



31st October 2024

ASX Announcement: DXN

Q1 2025 Quarterly Report and Trading Update

The Board of prefabricated modular data centre specialist, DXN Limited (“DXN” or “the Company”), is pleased to provide a trading update along with its quarterly report and Appendix 4C for the three months ended 30 September 2024.

Highlights

- New Modular Data Centre contracts in the September quarter include:
 - Global Internet Company – Cable Landing Station (CLS) deployed to the Pacific – \$974k
 - Pilbara Ports Mining Module – \$249k
 - Other sales contracts totalling ~\$1.5.
- Renewal of the existing Master Supply Agreement (MSA) contract between DXN and Tasmanet Pty Ltd for the Hobart data centre was signed during the quarter. This provides a further extension to the existing agreement for its anchor customer. The term of the contract is for automatic renewal for 12-months unless terminated under standard data centre contract provisions.
- Revenue for the quarter was \$3.0m.
- During 1Q25, DXN had negative net operating cash flows of \$130k, mainly due to the ramp up in build costs as DXN gets ready to deliver modules to customers.
- Cash as of 30 September 2024 was \$2.76m.

Operating Update

Modular Data Centre Manufacturing

Modular revenue recognised during 1Q25 was \$2.4m.

During the quarter, DXN signed multiple modular manufacturing orders. This includes an order from a Global Internet company amounting to \$974k, as well as Pilbara Ports for \$249k.

During this quarter, DXN also further progressed our build and delivery of the \$8.9m FY24 orders for various projects including Stanmore Coal, Pilbara Minerals, East Micronesia, and a Global Internet Company.

Data Centre Operations

DXN’s data centres revenue for 1Q25 was \$622k.

During the quarter, DXN has continued reviewing and refining processes, lifecycle management and resources of both its data centres in Darwin and Hobart.

DXN also signed a renewal of the existing Master Supply Agreement (MSA) that is in place with anchor customer, Tasmanet Pty Ltd, in its Hobart data centre.

For personal use only

Corporate Update

The Company is pleased to announce that Laila Green will move into the role of Chief Financial Officer (CFO) & Chief Operating Officer (COO) on 1 November 2024, from her current role as interim Chief Financial Officer. Laila is an experienced commercial CFO with significant operational experience.

Summary of Payments

During 1Q25 the Company's payments included the following:

- product manufacturing and operating costs of \$2m (previously \$1.46m) as the Company continues to meet module delivery timelines.
- staff costs of \$768k (previously \$662k).
- administration and corporate costs of \$422k (previously \$799k).
- leased assets of \$318k (previously \$346k) in relation to payments to the Sydney Data Centre and our other locations. Payments for the Sydney Data Centre will cease in December 2024; and
- Other payments of \$68k in relation to withholding tax for the East Timor project.

Operating Cash Flow

DXN had a negative operating cash flow of \$130k.

Cash Position

As of 30 June 2024, DXN had a cash balance of \$2.76m (previously \$2.98m at Q424).

Related Party Payments

The aggregate payments to related parties and their associates totalled \$78k. These payments consisted of fees, salaries, and superannuation for non-executive directors, including back pay from FY24.

Outlook

On 14 October 2024, DXN Ltd (ASX) announced the successful completion of a \$6.5 million capital raise (before costs) at \$0.07 per share, with the Placement being oversubscribed.

With the successful raise and the company's recent restructuring, which delivered its first-ever positive EBITDA in FY24, DXN is now well-positioned for growth. The company is focused on expanding into new geographical markets and developing advanced prefabricated modular data centre solutions to meet the growing needs for high-density Artificial Intelligence workloads.

-ends-

For more information please contact:

Shalini Lagrutta, Managing Director

T +61 1300 328 239

E: investorrelations@dxn.solutions

Release authorised by the Board.

About DXN Limited

DXN is a vertically integrated manufacturer and operator of modular data centres in Asia Pacific. DXN's core business is designing, engineering, manufacturing, maintaining and operating data centres.

The Company works with major government and blue-chip enterprise customers.

It has two core divisions:

1. Modular Division – designs, engineers, manufactures, and deploys EDGE facilities and critical DC infrastructure; and
2. Data Centre Operations - operates, maintains and markets data centres and critical infrastructure for our own DXN data centres as well as our modular customers. For more <https://dxn.solutions>.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

DXN Limited

ABN

46 620 888 548

Quarter ended ("current quarter")

30 Sept 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	3,555	3,555
1.2	Payments for		
	(a) research and development	0	0
	(b) product manufacturing and operating costs	(2,001)	(2,001)
	(c) advertising and marketing	(1)	(1)
	(d) leased assets	(318)	(318)
	(e) staff costs	(768)	(768)
	(f) administration and corporate costs	(422)	(422)
1.3	Dividends received (see note 3)	0	0
1.4	Interest received	11	11
1.5	Interest and other costs of finance paid	(117)	(117)
1.6	Income taxes paid	0	0
1.7	Government grants and tax incentives	0	0
1.8	Other (provide details if material)	(69)	(69)
1.9	Net cash from / (used in) operating activities	(130)	(130)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	0	0
	(b) businesses	0	0
	(c) property, plant and equipment	0	0
	(d) investments	0	0
	(e) intellectual property	0	0
	(f) other non-current assets	0	0

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	0	0
	(b) businesses	0	0
	(c) property, plant and equipment	0	0
	(d) investments	0	0
	(e) intellectual property	0	0
	(f) other non-current assets	0	0
2.3	Cash flows from loans to other entities	0	0
2.4	Dividends received (see note 3)	0	0
2.5	Other (provide details if material)	(88)	(88)
2.6	Net cash from / (used in) investing activities	(88)	(88)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	60	60
3.2	Proceeds from issue of convertible debt securities	0	0
3.3	Proceeds from exercise of options	0	0
3.4	Transaction costs related to issues of equity securities or convertible debt securities	0	0
3.5	Proceeds from borrowings	0	0
3.6	Repayment of borrowings	0	0
3.7	Transaction costs related to loans and borrowings	0	0
3.8	Dividends paid	0	0
3.9	Other (provide details if material)	0	0
3.10	Net cash from / (used in) financing activities	60	60

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,984	2,984
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(130)	(130)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(88)	(88)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	60	60
4.5	Effect of movement in exchange rates on cash held	(61)	(61)
4.6	Cash and cash equivalents at end of period	2,765	2,765

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,765	2,984
5.2	Call deposits	0	0
5.3	Bank overdrafts	0	0
5.4	Other (provide details)		0
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,765	2,984

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	78
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	4,000	4,000
7.2 Credit standby arrangements	0	0
7.3 Other (please specify)	0	0
7.4 Total financing facilities	4,000	4,000
7.5 Unused financing facilities available at quarter end		0
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	
	A \$4.0m secured facility with Pure Asset Management to finance working capital. The interest rate (including line fee) is 11.25% p.a. plus a 2.5% establishment fee. The maturity date is 14 October 2025 and the facility is secured by a General Security Agreement over the assets of the company	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(130)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,765
8.3 Unused finance facilities available at quarter end (item 7.5)	0
8.4 Total available funding (item 8.2 + item 8.3)	2,765
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	21
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?
	Answer: n/a
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
	Answer: n/a
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
	Answer: n/a
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2024

Authorised by:by the Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.