

1. Company details

Name of entity:	DXN Limited
ABN:	46 620 888 548
Reporting period:	For the half-year ended 31 December 2024
Previous period:	For the half-year ended 31 December 2023

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	70.8% to	7,758,285
Loss from ordinary activities after tax attributable to the owners of DXN Limited	up	69.0% to	(1,416,774)
Loss for the half-year attributable to the owners of DXN Limited	up	69.0% to	(1,416,774)

Comments

Group revenues surged by 70.8%, driving a gross profit of \$2,291,515. However, gross profit declined by 23.5%, largely due to the expiration of the Flow agreement. As a result, the Group recorded a loss after income tax of \$1,416,774 (31 December 2023 : loss of \$ 838,392), primarily influenced by the termination of this arrangement.

Earnings before interest, tax, depreciation, and amortisation (EBITDA) amounted to a loss \$245,522 (31 December 2023: \$399,778). Both EBITDA and Underlying EBITDA are non-prescribed financial measures under the Australian Accounting Standards (AAS) but are considered key indicators of the Group's core earnings. These measures reflect adjustments for non-cash and non-operating items, providing a clearer view of operational performance.

The following table summarises key reconciling items between statutory profit or loss after tax attributable to the owners of DXN Limited and Underlying EBITDA.

	Consolidated 31 Dec 2024	31 Dec 2023
	\$	\$
Loss after tax	(1,416,774)	(838,392)
Add: finance costs	667,085	932,578
Add: depreciation and amortisation	504,167	805,592
EBITDA	(245,522)	899,778
<i>Less: non-operating / non-cash items</i>		
Restructuring costs	-	50,800
Incentive receipts	-	22,083
Finance costs	-	5,693
Equity-settled employee costs	221,392	6,075
Net foreign exchange loss	62,186	42,616
Change in fair value of warrants	151,667	-
	435,245	127,267
Underlying EBITDA	189,723	1,027,045

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

	31 December 2024 Cents	30 June 2024 Cents
Net tangible assets per ordinary security	<u>0.57</u>	<u>(1.84)</u>

Net tangible assets calculation above includes the right-of-use assets and lease liabilities.

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 or review

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

The financial statements were subject to a review by the auditors and the review report, which includes a paragraph addressing a material uncertainty related to going concern, is attached as part of the Interim Report.

9. Attachments

Details of attachments (if any):

The Interim Report of DXN Limited for the half-year ended 31 December 2024 is attached.

10. Signed

Signed 

Date: 24 February 2025

Myo Myint Ohn
Non-Independent, Non-Executive Chair



DXN Limited

ABN 46 620 888 548

Interim Report - 31 December 2024

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Directors	Myo Myint Ohn (Non-Executive Director and Chairman) Brendan Power (Non-Executive Director) Shalini Lagrutta (CEO and Managing Director) Abigail Cheadle (Non-Executive Director) (resigned on 24 February 2025)	
Company secretaries	Shelby Coleman Lucy Rowe	
Registered office	Level 8 341, George Street Sydney NSW 2000	
Principal place of business	Level 8 341, George Street Sydney NSW 2000	
Share register	Automatic Pty Ltd Level 5 191 St Georges Terrace Perth WA 6000	
Auditor	Moore Australia Audit (WA) Level 15, Exchange Tower 2 The Esplanade Perth WA 6000	
Solicitors	Arnotts Technology Lawyers 6/16 O'Connell Street Sydney NSW 2000	HWL Ebsworth Lawyers Level 14, Australia Square 264-278 George Street Sydney NSW 2000
Bankers	Westpac 341 George Street Sydney NSW 2000	
Stock exchange listing	DXN Limited shares are listed on the Australian Securities Exchange (ASX code: DXN)	
Website	https://dxn.solutions	

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 2024 (referred to hereafter as H1FY25).

