NEXTDC
where the cloud lives™

FY23 Annual Report

1 July 2022 to 30 June 2023 | NEXTDC Limited | ABN 35 143 582 521

Awards and Certifications

Awards

Frost & Sullivan

2023 Winner: Australian Data Centre Company of the Year

2023 Winner: APAC Customer Value Leadership Award

2022 Winner: Australian Data Centre Company of the Year

2021 Winner: Australian Data Centre Company of the Year

2021 Winner: APAC Australia's Most Reliable Data Centre Provider

2020 Leader: Australian Data Centre Services Radar Report

2019 Winner: Visionary Innovation Leadership Award, Global Data Centre Infrastructure and Operations

Australian Business Awards

2020 Winner: Sustainable Company of the Year

Uptime Brill Awards, Asia-Pacific

2019 Winner: Best Practices Award - Global Data Centre Infrastructure and Operations Visionary Innovation Leadership Award

Certifications and global standards

ISO 27001:2013

Information Security Management System (ISMS) certification (S1, S2, B1, B2, M1, M2, P1, P2, C1 and Head office)

ISO 14001:2015

Environmental Management System certification (S1, S2, B1, B2, M1, M2, P1, P2, C1 and Head office)

ISO 9001:2015

Quality Management System certification (S1, S2, B1, B2, M1, M2, P1, P2, C1 and Head office)

ISO 45001:2018

Occupational health and safety management systems (S1, S2, B1, B2, M1, M2, P1, P2, C1 and Head office)

SOC 1 / SOC 2

Suite of assurance reports from the AICPA issued to provide assurance on system-level controls operated as a data centre service organisation.

PCI-DSS

Payment Card Industry Data Security Standard certification issued scope of information security controls operated as a data centre service provider.

Energy and sustainability certifications

NABERS

National Australian Built Environment Rating System. NEXTDC's M1 and S1 certified to NABERS 5-Star and P1 to 4.5-Star rating for energy efficiency.

Climate Active

Australian Government, Climate Active certified for carbon neutrality.

TRUE certification

True (Total Resource Use and Efficiency) is a zero waste certification program focused on waste reduction and recycling. NEXTDC S1 Sydney achieved Certified level TRUE Certification.

Uptime Institute certifications

Contents

Highlights

1,820
customers

100%
carbon neutral corporate operations

750+
partners

8
public clouds

15
cloud on-ramps

17,816
interconnections

12 operational data centres


B1 Brisbane


B2 Brisbane


C1 Canberra


M1 Melbourne


M2 Melbourne


M3 Melbourne


P1 Perth


P2 Perth


S1 Sydney


S2 Sydney


S3 Sydney


SC1 Sunshine Coast

6
data centres in development

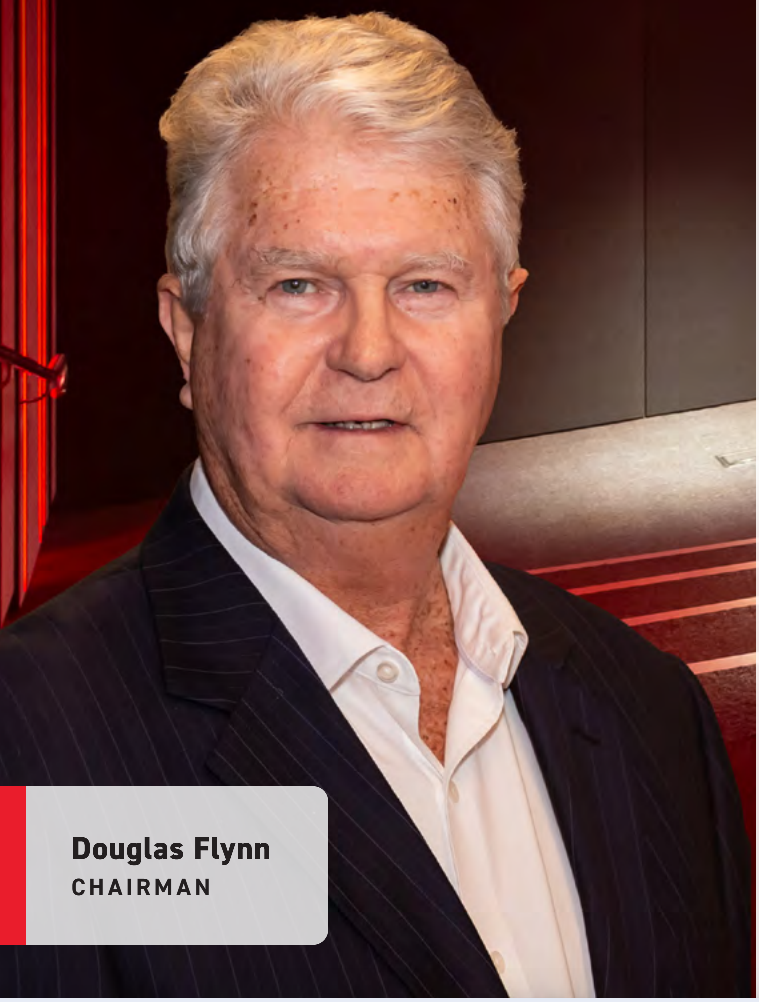
A1 Adelaide
D1 Darwin
PH1 Port Hedland
KL1 Kuala Lumpur
AK1 Auckland
NE1 Newman

3
data centres in planning

M4 Melbourne
S4 Sydney
S5 Sydney

Letter from the Chairman

"AI is expected to fundamentally change the infrastructure requirements of many of our customers."



Douglas Flynn
CHAIRMAN

Welcome to NEXTDC's Annual Report for the fiscal year ended 30 June, 2023. It has been another outstanding 12 months for the Company with our key financial metrics once again showing record growth during the reporting period.

The ongoing scaling of our national platform and expansion into Asia has been driven by a focussed commitment from our team and its leadership. They have driven the growth of our business and taken colocation revenues, interconnection, ecosystem development, EBITDA and contracted utilisation to new heights.

In an environment where macro-economic forces such as rising geo-political tensions, supply chain constraints and rising inflation have created domestic and international disruption, the demand for digital infrastructure has never been stronger and our role as Australia's leading, customer-centric data centre services provider has never been more relevant.

Appetite for growth

After nearly 13 years since foundation, we have now consolidated a presence in all key Australian markets and are making ongoing strategic investments in key growth markets while we also extend the platform further abroad.

Our foundations in the industry are also supporting entry into new domestic markets. This includes Adelaide and Darwin as well as key customer-driven edge opportunities such as in Port Hedland and Newman in Western Australia, where the resources sector continues to be focussed on seeking business advantage from digital transformation.

One of the pleasing developments in FY23 was our May announcement that we are executing on our Asian growth strategy, with our first Malaysian data centre being the A$1 billion development of the Kuala Lumpur (KL1) facility.

Kuala Lumpur is an ideal location for NEXTDC to launch its Asian expansion. With subsea fibre optic cable and new global satellite communications infrastructure being deployed at this location, Malaysia is within milliseconds of all the key economic centres in the region.

Its location, stable democracy, well-educated population, historic English language and governance rules, and commitment to economic development makes it ideal for us to help accelerate our customers' digital journey.

With the exception of mature markets like Singapore and Australia, the Asian countries of interest to us are at a much earlier stage in their digital transformation. Without question, the pathway of a developing digital economy requires significant investment in digital infrastructure that NEXTDC can profitably contribute to.

It is with great confidence that we forge ahead with the development of our first overseas data centres in Kuala Lumpur, Malaysia and Auckland, New Zealand.

Funded for growth

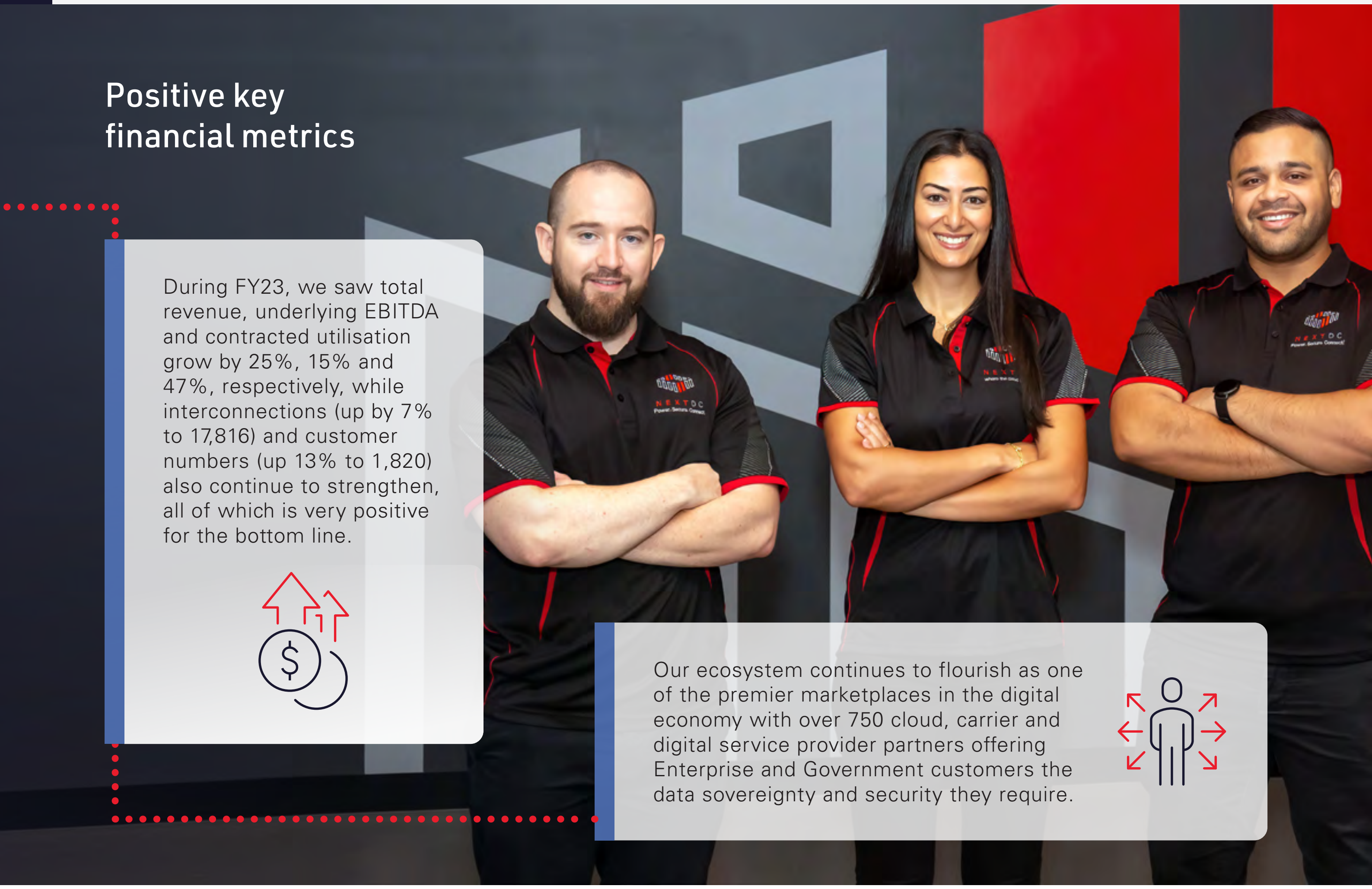
Having upsized NEXTDC's debt facilities in FY23 by an incremental A$400 million to A$2.9 billion, as well as having raised an additional A$618 million in equity, we are well-funded for the growth opportunities before us.

Our strategy continues to be centred on supporting the growth requirements of existing customers, both domestically and now internationally. NEXTDC has strong relationships with key customers and the decision makers who make deployment decisions both in Australia and Asia.

Our company has world competitive technology and engineering design intellectual property with a differentiated offering that is as relevant in key Asian markets as it is in Australia. Accordingly, we are confident that the business is well placed to win an attractive share of the rising opportunities in these markets.

As customers become even more dependent on the resilience, security and interconnection of their digital infrastructure, the relevance of our value proposition continues to be enhanced. Our third-generation facilities at S3 Sydney and M3 Melbourne offer unrivalled flexibility in the spaces available for our customers. Our independently certified Tier IV sites deliver a level of fault tolerance that allows us to offer our 100% uptime guarantee. These are strategic differentiators that are valued by our customers.

Our third generation M3 Melbourne data centre in West Footscray is now fully operational.



Positive key financial metrics

During FY23, we saw total revenue, underlying EBITDA and contracted utilisation grow by 25%, 15% and 47%, respectively, while interconnections (up by 7% to 17,816) and customer numbers (up 13% to 1,820) also continue to strengthen, all of which is very positive for the bottom line.

Our ecosystem continues to flourish as one of the premier marketplaces in the digital economy with over 750 cloud, carrier and digital service provider partners offering Enterprise and Government customers the data sovereignty and security they require.

AI changes everything

In recent months, we have started to see the rapid emergence of artificial intelligence (AI) applications. This is encouraging the major cloud service providers as well as a range of technology suppliers to scale up in support of the massive data management challenges that come with bringing these megatrends into common use.

AI is expected to fundamentally change the infrastructure requirements of many of our customers. Traditional on-premise data centres are not suited to this technology given its requirement for denser power deployments, liquid cooling solutions, 100% uptime and a thriving ecosystem of interconnected services.

Meanwhile, higher power consumption means energy efficiency, carbon accountability and broader sustainability challenges remain critical. These are all value propositions NEXTDC has built its business on, leaving us well-placed to play an important role in this technological revolution.

