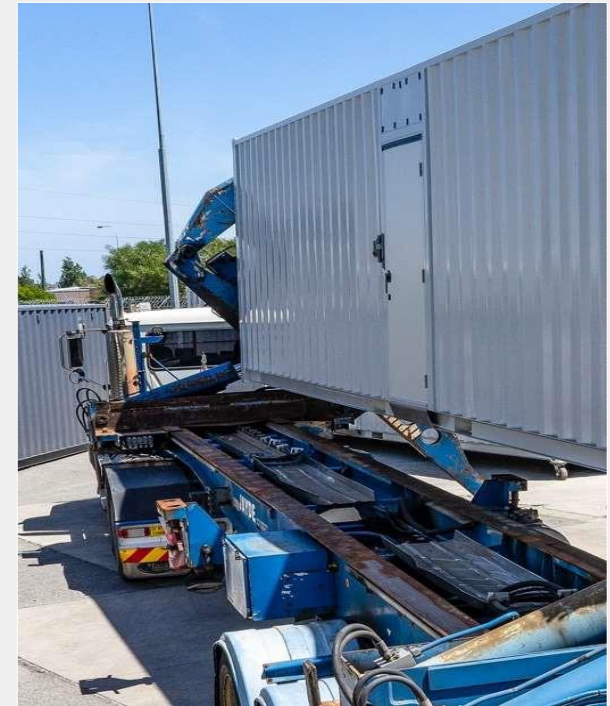
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Prefabricated data centre modules are built at DXN's in-house manufacturing facility in Perth, WA

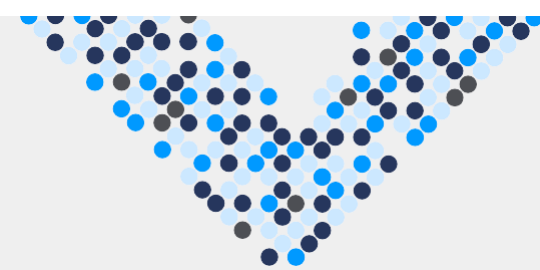


DXN maintains full control over the manufacturing process, ensuring the highest standards of quality and reliability.



DXN's modular design means the data centres can be deployed to any location and easily customised.

# Modular Data Centers Overview



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## FY24 Results

- Contracted sales in FY24 was \$12.4m
- \$8.2m in revenue in FY24 with \$2.4m EBITDA.

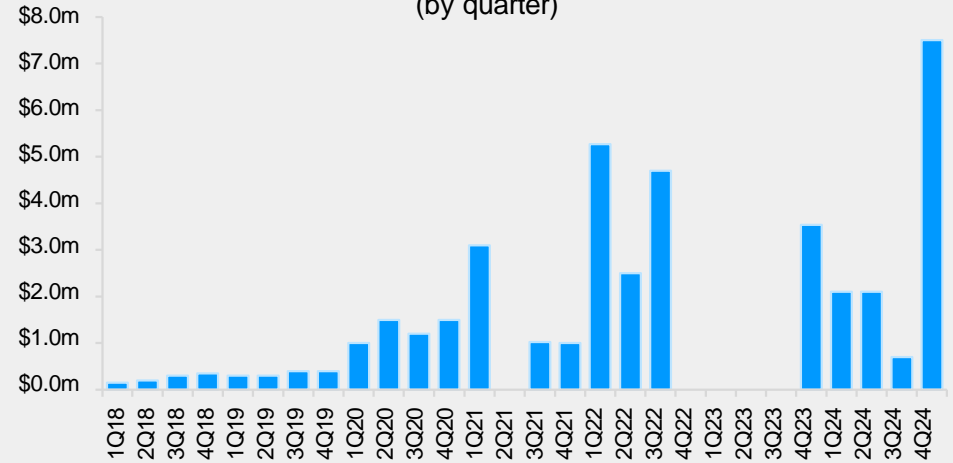
## Growth in Modular Business

- Contracted projects to commence in FY25 total \$8.9m, plus \$1.5m in orders already contracted since year end.
- Continued growth, fuelled by both domestic and international demand of scalable, efficient, and cost-effective data centre solutions.
- Further expansion in sales coverage into international markets in FY25 will solidify a tried and tested model of deployment internationally to blue chip customers.

