

ASX Release

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2022 AGM - CEO's Address

Ladies and Gentlemen:

It is wonderful to have the opportunity to see everyone again in person, and for those that could not travel today, by video. This is the best of both worlds, a post pandemic new normal, and what we expect the future of hybrid work to be.

Today, I am excited to share our thoughts on customer priorities, our industry, what's driving technological change, and how we are preparing to meet our customers' needs in the future. I will also touch on our FY22 performance, the pillars of our growth engine, how we are preparing to take advantage of those opportunities, and the priorities that will drive our success over the next decade.

In addition to our people, financial and operational priorities, as well as the performance of our business, there are many important societal issues that continue to evolve – safety, security, sovereignty, sustainability, diversity, and I plan to share insights into these important topics as well.

OUR FUTURE IS ABUNDANT

During FY22, the world emerged from the single largest work from home experiment in history; the way we live, and work has changed forever. Here in Australia, we are no stranger to managing the most challenging of circumstances mother nature can throw at us, whether they be damaging floods or raging bush fires, but our focus on business resilience has never been higher than in a post pandemic world.

Despite the many and varied new challenges presented by the pandemic, like closed borders, masks, social distancing, and hard lock downs; we adapted, we innovated, and global communities forged paths to a new world order.

We hope these extraordinary events are 'once-in-a lifetime' but they demonstrate the many reasons data centres play a mission critical role in protecting our economy. This goes to the core of our brand promise - power, secure, and connect. This is our 100% uptime guarantee.

For our customers, the role colocation data centres play as critical infrastructure to support enterprises and government's ability to operate safely, securely and effectively has never been greater.

For many who were unable to easily access or support their on-premise networking, compute and storage infrastructure, the post pandemic transition to mission critical colocation data centres and cloud computing emerged as a compelling event for business continuity and disaster recovery preparedness. Today our national digital infrastructure platform is well positioned to help customers harness the digital age.

MEGATRENDS

Megatrends are at the forefront of our everyday lives. Author and XPRIZE founder Peter Diamandis calls the intersection of these Megatrends 'unexpected convergent consequences,' the leveraging of exponential growth technologies such as blockchain, machine learning, artificial intelligence, virtual and augmented reality, 5G, IoT, 3D printing and cloud computing.

The crossroads of our physical and digital worlds has never presented so many opportunities for technology led advancements in the future of healthcare, commerce, and sustainability.

CYBERSECURITY & DATA SOVERIGNTY

At the same time, advancements of technology behind these megatrends create significant challenges when used for crime and corruption or to wage cyberwarfare. Our communities are increasingly exposed to the devastating impacts of cybersecurity incidents through data breaches and ransomware attacks, shifting global economic powers, energy sustainability, climate change, food security and geopolitical instability.

PROTECTING CRITICAL INFRASTRUCTURE

Protecting our critical infrastructure assets has never been more important. At this time, we are reminded not only of the importance of protecting users and their personal information, but the legislative protections that continue to evolve and play an ever increasing and important role in protecting our critical infrastructure assets, their ownership, and information, from bad actors.

Our Federal Government DTA strategic certification demonstrates we have the physical security controls in place to both protect and secure the assets and infrastructure of our customers to the highest federal government standards.

OUT WITH THE OLD AND IN WITH THE NEW

Today, more than ever before, the retirement of legacy on premise data centres is a top customer priority to address operational performance and business resilience. The flexibility of cloud and network services, sovereign security, increasing compute density, better sustainability and improved energy efficiency are all important benefits of data centre migration. The combination of these factors is a force multiplier, which will reduce risk, cost and complexity for customers and serve to accelerate migration over the coming years.

Doing more with less is an important priority in an environment of rising inflation and supply chain interruptions. This involves our customers extending the previous replacement cycles of their existing infrastructure to address short to medium term supply chain imbalances and improve longer term returns on invested capital. We are also observing the fluidity of supply chain machinations where positions on procurement are changing from just into time, to just in case. An interesting challenge to manage scalability for future growth, in the current supply constrained, inflationary environment.

Gartner estimates that approximately 10% of organisations have closed their on-premise data centres and moved to colocation and cloud. Gartner predict this could move as high as 80% over the next few years, a significant opportunity for us to help customers retire these legacy assets, recycle their capital, and harness the digital age.

THE FUTURE IS NOW

Digital infrastructure is now intrinsic, deeply ingrained in our daily lives. From healthcare, to education, lifestyle, and entertainment. That is not going to slow down anytime soon. Indeed,



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it is universally accepted, that digitisation is going to continue to accelerate. We are increasingly operating in an application driven world.

