



ASX Appendix 4D

Results for Announcement to the Market

For the half-year ended 31 December 2022 ("1H23")

Previous corresponding period: to 31 December 2021 ("1H22")

Summary of financial information

	Note	1H23 \$'000	1H22 \$'000	Change \$'000	Change %
Revenue from ordinary activities		159,683	144,510	15,173	10%
Profit/(loss) from ordinary activities after income tax for the period attributable to members		(2,782)	10,256	(13,038)	nmf
Profit/(loss) after income tax attributable to members		(2,782)	10,256	(13,038)	nmf

NTA Backing

	1H23	1H22
Net tangible asset backing per ordinary share	\$3.60	\$3.61

Dividends

No dividend has been proposed or declared for the period ended 31 December 2022.

NEXTDC Limited

ABN 35 143 582 521

**Interim financial report
for the half-year ended 31 December 2022**

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by NEXTDC Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

These interim financial statements are the consolidated interim financial statements of the consolidated entity consisting of NEXTDC Limited and its subsidiaries. The interim financial statements are presented in the Australian currency.

NEXTDC Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office is:

NEXTDC Limited
20 Wharf Street
Brisbane Qld 4000

The Directors of NEXTDC Limited present their report on the consolidated entity (referred to hereafter as "the Group") consisting of NEXTDC Limited ("NEXTDC" or "the Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2022 ("1H23").

Directors

The following persons held office as Directors of NEXTDC Limited during the financial period and up to the date of this report:

Douglas Flynn
 Craig Scroggie
 Stuart Davis
 Dr Gregory J Clark AC
 Stephen Smith
 Jennifer Lambert
 Dr Eileen Doyle

Principal activities

During the half-year, the principal continuing activities of the Group consisted of the development and operation of independent data centres in Australia.

Operating and financial review

NEXTDC is pleased to announce its interim results for the half-year ended 31 December 2022 that saw continued substantial growth in data centre revenue, as well as a significant increase in underlying EBITDA.

As at 31 December 2022:

- Contracted utilisation grew 3.2MW (4%) to 84.2MW (31 December 2021: 81.0MW¹)
- The number of interconnections rose by 1,422 (9%) to 17,301 (31 December 2021: 15,879), representing 7.9% of recurring revenue

Key financial highlights include:

- Data centre services revenue grew \$15.2 million (10%) to \$159.7 million (1H22: \$144.5 million)
- Underlying EBITDA rose \$12.5 million (15%) to \$97.5 million (1H22: \$85.0 million)
- Operating cash flow increased \$1.8 million (3%) to \$71.3 million (1H22: \$69.5 million)
- Liquidity (cash and undrawn senior debt facilities) of \$1.6 billion at 31 December 2022
- This was subsequently increased to \$2.0 billion on a pro forma basis in January 2023 following the completion of a \$400 million upsizing of the Company's senior debt facilities

Reconciliation of statutory profit/(loss) to EBITDA and underlying EBITDA is as follows:

	1H23	1H22
	\$'000	\$'000
Net profit/(loss) after tax	(\$2,782)	\$10,256
Add: finance costs	\$31,281	\$21,574
Less: interest income	(\$4,482)	(\$577)
Add: income tax expense	\$1,833	-
Add: depreciation and amortisation	\$66,048	\$51,102
EBITDA	\$91,898	\$82,355
Add: expensed SaaS costs previously capitalised	-	\$1,364
Add: Asian market review expenses	\$1,703	\$222
Add: cost expensed in relation to acquisition opportunities	\$502	\$819
Add: share of loss on investment in associate	\$2,055	\$273
Add: impairment of investment in associate	\$1,342	-
Underlying EBITDA	\$97,500	\$85,033

¹ Represents pro-forma 1H22 contracted utilisation as disclosed in NEXTDC's market announcement on 31 January 2022

Operating and financial review (continued)

NEXTDC has a clear strategy to differentiate its services through in-house engineering innovation and the adoption of new technologies in power and cooling systems. In addition, NEXTDC is committed to delivering a world-class customer experience with continued investments in internal systems and processes, with the ongoing implementation of online platforms to automate and integrate the management of the entire customer journey through the life cycle of their data centre services with NEXTDC.

These investments position NEXTDC to deliver significant customer benefits, reinforce its market differentiation over the longer term and deliver scalable growth, generating operating cost efficiencies and increasing revenue.

