

ASX Release

22 November 2024

2024 AGM - Chairman's Address

Once again, I welcome all our shareholders to this 14th Annual General Meeting irrespective of whether you are here in this amazing S3 Sydney auditorium or following the proceedings online.

NEXTDC's data centre footprint continues to grow and expand into new markets, allowing our customers to take advantage of the benefits of colocation as well as the direct connectivity into the various cloud and connectivity services residing within NEXTDC's ecosystem.

Vision

Presently demand is also booming among big tech companies and start-ups seeking to establish new services built on AI and other accelerated computing applications. With the company's expansion into Asia now underway and further expansions being undertaken in our major markets, we continue to deliver NEXTDC's vision, which is; "to help enterprises harness the digital age".

Purpose

We continue to strive "to be the leading customer-centric data centre services company" for all our customers, be it enterprise, hyperscale or government as we deliver solutions that power, secure and connect organisations to each other and to their most valuable resource – data. The developments in the current market, lead us to tremendous opportunities and ongoing shareholder value.

FY24 Highlights

Our FY24 highlights slide displays a great set of numbers that I am proud to share. Net revenue rose by 10% to A\$307.9 million with record full year pro forma sales of 50.5MW. Our focus on operational excellence drove record earnings, with underlying EBITDA increasing by 5% to A\$204.3 million, assisted by 12% growth in interconnection revenues to A\$28.3 million.

Billing utilisation rose 11% to 86.0MW during the year and the company finished the year with a record forward order book of 86.6MW, underpinning our confidence about the company's forward outlook for further strong growth in revenue in the years to come.

To capitalise on the unprecedented growth in customer demand, we completed a fully underwritten A\$1.3 billion entitlement offer in April of this year, strengthening the company's liquidity to A\$2.7 billion at the end of FY24, comprising A\$1.2 billion of cash and A\$1.5 billion in undrawn debt facilities.

Subsequent to year end we have also undertaken a further capital raising of A\$678 million comprising A\$550 million institutional placement and A\$128 million share purchase plan, as well as successfully signing an updated A\$2.9 billion senior debt facilities on a new common terms platform, to refinance NEXTDC's existing debt facilities. As a result of this activity, the company's pro forma 30 June 2024 liquidity position has improved to A\$3.4 billion, underpinned by approximately A\$5.9 billion in total assets, including A\$2.4 billion in property assets.

FY24 also saw an acceleration of our investment program with approximately A\$1.0 billion in capex invested. As a result, we expanded our capacity by 32MW in Australia as well as progressing a further 72MW in fit out globally. This program is continuing into FY25 with the company on track to invest a further A\$1.3 billion to A\$1.5 billion in developing the more than 70MW of capacity expansion now underway across Australia and international markets.

Regional footprint - Continued platform expansion

We are actively seeking to take advantage of the unprecedented demand for data centre capacity both domestically and internationally.

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Our efforts to build edge infrastructure in the Pilbara region, through PH1, Port Hedland and NE1, Newman, have helped us to diversify our value proposition to some critical national customers. These edge data centres, located in the heart of Australia's largest resources export hub and one of the world's harshest environments, demonstrates our willingness and capability to build infrastructure where our customers need it. With NE1 and PH1, we are enabling the mining sector to leverage digital megatrends for business improvement. It is an opportunity that will have long term benefits for our customers and for our Company.

A1 & D1

During the 1st quarter of FY25, we successfully completed the launch of the A1, Adelaide data centre as well as our new D1, Darwin facility. We are also well advanced on the expansion of capacity at our S6 Sydney facility, which we acquired in FY24.

Sydney expansion

Meanwhile, I'm also pleased to note our recent contracts for the acquisition of a new data centre site in Sydney's Western Availability Zone, which will ultimately become S7. Located in Eastern Creek, just eight kilometres from our S4 site, S7 Sydney spans approximately 258,000m² of developable land and offers proximity to key infrastructure like major power substations, telecommunications networks, utilities and associated public infrastructure. Once completed, S7 is expected to add up to 550MW of capacity, in addition to housing our customers' mission critical operation centres, administrative offices and collaboration spaces.

KL1 & Asian growth strategy

Our strategic growth is no longer limited to Australia. In FY24 we saw significant progress beyond our borders, beginning with KL1, Kuala Lumpur, which will serve as the hub for further ventures across the region. We have begun to build a robust operational team in Kuala Lumpur, which will be pivotal in helping us to scale in alignment with our regional ambitions.

We continue to engage with our global customers in Asia Pacific, recognising that demand for premium data centre services continues to grow strongly in this region. In New Zealand, we continue to progress plans for our first data centre, AK1, Auckland and expect to be granted development approval and to commence construction during the course of FY25.

It is clear that our customers are looking for us to help them bring their services closer to end-users in these developing Asia Pacific economies, and we are excited to have the opportunity to collaborate with them. As we advance our plans in these vibrant markets, we anticipate making further significant announcements that will highlight our commitment to meeting customer demand.

Energy

As our digital economy continues to expand, so does the demand for electricity to power it. Data centres efficiently consolidate this energy usage, aggregating power demand that would otherwise be distributed across businesses, homes, and consumers in a much less efficient way. According to a recent report from Mandala, commissioned by prominent data centre companies including NEXTDC, Australian data centres currently consume around 3 terawatt hours (TWh) of electricity each year, representing 1% of the nation's total consumption. By centralising power usage, data centres can manage energy demands more efficiently than dispersed, on-premise servers, resulting in an annual saving of some 2 TWh of electricity, an amount equivalent to the needs of 280,000 households.