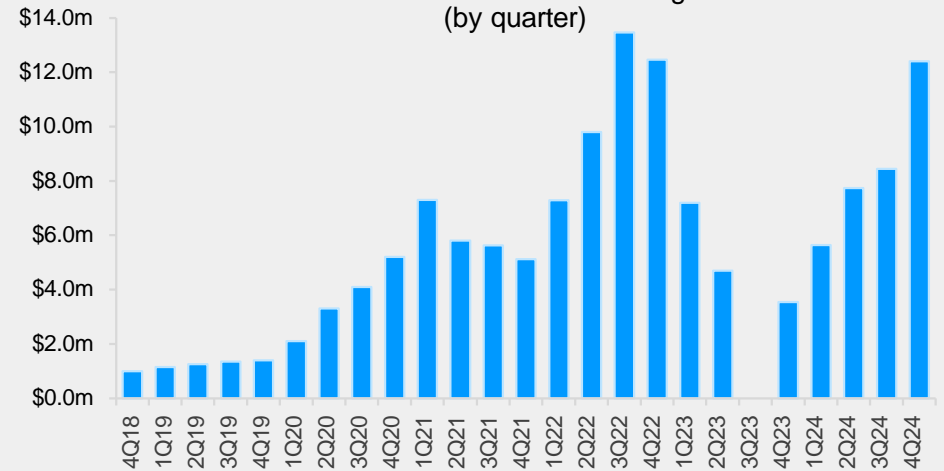
## Track Record of Successful Deployments

- Since FY21, DXN has successfully deployed over 80 prefabricated modular data centres (PMDC) globally, with 21 deployed in FY24.

New Orders (by quarter)



New Orders – accumulated rolling 12mths (by quarter)