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:

Myo Myint Ohn
Abigail Cheadle (resigned on 24 February 2025)
Brendan Power
Shalini Lagrutta

Principal activities

DXN's data centre manufacturing division (referred to as PMDC) engineers, constructs and commissions data centre (DC) solutions globally. The Group's DC infrastructure has a wide range of applications, which includes edge data centers¹ and telecommunications applications (satellite and cable landing stations (CLS)). The Group's prefabricated modular construction method reduces the on-site labour time and time to deploy and improves quality. DXN's DC manufacturing solutions are ideal for rapid deployment in both urban and remote locations. DXN's PMDC provides space, power, cooling, and physical security for clients to house their computer servers, related storage and networking equipment.

DXN's other division operates data centres for customers in Darwin and Tasmania.

Dividends

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

Review of operations

Revenue increased by 70.8% to \$7.8m in H1FY25 largely derived from existing projects such as East Micronesia Cable Station (EMCS), DXN's largest win to date.

The Company continues to capitalise on ongoing demand in the modular data centre market. Specifically, growth in international bandwidth demand and subsea cable deployments is driving the opportunity for Cable Landing Stations (CLS) across APAC. DXN continues to win contracts in the CLS market, in H1FY25 these included a contract win for a Global internet Company, to the value of \$974,000 and ongoing work with EMCS project.

DXN continues to strengthen its position within the mining operations space as companies seek a solution that is enable digital transformation through rugged, scalable, and cost-efficient infrastructure. This half DXN progressed multiple projects for the mining sector including Stanmore Coal. In the December quarter, DXN commenced installation and commissioning of a module to site, following a successful Factory Acceptance Test (FAT) at the Company's facility in late November.

Towards the end of the half, the Company also began work on the Pilbara Ports project within its factory.

New applications in technology and increasing demand for low-latency, localised compute solution continues to present opportunities in the Edge Data Centre space. During the half DXN continued to review and refine processes, life cycle management and resources of both its Data Centres in Hobart and Darwin.

Underlying EBITDA profit of \$189,723 (31 December 2023: profit of \$1,027,045). The loss for the Group after providing for income tax amounted to \$1,416,774 (H1FY24: loss of \$838,392).

¹ Edge data centres are smaller, decentralised data centres that are located closer to the end users or devices they serve. These facilities are designed to process data locally, reducing latency and improving performance for applications that require real-time data processing. Ideal for prefabricated modular data centres (PMDC) such as the ones DXN manufacture.

Earnings before interest, taxation, depreciation and amortisation ('EBITDA') and Underlying EBITDA are financial measures which are not prescribed by Australian Accounting Standards ('AAS') and represents the profit or loss under AAS adjusted for non-cash and non-operating items. The directors consider EBITDA and Underlying EBITDA to reflect the core earnings of the Group. The following table summarises key reconciling items between statutory profit or loss after tax attributable to the owners of DXN Limited and Underlying EBITDA.

The following table summarises key reconciling items between statutory profit or loss after tax attributable to the owners of DXN Limited and Underlying EBITDA.

	H1FY25 \$	H1FY24 \$	Change \$	Change %
Loss after tax	(1,416,774)	(838,392)	(578,382)	69%
Add: finance costs	667,085	932,578	(265,493)	(28%)
Add: depreciation and amortisation	504,167	805,592	(301,425)	(37%)
EBITDA	(245,522)	899,778	(1,145,300)	(127%)
<i>Less: non-operating / non-cash items</i>				
Restructuring costs	-	50,800	(50,800)	(100%)
Incentive receipts	-	22,083	(22,083)	(100%)
Finance costs	-	5,693	(5,693)	(100%)
Equity-settled employee costs	221,392	6,075	215,317	3544%
Net foreign exchange loss	62,186	42,616	19,570	46%
Change in fair value of warrants	151,667	-	151,667	-
	<u>435,245</u>	<u>127,267</u>	<u>307,978</u>	242%
Underlying EBITDA	<u>189,723</u>	<u>1,027,045</u>	<u>(837,322)</u>	(82%)

Significant changes in the state of affairs

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

On 19 February 2025, Field Solutions Holdings Ltd, the owner of TAS01 Pty's primary customer TasmaNet, appointed receivers and managers and entered voluntary administration. Earlier that day, TAS01 had issued a termination notice for the customer's contract due to non-payment and lack of response to prior demand letters. DXN has commenced discussions with the administrators and receivers of TasmaNet, McGraw-Nicol, to discuss options on maintaining service.