The data centre sector is unique in its requirement for a stable and consistent power load, enabling efficient management of energy footprints as well as investment in energy and other support infrastructure that provides benefits well beyond the sector. Data centres, as aggregators of IT load, also have the capability of leveraging new technologies to drive efficiencies in energy usage across their footprint. Anyone who has read our ESG and Annual Reports will note the advances NEXTDC has made in this respect as an industry innovator over many years both in data centre design and through significant investments in advanced cooling and power management.

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At an industry level, Mandala reported that over the past two decades, data centres have made considerable progress in energy efficiency, reducing their average Power Usage Effectiveness (PUE) to 1.58 globally, and even more so in Australia, where PUEs can be as low as 1.15. These improvements have been driven by innovations such as hyperscale data centres, which are up to 27% more efficient than hosting servers on-premise in Australia, as well as the implementation of advanced liquid cooling systems and AI-driven power management.

Benchmark for sustainability

Ultimately, modern digital services, including cloud computing, depend on the large-scale, energy-efficient processing capabilities of data centres to achieve their sustainability goals. As technology evolves, colocation and hyperscale data centres will continue to enhance efficiency, driving substantial energy savings while supporting the growing digital ecosystem. NEXTDC is at the forefront of energy innovation. We are committed to meeting sustainability imperatives and very aware of our social responsibilities in doing so.

ESG Highlights

In FY24, NEXTDC made significant strides in our commitments to sustainability, social responsibility and governance.

Our environmental achievements in FY24 set a new benchmark for our company. We issued our first *Climate and Nature Report*, in alignment with the Taskforce on Climate-related Financial Disclosures (TCFD). This provides unprecedented transparency on how we incorporate climate and nature-related risks into our decision-making.

We also undertook our first embodied carbon assessment for new builds, establishing a template for reporting Scope 3 emissions in all future projects. This critical early-stage evaluation process enables us to engage with delivery partners in order to accelerate our progress towards net zero across our value chain.

Our social initiatives remain integral to our business, reflecting our deep commitment to the health, safety, and well-being of our team and communities. In FY24, we achieved a zero Lost Time Injury Frequency Rate (LTIFR) across operations, with a significant reduction in injury frequency on construction sites.

With the establishment of our Reconciliation Action Plan (RAP) working group and the launch of a graduate program, we are also fostering inclusion and career development for emerging talent.

Meanwhile, results from our inaugural 'People at Work' survey placed us in the 'minimal concern' category, reflecting a positive work culture; with 84% participation and 75% positive engagement. These results are very pleasing and reflect our resolve to continue building a safe, diverse, and supportive workplace for all our team members.

Investor confidence, good governance

This year, we have made significant strides in embedding sustainability into every layer of our governance framework. Our alignment with global sustainability standards, including the TTNFD and the United Nations Sustainable Development Goals (UNSDGs), underscores our commitment to an ethical and sustainable value chain.

We've refined our ESG Strategy, charting a course towards a net zero future, with the strategic oversight of a newly established ESG Council led by our Chief Risk Officer. Additionally, FY24 saw the appointment of our first Head of Sustainability and our first Head of Energy, both roles being pivotal in advancing our initiatives, and ensuring that our planning translates into meaningful real-world impact.

One matter of concern to the Board is key staff retention and remuneration. This is a global industry and it is now largely in the hands of private equity or large US listed companies. Three significant new players have entered the Australian market, all of whom are seeking talent for their new businesses. In addition, our staff are being approached and some recruited into Asia and elsewhere. Remuneration structures being offered are very different to those being accepted as normal within the Australian listed environment.

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The Board has tried to perform a balancing act between 'normal' within the context of the ASX environment and the real market for talent in the sector. You can expect us to come back to shareholders with a bolder plan in 2025.

In closing, I extend my deepest gratitude to our dedicated team, management, and Board for their unwavering commitment to NEXTDC's success. I would especially like to recognise Craig Scroggie for his remarkable long-term contributions. Now in his 14th year with the Company, his industry expertise and vision – from the early days of cloud computing to today's AI-driven future – have been instrumental in shaping NEXTDC's journey.

My thanks to you Craig for the passion, insight, and dedication you bring to our mission every day. To our shareholders, we hold a deep confidence that the best is indeed yet to come.

Thank you for your trust and support.

Authorised for release by the Board of NEXTDC Limited.

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About NEXTDC

NEXTDC is an ASX 100-listed technology company and Asia's most innovative Data Centre-as-a-Service provider. We are building the infrastructure platform for the digital economy, delivering the critical power, security and connectivity for global cloud computing providers, enterprise, and Government.

NEXTDC is recognised globally for the design, construction, and operation of Australia's only network of Uptime Institute certified Tier IV facilities, and one of the only data centre operators in the Southern Hemisphere to achieve Tier IV Gold certification for Operational Sustainability. NEXTDC has a strong focus on sustainability and operational excellence through renewable energy sources and delivering world-class operational efficiency. Our data centres have been engineered to deliver exceptional levels of efficiency and the industry's lowest Total Cost of Operation through NABERS 5-star energy efficiency.

NEXTDC's corporate operations have been certified carbon neutral under the Australian Government's *Climate Active Carbon Neutral Standard*.

Our Cloud Centre partner ecosystem is Australia's most dynamic digital marketplace, comprising carriers, cloud providers and IT service providers, enabling local and international customers to source and connect with cloud platforms, service providers and vendors to build complex hybrid cloud networks and scale their critical IT infrastructure services.

NEXTDC is *where the cloud lives*®.

To learn more, visit www.nextdc.com

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