We are living in extraordinary times – technology is pervasive and global data creation is about to explode. According to Forbes, 90% of the world's data was generated in the last two years with more than 2.5 quintillion bytes of data being created each day. We are in an information economy fuelled by data, the currency of our digital age.

Today, interconnected infrastructure connects everyone, everywhere, to everything. We see this deep ecosystem of thousands of commerce interconnections continuing to evolve inside our data centre networks every day. This is the new digital reality – the fourth industrial revolution.

THE FOURTH INDUSTRIAL REVOLUTION

This takes adoption of digital services to the next level. It introduces smart, autonomous systems, managing the ever-increasing volumes of data. Modern businesses are increasingly powered by the cloud. Technology is utilised in interconnected environments leveraging big data, machine learning, and the Internet of Things as drivers of growth.

This revolution is enabling the reinvention of entire industries and society as a whole. Technology is now expected to make organisations more flexible and agile, as well as creating new levels of security, productivity, sustainability, and innovation. Colocation combined with on demand computing can be a deflationary force for our customers, in these ever-increasing inflationary times.

We play a pivotal role in this new fourth industrial revolution where technology is being built upon technology, as increasing compute density and increasing power demands requires next generation infrastructure to support the future compute needs of hyperscale and enterprise. As this digital acceleration continues our geo-diverse footprint also becomes critically important. It really is the very beginning of the cyber physical age, and the greatest opportunities for our digital infrastructure platform are in front of us.

EXPONENTIAL GROWTH OF COMPUTING

Today's business leaders understand that they cannot be sure where the next disruption is coming from. The cloud allows a flexible solution that is agile, responsive, and scalable. In Flexera's 2022 State of the Cloud report, 89% of organisations surveyed are using more than one public cloud platform and 80% are using hybridised combinations of public and private cloud environments.

The best way for organisations to capitalise on digital trends is by embracing flexible network, compute and storage resources that enable rapid scaling up and down to meet their ever-changing needs. The enterprises of the future are intertwined with the concept of hybrid IT; the efficient allocation of physical and virtual resources to enable capability when and where it is needed. These trends have accelerated exponentially over the past two years. A study by 451 Research found that since the start of the pandemic, 84% of organisations now acknowledge that Hybrid IT is embedded in their business model.

FY22 HIGHLIGHTS

FY22 represented another year of robust growth and outstanding achievements for NEXTDC. In FY22 data centre services revenue increased by 18% (up \$45.0 million), contracted utilisation was up by 10% (7.5MW) and interconnection revenues continued to climb (up 13%).

Meanwhile, EBITDA rose by 26% and a new A\$2.5bn senior syndicated debt facility was secured, providing additional liquidity, improved terms, extended tenor, and significantly reduced cost. These are strong numbers, landing above the guidance we provided at the start of FY22. With this new funding in place, at 30 June, the Company had more than \$1.9B in liquidity to continue to invest in our customers growth priorities.

MONITORING MACROECONOMIC ISSUES IN FY23

In FY23, we are facing very different economic conditions to those faced in recent years, particularly when it comes to rising inflation and interest rates as well as significantly higher power prices.

With respect to inflation, the Company has significant revenue offsets in the form of built in contractual revenue escalators as well as having been fortunate in contracting for its major construction projects at fixed price rates, at a time before the costs of construction started rising. As a result, we're in an enviable position of having recently completed major construction projects and added significant capacity at pre-escalated costs.

On the topic power prices, the Company has strong power cost protection built into contracts in the form of power pass through mechanisms, resulting in most power costs being passed directly through to customers. Our strategies relating to energy efficiency are critically important for success, to ensure customers have the lowest possible power costs facilitated by our highly efficient cooling designs, that deliver the industry's lowest operating PUE's.

With liquidity of approximately \$1.9bn, the business has the flexibility to take advantage of value enhancing growth opportunities as they arise, as well as to continue to invest in the business, as the Company's record sales pipeline continues to convert into contractual commitments.

THE SECOND GENERATION

S2 was the first of our second generation builds, and one of our most valuable customer learning experiences. It was the first high rise, hyperscale development project undertaken, and has informed the methodologies underpinning the success of our third-generation developments today.

Whilst S2 is largely sold, during FY22 it underwent seamless critical HV power upgrades that continue to support customer IT load growth and underpin strong earning leverage in FY22 and beyond.