The financial impact of this event is currently being assessed. Management is evaluating the potential recoverability of outstanding receivables and any further implications for TAS01's financial position. DXN are also in close contact with end customer the Tasmanian Government to ensure continuous support of services and contingency plans for services. The short-term financial impact of this event (if any) is currently being assessed Further disclosures will be provided as necessary in future financial reports.

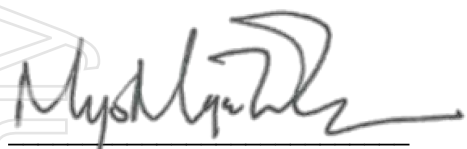
No other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

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.



Myo Myint Ohn
Non-Executive Chair

24 February 2025

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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 year ended 31 December 2024, 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 2025.

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		Consolidated	
	Note	31 Dec 2024	31 Dec 2023
		\$	*Represented
			\$
Revenue			
Sales to customers	4	7,758,285	4,542,676
Cost of goods sold		<u>(5,466,770)</u>	<u>(1,546,186)</u>
Gross margin		2,291,515	2,996,490
Other income	5	219,756	357,055
Expenses			
Administration expenses		(68,911)	(241,428)
Compliance and legal expenses		(224,658)	(279,924)
Consultants and contractors		(157,189)	(384,118)
Depreciation and amortisation expenses	6	(504,167)	(805,592)
Employee benefits expenses		(1,825,096)	(1,306,723)
Reversal of impairment of inventories		2,430	-
Impairment of receivables		(91,284)	-
Loss on disposal of assets		(186)	-
Change in fair value of warrants		(151,667)	-
Marketing expenses		(11,401)	(11,215)
Occupancy expenses		(40,960)	(152,882)
Telecommunication and technology expenses		(81,901)	(53,246)
Travel expenses		(105,970)	(24,231)
Finance costs	6	<u>(667,085)</u>	<u>(932,578)</u>
Loss before income tax expense		(1,416,774)	(838,392)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of DXN Limited		(1,416,774)	(838,392)
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>(1,416,774)</u>	<u>(838,392)</u>
	Note	31 Dec 2024	31 Dec 2023
		Cents	Cents
Earnings per share for loss attributable to the owners of DXN Limited			
Basic earnings per share	8	(0.67)	(0.70)
Diluted earnings per share	8	(0.67)	(0.70)

* Refer to note 7 for details.

		Consolidated	
	Note	31 Dec 2024 \$	30 Jun 2024 \$
Assets			
Current assets			
Cash and cash equivalents	9	5,095,680	2,983,785
Trade and other receivables	10	1,076,612	1,248,749
Inventories/work in progress	11	208,099	372,587
Bank guarantees and deposits		795,012	118,000
Other assets	12	237,011	161,746
Total current assets		<u>7,412,414</u>	<u>4,884,867</u>
Non-current assets			
Property, plant and equipment	13	1,606,618	1,806,872
Right-of-use assets	14	3,331,944	3,523,943
Intangibles	15	3,070,038	2,997,902
Bank guarantees and deposits		33,917	708,144
Other assets	12	145,833	238,333
Total non-current assets		<u>8,188,350</u>	<u>9,275,194</u>
Total assets		<u>15,600,764</u>	<u>14,160,061</u>
Liabilities			
Current liabilities			
Trade and other payables	16	2,302,959	1,548,799
Contract liabilities		875,377	3,484,648
Borrowings	17	3,188,034	84,848
Lease liabilities	18	312,345	660,519
Employee benefits		208,172	225,974
Other financial liabilities		300,000	300,000
Total current liabilities		<u>7,186,887</u>	<u>6,304,788</u>
Non-current liabilities			
Borrowings	17	62,580	4,080,385
Lease liabilities	18	3,334,105	3,494,225
Employee benefits		55,296	36,278
Other financial liabilities		608,324	656,658
Total non-current liabilities		<u>4,060,305</u>	<u>8,267,546</u>
Total liabilities		<u>11,247,192</u>	<u>14,572,334</u>
Net assets/(liabilities)		<u>4,353,572</u>	<u>(412,273)</u>
Equity			
Issued capital	19	53,328,456	47,395,502
Reserves	20	326,662	405,789
Accumulated losses		(49,301,546)	(48,213,564)
Total equity/(deficiency)		<u>4,353,572</u>	<u>(412,273)</u>