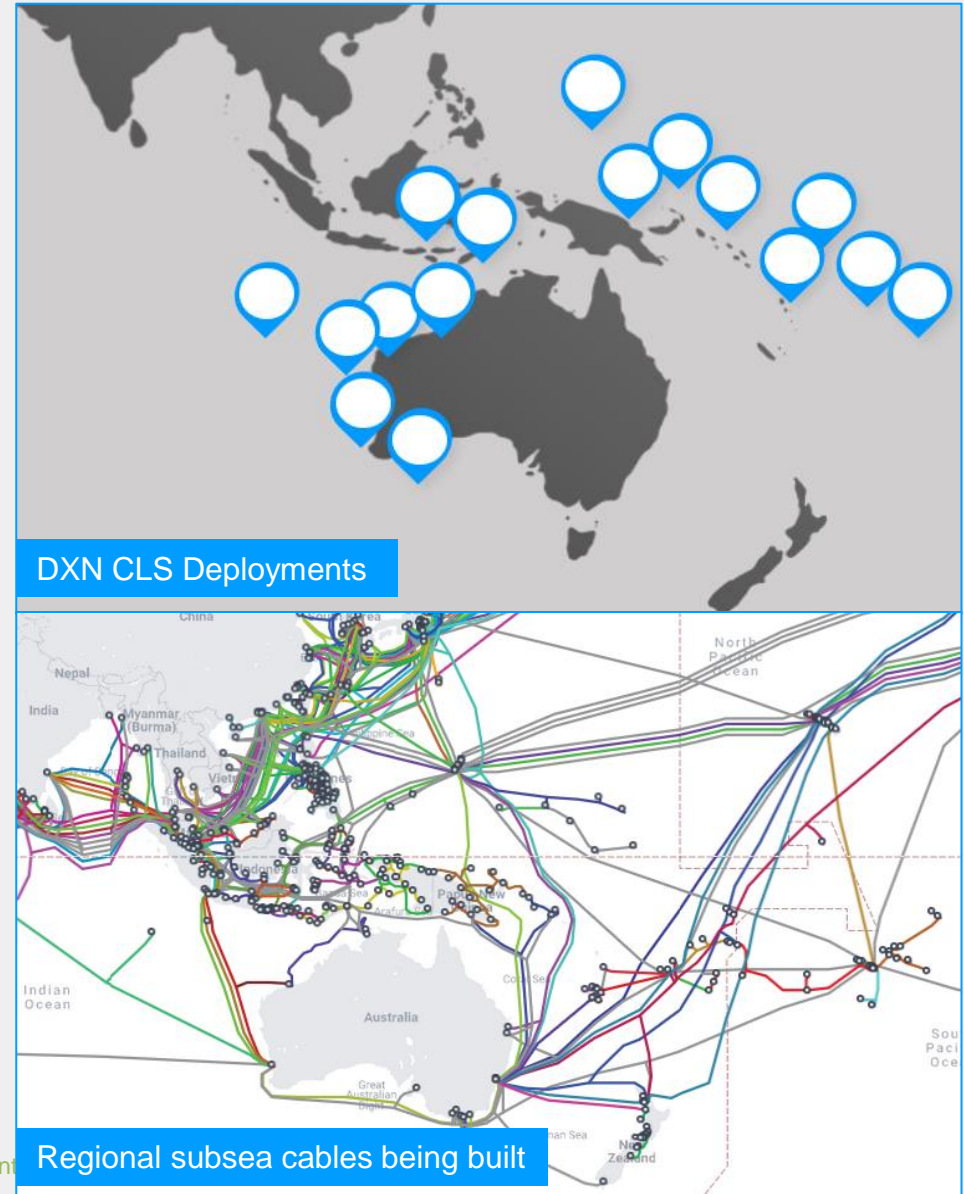
# DXN Customers and Market Segments

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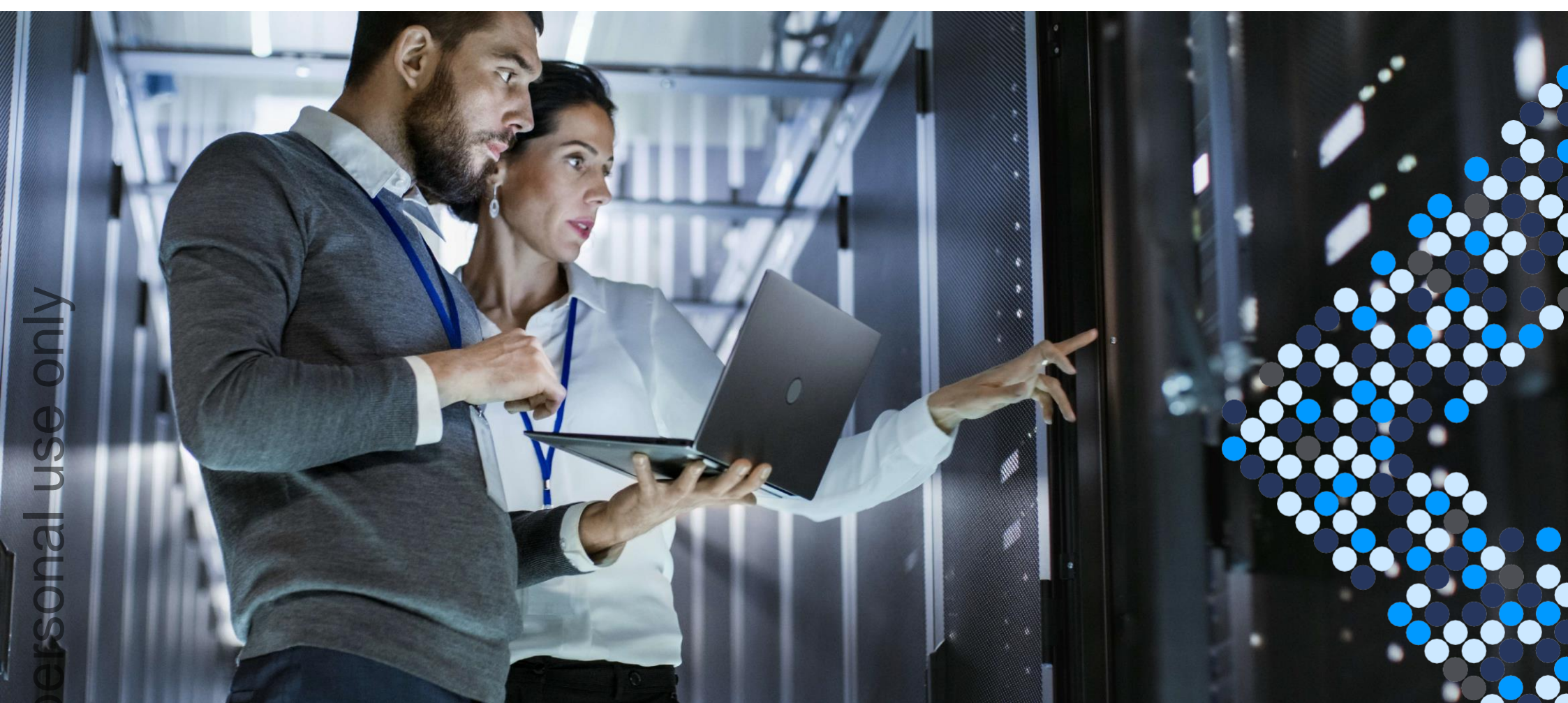
Mining							
Energy & Gas							
Telco							
Cable Landing Station (CLS)*							
Government Defense							
Data Centre							
Hyperscalers							