In Melbourne, the M2 campus had its target IT capacity increased by 40MW to 100MW, through the acquisition of adjacent expansion land. Also, in FY22, 6MW of new capacity was added during the reporting period to support customer growth.

Additional land has been secured adjacent to both M2 and M3 for longer term expansions to support forecast customer growth. With two significant public cloud platforms launching in Victoria, we are well placed to convert customer reservations over time to support their future success in that market.

THE THIRD GENERATION OF OUR PLATFORM

Bringing our third-generation data centres online is significant for the medium-term domestic growth of the Company. Having a strong pipeline of scalable inventory in Australia's two largest markets, is critical to enable us to support our customers long term strategies.

One of our most exciting highlights in FY22, were the advances we made in extending the infrastructure platform we are building to meet our customers' growth requirements in Australia's two largest markets and cater for state availability zones as well as dual business continuity and disaster recovery solutions.

S3 Sydney opened on-time and on-budget, with 12MW of capacity and the entire sovereign NEXTDC ecosystem available from day one. S3, when fully complete will be our largest Sydney facility to date and bring 80MW of IT load to support our customers' growth requirements. This magnificent facility is the 5th Uptime Institute Tier IV certified facility in our fleet.

Construction at M3 Melbourne progressed quickly during FY22 with Stage 1 completed early in FY23. The M3 site was developed and launched within 12 months, quite an achievement given a large part of the projects' base building construction took place during lockdowns.

We formally opened the M3 facility in October with 13.5MW of initial built capacity and an additional 4.5MW being brought forward to support our enterprise pipeline and anchor hyperscale capacity. M3 is designed to support 150MW of IT load over time in a campus configuration. It is now the 6th Uptime Institute Tier IV certified facility in our fleet.

Both the S3 and M3 facilities are strategically located 9 kilometers from their respective CBDs making them large-scale center pieces in our metro access networks.

As established and new cloud platforms scale into the regions, our flexible and agile services will position us well. We are poised to take full advantage of our customers' future growth opportunities which in turn drives further market growth across the digital economy. Our extensive enterprise and Government footprint continues to attract new cloud on-ramps to our metropolitan locations allowing customers to leverage secure, low cost and low latency connectivity to public and private clouds.

REGIONAL DATA CENTRE GROWTH

We are keeping an eye on regional growth opportunities. To this end, we have secured expansion land at our P1 Perth, P2 Perth and B2 Brisbane data centres, putting us in a great position to continue supporting growth in those deeply established, network-rich regional ecosystems.

We expect continued growth in Western Australia where the resources industry continues to accelerate its digital transformation. Connected by subsea cable to Sydney and Singapore, P2 is certified as Tier IV for Design and Construction and is generating significant resonance with the State Government and the booming mining and exploration sector.

B2, also certified as Tier IV for Design and Construction, underwent its third data hall expansion during FY22, and now has new inventory on hand to support client growth over the next 12 months.

To cap off our regional expansion work in FY22, we also secured land for new, Government-supported developments in both Darwin and Adelaide.

D1 DARWIN

In conjunction with the Northern Territory Government, we announced plans to develop a new, world-class data centre in Darwin (D1), a facility which will underpin its 'Digital Territory' strategy.

With multiple new international subsea and domestic cable networks planned to terminate or transition through Darwin, the NT is rapidly emerging as a gateway for stable, proximate, and sovereign secure data centre services for Asia. D1 will be home to the Vocus Darwin-Jakarta-Singapore Cable (DJSC). Design and development approval for D1 is well progressed, and construction is expected to start during the latter part of FY23.

A1 ADELAIDE

Completing our presence in mainland capital cities, we also reached agreement with the South Australian Government to purchase land in Adelaide's CBD. In partnership with the State and the City of Adelaide, A1 Adelaide will become the centrepiece of a high-tech innovation growth agenda and further extends the SA Government's significant work at the 'Lot Fourteen' technology precinct.

THE EMERGENCE OF EDGE COMPUTING

Edge computing is a distributed computing model where data processing takes place right at the network's edge, close to the data source. This model supports a local compute service, where only the data that needs to be processed is sent to metro sites, as opposed to sending all data to central servers for processing.

This can reduce both latency and energy consumption by as much as 60%. Edge computing can help reduce the carbon footprint of data centres by using renewable energy sources such as solar and wind power at the edge, providing financial, operational, latency and sustainability benefits to customers.