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

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity / (deficiency in equity) \$
Balance at 1 July 2023	45,424,949	1,428,566	(47,028,659)	(175,144)
Loss after income tax expense for the half-year	-	-	(838,392)	(838,392)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(838,392)	(838,392)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of shares	860,000	-	-	860,000
Capital raising costs	(54,600)	-	-	(54,600)
Share-based payments	6,075	(41,624)	41,624	6,075
Balance at 31 December 2023	<u>46,236,424</u>	<u>1,386,942</u>	<u>(47,825,427)</u>	<u>(202,061)</u>
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity / (deficiency in equity) \$
Balance at 1 July 2024	47,395,502	405,789	(48,213,564)	(412,273)
Loss after income tax expense for the half-year	-	-	(1,416,774)	(1,416,774)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(1,416,774)	(1,416,774)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of shares	6,604,000	-	-	6,604,000
Capital raising costs	(759,546)	-	-	(759,546)
Share-based payments	88,500	-	-	88,500
Options issued	-	293,665	-	293,665
Exercised options	-	(44,000)	-	(44,000)
Expired options	-	(328,792)	328,792	-
Balance at 31 December 2024	<u>53,328,456</u>	<u>326,662</u>	<u>(49,301,546)</u>	<u>4,353,572</u>

	Consolidated	
	31 Dec 2024	31 Dec 2023
	\$	\$
Cash flows from operating activities		
Receipts from customers	5,677,632	3,683,923
Payments to suppliers and employees	(8,111,298)	(4,507,764)
R&D tax incentive claim	-	171,181
R&D cost paid to supplier	(43,560)	-
Government grants	3,617	36,630
Interest received	20,690	-
Interest paid	(229,194)	(112,192)
Bank guarantee for projects	-	(208,800)
Withholding tax for Timor Project	(100,765)	-
Net cash (used in) operating activities	<u>(2,782,878)</u>	<u>(937,022)</u>
Cash flows from investing activities		
Payments for plant and equipment	(40,111)	(11,251)
Repayment of Darwin Warrant	(175,134)	-
Net cash (used in) investing activities	<u>(215,245)</u>	<u>(11,251)</u>
Cash flows from financing activities		
Proceeds from issue of shares and options	6,127,771	860,000
Payment of capital raising costs	(34,650)	(65,560)
Repayment of finance facility	(1,000,000)	-
Net cash from financing activities	<u>5,093,121</u>	<u>794,440</u>
Net increase/(decrease) in cash and cash equivalents	2,094,998	(153,833)
Cash and cash equivalents at the beginning of the financial half-year	2,983,785	1,268,293
Effects of exchange rate changes on cash and cash equivalents	16,897	(25,841)
Cash and cash equivalents at the end of the financial half-year	<u><u>5,095,680</u></u>	<u><u>1,088,619</u></u>

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

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 is:

341 George Street
Level 8
Sydney NSW 2000

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 2025.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2024 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 2024 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 accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

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 during the financial half-year ended 31 December 2024 and are not expected to have a significant impact for the full financial year ending 30 June 2025.

The revised Standards effective for the current half-year that are relevant to the Group are set out below:

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants

AASB 2020-1 was issued in March 2020 and is applicable to annual periods beginning on or after 1 January 2024, as extended by AASB 2020-6. Early adoption is permitted. AASB 2022-6 was issued in December 2022 and is applicable to annual periods beginning on or after 1 January 2024. Early adoption is permitted where AASB 2020-1 is also early adopted.