# DXN Asia Pacific Addressable Market in Cable Landing Stations (CLS)

- DXN has deployed over 80 modules across the world to date with a large percentage of deployments being Cable Landing Stations (CLS) in the Asia Pacific region.
- There are 29 new subsea cables around the world, with 128 known main landing sites, with potentially hundreds of spurs from these cables.
- DXN estimates the potential addressable market for the cable landing stations of around 100MWs. Assuming 40% opt for prefabricated modular landing stations, this estimates the addressable market for modular CLS to be some USD700m over the next 4 years or about USD178m pa.
- Global internet companies announced new cable demand being at an all time high as at 99% of existing capacity, with internet usage expected to increase with increased data generated by the growth anticipated by AI applications traversing through undersea cables.



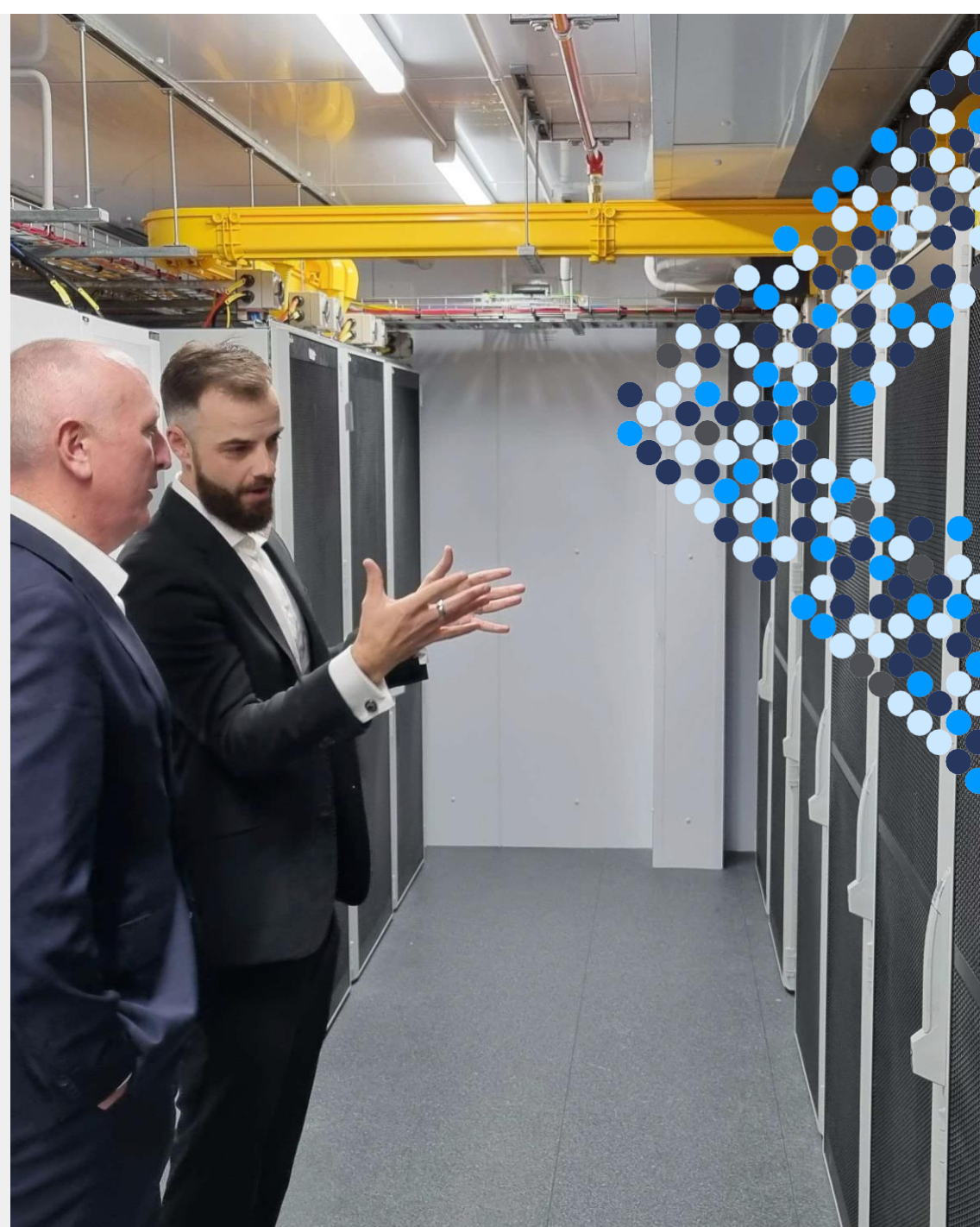
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## Regional Edge Data Centers