Contracted utilisation jumps

FY23 saw the Company achieve a record increase in the level of contracted utilisation, which rose 39.2MW (47%) to finish at 122.2MW, with the Company's Sydney (S3) and Melbourne (M2 and M3) facilities particularly in demand. The large boost to contracted utilisation for the year is a direct result of these facilities introducing high-value capacity in Australia's two largest markets for the burgeoning demands of hyperscale, enterprise and Government customers.

The majority of wins achieved in FY23 are so large and long-term in nature that they will take several years to go live in full. Importantly they lock in future cashflow for the Company.

Meanwhile, these new FY23 contracts have stimulated accelerated planning for new developments in Sydney (S4 and S5) and Melbourne (M4), with land now secured for all three of these projects.

Growing the team and capabilities

From a resourcing point-of-view, we are well positioned to take advantage of the opportunities before us. We have substantially bolstered the team across the country with particular attention to safety management, security, customer service and experience, global operations and facilities management.

At the same time, we have built a quality team in Kuala Lumpur to lead the development there and serve as the beach head for our expansion into other Asian markets.

Across the business, we continue to invest in talent acquisition, training and development to ensure we have the skills and experience to support our growth objectives. Ultimately, it is our human capital that will remain at the heart of our expansion and success.

To that end, I have to say that I take comfort from the extraordinary commitment and expertise shown by our people across the business.

Investor confidence, good governance

During Q4, the Company launched a very successful A$618 million Entitlement Offer to help fund NEXTDC's international expansion as well as the accelerated fit-out of new contracted hyperscale commitments at S3. We are very pleased with the confidence shareholders showed in taking up their entitlements.

With one additional share available for every eight shares held, the rate of take up amongst institutional investors came in at 99%, with a further 87% of retail shares also taken up by existing shareholders. All shares not taken up by institutional and retail investors were taken up by sub-underwriters, all of whom were also existing shareholders in NEXTDC.

We have also been vigilant in the management of corporate governance, sustainability and community engagement priorities with details shared via our Environmental, Social and Governance (ESG) Report and Corporate Governance Statement (CGS) with FY23 iterations now published on our website at www.nextdc.com.

Our performance in these areas is important to maintaining the confidence of our customers, employees, investors and other stakeholders who are focussed on our commitment to ethical and sustainable operating practices.

Certified as sovereign

Regulatory compliance continues to be an important, complex and evolving task for the Company and our customers, particularly as we expand into the Asian region, with data security and sovereignty continuing to be key objectives.

We were particularly pleased to work closely with the Malaysian Government on the recent launch of our KL1 Kuala Lumpur facility. Through close cooperation with local authorities in Malaysia we were able to achieve Malaysia Digital status, replicating that nation's equivalent to the Australian Government's Certified Strategic status we already hold domestically.

We continue to invest in our Uptime Institute Tier IV certification for Design and Construct, with both our Gen 3 facilities in Sydney (S3) and Melbourne (M3) completing this process during FY23. We are no less committed to maintaining certification to key ISO standards for quality assurance, information security, environmental management and workplace health and safety.

Supporting sustainable digital growth

NEXTDC maintains commitment to demonstrating operating efficiency credentials. During FY23, our S1 and M1 data centres maintained their NABERS 5-star energy ratings while P1 was awarded 4.5-star status during the reporting period. All our facilities continue to target the lowest possible Power Utilisation Effectiveness (PUE) operating metrics. PUE is the internationally standardised measurement for energy efficiency and sustainable data centre performance and critical to a scorecard closely scrutinised by hyperscale, government and enterprise customers.

Business risk is another area we continue to actively monitor. NEXTDC's risk management framework is an integral component of our corporate governance and is central to achieving our operational objectives. NEXTDC continues to review enterprise risk in alignment with its Board-endorsed Risk Appetite Statement.

I would like to thank our staff, our management team and our Board members for their support and contribution this year.

In conclusion, I'd like to say that all of us at NEXTDC are excited about what comes next. In the 12 years since NEXTDC's foundation, we have achieved outstanding growth and proven NEXTDC's ability to succeed in a globally competitive industry. As we make our first infrastructure investments beyond Australian shores, we have every confidence we can bring that success to bear in the broader region.

We are just at the beginning of the most exciting time in the history of humankind, where data is the most precious business commodity in the world.

NEXTDC is in an outstanding position to continue building and operating the platforms that will enable current and future digital acceleration.

Douglas Flynn
CHAIRMAN

Letter from the CEO

"As a leading player in this industry, we are well positioned to leverage this growth and continue to provide innovative solutions to our customers."

Craig Scroggie
CHIEF EXECUTIVE OFFICER

I am pleased to present to you NEXTDC's Annual Report for the financial year ended 30 June 2023. It has been another extraordinary year of growth and achievement, driven by our unwavering commitment to the pursuit of excellence, delivering the world's highest standard of data centre and interconnection services.

The strong financial metrics in this annual report along with the record-breaking level of new sales in FY23 lock in a solid rate of growth over the next decade as we deliver these very large infrastructure projects for our customers for many years to come.

Digital acceleration

The increasing digitisation of businesses as well as the exponential growth of data capture, sharing, storage and analysis have combined to create a thriving digital economy. Forbes estimates that approximately 90% of the world's data has been generated in just the past two years, with over 2.5 quintillion bytes of additional data produced daily.

Thriving ecosystems of clouds, carriers, service providers and customers required to manage all this information, have become ever-more dependent on resilient, secured and interconnected digital infrastructure.

Record level of contract wins

During FY23 we were very pleased to experience unprecedented demand for the Company's services, resulting in overall contracted utilisation growing 39.2MW (47%) to finish the year with 122.2MW in total. Pleasingly, this demand came from a broad range of industries including hyperscale cloud providers, financial services, mining, retail, satellite communications, government, media and entertainment. We were also successful renewing and expanding service contracts with pre-existing customers during the reporting period based on our ongoing service quality.

Opportunity knocks

We are in the beginning of the fourth industrial revolution. Change is happening at an unprecedented rate, and with innovation cycles shortening, we find ourselves at the precipice of unprecedented digital economic growth. This is further fuelled everyday by AI, which itself is accelerating other megatrends such as robotics, virtual reality, 5G, the Internet of Things and many more.

Ubiquitous and democratised technology adoption is and will continue to drive an explosion of global data with commerce and lifestyle evolutions taking digital services into exciting new frontiers.

Increasingly, colocation services, cloud platforms and interconnection services are enabling organisations to leverage these capabilities rapidly, sustainably and without the traditional time to build and capital constraints.

As a leading player in this industry, we are well-positioned to leverage this growth and continue to provide innovative solutions to our customers. Enterprises are embracing digital transformation and we have successfully navigated this landscape over the last 12 years and solidified our position as a trusted partner.

AI and megatrends driving pipeline and influencing strategic direction

We have identified several key megatrends shaping the industry and influencing our strategic direction. Trends such as AI, augmented reality, 5G, IoT, 3D printing, and cloud computing are converging to form a new wave of innovation.

By aligning our business strategy and services with these megatrends, we are poised to stay ahead of the curve and deliver the innovative solutions our customers need now and into the future.

Demand forecasts continue to surge

The data centre services industry continues to experience remarkable growth and presents abundant opportunities for NEXTDC, our customers and partners. Research company, Arizton's latest market report, forecast Australia's data centre industry to grow at a compound annual growth rate (CAGR) of 7.1% during 2022-2028, while ResearchAndMarkets predicts that the Asia-Pacific Data Centre Market will reach US$53.58 billion in 2028 and expand at a CAGR of 12% from 2023 to 2028.

We have spent 12 years developing a world class service offering as well as a unique customer ecosystem and we have a successful business model in Australia that has proven to be scalable and that is ready to expand into the broader Asia-Pacific region.

During FY23, we purchased land and made announcements for new data centre developments in Kuala Lumpur and Auckland. We look forward to sharing further such developments in the years ahead as we take advantage of the growth opportunities in Asia Pacific markets.

Domestic growth

Building on our strong foundation, we continue to scale our platform domestically. We saw new, state-of-the-art, hyperscale facilities opened in Sydney (S3) and Melbourne (M3) in the first half of FY23. More recently, we also completed construction of an Innovation Centre that is home to our new Mission Critical Operations (MCX) services in M2 Melbourne.

Stage 2 of S3 also reached practical completion in FY23, giving us capacity to serve immediate record customer growth requirements and to meet forecast future demand. To take advantage of growth opportunities, we also purchased land for the development of M4 in Port Melbourne, S5 in Macquarie Park (Sydney) as well as new mining industry driven edge sites in Port Hedland and Newman (Western Australia).

Construction of PH1 Port Hedland and A1 Adelaide commenced during FY23. D1 Darwin also progressed and will be the most advanced modular data centre designed and built by NEXTDC yet, with site works and module delivery during 1H24 that will be open in Q4 FY24. NEXTDC's third Edge Data Centre (NE1 Newman) began development in early FY24, shortly after the land was secured. All four of these new sites are expected to go live during FY24 or early FY25.

Opportunity in Asia Pacific

Meanwhile, digital growth in Asia is tracking ahead of global averages, which is why the development of our KL1 Kuala Lumpur, and AK1 Auckland data centres represent significant new frontiers.

As we expand across the region, we will continue to deliver the same sustainability innovations and critical infrastructure standards that have been the foundations of our success to date.

Commitment to safety

At NEXTDC, we continue to place the highest priority on the safety of our operations. We strive tirelessly to ensure every team member, contractor, customer, and visitor is safe whilst at one of our facilities.

We have a proactive safety program implemented to provide a safe and healthy working environment as evidenced by our ISO 45001 (Health and Safety) certification. We manage a range of initiatives to mitigate the risks associated with both our construction projects as well as our operational facilities management.

We empower all employees and contractors to act in a safe manner and to be an active advocate on safety issues. We seek out global best practices through these engagements and with our customers, industry and WHS peak bodies with the aim of achieving our Safety-First goal of zero injuries in the workplace.

The official launch of our new S3 Sydney data centre, located in Artarmon.

Sustainability more important than ever

Operating to the highest standards of energy efficiency, water preservation and waste management have been priorities for NEXTDC from its foundation. We are committed to building an infrastructure platform that is reliable, secure and highly energy efficient.

Our strong emphasis on energy efficiency and sustainability must be achieved without compromising world-class operational excellence. Our aggressive sustainability targets will be supported by design and operational innovation to reduce and optimise power consumption.

We continue to invest in improving water efficiency and waste management. Early in FY24 we were pleased to receive the TRUE Certification level for our S1 Sydney facility. This is only granted by independent body, Green Business Certification Inc. to companies that can demonstrate they have held a land-fill waste diversion rate of over 90% for a full 12-month period.

We seek to design, build and operate the most energy efficient digital platform in the country. NEXTDC has been certified as carbon neutral for its own internal operations since 2018. In 2021 we launched NEXTneutral allowing customers to offset the carbon footprint of their digital infrastructure in our facilities through our ONEDC infrastructure management portal. It is an accessible and easily self-provisioned solution costing customers less than a cup of coffee per kW of power usage.

Innovation is in our DNA

Innovation is and always has been at the core of our business. In FY23, 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 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 which continues to help us set the benchmark for the world's highest quality, resiliency and operational standards.

Award recognition

More broadly, the industry continues to recognise our achievements in engineering and operational excellence. NEXTDC was recently recognised for the third consecutive year as Frost & Sullivan's 2023 Australian Data Centre Services Company of the Year. This award was presented for NEXTDC's expertise in the industry and our dedication to customer experience.

Supporting the Company's international growth ambitions, we were also pleased to be awarded with Frost & Sullivan's 2023 Asia-Pacific Customer Value Leadership Award. This award similarly recognised NEXTDC's innovation, product portfolio, energy efficiency and operational excellence.

FY24 strategic priorities and key initiatives

Our goal is to continue winning new business by leading the hybrid computing revolution and taking our proven interconnection and infrastructure services into new markets across the Asia-Pacific. We will continue to demonstrate industry leadership through innovation, operational and technical excellence, and ecosystem strength to make us the premier marketplace for the digital economy.

In conclusion, I am extremely proud of our team and their FY23 achievements. We remain dedicated to delivering exceptional services to our customers, meeting their evolving needs and driving innovation in the industry.

I would also like to express my sincere gratitude to our investors for their continued support, as well as the guidance we receive from our Board of Directors and the dedication of our outstanding team members.

I have complete confidence that, together, we will continue to grow our share of this exciting market and build the infrastructure that powers the digital economy.

Craig Scroggie
CHIEF EXECUTIVE OFFICER

In FY23, we celebrated NEXTDC's first step into Asia with the KL1 Kuala Lumpur launch.

About NEXTDC

Vision and purpose

NEXTDC's **vision** is to help enterprises harness the digital age and improve our society through the advancement of technology.

Our **purpose** is to be the leading customer-centric data centre services company, delivering solutions that power, secure and connect enterprise and Government customers.

Value proposition and business strategy

NEXTDC is an ASX 100-listed technology company, enabling businesses through customer-focused data centre and mission critical services and network solutions. With a national footprint of 12 highly resilient, certified data centres, NEXTDC provides secure, reliable, high-performance infrastructure solutions in Australia's most cloud-connected data centre network.

Recognised by Frost & Sullivan as Australian Data Centre Services Provider of the Year for the last three years, NEXTDC is Australia's only independent data centre provider operating a nationwide network of Tier III and IV facilities in all major national growth markets.

