ASX Release

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2022 AGM - Chairman's Statement

Ladies and gentlemen:

On this, 12th Annual General Meeting of NEXTDC, I am pleased to report that this past Financial Year has seen us, once again, achieve continued growth in key areas including new benchmarks for the Company's performance.

In FY22, we continued to focus on building the digital infrastructure that is the engine to our growth. We are investing in our people, processes, and technology as we target new standards of excellence for safety, reliability, sustainability, and customer experience.

The Company's **vision** remains clear. We are focused on helping enterprises harness the digital age and improving our society through the advancement of technology.

NEXTDC's **purpose** is to be the leading customer-centric data centre services company. Digital transformation continues to change the world in exciting and disruptive ways.

Data centres have become central to the way today's enterprises manage the surging data being generated, stored, shared, and analysed across the economy.

Our **brand promise** is that our customers will receive our 100% uptime for the critical infrastructure in our care. This means that, when their digital platforms are hosted in our facilities, they will always be powered, secured and connected to the highest standards.

In FY22 our key performance highlights included:

- Revenue increased by 18% to $291.0 million.

- Underlying EBITDA increased by 26% to $169.0 million.

- Contracted utilisation reached 83.0MW, up 10%.

- New customer acquisition continued to climb and finished the year up 7% to 1,613.

- Interconnections strengthened, increasing 13% to 16,613

FACILITIES CAPACITY & CONTRACTED UTILISATION
On screen you can see the details of our Built Capacity and Billing *vs*. Contracted Utilisation. We continue to expand at a solid rate, driven by the accelerating demand for premium data centre services.

During the year NEXTDC increased its contracted utilisation by 10% from 75.5MW at the end of FY21 to 83.0MW at the end of FY22. This now represents 73% of our built capacity.

With 6MW of new capacity brought online at M2 as well as the recent opening of S3 and M3, we now have a great portfolio of inventory to sell in Australia's two largest markets, where hyperscale, enterprise and Government demand continues to accelerate.

As at 30 June 2022, NEXTDC was billing for 72.8MW of capacity (up 11% from 65.4MW in FY21). There was a total of 18.1MW of new built capacity added in FY22 with contracted utilization increasing by 10%, or 7.5MW year-on-year, to a record high of 83MW.

A total of $604.8 million in new capital was invested during FY22, with activities during the year including:

- The completion of the S3 Sydney Stage 1 on-time and on-budget despite a pandemic and record rainfall in Sydney during 2022. The facility opened with 12MW of available capacity and Stage 1 will delivery 40MW of IT capacity when fully fitted out.

- M3, Melbourne construction also progressed on time and on budget during FY22. Practical completion for Stage 1, and initial access for customers were achieved in Q1 of FY23 with the facility formally opened in October of this year.

- Meanwhile, M2 Melbourne's target capacity increased by 40MW (or 67%) to 100MW through adjacent land acquisitions, with 6MW of new capacity added in FY22 to support customer requirements.

As has been the case for all our 2nd generation facilities, our 3rd generation data centres have been designed and built to Uptime Institute Tier IV standards. Both S3 and M3 sites have been certified Tier IV for Design and have also undergone the rigorous testing required to receive Tier IV certification for Built.

New facilities continue to be designed according to the highest standards set by the Uptime Institute for Tier IV Gold, including Certification for Gold Operational Sustainability. NEXTDC is still Australia's only data centre provider to achieve this level of independently certified design, build and operational accreditation.

WELL CAPITALISED FOR GROWTH
From this slide, you can see that we remain well capitalised with June 2022 liquidity of approximately $1.9 billion, including available cash as well as our undrawn debt facilities.

Growth in the sector continues to present investment opportunities. Directors and Management have a clear line of sight to the Company's investment priorities. FY22 was an important year for capital expenditure with the delivery of the Company's two largest facilities to date, S3 and M3, delivered on time and on budget.

With the initial establishment of S3 and M3, we are forecasting lower capital expenditure in FY23, which is expected to be in the range of $380-420 million.

CUSTOMER GROWTH & EXTENDED ECOSYSTEM
As you can see, NEXTDC continues to deliver strong year-on-year growth, both in customer numbers and connectivity services. During FY22, the number of customers grew by 7% to 1,613, while network interconnections grew by 12% to 16,613.

Connectivity continues to be the enabler of cloud. Customers need to interconnect with multiple environments, and during this reporting period, we saw the average number of interconnections per customer rise to 10.3, up from 9.8 a year prior.