# Hobart and Darwin Data Centres

- Own, operates, and maintains critical data centre infrastructure on behalf of specific customers in Darwin and Hobart with a 75 rack and 35 rack facility, respectively.
- The customers in these data centres are telcos, subsea operators, government and enterprise clients, operating on long term contracts.
- DXN has exited the Sydney data centre site.
- FY24 revenue, including Sydney, was \$2.8m with EBITDA of \$0.7m.
- FY24 revenue for Darwin and Hobart was \$2.5m with EBITDA of \$1.3m.
- Businesses no longer for sale. DXN is focusing on optimising operations and growing sales in Hobart and Darwin
- Growth opportunity exists with subsea cable operators.



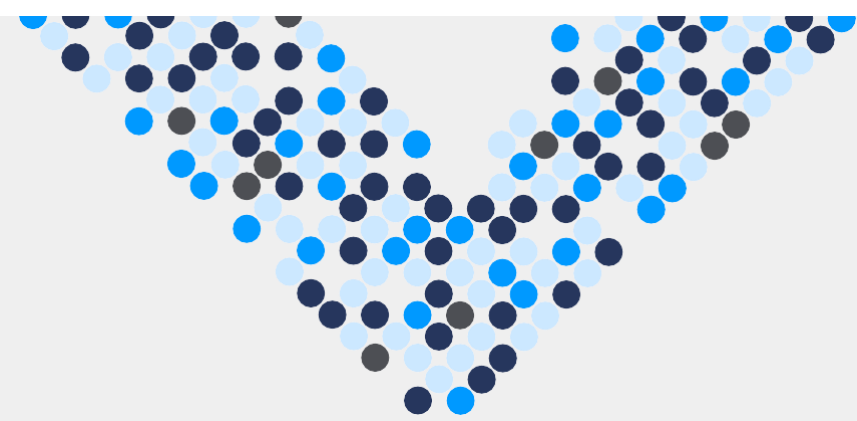


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## Outlook and Guidance

# Outlook and Guidance



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## Contracted work in hand for FY25

\$8.9m orders from FY24

\$1.5m new orders since year end

\$2.5m run rate revenue from data centres

Revenue visibility before new wins: \$13.1m

- Customer enquirers continue.
- Additional sales employees will be hired in FY25 to accelerate deal flow.
- Based on converting the pipeline into sales in time to complete manufacture in FY25, we anticipate FY25 revenue of \$16m (an increase of 48% on FY24).
- Positive EBITDA.
- Introducing new services for Modules referred to as DCaaS (data centers as a service)
- Offering data centers under a lease instead of outright purchase for blue chip customers.
- Investment in resources to capture opportunities for high- density modules for the AI industry.