Our capital investments involve nationally significant and interconnected facilities, including projects now under development in Port Hedland, Newman, Adelaide and Darwin. We are also poised for expansion into Kuala Lumpur, Malaysia, where we have established a regional office, have announced the development of KL1 and are recruiting staff.

Our digital infrastructure platform addresses the rapidly growing demand for next generation data centres with high interconnectivity, high-density power capability, first-class physical security and industry benchmark energy efficiency.

Advanced digital infrastructure platform

As the leading independent Australian data centre operator with a nationwide network of Uptime Institute certified Tier III and Tier IV facilities in the market, we provide world-class services to local and international organisations.

Our facilities are designed, built and operated to the highest standards. We remain the only provider in the Australian market to offer a 100% uptime guarantee for the availability of our full-service digital infrastructure.

Environmental Sustainability

We are passionate about preserving our planet and achieving our corporate mission in the most sustainable and ethical way possible. We place strong emphasis on energy efficiency and sustainability without compromising the delivery of world-class operational excellence.

Our aim is to develop a net zero pathway quantifying the Company's full value chain to 2030 and beyond. NEXTDC recognises this is a major ambition and is committed to disclosing its roadmap to net zero, taking into consideration our operational, regulatory and legislative constraints in a competitive market.

Our goal is to build and operate the most energy efficient at-scale data centres in Australia and have an ongoing focus on sustainable and innovative design, engineering and operational excellence.

Managing digital carbon footprints

In the face of ongoing digital transformation and the growing carbon footprints of IT infrastructure, our carbon offset program (NEXTneutral) offers an approachable and easy to use solution for customers striving to reach their corporate ESG goals. Our customers' appreciate the simple and convenient option we are providing to help them realise their own carbon neutral goals. In FY23, we have seen a 40% increase in customer uptake of our NEXTneutral program compared to previous year.

We have continued our certification as carbon neutral for our corporate function up to FY22, with FY23 certification expected in October 2023. This is a process we have undertaken since 2018 under the Climate Active program, Australia's only Commonwealth Government-accredited carbon neutral certification scheme. Other ways we seek to manage and reduce our carbon footprint include:

- Prioritising renewable energy in our data centres, including solar installations
- Procuring carbon credits for our unavoidable carbon usage through the Qantas Future Planet program
- Rooftop solar panels installed in S1, P1, SC1 and M3 sites in addition to the existing array of panels at M1.

FY23 Sustainability Highlights

NEXTDC's M1 and S1 have maintained their NABERS 5-Star ratings for energy efficiency throughout FY23, with P1 achieving 4.5-Star rating this year.

Both our Power Usage Effectiveness (PUE) and Water Usage Effectiveness (WUE) metrics are consistently improving as facilities reach full utilisation, a trend that continued in FY23.

Achieved more than 90% diversion rate at four of our facilities in FY23, with S1 facility becoming the first data centre in Australia to achieve TRUE Zero Waste certification well ahead of the plan in August 2023.

TRUE

National PUE average:

1.39

(Power Usage Effectiveness)

Refer to FY23 ESG Report for more details on our sustainability journey

Read now

Climate Change

Continuing NEXTDC's climate journey

NEXTDC acknowledges that the global climate is warming at unprecedented levels, with widespread impacts on human and natural systems. We share the aim of the Paris Agreement to keep a global temperature rise this century to well below 2 degrees Celsius above pre-industrial levels and the ambition to further limit warming to below 1.5 degrees Celsius. We are committed to decarbonisation to prevent or minimise severe, pervasive, and irreversible climate change impacts on people and the ecosystem in the future.

NEXTDC's vision is to help enterprises harness the digital age with a view to improving society through the advancement of technology. We believe digitalisation acts as an enabler of decarbonisation and plays an important role in climate action, for example, by providing digital solutions that can improve energy efficiency, inventory management, and business efficiency by aggregating computing into energy efficient environments, reducing travel and transportation and substituting physical products for digital information.

NEXTDC continues to support the important work of the Task Force on Climate-Related Financial Disclosures (TCFD) and is implementing its recommendations based on the four key pillars: governance; strategy; risk management; and metrics and targets. Following the previous work completed to identify the Company's climate-related risks and opportunities, in FY23, NEXTDC has deepened its understanding of the impacts of climate change on the business. This year the Company further developed its approach and plans to address climate change and its related impacts across the business and disclose its actions and alignment with the recommendations of TCFD.

Governance

The Board of Directors ('the Board') is ultimately responsible for identifying and assessing the nature and extent of internal and external risks, including climate-related risks. Several Non-Executive Directors on the Board have previous executive experience in emissions-intensive sectors including engineering, operations, mining and resources, and are well-versed in climate-related issues. The Audit and Risk Management Committee (ARMC) supports the Board in considering climate-related risks as part of the Company's financial reporting process, internal control structure, risk management systems (financial and non-financial), and the internal and external audit process. The Investment Committee also considers these issues in the business development context.

The Chief Legal Officer updates the Board on risk and compliance activities every quarter. It further receives ongoing reporting through its ARMC and direct reporting at least twice annually. Both forms of update include content on climate-related risks, opportunities, and compliance issues faced by the Company. The Board also receives regular briefings on management's progress in implementing the TCFD work plan and the ongoing development and implementation of NEXTDC's climate change strategy.

NEXTDC's Executive Leadership Team (CXO) reports directly to the Board and is responsible for climate action and environmental sustainability in NEXTDC's operations. The Chief Operating Officer (COO) and the Chief Financial Officer (CFO), hold primary responsibility for strategic leadership on climate-related issues and their financial impact. The Chief of Engineering and Design (CE&D) also holds climate-related responsibilities.

Performance against a number of the metrics outlined in the Metrics and Targets section is included in relevant CXO remuneration plans. The short-term incentive hurdles include a range of operational and climate-related metrics, including operational uptime, Power Usage Efficiency (PUE) metrics (directly linked to greenhouse gas (GHG) emissions) and other compliance and operational criteria which are reviewed in line with the Board's strategic priorities.

NEXTDC's analysis of the impact of climate-related risks and opportunities is supported by external climate change subject matter experts.

> We are committed to decarbonisation to prevent or minimise severe, pervasive, and irreversible climate change impacts on people and the ecosystem in the future.

Strategy

NEXTDC's aim is to offer customers Australia's most energy efficient, sustainably managed data centre services. This core objective is supported by high standards of engineering, design and operational excellence. Climate-related issues and their impact on data centre performance are intrinsically linked to NEXTDC's business strategy and financial performance.

In FY21, NEXTDC undertook a process to identify the climate-related risks and opportunities for its business, strategy, and financial planning. Both physical and transition risks and opportunities were identified using the TCFD framework. This work continued in FY22 as the Company further defined its climate related performance metrics.

Scenario analysis

In FY23, NEXTDC deepened its understanding of the impacts of climate change on its operations by conducting its first scenario analysis exercise. This consisted of a qualitative assessment of how climate risks and opportunities may change under future scenarios based on high level assumptions of how the energy and the physical climate system might evolve in the future. Three scenarios were selected by NEXTDC to conduct its climate scenario analysis with respect to the level of warming compared to pre-industrial levels. The scenarios and their inputs and assumptions are summarised in the table below.

Scenario	Base case (BAU)	High transition risk (1.5°C)	High physical risk (>3°C)
Description	Under a BAU scenario, while global emissions will continue to increase, the increase will be slower than historical trends, as recent mitigation efforts and legislated policies come into action. These efforts, however, will not be enough to meet global climate goals and prevent the most catastrophic climate impacts in some regions in line with an above 2-degree temperature trajectory. A BAU scenario combines transition risks (recent policy and regulatory developments in progressive markets) and physical risks (climate impacts in vulnerable regions). Impacts will be particularly felt in emerging economies, creating political instability, conflict and migration.	The transition to a low carbon economy will be supported by market and regulatory reform, including increased demand for sustainable products and services and reallocation of capital towards the low carbon economy. Companies that fail to adapt will face market risks and potential stranded assets in emissions intensive industries. Climate policy will be introduced globally, including carbon pricing.	Climate change impacts could be severe and far-reaching, including widespread displacement, food and water insecurity, and loss of biodiversity. This may lead to political instability, conflicts, and humanitarian crises. Business as usual may be largely unsustainable, and businesses may need to adapt by shifting to more resilient business models and developing new products and services that align with a 3-degree world.
Assumptions and inputs	▪ IEA STEPS scenario[1] ▪ Increase in volatility and price of electricity, gas and water ▪ Limited deployment of renewables ▪ Increased frequency of extreme flood events, particularly in QLD, NT and WA ▪ Increase in high wildfire risk days	▪ IEA NZE scenario[2] ▪ Mandatory carbon pricing ▪ Australian Government's Rewiring the Nation Policy leading to lower electricity prices and growth of clean economy ▪ Increased and more volatile prices for gas and water ▪ Increased flood and rainfall risk (not as severe as BAU)	▪ Little climate regulation and limited enforcement ▪ Increasing volatility, prices and disruption of electricity, gas and water supply ▪ Limited deployment of renewables ▪ Extreme weather events are felt more severely than BAU

1 The International Energy Agency (IEA)'s Stated Policies Scenario reflects current policy settings based on specific policies that are in place as well as those that have been announced by governments around the world.

2 The IEA's Net Zero Emissions scenario sets out a pathway for the global energy sector to achieve net zero emissions by 2050 and does not rely on emissions reductions from outside the energy sector to achieve its goals.

The following transition and physical risk-related parameters were considered when assessing the impact of the base case, high transition risk and high physical risk scenarios on NEXTDC's operations:

- Legislated/regulated carbon pricing
- Rising electricity and gas costs
- Increase in water prices
- Flood risk exposure (direct and indirect)
- Wildfire exposure (direct and indirect)

Consistent with TCFD recommendations, short, medium and long-term timeframes were used to structure the risk assessment in the context of NEXTDC's growth plans:

- **(S) Short term time horizon of 0-3 years:** Focussed on existing operations and conditions in Australia and further near-term domestic growth.
- **(M) Medium term time horizon of 3-10 years:** Focussed on potential climate driven changes to conditions in Australia and considerations for international growth.
- **(L) Long term time horizon of beyond 10 years:** To consider additional large-scale changes, including substantial physical impacts of climate change.

Risk and opportunities

In 2021, NEXTDC identified its climate risks and opportunities and developed a Risk and Opportunity Inventory. In FY23, the Company reviewed and updated its climate risk and opportunity inventory, to consider impacts to its business practices from changes in the transition and/or physical climate landscape.

NEXTDC's potentially significant climate-related risks and opportunities, as well as the key controls and risk reduction measures, are detailed within its FY23 Environmental, Social and Governance Report.

Monitoring climate-related risks and opportunities

NEXTDC monitors its climate-related risks and opportunities as well as its climate impact and actions using a number of performance metrics. In FY23, the Company reviewed the climate metrics it measures and reports, to consider the appropriateness for providing meaningful updates to the industry and to meet stakeholder expectations.

Risk Management

NEXTDC's Risk Management framework and procedures set the baseline for us to assess, monitor and manage our climate change risks.

NEXTDC's Enterprise-Wide Risk Register (EWRR) captures risks that can affect the achievement of its goals, including addressing climate change related risks. The EWRR is updated and shared with the Board at least annually. In addition, the Environmental and Climate Risk Register, supplementary to the EWRR, captures all transitional and physical climate change risks identified for long term monitoring. Please also refer to the climate change risk and opportunities disclosed within the FY23 ESG Report, for details around the most significant risks. Other processes that carefully consider climate-related risks include the Engineering and Design Risk Register and the Central Operations Risk Register. These are reviewed and updated periodically, with their review cadence dependent on the subject matter and business unit.

Metric and targets

NEXTDC's metrics and targets demonstrate its commitment to adapting to climate change and increasing the resilience of its services. The Company's disclosure currently focuses on a subset of climate-related metrics with sufficiently reliable data. As noted in the Strategy section, in FY23 NEXTDC reviewed the metrics it reports to ensure that they align with industry standards, compliance requirements and stakeholder expectations. The metrics reported for FY23 can be found within the FY23 Environmental, Social and Governance Report.

NEXTDC continued to be certified carbon neutral under the Climate Active Carbon Neutral Standard for Organisations for FY23. As noted earlier, performance against sustainability goals is an element of the KMP's remuneration plans. The short-term incentive (STI) hurdles include a range of operational and climate-related metrics, including operational uptime, PUE metrics (directly linked to GHG), and other compliance operational criteria. In order to incorporate different perspectives on climate-related matters and gain experience with the metrics and measurement methods, the Company continues to track a selection of different metrics internally. This allows NEXTDC to gain deeper insights into the relationship between its operations, climate related metrics, and disclosure framework.

Moving forward

In FY23, NEXTDC completed a qualitative scenario analysis to test the resilience of its strategies and financial performance. In FY24, the Company will further this by developing quantitative inputs to stress test the financial impacts of climate change on its operations (using the scenarios outlined in the Strategy section above).

NEXTDC intends to continue the journey to convert its operational performance ambitions for efficiency and energy usage into short/medium GHG reduction targets. Ultimately the aim is to develop a net zero pathway quantifying the Company's full value chain to 2030 and beyond. NEXTDC recognises this is a major ambition and is committed to disclosing its roadmap to net zero, taking into consideration its operational, regulatory and legislative constraints in a competitive market.

NEXTDC's Business Features

Connecting to the cloud in world-class facilities

Since 2010, we have been helping our customers' business transformations through innovative data centre solutions, connectivity services and infrastructure management software.