Our Edge strategy is customer led and commenced with the opening of our first Edge facility at Maroochydore on the Sunshine Coast in partnership with the Sunshine Coast Regional Council.

SC1 hosts the landing station for the 7,000km Japan-Guam-Australia South (JGA-S) submarine cable – the first east coast submarine cable outside Sydney. It is estimated by RTI that one third of Australia's Internet traffic will pass through SC1 by the end of 2024. This is a very exciting piece of communications infrastructure, that supports the Sunshine Coast's regional economic development plans in the lead up to the Olympics in 2032.

Our Edge data centres will be designed for regional, data intensive industries, supporting applications that range from specialised location-specific submarine cable landing stations, 5G networks, satellite uplinks and remote operations centres.

Advanced autonomous mines, mining telemetry services, renewable energy, agriculture, and the delivery of Government services are other areas where demand for edge data centres is emerging. These industries are adopting automation and remote operations through latency-sensitive applications, processing substantial amounts of data in real time, something previously uncatered for.

We continue to collaborate closely with our customers on designing solutions that meet their future edge network and computing needs. This is an evolving area of interest that we are ready to support.

We have secured land in the Pilbara region for the development of a new edge data centre in Port Hedland (PH1). This supports our customers' specific needs for these specialised edge computing environments in both the telecommunications and mining industries. PH1 will be



home to the new Vocus cable landing station in Port Hedland for the North-West Cable System infrastructure that runs from Port Headland to Darwin via the north-west shelf.

REAL TIME INTELLIGENCE

When it comes to real-time data centre intelligence, our customers want self-service and automation that helps to cut down complexity and increase speed.

We enable this through our ONEDC customer experience portal. ONEDC is a platform that provides our partners and customers with comprehensive telemetry for their DC footprint. Not only does ONEDC enhance customer experience, but it also dramatically improves NEXTDC's own efficiency.

ONEDC aggregates the tools our customers require to manage their infrastructure, consolidating real-time data on temperature, humidity monitoring and reporting in one location. It enables them to manage service requests, such as booking a car park, a tour, securing meeting rooms, remote rack access or technical support through a single pane of glass. Our customers and partners appreciate that our telemetry platform is continually being enhanced, based on their feedback and future needs.

Users can also tick a box to opt into our NEXTneutral carbon offset program as well as placing a service order to activate NEXTDC's free e-Waste disposal service on decommissioned equipment.

MISSION CRITICAL OPERATIONS – A CORE TO THE EDGE

In a similar fashion to remote access and telemetry services for the data centre through ONEDC, customers are increasingly looking for a central and remote operations support for their mission critical operations.

This can be in metro locations for network and security operations centres or at the edge for applications like autonomous vehicle operations, mine safety systems, satellite ground uplinks, agtech telemetry or forward operating defence deployments. Whatever the need, NEXTDC can support customers mission critical operations requirements from the core to the edge.

WE ARE IN THE ERA OF DIGITAL EVERYTHING

Digital transformation continues to change the world in exciting and disruptive ways. With customers connecting to multiple clouds, there is a need for a new generation of elastic connectivity. Our partnerships with the world's leading technology companies such as Microsoft, AWS, Google, IBM, Oracle, Alibaba and OVHcloud continue to flourish.

When combined with our Cloud Centre ecosystem of over 770 of Australia's ICT and digital services providers on our AXON platform, we are well positioned to provide our customers with access to the widest range of premium grade, multi-cloud vendors on the market.

With more than seventy networks and fifteen public cloud on-ramps within our ecosystem, no data centre services provider in Australia has more diversity in telecommunications provider choice combined with direct access to the world's leading cloud platforms.

In FY22 we announced the launch of our fourth AWS Direct Connect interconnection platform at S2, Sydney. In addition to this, we announced Australia-wide connectivity to Google Cloud through our AXON network, with new physical direct onramp access points available at M2 Melbourne and B2 Brisbane.

These ecosystems are a key enabler for the internet of things, where real time data transfer is critical between cloud platforms, on premise systems and users. From the core to the edge, billions of devices, trillions of sensors and billions of users, all combine to leverage unparalleled network and compute scale.

Submarine cable networks continue to play a critical role for both the diversity and risk mitigation of internet services in Australia and play a vital role inside our network connectivity ecosystem.