A summary of consolidated revenues and segment EBITDA for the period is set out below:

	Segment revenues		Segment EBITDA	
	1H23 \$'000	1H22 \$'000	1H23 \$'000	1H22 \$'000
Consolidated entity				
Victoria	53,883	51,077	42,618	40,507
New South Wales/ACT	75,576	67,882	55,609	49,406
Queensland	15,481	13,020	11,989	10,043
Western Australia	13,229	11,274	9,548	8,006
Other	1,514	1,257	(154)	267
Total segment revenue/EBITDA	159,683	144,510	119,610	108,229

Segment EBITDA reconciles to Group EBITDA as follows:

	1H23 \$'000	1H22 \$'000
Segment EBITDA	\$119,610	\$108,229
Less: employee benefits expense (non-facility staff)	(\$14,552)	(\$14,881)
Less: overheads and other expenses	(\$13,160)	(\$10,993)
EBITDA	\$91,898	\$82,355

Operational developments and performance

In September 2022, NEXTDC formally opened its third data centre in Sydney, S3. Located in Artarmon, 9km from the CBD, this state-of-the-art facility has been designed to provide up to 80MW of IT load and 20,000 square metres of IT space to organisations. S3 Sydney has been designed to cater to the growing demand for digital services, cloud computing, and data storage across various industries. The data centre has been built to the highest industry standards for security, reliability, and energy efficiency.

In October 2022, NEXTDC officially opened its third data centre in Melbourne, M3. Located in West Footscray, just 9km from Melbourne CBD. The M3 Melbourne technology campus spans a land area of more than 100,000 square metres and has been designed to deliver up to 150MW of critical power for technology services.

NEXTDC invested \$330 million during the half-year to progress capital development projects. M3 Melbourne was opened with 13.5MW of initial capacity, and P2 Perth added 2MW of capacity to support future customer requirements. S3 Sydney has had 10MW of additional capacity added to plan, and M3 Melbourne expansion continues with 4.5MW of additional capacity underway.

Throughout the period, NEXTDC maintained 100% uptime across its national data centre network. In addition, NEXTDC also maintained its ISO 9001 and ISO 27001 certifications.

Sales performance

NEXTDC has continued to focus its sales strategy on partnering with providers of infrastructure, platform and packaged services. Flexibility offered by being carrier and vendor neutral allows customers a choice of carriers and systems integrators.

Sales performance (continued)

During 1H23, NEXTDC generated new sales of 1.2MW to finish the period with contracted utilisation of 84.2MW. As a percentage of installed capacity in NEXTDC's national portfolio, this represents approximately 65% of installed capacity being contracted. It should be noted that approximately 15.5MW of new capacity has been added since 30 June 2022.

NEXTDC continues to derive revenue from numerous product sources including white space (including power recharge), rack ready services, establishment service fees and add-on services. During 1H23 interconnections generated approximately 7.9% of total recurring revenue.

The Group continues to enhance its go-to-market strategy through its channel partnerships with major telecommunications and IT service providers, allowing the Company to actively increase the breadth and depth of its selling capability without adding to its sales operating cost base.

Funding and financial position

The Company's \$2.5 billion Senior Debt Facilities are summarised as follows:

- \$800 million - Term Loan Facility
- \$600 million - Capital Expenditure Facility
- \$800 million - Revolving Credit Facility (multi-currency)
- \$300 million - Term Loan Facility

The \$800 million Term Loan Facility has a maturity date of 3 December 2026, while the \$300 million Term Loan Facility has a maturity of 3 December 2028. As at 31 December 2022 both of the Term Loan Facilities were fully drawn, the \$800 million Revolving Credit Facility remained undrawn, while \$200 million was drawn down on the Capital Expenditure Facility on 5 December 2022. Both the Revolving Credit and Capital Expenditure Facilities have a maturity date of 3 December 2026.

Subsequent to 31 December 2022 the Company secured an incremental \$400 million in senior debt capacity as well as favourable amendments to existing financial covenants and terms. As a result of this refinancing, the Company had pro forma liquidity of \$2.0 billion¹.

NEXTDC's balance sheet position is underpinned by more than \$3.1 billion in total assets.