The power of our network-rich ecosystem enables our customers to source and connect with cloud platforms, service providers and vendors to build and scale their integrated hybrid cloud deployments.

Our competitive advantage

Our nationwide, and soon to be international data centre network sets us apart. We have facilities in five Australian capital cities: Brisbane, Sydney, Canberra, Melbourne and Perth; as well as our first regional facility at Maroochydore on the Sunshine Coast. New data centres in Adelaide, Darwin, Port Hedland and Newman are currently under development with NEXTDC's first offshore facilities in Kuala Lumpur and Auckland now also in development.

This seamless digital infrastructure platform offers our customers a streamlined experience with one agreement and consistent pricing and service levels.

Market-leading expertise

Our award-winning in-house engineers and operational teams are recognised as leaders in their industry. Our people work together with our customers to create customised solutions that solve real-world challenges.

Strong commitment to safety

We aim to provide and maintain a safe and healthy working environment for all workers, customers and visitors. Our Safety First corporate goal is **zero** workplace injuries.

Having achieved ISO 45001 (Health and Safety) certification, our safety culture is also documented and audited. Our safety management system is implemented and managed by our dedicated in-house team and addresses the unique operating environment of a data centre. However, we also believe that safety is everyone's responsibility, and we encourage all employees and partners to be an advocate for safety in our workplaces.

Mission Critical spaces (MCX)

In FY23 we announced the launch of MCX – our mission critical operations centres. Within selected data centres, we now offer our customers highly secure, resilient and interconnected operational spaces for mission critical functions. This ensures mission critical customer teams and processes are always on, always secured and always connected.

Data protection, security and compliance

We adhere to the Australian Privacy Act and other regulatory frameworks to ensure the protection of personal data. As such, we:

- collect a minimal amount of customer Personally Identifiable Information (PII), limited to activities such as account and contact management, marketing and to permit entry to facilities
- maintain a clear delineation between the data we hold as part of managing our business and the data that our customers hold or process
- do not interact with or manage any data stored on our customers' equipment.

Addressing concerns around data sovereignty, all our facilities, except for the recently acquired SC1 Edge data centre, have been independently assessed and certified by the Digital Transformation Agency (DTA) as Certified Strategic (Enclave).

Our security practice adheres to a best practice 'All Hazards' approach, supported by advanced biometric and surveillance security technology. Each of our data centres feature multi-zone security layers.

We operate in compliance with globally recognised best practice standards in critical areas including security (ISO 27001, SOC1, SOC2, PCI DSS and SCEC), environmental sustainability (ISO 14000), workplace health and safety (ISO 45001), quality assurance (ISO 9001), energy efficient built environments (NABERS) and operational sustainability (Uptime Institute Tier IV Gold).

We comply with the Clean Energy Regulator's annual reporting requirement on National Greenhouse Gas and Emissions (NGER Report) and continue to report to the Workplace Gender Equality Agency (WGEA). Our Modern Slavery Statement is issued annually in complying with the requirement of Modern Slavery Act 2018 (Cth).

Interconnectivity made easy

Secure and resilient interconnectivity (both physical and virtual) is the backbone of the modern digital economy. Our data centres are home to 16 direct on-ramps to the world's largest cloud platforms, as well as Australia's richest sovereign ecosystem of carriers and digital services providers.

In addition to the direct physical connections offered within NEXTDC facilities, our AXON virtual interconnection platform unites our customers with the organisations, networks and cloud providers to which they need to be successful. Meanwhile, our data centre footprint is connected to Asia and the world.

Scalable solutions

Our hyperscale colocation services consist of secure, resilient and reliable high-density data centre outsourcing solutions. Our customers benefit from scalability and flexibility with solutions customised to meet their specific requirements.

750+
trusted ecosystem partners

Leading with our partner ecosystem

Our partner ecosystem is one of the largest and most diverse independent networks of IT service providers, carriers and cloud providers in Australia. This includes a broad range of local and international cloud platforms, as-a-Service providers, independent software vendors, advisory firms, telecommunications carriers and other connectivity partners.

Our Partner Program centres around a channel-first go-to-market model, incorporating more than 750 providers including:

- **Global public cloud providers:** AWS, Microsoft, Google, IBM, Oracle, OVHcloud and Alibaba
- **Large IT services providers:** NTT Group, Atos, DXC, NEC, IBM, Kyndryl, Logicalis, Data#3, Interactive, Infosys and Wipro
- **Technology advisory firms:** Accenture and Deloitte
- **Telecommunications providers:** Optus, Telstra, Vocus, TPG, AT&T, PCCW, Aussie Broadband, Spirit, Uniti, ViaSat, Starlink and Superloop
- **Specialist cloud and managed service providers:** Netskope, Iron Mountain, Over the Wire, AUCloud, Blue Connections, Nexthop, ZettaNet, Teradata, Cloud Plus and Somerville Group, 11:11 Systems, LeaseWeb, Datto and Akamai

Government partner

In FY23 we were appointed by the Digital Transformation Agency (DTA) as a panellist on the Data Centre Facilities Supply Panel Contract. This allows us to service all Federal, State and Local Government agencies directly. In addition, we are a DTA Certified Strategic hosting partner for government bodies.

ONEDC data centre management

ONEDC is our data centre infrastructure management tool, allowing customers to simplify, streamline and securely manage their data centre operations. It can be used for everything from real-time temperature, humidity and power monitoring; managing access requests and user permissions; to booking parking, deliveries and staging rooms - and much more.

Onsite customer support

Our Remote Hands service supports customers throughout their infrastructure lifecycle, performing the day-to-day infrastructure and interconnection tasks to keep things running smoothly. Our highly skilled team members hold awards and accreditations with leading industry bodies.

Our People and Culture

Living our values

Our goal as a company is to have every one of our people living our six core values. We encourage our employees to share their stories and we empower staff to speak out when they see behaviours that are inconsistent with our values.

Customer First

We are obsessed with delivering the world's best customer experience.

One Team

We are an elite team working together with super stars playing in every position.

Bright Ideas

The best way to predict the future is to create it.

Pursuit of Excellence

We are relentless in our pursuit of excellence, not perfection.

Straight Talk

We don't talk bull, we have crucial conversations, we disagree and then we commit.

Frugal Not Cheap

We spend our money where it matters the most.

Giving back to communities

Our purpose is to help create opportunity for our future generations. We place immense value and take pride in the relationships we form in business, and in the communities in which we live and work.

With our community project called, 'Live to Give', we are proud to support the lives of those around us, through six charity and giving programs - The Smith Family, UN Women, SolarBuddy, Beyond Blue, Cancer Council and The Red Cross. We are also part of the Pledge 1% movement and have an active workplace giving program with dollar-for-dollar donation matching for these six partner charitable organisations.

Our people can access up to three days of paid volunteer days per year as well as an emergency management leave benefit of up to four weeks. They can also take up additional paid volunteer days to participate in skills-based volunteering opportunities in our local communities.

Diversity, Equity and Inclusion

We believe our greatest strengths come from the people who make up our team. Diversity, Equity and Inclusion (DEI) are core to our success strategy. We embrace our differences and diversity of identity, experience and ideas, pushing boundaries to promote inclusive behaviours across the company.

Our aim is to achieve a 40:40:20 ratio; meaning 40% men, 40% women, 20% flexible across our employees, management, and the Board by 2030. This approach drives meaningful female representation and is inclusive of people who identify as non-binary. To further show our support for achieving this gender balance, we are working in partnership with 40:40 Vision, which seeks to move beyond tokenism and achieve a 40:40 ratio through business-oriented, structural transformation. We have joined their pledge to achieve gender balance at an executive leadership level by 2030.

Currently, 34% of NEXTDC's workforce is female with a strong representation of mature workers. The company also demonstrates gender diversity at Board level. 29% of our Board members were female during FY23, increasing to 38% in August 2023, with the appointment of Maria Leftakis to the Board, a strong reflection of gender diversity being a key focus and priority for the Company at all levels. Our parental leave program offers primary caregivers up to 20 weeks of paid leave. We also facilitate 10 keeping-in-touch days for staff on parental leave to help them transition back to work.

As another step forward in fostering gender equality, we have now established a partnership with Work180 whose vision is to create a world in which there is fair and equal representation, opportunities, and pay for all women. Through this partnership, Work180 will support NEXTDC with industry insights, benchmarking and have endorsed NEXTDC as an employer of choice for women to help us attract, retain and support all women at NEXTDC.

Above: Some of NEXTDC's proud winners at the staff awards night during the NEXT Frontier All Company Conference.

Above: NEXTDC staff assembling StudentBuddy solar lights for NEXTDC's workplace giving partner, SolarBuddy.

Market Growth Demonstrated by NEXTDC

	30 June 2023	30 June 2022	30 June 2021	30 June 2020	30 June 2019
ECONOMIC INDICATORS					
Customers[1]	1,820	1,613	1,507	1,324	1,145
Cross Connects[2]	17,816	16,613	14,718	13,051	10,972
CAPACITY AND UTILISATION					
Operating facilities[3]	12	11	9	9	9
Installed capacity[4]	133.4MW	113.9MW	95.8MW	78.8MW	58.4MW
Contracted customer utilisation[5]	122.2MW	83.0MW	75.5MW	70.0MW	52.5MW
% of installed capacity	92%	73%	79%	89%	90%
Billing customer utilisation[6]	77.7MW	72.8MW	65.4MW	52.8MW	37.7MW
% of installed capacity	58%	64%	68%	67%	65%

1 Customers: the number of counterparties (including partners) which have executed a Master Services Agreement with NEXTDC.
2 Cross Connects: the number of both physical and elastic cross connects.
3 Operating Facilities: The number of facilities which were operational at the reporting date.
4 Installed Capacity: MW built includes the designed power capacity of the data centre halls fitted out at each facility. Further investment into customer related infrastructure, such as backup power generation, cooling equipment or rack infrastructure may be made in line with customer requirements.
5 Contracted Customer Utilisation: Total of all sold capacity in MW including customers with deferred contract commencement dates.
6 Billing Customer Utilisation: Total of all sold capacity in MW where the service has commenced.

Directors' Report

The Directors present their report on the consolidated entity (referred to hereafter as 'NEXTDC', the 'Company' or the 'Group') consisting of NEXTDC Limited and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Directors

The following persons were Directors of the Company during the year, 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
- Maria Leftakis (appointed 24 August 2023)

Principal activities

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

Operating and financial review

During the year, the Company has:

- Completed the final building of S3 Sydney to support continued customer growth, with an additional data hall available for customers, increasing built capacity in NSW/ACT from 60MW at the end of FY22 to 64MW at the end of FY23. A new site for S5 Sydney was acquired, close to our S1 and S2 Sydney sites, which will be able to support a new 60MW facility.
- M3 Melbourne completed on time and on budget, with three new data halls available to support customers. 13.5MW of new capacity was added, increasing built capacity in Victoria from 40MW at the end of FY22 to 53.5MW at the end of FY23. A new site for M4 Melbourne was acquired, close to our M1 Melbourne site, which will support a new 80MW facility.
- Acquired new international sites KL1 Kuala Lumpur and AK1 Auckland. These sites are able to deliver new facilities of 65MW and 10MW+ respectively.

Key financial highlights include:

- Revenue of $362.4 million vs upgraded guidance range of $350 - 360 million (FY22: $291.0 million)
- Underlying EBITDA[1,2] of $193.7 million vs upgraded guidance range of $192 - 196 million (FY22: $169.0 million)
- Capital expenditure of $690.4 million vs guidance range of $670 - 720 million (FY22: $604.8 million)
- Statutory net profit/(loss) after tax of $(25.6) million (FY22: profit of $9.1 million)
- Operating cash flow of $126.5 million (FY22: $117.2 million)
- Cash of $766 million at 30 June 2023
- Successfully upsized its existing $2.5 billion senior debt facility to a new aggregate limit of $2.9 billion
- Contracted 39.2MW of new capacity

Financial performance

NEXTDC achieved a number of significant milestones and enjoyed a period of strong growth in the 12 months to 30 June 2023.

The Group continued to experience significant growth in the number of customers, orders and total revenue. As at 30 June 2023, NEXTDC was billing for 77.7MW (2022: 72.8MW) of capacity.

[1] EBITDA is a non-statutory financial metric representing earnings before interest, tax, depreciation and amortisation. Non-statutory financial metrics have been extracted from the audited accounts

[2] FY23 underlying EBITDA excludes costs related to early stage offshore operating expenses, acquisition and funding opportunities as well as investment in associates

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

	Segment revenues		Segment EBITDA	
	30 June 2023 $'000	30 June 2022 $'000	30 June 2023 $'000	30 June 2022 $'000
Vic	117,404	101,870	86,130	81,849
NSW/ACT	182,915	135,614	112,731	98,507
Rest of Australia	58,644	50,890	40,894	37,936
International	144	-	(2,105)	(2,319)
Other	3,262	2,670	2,054	40
Total segment revenue/EBITDA	362,369	291,044	239,704	216,013

Net profit/(loss) after tax was $(25.6) million (2022: $9.1 million).