The growth of submarine cable systems continues to be a very important focus for our ecosystem depth and breadth over the coming years. We are very excited about our subsea Strategic Partnerships with Vocus to support their Project Horizon cable infrastructure at our D1 Darwin and PH1 Port Hedland datacentres, and also our partnership with RTI at our SC1 Sunshine Coast data centre as home to the JGSA cable, and P2 Perth as home to the Indigo Consortium cable system.

There are over 1.35 million kilometres of submarine cables in service globally, and as of this year, there are 530 active and planned submarine cables in development. It is fair to say that the demand for subsea connectivity is once again outgrowing the existing capabilities.

We continue to collaborate closely with our customers on new locations to support more critical landing stations and direct inter-connect services to facilitate the hand off of subsea traffic to data centre, cloud, metro, inter-capital, 5G and satellite networks.

5G rollouts across the country are providing new connectivity to regions that need it. 5G can connect more than one million devices per square KM with latency performance two hundred times better than 4G. 5G will deliver up to 1,000 times more capacity than 4G.

Australia is a global leader in 5G rollout. By the end of 2021, Australia's Mobile Network Operators had installed around 4,000 operational 5G base stations across the country. The population coverage puts Australia in the top tier of nations rolling out the innovative technology. We have been fortunate to support the rollout of many of these systems throughout our national network.

Today, according to the GSMA Mobile Connectivity Index Australia is ranked third in 5G-connected devices per capita. By 2025, it is expected that 95% of Australians will have 5G coverage

Austrade recently partnered with PwC to explore potential investment opportunities within Australian 5G. The research found Australia's world-leading 5G ecosystem has the potential to unlock billions of dollars in productivity improvements across multiple industries that include healthcare, mining, transport, manufacturing, and utilities.

Satellite is no longer an expensive, niche technology. Lots of bandwidth is coming online, especially with the big geo stationary orbit satellites, driving the cost of bandwidth down.

Supporting the emerging space and satellite industry is an exciting area of emerging growth for the company. We are thrilled to be working closely with the team at Viasat and our partner Telstra to support the rollout of Viasat's new ViaSat-3 satellite infrastructure.

The ground infrastructure Viasat is building for the ViaSat-3 Asia-Pacific satellite is not only located in Australia but also supports all of Asia. If you have flown in a Qantas airplane and connected to inflight Wi-Fi, you would already be familiar with some of Viasat's services today.

Satellite connects the unconnected. The new generation of satellites, with their new capabilities and lower cost of bandwidth, are supporting new, innovative, use cases. For Viasat the 'killer app' is mobility and other use cases include IOT to space, mobiles to space, earth observation and more. A very exciting area in the future.

Whether it be 5G, satellite, subsea, metro or cloud connect, the role our networks play is critically important to serve the future of work. In a post pandemic world where Digital HQ's and remote work features heavily, information increasingly lives outside organisations rather than inside them.

Both the architecture of our networks, the latency of application and data base response times and the security and resiliency of our systems needs to continue to evolve. Having access to secure on demand elastic network services is very important to support the new ways in which we work and live. Work is increasingly being categorised as something we do, not somewhere we go. Its location will be defined by the outcomes that are needed, the type of activities undertaken and the people involved.

OUR VALUES – CUSTOMER FIRST

Our values are what we value. Our values are what we aspire to be. Our values define the behaviour and skills that we expect from our team in the pursuit of excellence. We continue to strive to 'live' our values every day, conscious to ensure our actions align with the behaviours which our values embody.

Our goal is to engrain these in how we work with our customers, our partners, our suppliers, our communities and our people.

Our "Customer First" value is approached with dedication and passion by our team. Our tireless attention to delivering outstanding customer experiences is always top of mind.

Putting the customer at the centre of everything we do starts with having our security, customer service and technical support personnel available 24/7/365 days a year. We have customer focussed, empowered front-of-house and management staff to ensure that customer interactions are frictionless and that we continue to strive to help customers succeed and find solutions to their technology challenges.

It extends to expanding our data centre platform in partnership with our customers to meet their ever-changing technology, location, and network specific requirements in the future. Our customers are building solutions for their customers' success, and our digital infrastructure platform continues to be built with customer centricity in mind.

THE NEXT DECADE OF PRODUCT DEVELOPMENT

Our journey over the past 12 years has been an incredibly exciting one. Few would have guessed how dramatically the IT landscape would evolve in the last decade and one can only imagine where it will be a decade from now.

We can be confident that demand for colocation services will continue to boom. Importantly, we have the skills and experience to continue building the infrastructure platform needed to support the growth of the digital economy. We are home to Australia's largest and most active technology ecosystem.