Subsequent events

Since the end of the reporting period, no matters have arisen which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years, except as disclosed below:

- On 13 January 2023, NEXTDC Limited announced that it had entered into a new Syndicated Facility Agreement in relation to a new \$400 million senior debt facility, of which \$100 million was drawn on 15 February 2023
- On 19 January 2023, NEXTDC Limited completed the acquisition of a new site for M4 Melbourne for an overall cost of \$128.6 million, to provide expansion potential in the Port Melbourne area.

Dividends

No dividend has been declared or paid during the half-year ended 31 December 2022 (1H22: nil).

¹ Reflecting 31 December cash of \$364 million, \$100 million of incremental drawn debt on financial close of the new debt facility as well as undrawn debt facilities of \$1.5 billion.

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 on page 5.

Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of Directors.



Craig Scroggie
Managing Director and Chief Executive Officer

28 February 2023



Auditor's Independence Declaration

As lead auditor for the review of NEXTDC Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of 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.

This declaration is in respect of NEXTDC Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Michael Shewan', with a long horizontal flourish extending to the right.

Michael Shewan
Partner
PricewaterhouseCoopers

Brisbane
28 February 2023

NEXTDC Limited
Consolidated Statement of Comprehensive Income
For the half-year ended 31 December 2022

	Consolidated entity	
	31 December 2022	31 December 2021
Note	\$'000	\$'000
REVENUE FROM CONTINUING OPERATIONS		
Data centre services revenue	159,683	144,510
Total revenue	159,683	144,510
OTHER INCOME		
Other income	4,959	903
Other gains/(losses) - net	(746)	-
EXPENSES		
Direct costs	(21,321)	(22,706)
Employee benefits expense	(21,345)	(19,984)
Data centre facility costs	(10,244)	(7,576)
Depreciation and amortisation expense	(66,048)	(51,102)
Professional fees	(1,422)	(2,366)
Marketing costs	(747)	(129)
Office and administrative expenses	(9,040)	(9,447)
Finance costs	3(a) (31,281)	(21,574)
Share of loss on investment in associate	6 (2,055)	(273)
Impairment of investment in associate	6 (1,342)	-
Profit/(loss) before income tax	(949)	10,256
Income tax benefit/(expense)	4 (1,833)	-
Profit/(loss) after income tax	(2,782)	10,256
PROFIT/(LOSS) IS ATTRIBUTABLE TO:		
Owners of NEXTDC Limited	(2,782)	10,256
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	(234)	231
Gains/(losses) on cash flow hedges	2,302	(2,774)
Hedging loss reclassified to profit or loss	(7,682)	(15)
Costs of hedging	(426)	-
Income tax relating to these items	1,833	-
Total comprehensive income	(6,989)	7,698
Attributable to:		
Owners of NEXTDC Limited	(6,989)	7,698
	Cents	Cents
EARNINGS/(LOSS) PER SHARE FOR PROFIT/(LOSS) ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE GROUP:		
Basic earnings/(loss) per share	(0.61)	2.25
Diluted earnings/(loss) per share	(0.61)	2.24

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

NEXTDC Limited
Consolidated Balance Sheet
As at 31 December 2022

	Consolidated entity	
	31 December	30 June
	2022	2022
Note	\$'000	\$'000
ASSETS		
Current assets		
Cash and cash equivalents	363,831	456,562
Trade and other receivables	41,509	44,335
Derivative financial instruments	14,538	6,449
Other assets	23,200	20,356
Total current assets	443,078	527,702
Non-current assets		
Property, plant and equipment	5 2,629,614	2,359,059
Intangible assets	46,151	38,218
Other assets	13,457	14,168
Investment in associates	6 4,918	8,315
Derivative financial instruments	15,417	29,539
Total non-current assets	2,709,557	2,449,299
Total assets	3,152,635	2,977,001
LIABILITIES		
Current liabilities		
Trade and other payables	58,176	81,606
Lease liabilities	6,487	6,232
Revenue received in advance	17,922	16,495
Total current liabilities	82,585	104,333
Non-current liabilities		
Provisions	1,218	1,035
Revenue received in advance	41,975	43,715
Borrowings	7 1,262,807	1,058,762
Lease liabilities	70,568	70,628
Total non-current liabilities	1,376,568	1,174,140
Total liabilities	1,459,153	1,278,473
Net assets	1,693,482	1,698,528
EQUITY		
Contributed equity	8 1,766,354	1,762,663
Reserves	27,770	33,725
Accumulated losses	(100,642)	(97,860)
Total equity	1,693,482	1,698,528