This growth in average interconnections per customer over time highlights the increasing use of hybrid cloud and the need for connectivity both inside and outside the data centre, as customers expand their ecosystems. This growth, in turn, drives higher margins for us and improves customer retention.

Our partners and customers have a need to interconnect with a thriving ecosystem that is secure, private and direct. NEXTDC continues to be at the centre of the need to enable agile, flexible, and resilient Connectivity-as-a-Service.

These numbers demonstrate that NEXTDC has the leading data centre ecosystem, with more than seventy networks and a total of more than 770 specialist ICT organisations, providing a range of telecommunication, cloud, systems integration, and IT services.

LEADING THE WAY IN SUSTAINABLE DATA CENTRE OPERATIONS

At NEXTDC, we are passionate about building a reliable, secure and energy efficient service delivery model.

We continue to operate with Commonwealth Government-certified carbon neutrality for our own corporate function and seek to support our customers to achieve their own sustainability objectives.

Our facility and operational innovations reduce power utilisation to a minimum, reducing power costs for customers. NEXTneutral allows customers to offset the carbon footprint they generate from infrastructure housed in our data centres.

Our market leading energy efficiency is complemented by a continued focus on improving our water usage and goal of continuing to reduce NEXTDC's and our clients' materials to landfill footprint through our Zero Waste initiative.

DATA CENTRE ENERGY CONSUMPTION IS RISING

As digitisation accelerates, data centre power draw continues to grow as a percentage of overall global electricity consumption. As more DC's are built to support the future requirements of customers, we are very aware that power consumption within our expanding fleet will also continue to grow. This translates into a significant social responsibility for NEXTDC.

In FY22, NEXTDC maintained its industry leading levels of energy efficiency, driven by innovative designs, engineering and operational excellence. We embrace changing community and stakeholder sentiments on climate change to make our data centres the most power efficient and sustainably managed facilities in Australia.

By aggregating our customers' processing activities in a best-in-class facility, we act as enablers of the digital economy and assist them in reducing their collective carbon footprints.

NEXTDC data centres run at the lowest Power Utilisation Efficiency (PUE) ratings in the country; a benefit that will continue to have a direct bottom line impact in a market where power prices are rising. Energy efficiency also represents a significant competitive

differentiator for NEXTDC as hyperscale, enterprise and Government customers sharpen their focus on ESG performance.

We use a range of innovative data hall management tools and processes to tune our facilities in real time. This includes using machine learning based on years of data to optimise variables such as fan speeds and water usage. We have sophisticated temperatures monitoring to take advantage of free air cooling and we recycle air supplies when conditions allow.

Our sustainability focus extends to investing in renewable energy initiatives to reduce our overall need to use grid power. Rooftop solar arrays are progressively being rolled out across our facilities, with new solar arrays recently delivered in Sydney and Perth. We have also been a Principal Partner to the Melbourne Renewable Energy Wind Farm Project since its inception in 2014.

The carbon offsets we procure for ourselves and on behalf of our customers under the NEXTneutral program continue to fund critical environmental projects. These projects include replanting native vegetation in critical wetlands as part of the Great Barrier Reef Restoration Project and Indigenous Fire Abatement Projects in West Arnhem Land.

These commitments to sustainability extend our ongoing legacy in pioneering environmental initiatives in our industry. Our M1 and S1 data centres were the first in Australia to achieve a NABERS 5-Star certification for energy efficiency. Both of these facilities have large, privately funded solar arrays on their rooftops.

FY22 was another year of double-digit growth despite the ongoing disruption of the pandemic, which continued to impact markets and communities.

Our risk management strategies around supply chains, skills shortages and rising power costs have served us well.

I am very proud of the way the team continues to drive the business and achieve success metrics during challenging times, while maintaining our focus on innovation and continual improvement across our business functions especially in product design, service quality and energy efficiency.

We have come a long way from start-up to an ASX100 company in 12 years and we continue to manage risk in this time of great change, whilst continuing to drive growth and revenues.

For our shareholders, we are confident that the best is yet to come.

We remain vigilant to business risk, but we also know we have the capabilities and differentiation that drives growth and builds trust.

Finally, I would like to thank my fellow directors, our management team and all our employees across the country, who are capably led by our CEO, Craig Scroggie. On behalf of NEXTDC, we thank you, our shareholders, for your ongoing 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 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