Non-statutory underlying earnings before interest, tax, depreciation and amortisation (EBITDA) improved from $169.0 million in FY22 to $193.7 million in FY23. Reconciliation of statutory profit to EBITDA and underlying EBITDA is as follows:

	30 June 2023	30 June 2022	Change
	$'000	$'000	%
Net profit/(loss) after tax	(25,641)	9,139	
Add: finance costs	78,988	49,269	
Less: interest income	(10,969)	(1,757)	
Add/(less): income tax expense/(benefit)	2,402	(10,797)	
Add: depreciation and amortisation	137,870	106,853	
EBITDA	182,650	**152,707**	20%
Add: expensed SaaS costs previously capitalised	-	3,071	
Add: early stage offshore operating expenses	2,885	2,410	
Add: acquisition and funding opportunities	2,065	1,049	
Add: share of loss on investment in associate	4,262	1,879	
Add: impairment of investment in associate	1,799	7,921	
Underlying EBITDA	193,661	**169,037**	15%

Funding and financial position

In FY23, NEXTDC secured an incremental $400 million in senior debt capacity, bringing the facility to a new aggregate limit of $2.9 billion, as well as favourable amendments to existing financial covenants and terms. The additional debt capacity is expected to provide NEXTDC with additional headroom to fund its medium to longer term growth aspirations.

Details of the new facility limits 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
- $100 million – New Term Loan Facility
- $300 million – New Revolving Credit Facility

The $100 million New Term Loan Facility was drawn down in February 2023.

Cash and cash equivalents at 30 June 2023 totalled $766 million (2022: $457 million), which combined with the undrawn senior syndicated debt facility of $1.5 billion, gave the Group access to $2.3 billion in available liquidity at 30 June 2023.

NEXTDC's balance sheet position is underpinned by approximately $3.8 billion in total assets.

Sales performance

We have continued to focus our sales strategy on partnering with providers of infrastructure, platforms and packaged services. The flexibility we offer by being carrier and vendor neutral allows customers a choice of carriers and systems integrators, leading to an increase in the number of unique customers to 1,820 at 30 June 2023 (up from 1,613 at 30 June 2022).

During the year NEXTDC increased its contracted utilisation by 47% from 83.0MW at the end of FY22 to 122.2MW at the end of FY23.

NSW/ACT's contracted utilisation increased by 38.5MW during FY23 to 80.8MW as at 30 June 2023, with contracted utilisation accounting for 126% of built capacity (64.0MW).

Our contracted utilisation in Victoria fell slightly by 0.2MW to 33.1MW during the period from 1 July 2022 to 30 June 2023 as our first material order at M1 Melbourne moved from a wholesale to rack order with contracted utilisation accounting for 62% of built capacity (53.5MW).

Contracted utilisation for the rest of Australia grew 0.8MW during FY23 to 8.2MW as at 30 June 2023, with contracted utilisation accounting for 51% of built capacity (15.9MW).

We are earning revenue from numerous products including white space, rack ready, project fees and value-added services. During FY23 interconnection generated 7.1% of total recurring revenue.

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

Continuous innovation

As an organisation in Australia's rapidly growing IT infrastructure sector, it is essential that NEXTDC seek the continuous development and innovation of its systems, products and services.

All data centres have achieved and continue to be certified to ISO 27001 Information Security Management System, ISO 9001 Quality Management System, ISO 14001 Environmental Management System and most recently the ISO 45001 for WHS Management System. These certifications confirm that NEXTDC has an integrated management system that provides a systematic approach to risk management, protection of company information and continuous improvement. An exception to this is NEXTDC's edge data centre in the Sunshine Coast (SC1) and the newly established S3 Sydney and M3 Melbourne facilities who are already operated in line with national standards. Our intention is to complete this process within the next 12 months, where this is applicable to the service we provide.

Ongoing customer demand has seen NEXTDC develop innovative ways to augment data centre capacity beyond the original designs, with the addition of higher power densities and the development of additional data halls. Even though power consumption is increasing as our facilities become more populated, their overall energy efficiency has improved over time through economies of scale and increased utilisation of existing infrastructure.

NEXTDC has a continuous process of testing and tuning its data centres to optimise energy efficiency and stability to ensure that Power Usage Effectiveness (PUE) targets are achieved. The average PUE throughout the year across all NEXTDC data centres, is now 1.39, exceeding our target of 1.40 and comparing very favourably with the Australian and Global industry average.

Energy efficiency and sustainability remain key areas of focus for the Group. Our data centre facilities have been engineered to deliver extremely high energy efficiency, lowering the carbon footprint for our customers. Our M1 Melbourne and S1 Sydney data centres were the first data centres in Australia to achieve a National Australian Built Environment Rating System (NABERS) 5-Star rating for energy efficiency. In FY23, we included our P1 Perth facility in the NABERs certification portfolio, achieving a 4.5-star rating. NEXTDC's second-generation data centres are already delivering very high levels of energy efficiency, enabled by next-generation engineering and continuous tuning, which is aimed at setting new levels of energy efficiency. Our third-generation data centres, made operational in FY23, are expected to raise the bar to a whole new level.

As facilities approach full capacity and incremental cooling infrastructure is no longer needed, rooftop solar becomes an option at some of the more mature sites. NEXTDC owns and operates its own solar array on the roof of its M1 data centre and has also been a Principal Partner to the Melbourne Renewable Energy Project (MREP) since its inception in 2014. In FY23, another 300kW of solar panels went live on our S1 rooftop, and a 17kW solar panel, having been installed on the SC1 rooftop, went live in August 2023. Additionally, the installation of solar panels on our M3 (60kW) and P1 (198kW) rooftops is now complete and will be operational in the next few months.

Business strategies and prospects for future financial years

The Group continues to develop its strong and growing pipeline of sales opportunities across each of its operating markets. Based on the number of positive utilisation trends such as cloud and mobile computing, growth in internet traffic and data sovereignty, we expect that demand for carrier and vendor neutral outsourced data centre services will continue to grow strongly for the foreseeable future.

The Company has a number of strategies to benefit from this growth including but not limited to:

- Continuing to sell capacity in existing facilities;
- Growing its presence in existing data centre markets where its existing facilities are close to being fully utilised;
- Expanding its footprint into new data centre markets in Australia such as Adelaide, Darwin, Port Hedland and Newman;
- Expanding its presence into new offshore markets such as New Zealand and Malaysia; and
- Launch of new products.

Based on the factors listed above, the Group expects its revenue to continue growing in the foreseeable future.

Business risks

NEXTDC's risk management framework is an integral component of its corporate governance and central to achieving its strategic and operational objectives.

NEXTDC continues to review its enterprise risks against the Board endorsed Risk Appetite Statement. We have implemented systems and processes to identify risks at an early stage to ensure they are managed accordingly. The responsibilities, objectives, and processes of risk management are described in our internal Risk Management Procedure and guidelines. Further details on NEXTDC's Risk Management Framework can be found in the Company's most recent Corporate Governance Statement which can be located at the Company's website (www.nextdc.com).

The following key business risks have remained focus areas, as they can adversely affect the Company's financial performance:

Business Management and Governance

- *Fraud, Bribery and Corruption:* Fraud, bribery or any other unethical behaviour could significantly impact the trust and confidence of NEXTDC's customers, shareholders and other stakeholders. NEXTDC's Board approved Statement of Delegated Authority is embedded within all levels of NEXTDC's business processes. All NEXTDC staff and Directors undergo Code of Conduct training and pursuant to the Company's Whistleblower Policy, employees are encouraged to come forward and report if they see any unethical behaviour.
- *Training and Development:* Operating and maintaining data centres requires highly trained employees and lack of sufficient training and development could result in safety and environmental incidents, efficiencies and low morale. Along with the broader Company-wide training and development program, all data centre operations staff receive on the job training and refreshers as required.
- *Technology Advances:* NEXTDC operates in a competitive sector. Any failure to keep up with the latest technology or not having the business systems that support the scale and pace of business expansion could result in reputational damage and a downturn in customer demand. To mitigate this risk, the Company promotes mutual research and development projects and strategic alliances with its suppliers, regularly attends industry conferences and is a member of the Uptime Institute, an independent thought leader and certification body in IT and data centres. NEXTDC's Business Transformation Program has been established to support initiatives that ensure the business evolves to meet the ongoing needs of its customers.
- *Employee Engagement*: Having an engaged workforce is vital to achieving our strategic objectives. It enables us to attract and retain workers who share the same purpose, values and goals. NEXTDC is invested in increasing employee engagement and managing turnover. Among others, NEXTDC's 'The Way We Work' program continues to provide ongoing flexibility to our team, recognising there is no one-size-fits-all solution to how we work. More details on our social sustainability initiatives are noted in the FY23 Environmental Social and Governance Report, which can be located under the Corporate Governance Section of the Company's website (www.nextdc.com).

Environment, Work Health, and Safety

- *Workplace, Health and Safety:* Employees are NEXTDC's most important assets and ensuring they are healthy and safe is our top priority. We are committed to providing and maintaining a safe and healthy working environment for all our employees, customers, and visitors. We continue to look for new ways to achieve our Safety-First corporate goal of ZERO injuries within the workplace. Incident prevention is of utmost importance and vital to safety and ultimately, the success of the organisation. All NEXTDC facilities, with the exception of our SC1 facility in the Sunshine Coast and the newly established S3 Sydney and M3 Melbourne facilities, are certified to ISO 45001, WHS Management System certification.

  NEXTDC maintained positive safety results for FY23, with the Company not recording any lost time injuries (LTIFR) across its data centre operations.

  Active management of WHS issues both in the operation of data centres and in their development is mandated and central to creating a culture where it is safe to speak up and report any hazards or incidents. NEXTDC has also sought to implement a process of continual review and improvement through its safety assurance programs with the team's performance and safety initiatives reported to the Board.

  This includes the added focus on mental health. Our strategy for providing a safe workplace also focuses on protecting people from harm by identifying and managing workplace risks to mental health; building capacity to respond and support people experiencing mental ill-health and promoting positive mental health and wellbeing. To further evolve our approach to promoting positive mental health in the workplace and providing support to team members we have trained volunteer Mental Health First Aid Officers (MHFAO) at our facilities who may be able to offer help to someone experiencing a mental health problem. Our MHFAOs have successfully completed a Mental Health First Aid course delivered by an accredited instructor and hold a current Mental Health First Aid Australia certificate. To date, we have 33 volunteer MHFAOs across our sites who are passionate about mental health and supporting their peers.

  As we continue to invest in mental health and team safety, we engaged health services provider Sonder in early FY23 to promote organisational wellbeing and implement additional safety programs.

  Sonder provides our people and their families with real-time access to a team of medical, mental health and safety experts that are ready to assist with their wellbeing needs, 24 hours a day, 7 days a week.

  NEXTDC's Construction Safety Management System continues to benchmark its safety performance and activities during the construction of our new data facilities. NEXTDC continues to improve the standard of our new facilities by embracing lessons learned during the design, construction and operational phases of all our sites. Our Safety in Design process captures these lessons, to be reviewed by every project team as part of our site design process and to ensure they are addressed with engineering solutions, as far as possible. This process promotes improved systems and capabilities that strengthen our safety performance and culture. Our ultimate goal is zero injuries.

- *Energy Usage and Emissions:* NEXTDC is dedicated to devising and monitoring the best methods of managing data centres to ensure energy efficiency and minimise impact on the environment and our natural resources. It is the nature of our business that, as our customer loads increase, so will our own energy usage and emission. Our facilities are designed, engineered, and operated to optimise their energy efficiency. NEXTDC has invested significantly in improving energy efficiencies by focussing on its environmental objectives, operational efficiencies and best in class data centre designs. NEXTDC is committed to achieving NABERS certified rating for our data centres, with each data centre having a target Power Usage Effectiveness (PUE) rating to be as energy efficient as possible. In FY23, we achieved a national average PUE of 1.39, a figure which compares very favourably with the Australian and Global industry average and below our own target.

Maintain 100% Uptime Guarantee

- *Unable to Provide Service:* A catastrophic failure or equipment malfunction at a NEXTDC data centre could result in the Company not being able to provide power and cooling to support our customers' equipment, thus breaching our service level agreements and incurring contractual liabilities. To address this risk, all of NEXTDC's data centres are designed and built with sufficient redundancy in place (including redundant paths for power and cooling) to enable components to go offline and be repaired or maintained without affecting our customers' IT equipment. A sound assurance and maintenance program, periodic recovery testings, in-house design expertise and third-party peer review and certification are among the many controls in place to manage the risks of not being able to meet our 100% uptime guarantee.

Building New Sites/Data Centres

- *Development:* NEXTDC is involved in the development of data centres in Australia and overseas and also the expansion of existing facilities and new Edge and remote sites. Generally, development projects have a number of risks including (i) the risk that suitable sites or required planning consents and regulatory approvals, including approvals from the local water authority and the local power distribution grid operator, are not obtained or, if obtained, are received later than expected, or are adverse to NEXTDC's interests, or are not properly adhered to; (ii) the escalation of development costs (including the costs of construction and fit out and any associated delays) beyond those originally expected; (iii) unforeseen project delays or supply chain issues, or delays in delivery beyond the control of NEXTDC including for example the timely supply of critical data centre infrastructure or components related to the site's development or a data centre build or fit out and commissioning programs; and (iv) non-performance/breach of contract by a contractor or sub-contractor in relation to any of the above. Increases in supply or falls in demand could influence the acquisition of sites, the timing and value of sales and carrying value of projects.

  To fundamentally manage these risks, NEXTDC has implemented management processes designed to drive consistency in the planning, design, engineering, procurement and project management for each site.

- *Customer demand:* Development of new and existing data centres is capital intensive and sometimes undertaken without pre-sales commitment from customers. There is a risk that there will not be enough customer demand to achieve a sufficient return on investment. NEXTDC's business model to become the largest independent, carrier neutral channel ecosystem in the Asia-Pacific region aims to manage this risk by developing sites mindful of market demand and customer needs with the aim of offering a service and connectivity compelling to our customers. NEXTDC's next-generation of data centres are particularly focussed on more scalable fit-outs. This will allow us to stay in step with demand whilst lowering our initial capital outlay as well as being able to more closely align incremental capital investment with incremental customer contracts. We are also aiming to increase sales by providing complementary products and services.