FUTURE GROWTH

Data volumes continue to compound at exponential rates. Gartner forecasts that global cloud revenue will total US\$474 Billion in 2022, Up 16% from US\$408 Billion in 2021. In Australia, the spending growth on public cloud services is ahead of global averages with forecasts from Gartner suggesting a 17.6% jump to A\$18.7 billion in 2022. Meanwhile, IDC forecasts CAGR on cloud infrastructure spending of 12.6% for the period from 2021-2026.

When you consider that 91% of businesses have now adopted or have plans to adopt a digital-first business strategy, and global investment in digital transformation is projected to grow at a compound annual growth rate of 21.1%, these numbers bode well for the future of the Company.

VICTORIA EMERGES AS NEW DIGITAL HUB

We are excited about digital acceleration in Victoria and the opportunities it presents. As cloud has grown and availability zones expand to meet latency and data residency requirements, so too has the importance of Australia's second largest city grown as a new cloud computing hub.

In addition to the 6MW of new capacity commissioned as part of the M2 expansion, the M3 development has advanced rapidly. Opened early in FY23, our first customers are already live in the facility and continuing to move in over the next few months which means we're now in a strong position to support the multi-site resilience requirements of hyperscale, enterprise and Government customers in Victoria.

SYDNEY CONTINUES TO GROW INTO A GIGA MARKET

Sydney was the first major megawatt computing market in Australia and has been the home to many organisations deploying cloud first in Australia. The size and scale of the region is now hundreds of megawatts of computing spread across multiple availability zones and continues to grow. The Sydney market has the potential to reach a gigawatt of computing capacity over the coming years.

SAFETY IS EVERYONE'S RESPONSIBILITY

We aim to provide and maintain a safe and healthy working environment for all workers, customers, and visitors. Safety is at the heart of everything we do. Whilst our culture embraces this concept, by having achieved ISO 45001 (Health and Safety) certification, we can independently demonstrate that this safety culture is process driven and disciplined.

Our safety management system addresses the unique hazards and processes associated with operating a data centre. NEXTDC has a dedicated in-house WHS team that oversees both the capital works and operational aspects of our business.

We empower all employees and contractors to act in a safe manner and to be an active advocate for safety. We seek out global best practices through engagement with our teams, customers, industry and WHS peak bodies and want to achieve our Safety-First goal of zero injuries in the workplace.

WHS HIGHLIGHTS

In FY22 we reduced our Operational Total Recordable Injury Frequency Rate (TRIFR) from 5.7 (July 2021) to zero (June 2022), an outstanding effort from all our operational and customer service teams. Working closely with our construction partners, we have also reduced our capital works project TRIFR from 15.0 to 10.0. In addition to this 33% reduction, we also saw zero Recordable Lost Time Injuries across data centre operations.

The mental health of our teams is also a critical area of focus for us. We actively partner with health services provider, Sonder, to promote wellbeing and personal safety across the organisation, and we now have twenty-six employees across the country trained as Mental Health First Aid Officers.

We continue looking for new ways to achieve and sustain our Safety-First corporate goal of zero injuries, both in our workplace and those of our construction partners.

ESG HIGHLIGHTS - SUSTAINABILITY LEADERSHIP

All organisations need to focus on sustainably managing their technology and infrastructure. We are focussed on that journey and know that responsible and environmentally sound data centre practises are not only a moral imperative but also a competitive advantage.

We are committed to supporting our customers' needs for building digital infrastructure that is dependable, secure and energy efficient. We have prioritised the procurement of renewable energy through increased engagement with our energy providers and the further development of our rooftop solar arrays, now featured at M1, S1 and P1. The future of power in our industry is an incredibly significant focus and when considering the current energy market challenges, securing it will continue to be an important factor in our expansion plans.

CARBON NEUTRALITY AND CARBON OFFSET

In FY22 we saw 188% growth in new customers selecting our NEXTneutral offering, a simple ONEDC opt in solution enabling our customers to offset the carbon emissions from their IT footprint in our facilities. It allows them to make simple, effective progress towards their own sustainability goals.

NEXTneutral builds on our commitment to sustainability and our success in being accredited 100% carbon neutral for our own corporate operations, under the Australian Federal Government's Climate Active program.

Our goal is to reach 100% renewable energy in our operations by 2030. We seek to take action to minimise carbon emissions directly, and where we cannot avoid it, we procure carbon credits for our business through the Qantas Future Planet (QFP) program.