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

NEXTDC Limited
Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2022

	Note	Attributable to owners of NEXTDC Limited			Total equity \$'000
		Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	
Consolidated entity					
Balance at 1 July 2021		1,759,777	7,693	(107,012)	1,660,458
Profit/(loss) for the period as previously reported		-	-	10,256	10,256
Other comprehensive income		-	(2,503)	(55)	(2,558)
Total comprehensive income for the period		-	(2,503)	10,201	7,698
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax		(26)	-	-	(26)
Share-based payments - value of employee services		-	1,826	-	1,826
Share based payments - conversion of rights to shares		2,912	(2,912)	-	-
		2,886	(1,086)	-	1,800
Balance at 31 December 2021		1,762,663	4,104	(96,811)	1,669,956
Balance at 1 July 2022		1,762,663	33,725	(97,860)	1,698,528
Profit/(loss) for the period		-	-	(2,782)	(2,782)
Other comprehensive income		-	(4,207)	-	(4,207)
Total comprehensive income for the period		-	(4,207)	(2,782)	(6,989)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs		(22)	-	-	(22)
Share based payments - conversion of rights to shares	8	3,713	(3,713)	-	-
Share-based payments - value of employee services		-	1,965	-	1,965
		3,691	(1,748)	-	1,943
Balance at 31 December 2022		1,766,354	27,770	(100,642)	1,693,482

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

NEXTDC Limited
Consolidated Statement of Cash Flows
For the half-year ended 31 December 2022

	Consolidated entity	
	31 December	31 December
	2022	2021
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	177,327	167,788
Payments to suppliers and employees (inclusive of GST)	(89,631)	(79,548)
	87,696	88,240
Interest paid	(21,105)	(19,518)
(Payments for)/proceeds from bank guarantees	(195)	133
Interest received	4,911	652
Net cash inflow from operating activities	71,307	69,507
Cash flows from investing activities		
Payments for property, plant and equipment	(351,808)	(260,713)
Payments for intangible assets	(11,682)	(5,517)
Payments for investment in associate	-	(18,071)
Net cash (outflow) from investing activities	(363,490)	(284,301)
Cash flows from financing activities		
Proceeds from borrowings	200,000	300,000
Transaction costs in relation to loans and borrowings	-	(12,089)
Transaction costs paid in relation to issue of shares	(22)	(26)
Principal elements of lease payments	(526)	(483)
Net cash inflow from financing activities	199,452	287,402
Net (decrease) increase in cash and cash equivalents	(92,731)	72,608
Cash and cash equivalents at the beginning of the period	456,562	652,334
Cash and cash equivalents at the end of the period	363,831	724,942

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1 Basis of preparation of half-year report

These financial statements for the half-year reporting period ended 31 December 2022 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by NEXTDC Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Where necessary, comparative information has been reclassified to conform with changes in presentation in the current interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

2 Segment information

(a) Description of segments

Management considers the business from a geographic perspective and has identified five reportable segments, being each geography where the Group operates data centre facilities and the last capturing financial information from operations that do not naturally fit into any particular geography. These segments do not exist as a separate legal entity, consequently, information such as income tax expense and segment liabilities are not prepared and provided to management for review and therefore not presented.

(b) Segment information provided to management

Half-Year to 31 Dec 2022	Vic \$'000	NSW/ACT \$'000	Qld \$'000	WA \$'000	Other \$'000	Total \$'000
Revenue from external customers	53,883	75,576	15,481	13,229	1,514	159,683
Direct and facility costs	(9,216)	(16,920)	(2,359)	(2,645)	(425)	(31,565)
Employee benefits expense	(2,002)	(2,400)	(928)	(996)	(467)	(6,793)
Other expenses	(47)	(647)	(205)	(40)	(776)	(1,715)
Segment EBITDA	42,618	55,609	11,989	9,548	(154)	119,610
Depreciation and amortisation	(18,778)	(30,256)	(4,849)	(6,201)	-	(60,084)
Finance charge	-	(2,683)	-	-	-	(2,683)
Segment profit/(loss) before tax	23,840	22,670	7,140	3,347	(154)	56,843
Assets - 31 Dec 2022						
Segment assets	857,450	1,263,470	139,282	282,512	51,322	2,594,036
Unallocated assets	-	-	-	-	558,599	558,599
Total segment assets	857,450	1,263,470	139,282	282,512	609,921	3,152,635