Ensuring Financial Health of the Company

- *Funding:* NEXTDC's business is capital intensive in nature and our continued growth relies on the acquisition and development of new and existing data centres, along with investment in new technologies. Failure to obtain sufficient capital on favourable terms may hinder NEXTDC's ability to expand and pursue growth opportunities, which may reduce competitiveness and have an adverse effect on financial performance. To address this risk, NEXTDC has sought to obtain funding from various sources in order to not become over-reliant on any one form of funding as well as to maintain adequate liquidity to be able to cope with surges in customer demand as well as to take advantage of any attractive investment opportunities.

Security of Data and Information

- *Physical Security Breach:* Physical security is the foundation of data centre security and security risk management is an integral part of NEXTDC's purpose, governance and operations. A breach could seriously interfere with NEXTDC's or its customers operations, damaging their and our reputation. NEXTDC's security risk management program is designed to safeguard our assets, people, property and information as well as customer equipment, security and operational environments. NEXTDC customers rely on our physical security to prevent unauthorised access to the space where their equipment resides. NEXTDC seeks to provide customers with the highest standards of security. The protection of NEXTDC data centres is enhanced using successive layers of physical security. At each level, these limit access to only those with the appropriate authorisation, be it access to the entrance, common, storage or staging areas, private cages, data hall environment or support infrastructure. NEXTDC's security and protection measures reflect ongoing changes in the risk environment and protect the integrity of customer information in our care.

- *Privacy & Data Security:* NEXTDC collects a minimal amount of Personally Identifiable Information (PII), limited to activities such as account and contract management, marketing and to permit entry into its facilities. NEXTDC does not store, interact with or manage any data stored on its customers' equipment. Customers are responsible for managing their own IT equipment and data security. All PII is securely managed in compliance with applicable data protection laws and regulations covering all aspects of our operations and information security practices based on ISO 27001 controls. However, a breach, disclosing information about NEXTDC operations could damage its reputation and interfere with its operations. NEXTDC is certified by the Australian Federal Government's Digital Transformation Agency (DTA) as a Certified Strategic Enclave hosting provider of data centre services. Certified Strategic status is the highest level of certification attainable and recognition of our alignment with the highest certification standards assuring Federal, State and local government organisations on security and data sovereignty issues.
- *Cyber Risk:* Cyber resilience is an important element of customer data security. NEXTDC's Security Operations Centre actively supports and responds to cyber threats. Our Cybersecurity framework, based on ISO 27001 enables us to manage cybersecurity-related risk. We also perform third-party audits to benchmark relevance and effectiveness.

Revenue Generation and Customer Growth

- *Customer Management*: NEXTDC is committed to building a culture that values our customers and provides the best experience for them, from the first to the last point of contact. This is central to all phases of the customer lifecycle. Besides measuring ourselves against key customer metrics, we continue to evolve our customer resourcing models to ensure we deliver great service and monitor the outcomes and feedback.
- *Meeting Customer Requirements:* Some of our customers and channel partners are large, well-established businesses. Not delivering the appropriate solution within the required timeframe to meet their requirements could significantly impact our brand reputation as well as the ability to win further opportunities. To minimise this risk, NEXTDC engages its in-house engineering and project management teams to ensure customers are provided with the optimal solution, delivered on time and on budget. Each customer has an assigned Customer Success Manager to provide support as they transition from sales prospects to active users of our products.
- *Innovating to stay competitive*: Innovation is at the heart of everything we do. NEXTDC's on-going strategic initiatives include a focus on research and development designed to foster innovation and excellence in data centre development and operations. A large part of that is our interactions with customers which are essential in understanding which solutions and innovations can drive value for customers, and demand in the relevant industry sectors and to ensure that NEXTDC continues to retain its competitive advantage.

Significant changes in the state of affairs

Other than what has already been mentioned in this report, there have been no further significant changes in the state of affairs of the Group during FY23.

Matters subsequent to the end of the financial period

No matters or circumstances have arisen since 30 June 2023 that have significantly affected the Group's operations, results or state of affairs, or may do so in future years, except as disclosed below:

- On 23 August 2023, NEXTDC Limited announced the Company's contracted utilisation has increased by 25MW (21%) to 145MW.

Likely developments and expected results of operations

Likely developments in the operations of the Group that were not finalised at the date of this report include the continued fit out of data centre capacity in existing facilities and the pursuit of further growth opportunities.

Dividends

In considering dividend policy the Board considers the demand for capital to invest in growth, its level of retained earnings and the availability of franked earnings.

Although the Company is expanding operating cashflow, NEXTDC is some way from paying tax and consequently from generating franking credits. The Company continues to experience strong demand for its services and consequently is continuing to make substantial capital investment into the business. It is unlikely that NEXTDC will pay any dividend in the next two years.

Dividends were neither paid nor declared during the year.

Environmental regulation

NEXTDC is constantly monitoring and revising the best way to manage our data centres to minimise the impact to the environment. Environmental regulation relevant to NEXTDC's operations are set out below.

The FY23 Environmental, Social and Governance Report (located at www.nextdc.com) provides further details on how NEXTDC addresses matters of environmental and social sustainability.

Greenhouse gas and energy data reporting requirements

NEXTDC monitors its carbon emissions for reporting and is registered under the National Greenhouse and Energy Reporting Act ("NGER"). Additionally, corporate operations are certified 100% carbon neutral under the Australian Federal Government's Climate Active program (previously known as the National Carbon Offset Standard, or NCOS). We have continued to achieve carbon neutrality by offsetting emissions associated with our corporate operations. NEXTDC's NEXTneutral, a certified carbon neutral colocation solution offered as an opt-in product to our customers, allows our customers to voluntarily have their carbon footprint off-set to be 100% carbon neutral on the same basis as NEXTDC's organisational 100% carbon neutral accreditation.

All NEXTDC data centres are certified to ISO 14001, Environmental Management System certification. An exception to this is NEXTDC's edge data centre in the Sunshine Coast (SC1) and the newly established S3 Sydney and M3 Melbourne facilities that are already operated in line with national standards. Our intention is to complete this process within the next 12 months, where this is applicable to the service we provide.

NEXTDC's Climate Change Journey and Taskforce on Climate related Financial Disclosures (TCFD) implementation

Refer to page 14 of the Annual Report for further details on our alignment with the recommendations of TCFD.

Insurance of officers

During the period, NEXTDC Limited paid a premium of $3,365,500 (FY22: $4,217,414) to insure the Directors and Officers of the Group.

The liabilities insured include legal costs that may be incurred in defending civil or criminal proceedings that may be brought against individuals in their capacity as officers of entities in the Group and any other liabilities or amounts sought against them in connection with such proceedings. This does not include liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group. The Directors & Officers Liability insurance also covers security claims against the Company itself. It is not possible to apportion the premium between amounts relating to the insurance against legal costs to defend the officers and those relating to other liabilities.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the Corporations Act 2001.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Information on Directors

DOUGLAS FLYNN

Chairman
Non-Executive Director (since September 2013)

EXPERIENCE AND EXPERTISE

Douglas (Doug) was appointed to the Board in September 2013 as an Independent Non-Executive Director and subsequently was appointed as Chairman in April 2014.

Doug has over 30 years of international experience in the media and information and communication technology industries, including holding various senior management and board positions.

Doug is the current Chairman of IMEXHS Limited, a medical imaging technology provider.

Previously, Doug was Chief Executive of newspaper publisher, Davies Brothers Limited, which was acquired by News Corporation in 1989. In 1995, he was appointed the Managing Director of News International Plc.

After leaving News International in 1998, Doug joined Aegis Group Plc and was appointed as CEO in 1999, where he was instrumental in doubling the size of the company and established a global market research business Synovate and internet services business Isobar.

From 2005 to 2008, Doug served as the Chief Executive of facilities management provider Rentokil Initial Plc.

Doug graduated in Chemical Engineering from the University of Newcastle, New South Wales and received a Master of Business Administration with distinction from the University of Melbourne.

OTHER CURRENT DIRECTORSHIPS

- IMEXHS Limited (March 2020 – present)

FORMER DIRECTORSHIPS

- Seven West Media Limited
- iSentia Group Limited
- APN Outdoor Group Limited
- Konekt Limited

SPECIAL RESPONSIBILITIES

- Chairman of the Board
- Member of the Remuneration and Nomination Committee
- Member of the Investment Committee

INTERESTS IN SHARES AND OPTIONS

Doug holds 180,252 fully paid ordinary shares in NEXTDC Limited.

CRAIG SCROGGIE

Chief Executive Officer (since June 2012)
Managing Director (since November 2010)

EXPERIENCE AND EXPERTISE

Craig Scroggie is the Chief Executive Officer and Managing Director of NEXTDC, Australia's leading Data-Centre-as-a-Service provider. Prior to becoming CEO in June 2012, Mr Scroggie served on the Board of Directors since IPO (2010) as a Non-Executive Director, including as Chairman of the Audit and Risk Management Committee.

Mr Scroggie has more than 25 years' experience in the ICT industry, having held senior positions with Symantec, Veritas Software, Computer Associates, EMC Corporation and Fujitsu. Prior to joining NEXTDC, Mr Scroggie was Symantec's Vice President & Managing Director for the Pacific Region.

Mr Scroggie currently serves on the Board of Sovereign Cloud Holdings (ASX:SOV) and also serves on the University of Southern Queensland Business School Advisory Board and is Chairman of the La Trobe University Business School Advisory Board and holds the position of Adjunct Professor.

Mr Scroggie is a Graduate of the University of Southern Queensland and holds an Advanced Certificate in Information Technology, a Graduate Certificate in Management, a Postgraduate Diploma in Management, a Master of Business Administration; and is a Graduate and Fellow of the Australian Institute of Company Directors.

In 2013 Mr Scroggie was awarded the University of Southern Queensland Faculty of Business & Law Alumnus of the Year and in 2015 was inducted into the ARN ICT Industry Awards Hall of Fame.

OTHER CURRENT DIRECTORSHIPS

- Sovereign Cloud Holdings Limited 'AUCloud' (November 2021 - present)

FORMER DIRECTORSHIPS

- Nitro Software Limited (September 2021 – April 2023)

SPECIAL RESPONSIBILITIES

- Member of the Investment Committee

INTERESTS IN SHARES AND OPTIONS

Craig holds 442,691 fully paid ordinary shares and 1,301,523 performance rights.

STUART DAVIS

Non-Executive Director (since September 2013)

EXPERIENCE AND EXPERTISE

Stuart has over 30 years' experience as an international banker with the HSBC Group including roles in Hong Kong, New York, Taiwan, India and Australia. Most recently he was CEO India for the Hongkong and Shanghai Banking Corporation Limited (2009-2012), CEO and Executive Director for HSBC Bank Australia Limited (2002-2009) and CEO HSBC Taiwan (1999-2002). He was a member of the Australian Bankers Association from 2002 to 2009 and Deputy Chairman from 2006 to 2009.

Stuart holds a LLB from Adelaide University and is a Graduate of the Australian Institute of Company Directors.

OTHER CURRENT DIRECTORSHIPS

- PayPal Australia Limited (July 2016 – present)
- BSP Financial Group (September 2017 – present)
- Appen Limited (March 2022 - present)

FORMER DIRECTORSHIPS

Stuart previously held directorships with subsidiaries of HSBC Group until 2012, Built Holdings Pty Ltd. and Moboom Limited.

SPECIAL RESPONSIBILITIES

- Chairman of the Remuneration and Nomination Committee
- Member of the Audit and Risk Management Committee

INTERESTS IN SHARES AND OPTIONS

Stuart holds 42,930 fully paid ordinary shares in NEXTDC Limited.

DR GREGORY J CLARK AC

Non-Executive Director (since April 2014)

EXPERIENCE AND EXPERTISE

Dr Gregory J Clark AC is a world-renowned technologist, businessman and scientist, with extensive corporate and Board experience in Australia, the USA and Europe.

Dr Clark brings to the Board international business experience and a distinguished career in micro-electronics, computing and communications. He was previously Principal of Clark Capital Partners, a US based firm that has advised internationally on technology and the technology marketplace.

During his career, Dr Clark also held senior executive roles at IBM, News Corporation and Loral Space and Communications. At IBM he was a senior scientist in their Research Division in NY. At News Corporation he was President of Technology and on the Executive Committee with responsibility for all technical aspects of digital media creation and delivery. Dr Clark was responsible for News Corporation's transformation of its media assets from an analogue platform into a digital platform for both program creation and delivery. In addition, he was responsible for all technology companies within News Corporation.

He was President and Chief Operating Officer at Loral Space and Communications, the world's largest commercial satellite manufacturer and one of the largest operators, with responsibility for all development, manufacturing, marketing and sales.

While at News Corporation and Loral Space and Communications, Dr Clark was Chairman and/or on the Board of a number of wholly owned subsidiaries including NDS, Globalstar, SatMex, Skynet, Loral Space Systems, Kesmai, Etak and others.

Dr Clark is an Honorary Professor at the Australian National University and a Fellow of the Australian Academy of Science, a Fellow of the Academy of Technology and Engineering and a Fellow of the American Physical Society.

FORMER DIRECTORSHIPS

Dr Clark served on the Board of the ANZ Banking Group (also chairing the Board's Technology Committee) which he stepped down from in November 2013 after nine years of service.