We have been a Principal Partner to the Melbourne Renewable Energy Project (MREP) since its inception in 2014 – a first for a data centre operator in our region. MREP's 80MW Crowlands Wind Farm in Victoria began delivering power to the grid in January 2019.

ENERGY EFFICIENCY

In FY22, we maintained the highest levels of operational energy efficiency in the industry. Our NABERS certification continues to demonstrate and independently certify our highly efficient designs and operational standards. Our facilities are also compliant with and certify to the industry leading ISO 14001 standard for Environmental Management Systems.

Our evaporative cooling designs allow us to deliver the lowest possible PUE to our customers. This topic is a significant focus for the industry, a driver of cost saving for customers and a source of competitive advantage for the Company. Moreover, this is critically important for the environment, both today and in the future.

WASTE MANAGEMENT AND RECYCLING

Waste management is playing an increasingly significant role in our sustainability strategy. We recycle all cardboard, fluorescent light tubes and manage e-waste for our own operations and for our clients at our facilities.

We have set achievable targets for zero waste with the facilities management and central operations teams who work diligently on the processes and infrastructure to achieve this. It is not any one action, but a combination of many actions that will continue to create positive momentum in our commitment to achieving sustainable operations.

RECOGNISED FOR INNOVATION, ENGINEERING AND DESIGN EXCELLENCE

In FY22, NEXTDC continued to be recognised for global industry leadership in data centre engineering, customer experience and energy efficiency. We continue to invest in our Uptime Institute (UI) Tier III certification for our first-generation facilities and Tier IV certification for the design, construction, and operations for our second and third generation sites.

Both S3 and M3 have now undergone and received Tier IV certification. Our Tier IV certification program gives NEXTDC a clear differentiator in the marketplace. It creates trust in our fault tolerance and ability to deliver on our 100% uptime guarantee. It builds the confidence that Government, hyperscale and enterprise organisations need to have in their data centre services partner.

More broadly, the industry continues to recognise our achievements in innovation, engineering and operational excellence. In June 2022, NEXTDC was recognised for the second consecutive year as Frost & Sullivan's Australian Data Centre Services Company of the Year. This award was presented for NEXTDC's expertise in the data centre industry, our dedication to customer experience and commitment to excellence.

COMMUNITY ENGAGEMENT

NEXTDC has long been committed to our people building a keen sense of connection with their local communities. Our '*Live to Give*' Corporate Social Responsibility program allows our team – and the Company – to give back to our communities and continues to be an important part of working at NEXTDC. With interest rates and the cost of living on the rise, there has never been a more crucial time to support those in our community that need it most.

Our Corporate partnerships with The Smith Family, UN Women, SolarBuddy and The Red Cross, further underscore our commitment to giving back. We are also part of the Pledge 1% movement and have an active workplace giving program with dollar-for-dollar donation matching for partner charitable organisations.

In FY22, we also increased the number of paid volunteer days for every employee from one to three days and introduced a paid emergency management leave benefit of up to four weeks. These benefits served a critical purpose when recent extreme weather events affected some of our team members and their communities.

We encourage team members to participate in skills-based volunteering opportunities such as emergency response, marine rescue, and bushfire brigades.

At NEXTDC, we continue to build upon a culture of respect and belonging, aiming to engrain inclusion and diversity as a central tenet. We believe that continuing to focus on diversity will drive new ways of thinking, innovation and therefore create further competitive advantage.

Currently, 33% of NEXTDC's workforce is female with a strong representation of mature workers. We are a signatory to the 40:40 Vision statement and have adopted targets to achieve gender balance at the executive level by 2030. There are functions in the business that reflect female participation rates at or above 50%. The Company also demonstrates gender diversity at Board level, where one third of our Non-Executive Board members are female.

THE NEW ECOSYSTEMS

Web 3.0 has the potential to change the way we think about commerce and trust. Whilst there has certainly been considerable controversy surrounding blockchain and crypto currency in recent times, the underlying technologies have extraordinary potential. We continue to see new ecosystems emerging as Web 3 platforms develop and evolve.

One of my favourite quotes is from Bill Gates, "Most people overestimate what they can achieve in a year and underestimate what they can achieve in ten years." It is believed Gates was paraphrasing Roy Amara, a Stanford computer scientist. In the 1960s, Amara told colleagues that he believed that "we overestimate the impact of technology in the short-term and underestimate the effect in the long run."