Note 2. Material accounting policy information (continued)

These standards amend AASB 101 'Presentation of Financial Statements' to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. If the deferral right is subject to the entity complying with covenants in the loan arrangement based on information up to and including reporting date, the deferral right will exist where the entity is able to comply with the covenant on or before the end of the reporting date even if compliance is assessed after the reporting date. The deferral right will be deemed to exist at reporting date if the entity is required to comply with the covenant only after the reporting date based on post-reporting date information. Additional disclosure is required about loan arrangements classified as non-current liabilities in such circumstances which enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period. Classification of a liability as non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least 12 months after the reporting date or even if the entity settles the liability prior to issue of the financial statements. The meaning of settlement of a liability is also clarified.

The amendments did not impact the classification of the Group's borrowings.

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

Going concern

These financial statements 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 \$1,416,774 (31 December 2023: a loss of \$838,392) for the period ended 31 December 2024 and operating cash outflow of \$2,782,878 (31 December 2023: cash outflow of \$937,022).

The ability of the Group to continue to pay its debts as and when they fall due is dependent upon the Group refinancing debt facilities, successfully raising additional share capital, and generating ongoing revenue from new and existing modular DC contracts and data centre operations.

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:

- of DXN reducing the loan by \$1m in February 2025 through a share subscription as approved by Shareholders at the 2024 AGM. DXN will be exploring options for the remaining \$2m due to mature in October 2025;
- of contracts which will generate \$4.8m in revenue over the next 12-month period;
- a developing pipeline of contracts that generate revenues over a 12-24-month period;
- a cash balance of \$5,095,680 as at 31 December 2024;
- recurring revenue from DC operations;
- DC assets realisable at more than book value; and
- the ability to raise capital.

The financial statements 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.

Major customers

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

Note 3. Operating segments (continued)

Data centre manufacturing

The Group supplied a number of customers, of which during the half-year ended 31 December 2024 one accounted for 52.9% of revenue (31 December 2023: main customer was 40.3%). The next most significant contributed 23.9% (31 December 2023: 19.5%).

Data centre operations

The Group supplies a number of customers, of which during the half-year ended 31 December 2024, one accounted for 34.2% of revenue (31 December 2023: main customer was 32.1%).

There were no intersegment sales during the reporting periods.

Operating segment information

Consolidated - 31 Dec 2024

Revenue

Revenue from external customers

Other income

Total revenue

	Data centre manufacturing \$	Data centre operations \$	Other (Corporate) \$	Total \$
Revenue from external customers	6,495,238	1,263,047	-	7,758,285
Other income	145,782	23,974	50,000	219,756
Total revenue	6,641,020	1,287,021	50,000	7,978,041

Results

Profit/(loss) before income tax

Income tax

Profit/(loss) after income tax

Profit/(loss) before income tax	580,949	134,955	(2,132,678)	(1,416,774)
Income tax	-	-	-	-
Profit/(loss) after income tax	580,949	134,955	(2,132,678)	(1,416,774)

Assets

Segment assets

Total assets

Segment assets	3,076,743	8,416,247	4,107,774	15,600,764
Total assets				15,600,764

Liabilities

Segment liabilities

Total liabilities

Segment liabilities	3,374,491	2,898,249	4,974,452	11,247,192
Total liabilities				11,247,192

Consolidated - 31 Dec 2023

Revenue

Revenue from external customers

Other income

Total revenue

	Data centre manufacturing \$	Data centre operations \$	Other (Corporate) \$	Total \$
Revenue from external customers	3,178,247	1,364,429	-	4,542,676
Other income	66,586	65,469	225,000	357,055
Total revenue	3,244,833	1,429,898	225,000	4,899,731

Results

Profit/(loss) before income tax

Income tax

Profit/(loss) after income tax

Profit/(loss) before income tax	1,146,823	(198,380)	(1,786,835)	(838,392)
Income tax	-	-	-	-
Profit/(loss) after income tax	1,146,823	(198,380)	(1,786,835)	(838,392)

Consolidated - 30 Jun 2024

Assets

Segment assets

Total assets

Segment assets	3,479,997	7,680,602	2,999,462	14,160,061
Total assets				14,160,061

Liabilities

Segment liabilities

Total liabilities

Segment liabilities	9,875,064	3,050,313	1,646,957	14,572,334
Total liabilities				14,572,334

Note 3. Operating segments (continued)

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

All revenue is derived in Australia.