Half-Year to 31 Dec 2021	Vic \$'000	NSW/ACT \$'000	Qld \$'000	WA \$'000	Other \$'000	Total \$'000
Revenue from external customers	51,077	67,882	13,020	11,274	1,257	144,510
Direct and facility costs	(8,971)	(16,521)	(2,143)	(2,301)	(346)	(30,282)
Employee benefits expense	(1,478)	(1,779)	(775)	(900)	(171)	(5,103)
Other expenses	(121)	(176)	(59)	(67)	(473)	(896)
Segment EBITDA	40,507	49,406	10,043	8,006	267	108,229
Depreciation and amortisation	(11,389)	(26,484)	(4,184)	(5,479)	(8)	(47,544)
Finance charge	-	(2,670)	-	-	-	(2,670)
Segment profit/(loss) before tax	29,118	20,252	5,859	2,527	259	58,015
Assets - 31 Dec 2021						
Segment assets	621,951	1,030,885	133,524	236,098	14,086	2,036,544
Unallocated assets	-	-	-	-	872,562	872,562
Total segment assets	621,951	1,030,885	133,524	236,098	886,648	2,909,106

2 Segment information (continued)

(c) Other segment information

A reconciliation of operating segment results to profit/(loss) before income tax is as follows:

	Consolidated entity	
	31 December	31 December
	2022	2021
	\$'000	\$'000
Total segment profit before tax	56,843	58,015
Employee benefits expense (non-facility staff)	(14,552)	(14,881)
Other income	4,959	903
Finance costs	(28,598)	(18,904)
Corporate depreciation and amortisation	(5,964)	(3,558)
Overheads and other expenses	(10,240)	(11,046)
Investment in associate	(3,397)	(273)
Profit/(loss) before income tax from continuing operations	(949)	10,256

3 Other income and expense items

(a) Finance costs

The Group has identified a number of significant expense items below that impacted financial performance for the half-year:

	Consolidated entity	
	31 December	31 December
	2022	2021
	\$'000	\$'000
<i>Finance costs</i>		
Modification gain	-	26,481
Costs on extinguishment of loans	-	(23,290)
Interest expense on lease liabilities	(2,780)	(2,794)
Interest expense and finance charges	(28,501)	(21,971)
	(31,281)	(21,574)

During the period ended 31 December 2021 NEXTDC completed an amendment to its existing Senior Debt Facilities. The refinance was deemed a modification of the original facility, and a modification gain of \$26.5 million was recognised immediately in profit and loss. Establishment fees of \$23.3 million were written off on these facilities in the prior period.

4 Income tax expense

(a) Income tax expense

	Consolidated entity	
	31 December	31 December
	2022	2021
	\$'000	\$'000
Total current tax expense	-	-
Deferred income tax expense/(benefit) included in income tax expense/(benefit) comprises:		
(Increase)/decrease in deferred tax assets	2,395	7,782
(Decrease)/increase in deferred tax liabilities	(562)	(7,782)
Total deferred tax expense/(benefit)	1,833	-
Income tax expense/(benefit)	1,833	-

(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable

	Consolidated entity	
	31 December	31 December
	2022	2021
	\$'000	\$'000
Profit/(loss) from continuing operations before income tax expense	(949)	10,256
Tax at the Australian tax rate of 30.0% (2022 - 30.0%)	(285)	3,077
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses	-	166
Share-based payments	(1,675)	(3,006)
Prior period adjustments	-	(256)
Derecognition of temporary differences on current year tax losses	2,628	-
Derecognition of previously recognised temporary differences	928	854
Permanent differences (excluding prior period adjustments and share based payments)	237	-
Sundry items	-	(835)
Income tax expense/(benefit)	1,833	-

(c) Amounts recognised directly in equity

	Consolidated entity	
	31 December	31 December
	2022	2021
	\$'000	\$'000
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:		
Deferred Tax (Revenue) - credited directly to equity	(1,833)	-

4 Income tax expense (continued)

(d) Tax losses

	Consolidated entity	
	31 December 2022	31 December 2021
	\$'000	\$'000
Unused tax losses for which no deferred tax asset has been recognised	65,668	56,994
Potential tax benefit @ 30.0%	19,700	17,098

5 Property, plant and equipment

During the period NEXTDC invested approximately \$330 million in the development of M2, M3, P2 and S3, the purchase of land for future expansion, as well as other expansion and improvement activities across our data centres.