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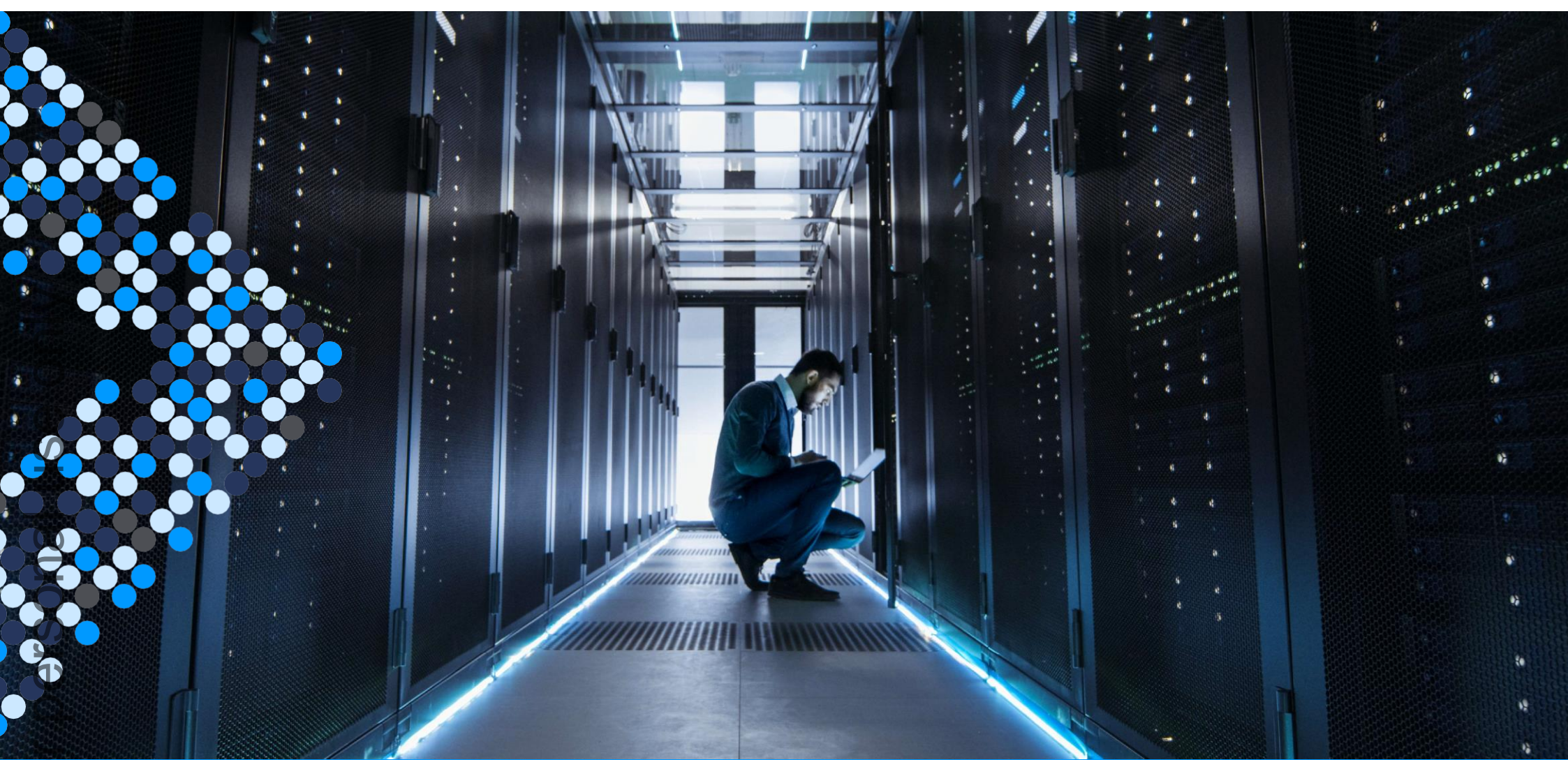
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