Note 4. Revenue

Consolidated	
31 Dec 2024	31 Dec 2023
\$	\$

Revenue from contracts with customers

Sales to customers

7,758,285	4,542,676
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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 2024	31 Dec 2023
\$	\$

Research and development tax incentive claim

141,415	-
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Export marketing development grant

-	32,574
---	--------

Government wage subsidies

4,367	4,056
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Lease liability reversed¹

-	24,811
---	--------

Other²

73,974	295,614
--------	---------

Other income

219,756	357,055
---------	---------

¹ Liability adjustment for the Sydney data centre facility.

² Includes amortisation of warrant and sublease income.

Note 6. Expenses

	Consolidated 31 Dec 2024	31 Dec 2023
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Depreciation - property, plant and equipment	242,548	237,211
Depreciation - right-of-use assets	193,553	490,685
Total depreciation	<u>436,101</u>	<u>727,896</u>
<i>Amortisation</i>		
Amortisation - intangibles	68,066	77,696
Total depreciation and amortisation	<u>504,167</u>	<u>805,592</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	541,169	625,209
Interest and finance charges paid/payable on lease liabilities	125,916	307,369
	<u>667,085</u>	<u>932,578</u>
<i>Net foreign exchange (gain)/loss (included in administration expenses)</i>		
Net foreign exchange (gain)/loss	(62,186)	42,616
<i>Superannuation expense</i>		
Defined benefit superannuation expense	104,594	116,452
<i>Employee benefits expense excluding superannuation</i>		
Employee benefits expense excluding superannuation	<u>1,720,502</u>	<u>1,190,270</u>

Note 7. Discontinued operations

DXN's Secure Data Centre in Darwin ('SDC') was classified in financial statements for the half-year ended 31 December 2023 as 'discontinued operations' as the Board continued to consider all strategic options to sell its data centre operations.

Accordingly in the financial statements for the half-year ended 31 December 2023, the results of operations of SDS were classified separately as discontinued operations in the profit or loss.

During the year ended 30 June 2024, following the Company's decision to put an end to planned sale and continue to focus on growing the business the results of operations of the SDC previously presented in discontinued operations were reclassified and included in income from continuing operations for the year ended 30 June 2024 and 30 June 2023.

Similarly, the results of operations of the SDC previously presented in discontinued operations are reclassified and included in income from continuing operations for the half-year ended 31 December 2024.

Note 8. Earnings per share

	Consolidated 31 Dec 2024	31 Dec 2023
	\$	\$
Loss after income tax attributable to the owners of DXN Limited	<u>(1,416,774)</u>	<u>(838,392)</u>

Note 8. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	(0.67)	(0.70)
Diluted earnings per share	(0.67)	(0.70)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	211,925,891	119,214,223
Weighted average number of ordinary shares used in calculating diluted earnings per share	211,925,891	119,214,223

At 31 December 2024 and 31 December 2023, options, warrants 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.

Note 9. Cash and cash equivalents

	Consolidated 31 Dec 2024 \$	30 Jun 2024 \$
<i>Current assets</i>		
Cash at bank and on hand	5,095,680	2,983,785

Note 10. Trade and other receivables

	Consolidated 31 Dec 2024 \$	30 Jun 2024 \$
<i>Current assets</i>		
Trade receivables	1,094,980	1,274,197
Less: Allowance for expected credit losses	(72,416)	(40,485)
	1,022,564	1,233,712
GST receivable	54,048	15,037
	1,076,612	1,248,749

Allowance for expected credit losses

The Group has recognised a loss of \$72,416 (31 December 2023: \$40,485) in profit or loss in respect of the expected credit losses for the year ended 31 December 2024.