6 Investments accounted for using the equity method

The carrying amount of equity-accounted investments has changed as follows in the six months to 31 December 2022:

	Consolidated entity	
	31 December 2022	30 June 2022
	\$'000	\$'000
Beginning of the period	8,315	-
Additions	-	18,115
Profit/(loss) for the period	(2,055)	(1,879)
Impairment charge	(1,342)	(7,921)
End of the period	4,918	8,315

(a) Impairment

NEXTDC's 19.99% stake in Sovereign Cloud Holdings Limited (ASX: SOV) was tested for impairment at the reporting date. Whilst the strategic merit and underlying business case behind the Company's investment in SOV remains unchanged, an impairment indicator was identified due to SOV shares trading down in recent months, ending at \$0.145 on 31 December 2022.

Given the difference between SOV's trading price and the carrying value of SOV shares in NEXTDC's accounts, the Company has determined an impairment charge of \$1.3 million should be taken up for the period ended 31 December 2022.

7 Borrowings

The Company's \$2.5 billion Syndicated Debt Facilities comprise the following tranches:

- \$800 million - Term Loan Facility
- \$600 million - Capital Expenditure Facility
- \$800 million - Revolving Credit Facility (multi-currency)
- \$300 million - Term Loan Facility

The \$300 million Term Loan Facility has a maturity of 3 December 2028, while the remaining \$800 million Term Loan Facility, \$600 million Capital Expenditure Facility and \$800 million Revolving Credit Facility have a maturity date of 3 December 2026.

As at 31 December 2022, the \$800 million Term Loan Facility and \$300 million Term Loan Facility were fully drawn, the \$800 million Revolving Credit Facility remained undrawn, while the \$600 million Capital Expenditure Facility had \$200 million drawn, leaving \$400 million undrawn.

NEXTDC is exposed to interest rate volatility due to the variable rate on its Syndicated Debt Facilities. To mitigate the interest rate risk associated with this floating element, NEXTDC has entered into a series of interest rate swaps under which, the amounts drawn under the \$300 million Term Loan Facility and Capital Expenditure Facility have their base interest fixed until 3 December 2024, while the \$800 million Term Loan Facility has its base interest rate fixed until 3 December 2023.

A derivative asset and associated cash flow hedge reserve has been taken up at 31 December 2022 to account for these transactions.

8 Contributed equity

(i) Ordinary shares

As part of NEXTDC's Equity Incentive Plan, which is offered to employees to create alignment with the Group's strategic objectives, 45,137 and 730,203 ordinary shares were issued on 16 and 21 September 2022 respectively. These shares were issued following the vesting of deferred STI share rights and performance rights.

9 Contingencies

The Group had no contingent liabilities at 31 December 2022 (30 June 2022: nil).

10 Events occurring after the reporting period

Since the end of the reporting period, no matters have arisen which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years, except as disclosed below:

- On 13 January 2023, NEXTDC Limited announced that it had entered into a new Syndicated Facility Agreement in relation to a new \$400 million senior debt facility, of which \$100 million was drawn on 15 February 2023.
- On 19 January 2023, NEXTDC completed the acquisition of a new site for M4 Melbourne for an overall cost of \$128.6 million to provide expansion potential in the Port Melbourne area.

**NEXTDC Limited
Directors' Declaration
31 December 2022**

In the Directors' opinion:

- (a) the interim financial statements and notes set out on pages 6 to 15 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date and
- (b) there are reasonable grounds to believe that NEXTDC Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Craig Scroggie
Managing Director and Chief Executive Officer

28 February 2023



Independent auditor's review report to the members of NEXTDC Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of NEXTDC Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated balance sheet as at 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, significant accounting policies and explanatory notes 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 accompanying half-year financial report of NEXTDC Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities 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 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 gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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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 other 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.

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A handwritten signature in black ink, appearing to read "Michael Shewan", with a long, horizontal, wavy line extending from the end of the signature.

Michael Shewan
Partner

Brisbane
28 February 2023