SPECIAL RESPONSIBILITIES

- Member of the Remuneration and Nomination Committee
- Member of the Investment Committee

INTERESTS IN SHARES AND OPTIONS

Gregory holds 74,110 fully paid ordinary shares in NEXTDC Limited.

STEPHEN SMITH

Non-Executive Director (since 1 July 2019)

EXPERIENCE AND EXPERTISE

Stephen (Steve) Smith is widely respected amongst the global ICT community. Steve has a deep background and expertise in managing market leading technology businesses, particularly in the data centre industry.

Steve served as CEO and President of Equinix Inc for over a decade (2007-2018), transforming it into the largest enterprise data centre platform in the world. Under Steve's leadership Equinix grew from 17 data centres operating in 10 markets and a US$2 billion market cap, to approximately 200 data centres with a US$38 billion market cap and operations in 24 countries on five continents.

Steve is currently the CEO of Zayo Group, a leading provider of fibre infrastructure, with dense, high-quality networks in every major market in North America and many in Western Europe. Prior to his time at Zayo Group and Equinix, Steve held senior leadership positions at Hewlett Packard (2005-2006) which included serving as its Senior Vice President - Worldwide HP Services; Lucent Technologies Inc. (2004-2005), where he was appointed as Vice President, Global Professional and Managed Services and Electronic Data Systems Corporation (EDS) (1987-2004), where he served in a number of capacities including Chief Sales Officer and President, Asia-Pacific.

Steve also had a successful eight-year career in the U.S. Army where, among other roles, he was aide de-camp to the office of the Commander in Chief of the U.S. Armed Forces in the Pacific.

Steve holds a Bachelor of Science in Engineering from the U.S. Military Academy at West Point.

CURRENT EXECUTIVE ROLES

- Zayo Group Holdings, CEO

OTHER CURRENT DIRECTORSHIPS

- Zayo Group Holdings (October 2020 – present)

FORMER DIRECTORSHIPS

Steve has served on several boards including Flexential Inc, Volterra Semiconductor Corporation, 3Par Inc, Actian Corporation, NetApp Inc and F5 Networks Inc.

SPECIAL RESPONSIBILITIES

- Chairman of the Investment Committee

INTERESTS IN SHARES AND OPTIONS

Nil

JENNIFER LAMBERT

Non-Executive Director (since 1 October 2019)

EXPERIENCE AND EXPERTISE

Ms Jennifer Lambert has extensive business and leadership experience at senior executive and board level with more than 25 years of financial management and accounting experience.

Currently Ms Lambert is a Non-Executive Director of BlueScope Steel Limited, REA Group Limited and Investa Property Group, and Chairs each of their Audit Committees. Ms Lambert is also a non-executive director of two not for profit entities.

Ms Lambert was Group Chief Financial Officer of 151 Property (formerly Valad Property Group) for 13 years where her responsibilities included operational and strategic finance, tax, treasury, legal and compliance. Prior to this, Ms Lambert was a director at PricewaterhouseCoopers specialising in capital raisings, structuring and due diligence for acquisitions and disposals across various industries.

Jennifer holds a Bachelor of Business (Accounting and Finance) from University of Technology Sydney and Master of Economics from Macquarie University. Her professional associations include being a member of The Chartered Accountants Australia New Zealand and a Fellow of the Australian Institute of Company Directors.

OTHER CURRENT DIRECTORSHIPS

- BlueScope Steel Limited (September 2017 – present)
- REA Group Limited (December 2020 – present)
- Investa Property Group (October 2021 - present)

FORMER DIRECTORSHIPS

- Mission Australia (retired November 2020)

SPECIAL RESPONSIBILITIES

- Chair of the Audit and Risk Management Committee

INTERESTS IN SHARES AND OPTIONS

Jennifer holds 28,000 fully paid ordinary shares in NEXTDC Limited.

DR EILEEN DOYLE

Non-Executive Director (since August 2020)

EXPERIENCE AND EXPERTISE

Dr Doyle has had an internationally recognised career with close to four decades of diverse business experience at both executive and board level.

Her experience covers a wide range of industries including logistics, technology and research, property, financial services, manufacturing, building and construction and sport.

Dr Doyle has previously served as the Chairman of the world's largest export coal loader, PWCS (1998-2009) and Deputy Chairman of CSIRO to 2016, after 10 years of service.

Dr Doyle currently serves on the Board of DBI Limited, Santos Limited and Airservices Australia. She has significant experience across Audit, Remuneration and Sustainability Committees. Dr Doyle's experience also includes appointments at major government bodies Austrade, CSIRO, Newcastle Port Corporation, the National Steering Committee on eHealth and the NSW Innovation and Productivity Council.

Dr Doyle holds a Ph.D. in Applied Statistics from the University of Newcastle, was a Fulbright Scholar (Business Management: Columbia University), is a Fellow of the Academy of Technology and Engineering and a Fellow of the Australian Institute of Company Directors (FAICD).

Dr Doyle is also a Foundation Fellow of The Australian Association of Angel Investors (FAAAI) and the author of "Call a Business Angel".

OTHER CURRENT DIRECTORSHIPS

- DBI Limited (October 2020 – present)
- Airservices Australia (April 2021 – present)
- Santos (December 2021 - present)
- Kinetic Group (May 2022 – present)

FORMER DIRECTORSHIPS

- Oil Search Limited (February 2016 – December 2021)
- GPT Group (March 2010 – May 2019)
- Boral Limited (March 2010 – October 2020)

SPECIAL RESPONSIBILITIES

- Member of the Audit and Risk Management Committee

INTERESTS IN SHARES AND OPTIONS

Eileen holds 17,250 fully paid ordinary shares in NEXTDC Limited.

MARIA LEFTAKIS

Non-Executive Director (since 24 August 2023)

EXPERIENCE AND EXPERTISE

Mrs Leftakis is recognised as an industry leader in shareholder engagement and corporate governance advisory, having worked with both domestic and international companies in Australia for over 25 years. She offers deep commercial and industry expertise having founded and led a number of successful stakeholder advisory businesses.

She is currently the Chair of Morrow Sodali, Asia Pacific, one of the largest global shareholder and governance advisory firms. In this role, Mrs Leftakis is also responsible for advising on acquisitions and growth opportunities. Prior to this, she was the firm's CEO for Asia Pacific and a member of the global Executive Committee, responsible for the groups business performance and growth strategy.

As the Managing Director of a number of shareholder advisory businesses, including Georgeson Shareholder Communications (2000 – 2006, acquired by Computershare Limited) and Global Proxy Solicitation Pty Ltd (2006 – 2017, acquired by Morrow Sodali), Mrs Leftakis has become one of the leading advisors in this space, using her entrepreneurial experience to advise many ASX listed companies on issues including M&A, demergers, activism response and capital restructures.

Maria holds a Bachelor of Economics (Finance and Accounting) from the University of Sydney as well as an Executive Master of Business Administration from the Australian Graduate School of Management, University of New South Wales. Maria is also a member of the Australia Institute of Company Directors.

OTHER CURRENT DIRECTORSHIPS

- Morrow Sodali Pty Ltd, Chair - APAC

SPECIAL RESPONSIBILITIES

- Member of the Audit and Risk Management Committee
- Member of the Remuneration and Nomination Committee

INTERESTS IN SHARES AND OPTIONS

Nil

MICHAEL HELMER

Company Secretary and Chief Legal Officer (since February 2015)

Michael has over 28 years' experience in the legal sector and has previously served as Director of Legal Services (Asia Pacific) for global software maker Symantec. Before that, Michael was based in London at specialist technology firm Field Fisher Waterhouse. Michael has held senior legal roles in Barclays, Coles Myer and was General Counsel at European on-line shopping site shopsmart.com as well as Australian anti-malware maker PC Tools.

Michael is a seasoned strategic advisor with deep knowledge of the legal and compliance environments in which technology and ecommerce businesses operate. His work is particularly focussed on their corporate and operating environments, ecommerce, security and compliance requirements as well as technology and IP law, M&A and capital raising.

Michael has obtained a Bachelor of Laws, Bachelor of Science (Monash) and is admitted as a legal practitioner in Australia as well as in England and Wales. Michael is a member of the Association of Corporate Counsel and has served as their Victorian President (ACLA) as well as a member of its National Board. Michael holds a Certificate in Governance Practice and is a Fellow of the Governance Institute of Australia (FGIA). He is also a member of the Australian Institute of Company Directors and a graduate of their Company Directors course (GAICD).

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each board committee held during the year, and the number of meetings attended by each director is as follows:

			Meetings of Committees					
	Full meetings of Directors		Audit and Risk Management Committee		Remuneration and Nomination Committee		Investment Committee	
	A	B	A	B	A	B	A	B
Douglas Flynn	6	6	N/A	N/A	2	2	2	2
Craig Scroggie	6	6	N/A	N/A	N/A	N/A	2	2
Stuart Davis	6	6	5	5	2	2	N/A	N/A
Dr Gregory J Clark AC	6	6	N/A	N/A	2	2	2	2
Stephen Smith	5	6	N/A	N/A	N/A	N/A	2	2
Jennifer Lambert	6	6	5	5	N/A	N/A	N/A	N/A
Dr Eileen Doyle	6	6	5	5	N/A	N/A	N/A	N/A

A = Number of meetings attended
B = Number of meetings held during the time the Director held office or was a member of the committee during the period
N/A = Not applicable. Not a member of the relevant Committee

Remuneration Report – Audited

This report sets out the remuneration arrangements for NEXTDC's Directors and other Key Management Personnel (KMP) for the year ended 30 June 2023 (FY23). It is prepared in accordance with section 300A of the Corporations Act 2001 (Corporations Act) and has been audited as required by section 308(3C) of the Corporations Act.

This report is divided into the following sections:

1. MESSAGE FROM THE CHAIR OF THE REMUNERATION AND NOMINATION COMMITTEE

NEXTDC's Remuneration Report details how its executive remuneration outcomes are linked to both its corporate and individuals' performance for the 2023 financial year. The report details our remuneration policy for FY23 and the alignment between executive remuneration and shareholder outcomes.

In FY23, NEXTDC achieved a number of key performance milestones:

Total revenue	Underlying EBITDA[1]	Operating cashflow
$362.4M	$193.7M	$126.5M
▲ $71.3M (25%)	▲ $24.6M (15%)	▲ $9.3M (8%)

Contracted utilisation	Debt Facility	Capital expenditure
122.2MW	$2.9B	$690.4M
▲ 39.2MW (47%)		

The Company's remuneration policies remain under continuous review by the Remuneration and Nomination Committee (the "Committee") throughout the year with the aim of ensuring alignment with the Company's strategic objectives and to ensure retention of key talent. Noting that shareholder interests and community expectations are key elements of this process, the Committee is mindful that the Company is a high-performance business focussed on its growth objectives and its broader environmental and social responsibilities.

The Committee is also aware of broader trends in the executive space, and mindful of competitors and comparator groups in Australian and international markets, and unlisted competitors.

This year's Senior Executive remuneration program, which was confirmed by the Committee, set performance targets with reference to key project milestones and shareholder expectations. Financial performance, key business deliverables and broader behavioural and health and safety metrics were all incorporated into the program. The Committee is also focussed on operational efficiencies and driving environmental outcomes as part of its strategic focus.

The Committee continues to reflect on the balance of its disclosures of operational information in the context of executive performance. It believes there is a clear benefit in providing as much transparency as possible but will, at times, be circumspect about some of the details if it feels this could erode the Company's competitive or strategic advantage. For now, the Committee believes an appropriate balance has been struck, and it will continue to take shareholder feedback on these matters and make refinements so as to maintain an appropriate balance between these two considerations.

In terms of the overall remuneration structure for FY23 the Committee is of the view that its components, as described in this Remuneration Report, are strongly aligned with shareholder value.

Looking forward – Senior Executive remuneration in FY24

To ensure the remuneration framework remains fit-for-purpose for the next phase of the Company's strategy and growth, the Committee undertook a review of the existing Senior Executive remuneration framework in FY23, with input from external advisors as well as recent remuneration benchmarking at regional management levels in Asia and into privately owned companies in Australia. The review considered several factors, including prevailing economic conditions, current and future strategic priorities, retention of key executive talent and the appropriateness of the current framework in meeting industry opportunities and risks.

Following the review, the Board has determined to make the following remuneration changes for FY24:

- A 15% increase in fixed remuneration for Senior Executives, including the CEO, effective 1 July 2023. This reflects their demonstrated contribution towards the Company's global strategic growth, including a 33% increase in market capitalisation since the end of FY22 (44% from the start of FY21), benchmarking against the regional management levels in Asia as well as privately owned peers in Australia, and a 14% increase in the Australian Consumer Price Index since their previous increase in fixed remuneration in January 2021; and
- Modifications to the existing long-term incentive (LTI) plan to further generate Senior Executive share ownership and alignment with long-term shareholder interests, whilst ensuring that we continue to motivate and retain high-performing and innovative executive talent in a competitive market. With several key regional expansion projects underway and the high demand for experienced Senior Executives in our industry, this alignment is critical to our ongoing success and ability to drive long-term shareholder value.

Further details on the fixed remuneration increase can be found below, with full details of the FY24 LTI plan to be disclosed in the Notice of 2023 AGM and FY24 Remuneration Report.

The Committee and I are looking forward to further engaging with our shareholders and will be listening carefully to your comments and observations concerning our remuneration policies and practices.