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

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	31 Dec 2024 %	30 Jun 2024 %	31 Dec 2024 \$	30 Jun 2024 \$	31 Dec 2024 \$	30 Jun 2024 \$
Consolidated						
0 to 30 days	6.830%	-	1,060,665	1,152,950	72,416	-
30 to 60 days	-	-	-	-	-	-
60 to 90 days	-	-	34,315	35,615	-	-
over 90 days	-	47.300%	-	85,632	-	40,485
			1,094,980	1,274,197	72,416	40,485

Note 11. Inventories/work in progress

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$	\$
<i>Current assets</i>		
Materials and consumables	109,981	106,807
Work in progress - Customers (contract asset) ¹	98,118	265,780
	<u>208,099</u>	<u>372,587</u>

¹ Relates to external customers.

Note 12. Other assets

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$	\$
<i>Current assets</i>		
Prepayments	223,455	36,304
Other deposits	13,556	15,657
Other current assets	-	109,785
	<u>237,011</u>	<u>161,746</u>
<i>Non-current assets</i>		
Other non-current assets (Borrowing costs capitalised net of amortisation)	<u>145,833</u>	<u>238,333</u>
	<u><u>382,844</u></u>	<u><u>400,079</u></u>

Note 13. Property, plant and equipment

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$	\$
<i>Non-current assets</i>		
Leasehold improvements - at cost	765,184	756,984
Less: Accumulated depreciation	<u>(245,515)</u>	<u>(207,056)</u>
	519,669	549,928
Plant and equipment - at cost	457,882	457,882
Less: Accumulated depreciation	<u>(394,888)</u>	<u>(339,039)</u>
	62,994	118,843
Motor vehicles - at cost	26,016	26,016
Less: Accumulated depreciation	<u>(26,016)</u>	<u>(26,016)</u>
	-	-
Office equipment - at cost	28,798	28,798
Less: Accumulated depreciation	<u>(28,798)</u>	<u>(28,798)</u>
	-	-
DC modules - at cost	2,074,744	2,075,244
Less: Accumulated depreciation	<u>(1,094,826)</u>	<u>(952,458)</u>
	979,918	1,122,786
ICT hardware - at cost	101,783	73,835
Less: Accumulated depreciation	<u>(57,746)</u>	<u>(58,520)</u>
	44,037	15,315
	<u>1,606,618</u>	<u>1,806,872</u>

Note 14. Right-of-use assets

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$	\$
<i>Non-current assets</i>		
Land and buildings - right-of-use	4,281,083	4,459,873
Less: Accumulated depreciation	<u>(949,139)</u>	<u>(935,930)</u>
	<u>3,331,944</u>	<u>3,523,943</u>

Right-of-use assets related to leased property in Perth, Sydney, Hobart and Darwin.

During the year ended 30 June 2024, the Group surrendered its lease on the Sydney property. The final lease payment was made in November 2024.

Note 15. Intangibles

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$	\$
<i>Non-current assets</i>		
Goodwill - at cost	1,986,421	1,986,421
Research & Development - at cost	164,730	24,528
Software - at cost	112,729	112,729
Less: Accumulated amortisation	(112,729)	(112,729)
	-	-
Customer contracts - at cost	2,703,418	2,703,418
Less: Accumulated amortisation	(1,784,531)	(1,716,465)
	918,887	986,953
	<u>3,070,038</u>	<u>2,997,902</u>

Note 16. Trade and other payables

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$	\$
<i>Current liabilities</i>		
Trade payables ¹	1,437,453	783,104
Payroll liabilities	133,319	54,334
Other payables and accruals ²	732,187	711,361
	<u>2,302,959</u>	<u>1,548,799</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 17. Borrowings

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$	\$
<i>Current liabilities</i>		
Insurance premium funding	159,003	54,716
FlexiCommercial Pty Ltd ¹	42,888	42,888
Pure Asset Management Pty Ltd ²	3,000,000	-
Less: Unexpired charges	<u>(13,857)</u>	<u>(12,756)</u>
	<u>3,188,034</u>	<u>84,848</u>
<i>Non-current liabilities</i>		
FlexiCommercial Pty Ltd ¹	67,906	89,350
Pure Asset Management Pty Ltd ²	-	4,000,000
Less: Unexpired charges	<u>(5,326)</u>	<u>(8,965)</u>
	<u>62,580</u>	<u>4,080,385</u>
	<u><u>3,250,614</u></u>	<u><u>4,165,233</u></u>

¹ This is a Chattel Mortgage Facility with FlexiCommercial Pty Ltd for a Pressbrake Machine in use in the Perth factory. The interest rate on this facility is 9.996% and is repayable over 5 years (until July 2027) with no balloon payment.