LAW OF ACCELERATING CHANGE

In 1999, author and inventor Ray Kurzweil posited the Law of Accelerating Change — that evolutionary systems develop at an exponential rate. While this is most obvious for technology, Kurzweil hypothesized that the principle is relevant in numerous other areas.

In an essay on the topic, he wrote: 'An analysis of the history of technology', shows that technological change is exponential, contrary to the common-sense 'intuitive linear' view. So, we will not experience one hundred years of progress in the 21st century — it will be more like 20,000 years of progress at today's rate. The 'returns,' such as chip speed and cost-effectiveness, also increase exponentially.

Just think about how much has changed for us in the last 10 years. S1 was designed for 11MW, S2 for 30MW, S3 for 80MW, and in the next few years the S4 campus will have a target future capacity of 300MW. We have witnessed an order of magnitude change from customers in one decade. What will the next decade hold?

This is why NEXTDC continues to expand its strategic land bank, and we are putting ourselves in a position to take advantage of the next decade of opportunities with expansion capability aligned with our customer's needs.

THE FIRST 4th GENERATION CAMPUS

A nice segway into the topic of future planning for S4. In early FY22, we announced our single largest landholding was secured in Western Sydney for S4. This site in Horsley Park will be the location for an innovative technology campus with a target IT capacity of 300MW. When added to the M3 Melbourne campus located in West Footscray, we have secured critical expansion capacity for the next decade of growth in our two largest markets.

In addition to these significant markets, we have secured additional land adjacent to B2 Brisbane, M2 Melbourne, P1 Perth and P2 Perth to allow us to also extend our capacity in those already well-established markets.

OPPORTUNITY IN ASIA

A few years ago, we established a small team of key personnel in Asia to begin exploring the opportunity to develop a regional business in Asia that can replicate the success NEXTDC has

experienced in Australia over the past decade. Our strategy is to build a highly diversified ecosystem that is consistent with our core enterprise network and colocation products and go to market strategy.

Whilst the Singapore Government has not approved any further land allocations for data centres since introducing its moratorium on further developments, and though COVID has slowed travel to advance our plans in the past two years, this has not dampened our enthusiasm for the region.

The e-Conomy SEA 2022 report, jointly compiled by Google, Singapore's Temasek, and Bain & Company, focuses on Southeast Asia's largest and most digitally connected economies. It predicted that the region's digital economy would top \$200 billion in 2022 – outpacing previous projections.

We remain committed to finding a disciplined path to building a successful business in the East Asia (ex-China) region over the next decade. We continue to identify new opportunities for greenfield development in partnership with our customers in these exciting emerging markets.

STRONG START TO FY23

You will be pleased to hear that we have experienced a strong start to FY23.

The guidance we have provided reflects the Company's expectation for further solid revenue growth of between 17% and 22% compared to FY22. We expect underlying EBITDA to rise by between 12% and 17% and capital expenditure to land in the range of \$380-\$420 million.

As mentioned earlier, whilst FY23 is broadly looking like it will present a more challenging macroeconomic environment, the Company has strong inflation and power cost protections built into contracts in the form of contractual revenue escalators as well as mechanisms resulting in the majority of power costs being passed through to customers.

We have inventory across all markets and are in the fortunate position of having the strongest sales pipeline in the Company's history, including a record backlog of customer reservations, that we expect will convert into material new contractual commitments over the next 6-12 months and give us great confidence that the next few years will be significant for the Company.

We have entered FY23 with strong liquidity of approximately \$1.9bn, providing the business with flexibility to take advantage of value enhancing growth opportunities as they arise, as well as the ability to continue to invest in the business as the Company's record sales pipeline starts to convert into contractual commitments.

As NEXTDC continues to grow, we also remain focused on scaling our people, processes, and technology to ensure we can take advantage of the exciting opportunities before us.

In closing, I would like to thank our Board for its continued support and commitment to driving excellence and good governance.

I would also like to thank my executive team for its leadership and dedication as well as every team member for their passionate contribution as we continue to work towards achieving our long-term goals.



Finally, I would like to thank you, our shareholders, for your support. It is exciting to be in such a strong position when the industry is just emerging and has extraordinary exponential growth in front of it.

With the opening of our third generation, hyperscale campus data centres in Sydney and Melbourne, we are incredibly well placed to sustain our success going forward.

We hope you will continue to share this journey with us, and I look forward to answering your questions later in the proceedings. I will pass the meeting back to Doug. Thanks you.

Authorised for release by the Board of NEXTDC Limited.

ENDS

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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 the only data centre operator 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