² \$3,000,000 secured facility with Pure Asset Management Pty Ltd ('Pure') is to finance working capital and acquisitions. \$1,000,000 was repaid in November 2024. 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.

On 10 October 2024, Pure provided a Binding Term Sheet whereby the key covenant has been agreed as a minimum cash balance of \$500,000 until the term of the loan. Financial covenants were fully complied with at 31 December 2024.

Note 18. Lease liabilities

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$	\$
<i>Current liabilities</i>		
Lease liability	<u>312,345</u>	<u>660,519</u>
<i>Non-current liabilities</i>		
Lease liability	<u>3,334,105</u>	<u>3,494,225</u>
	<u><u>3,646,450</u></u>	<u><u>4,154,744</u></u>

Note 19. Issued capital

	Consolidated			
	31 Dec 2024	30 Jun 2024	31 Dec 2024	30 Jun 2024
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>281,246,497</u>	<u>184,889,354</u>	<u>53,328,456</u>	<u>47,395,502</u>

Note 19. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2024	184,889,354		47,395,502
Issue of shares - share-based payments	3 July 2024	2,000,000	\$0.0520	104,000
Issue of shares	18 October 2024	46,700,000	\$0.0700	3,269,000
Issue of shares	6 December 2024	46,157,143	\$0.0700	3,231,000
Issue of shares - share-based payments	29 December 2024	1,500,000	\$0.0000	88,500
Capital raising costs				(759,546)
Balance	31 December 2024	<u>281,246,497</u>		<u>53,328,456</u>

Note 20. Reserves

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$	\$
Share-based payments reserve	-	18,486
Options reserve	326,662	387,303
	<u>326,662</u>	<u>405,789</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 2024	18,486	387,303	405,789
Options issued	-	293,665	293,665
Exercised options	-	(44,000)	(44,000)
Expired options - transferred to accumulated losses	(18,486)	(310,306)	(328,792)
Balance at 31 December 2024	<u>-</u>	<u>326,662</u>	<u>326,662</u>

Note 21. Dividends

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

Note 22. Contingent liabilities

There were no contingent liabilities as at 31 December 2024 and 30 June 2024.

Note 23. Commitments

There were no capital commitments as at 31 December 2024 and 30 June 2024.

Note 24. 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.

Note 24. Related party transactions (continued)

Loans to/from related parties

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

Note 25. Events after the reporting period

On 19 February 2025, Field Solutions Holdings Ltd, the owner of TAS01 Pty's primary customer TasmaNet, appointed receivers and managers and entered voluntary administration. Earlier that day, TAS01 had issued a termination notice for the customer's contract due to non-payment and lack of response to prior demand letters. DXN has commenced discussions with the administrators and receivers of TasmaNet, McGraw-Nicol, to discuss options on maintaining service.

The financial impact of this event is currently being assessed. Management is evaluating the potential recoverability of outstanding receivables and any further implications for TAS01's financial position. DXN are also in close contact with end customer the Tasmanian Government to ensure continuous support of services and contingency plans for services. The short-term financial impact of this event (if any) is currently being assessed. Further disclosures will be provided as necessary in future financial reports.

No other matter or circumstance has arisen since 31 December 2024 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.

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 2024 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



Myo Myint Ohn
Non-Executive Chair

24 February 2025

**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 2024, 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 material 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 2024 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*.

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.

Emphasis of Matter – Material Uncertainty Related to 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 and operational 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.

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

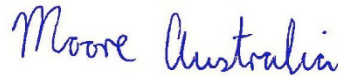
Our responsibility is to express a conclusion on the financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial report is not in accordance with the *Corporations Act 2001* including:

- i. giving a true and fair view of the Company's financial position as at 31 December 2024 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 2025.