Stuart Davis
Chairman – Remuneration and Nomination Committee

[1]FY23 underlying EBITDA excludes costs related to early stage offshore operating expenses, acquisition and funding opportunities, as well as investment in associates.

2. THE PERSONS COVERED BY THIS REPORT

Key Management Personnel ("KMP") include Non-Executive Directors and Senior Executives. The term "Senior Executives" refers to the CEO and those executives with authority and responsibility for planning, directing and controlling the activities of the Company and the Group, directly or indirectly.

TABLE 1: KEY MANAGEMENT PERSONNEL

NON-EXECUTIVE DIRECTORS

Name	Position
Douglas Flynn	Non-Executive Chairman since 30 April 2014 Member of the Remuneration and Nomination Committee Member of the Investment Committee
Stuart Davis	Non-Executive Director Chair of the Remuneration and Nomination Committee Member of the Audit and Risk Management Committee
Dr Gregory J Clark AC	Non-Executive Director Member of the Remuneration and Nomination Committee Member of the Investment Committee
Stephen Smith	Non-Executive Director Chair of the Investment Committee
Jennifer Lambert	Non-Executive Director Chair of the Audit and Risk Management Committee
Dr Eileen Doyle	Non-Executive Director Member of the Audit and Risk Management Committee

SENIOR EXECUTIVES

Name	Position
Craig Scroggie	Chief Executive Officer, Managing Director
Simon Cooper	Chief Operating Officer
Oskar Tomaszewski	Chief Financial Officer
David Dzienciol	Chief Customer and Commercial Officer

3. OVERVIEW OF REMUNERATION GOVERNANCE FRAMEWORK

Our mission is to be the leading customer-centric data centre services company, delivering solutions that power, secure and connect enterprise. NEXTDC's remuneration policy is designed to incentivise and reward Senior Executives for achieving its overarching objectives of building market-leading sales performance, hosting the country's largest independent ecosystem of carriers, cloud and IT service providers and enabling customers to source and connect with suppliers and partners in an integrated hybrid cloud environment.

Our remuneration framework, applicable to the 2023 financial year is outlined and summarised below.

3.1 Senior Executive Remuneration (SER) Policy

The Senior Executive Remuneration Policy applies to Senior Executives who are defined as:

- The Chief Executive Officer who is accountable to the Board for the Company's performance and long-term planning;
- Heads of Business Units, or those with key functional roles, or essential expertise, that report directly to the Chief Executive Officer;
- Other executive roles classified as KMP under the Corporations Act; and
- Other roles or individuals nominated by the Board from time to time.

FIGURE 1: REMUNERATION GOVERNANCE FRAMEWORK

BOARD

- Approves the overall remuneration policy and ensures it is competitive, fair and aligned with the long-term interests of the Company and shareholders
- Approves Senior Executives and other key management personnel remuneration
- Assesses Company performance and determines STI and LTI outcomes for Senior Executives

REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee is delegated responsibility by the Board to make recommendations on:

- The remuneration policies and framework
- Non-Executive Director remuneration
- Remuneration for Senior Executives and other key management personnel
- The extent of the Senior Executives' achievements against performance targets and the remuneration outcomes
- Executive incentive arrangements

MANAGEMENT

- Provides information relevant to remuneration decisions and makes recommendations to the Remuneration and Nomination Committee

CONSULTATION WITH SHAREHOLDERS AND OTHER STAKEHOLDERS

REMUNERATION CONSULTANTS AND OTHER EXTERNAL ADVISORS

The Remuneration and Nomination Committee may appoint and engage independent advisors directly in relation to Executive remuneration matters. These advisors:

- Review and provide recommendations on the appropriateness of Senior Executive remuneration
- Provide independent information to assist with remuneration decisions

Advice or recommendations provided are used to assist the Board. Remuneration decisions are undertaken through the Board and Remuneration and Nomination Committee process.

Benchmarking data was provided by Morrow Sodali in FY22 and FY23 to review Senior Executive and Non-Executive remuneration. No remuneration recommendation as defined in Section 9B of the Corporations Act 2001 was made. The Board is satisfied that any advice provided by Morrow Sodali was made free from undue influence from any of the KMP.

The SER policy details how executive remuneration is structured, benchmarked and adjusted in response to changes in the circumstances of the Company. NEXTDC's Senior Executives Total Remuneration Package (TRP) includes the following components:

FIGURE 2: TOTAL FY23 REMUNERATION (IF MAXIMUM INCENTIVE PAYMENTS ARE RECEIVED)

Fixed Remuneration (29%)

- Fixed remuneration (includes superannuation, non-monetary benefits and any applicable fringe benefits tax)
- References domestic and international industry benchmarks

STI (28% at risk)

- STI that provides a reward for performance against the annual objectives
- EBITDA gateway
- Maximum = 100% of Base

LTI (43% at risk)

- LTI that provides a securities-based reward for performance against indicators of long-term shareholder value creation
- Rights vest at TSR Index (must be positive)
- Maximum = 150% of Base

- 50% is paid as cash
- 50% is deferred for one year (cash or shares)
- 50% to vest after three years
- 50% to vest after four years

Year 1 | Year 2 | Year 3 | Year 4

3.2 Senior Executive Remuneration Benchmarks

When considering executive remuneration, the Committee frequently has reference to domestic and international industry benchmarks relevant to its market sector, growth and value as well as unlisted competitors, general market conditions and the individual's role and performance. Factors specific to the data centre industry are also evaluated to ensure a high degree of alignment with strategic goals and in order to foster high retention rates in the leadership team and in the business more broadly. The Committee continues to be mindful of strong and ongoing competitive pressures for top talent in the sector both internationally and locally. The Committee considerations include the following fundamentals in setting executive remuneration packages:

- The individual's skillsets and contribution to long term revenue and EBITDA growth;
- Their contribution to the delivery of key strategic goals and milestones;
- Their contribution to key measures of operational excellence including those relating to running of the business, the Company's strategic initiatives, safety and cultural values;
- Their relevant industry knowledge, experience and connections;
- Domestic and international comparators with whom NEXTDC must compete for talent; and
- Prevailing economic conditions.

As outlined in the Chairman's comments, during FY23, the Committee evaluated Senior Executives' fixed remuneration and TRP, in line with movements in the Australian Consumer Price Index, as well as the trajectory of the Company's growth, strategic objectives and priorities, scarcity of talent, and changes in a roles' complexity and NEXTDC's geographical spread. Following this review, the Board approved a 15% increase in fixed remuneration for Senior Executives (including the CEO) for FY24, taking into account their demonstrated contribution towards the Company's growth, reflected by a 33% increase in the Company's market capitalisation since the end of FY22 (44% since the start of FY21). The review also considered appropriate benchmarking against regional management levels in Asia as well as privately owned peers in Australia (recognising that NEXTDC competes for Senior Executive talent with both listed and unlisted companies).

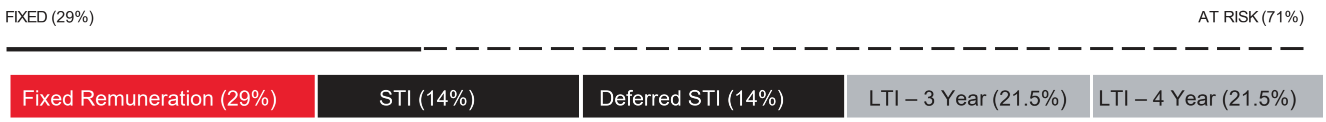
The Committee's view is that the nature of the business and its local and international customer base, relationships and competitors are such that its TRP levels should continue to be assessed against both domestic and international remuneration benchmarks.

3.3 Senior Executive Remuneration Mix

The Senior Executive remuneration mix refers to the proportion of remuneration that executives can receive as fixed versus any variable "at risk" remuneration component. Assuming performance is at a level at which incentives pay out in full, approximately 71% of the TRP remuneration received is performance related.

The graph below sets out the remuneration mix if maximum incentive payments are received for the CEO and other Senior Executive KMP for FY23.

FIGURE 3: FY23 POTENTIAL REMUNERATION MIX

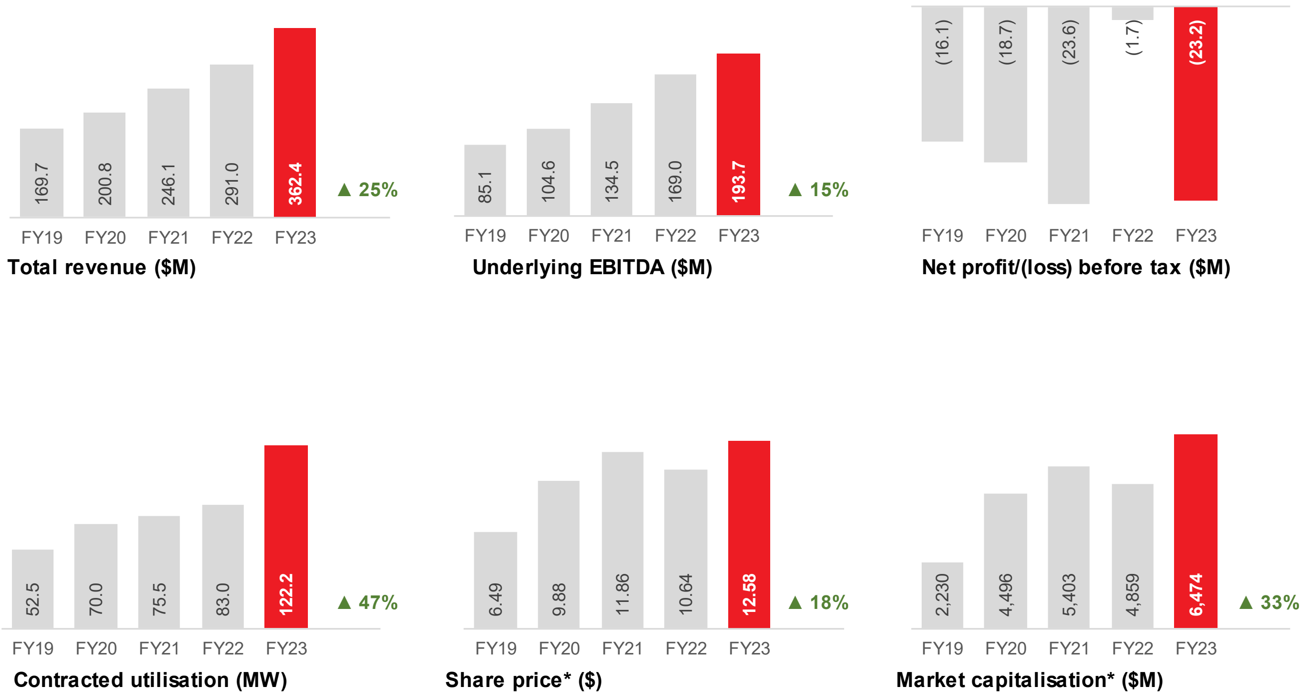


3.4 Senior Executive Remuneration and Performance

The Board has determined that significant remuneration opportunities should continue to be contingent on realising the Company's ongoing financial and operational objectives. The Committee is disclosing further detail in relation to how incentive outcomes were determined in FY23 to ensure shareholders gain an appropriate level of insight into the key strategic and project milestones set for Senior Executives remuneration. The Committee is aiming to set these to ensure NEXTDC's executive continue to be focussed on developing and growing its first-class data centre business, customer success and expanding its national and international network of data centres. These remain the key drivers for shareholder value creation and continue to be the cornerstones of our incentive program.

Below see Senior Executive remuneration and performance assessed relative to NEXTDC's performance over the past five years:

TABLE 2: HISTORICAL COMPANY PERFORMANCE



*Closing share price as at 30 June

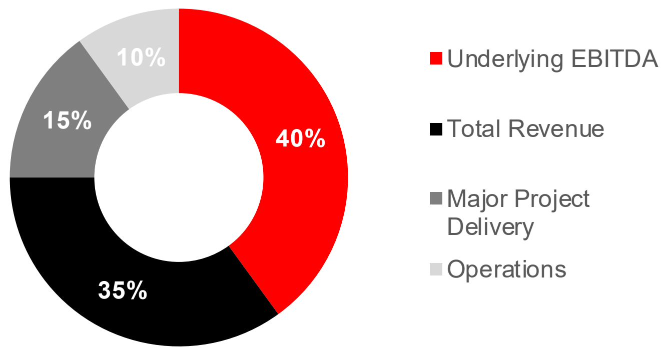
FY23 underlying EBITDA excludes costs related to early stage offshore operating expenses, acquisition and funding opportunities, as well as investment in associates.

3.5 Variable remuneration – Short Term Incentive (STI) Plan

The Committee recognises that NEXTDC is a capital-intensive business that requires significant investment for infrastructure to be built prior to generating income from customer contracts. With NEXTDC operating in a high-growth industry, the Company needs to continue to expand its infrastructure investment to keep pace with customer demand. It is on this basis that the Board and Committee places emphasis on revenue and underlying EBITDA generation as well as delivery of projects and maintaining strong operational performance when incentivising Senior Executives.

The composition of performance metrics comprising the FY23 STI program are as follows:

FIGURE 4: FY23 STI PERFORMANCE METRICS



FINANCIAL YEAR 2023 STI PLAN

The purpose of the STI Plan is to provide an incentive for Senior Executives to achieve against the Company's strategic objectives by delivering or exceeding on annual business plan requirements to ensure sustainable superior returns for shareholders. Key terms of the FY23 STI Plan are detailed below.

Feature	Description		
Opportunity	Subject to the achievement of the Gateway, participants may achieve up to a stretch (maximum) award of 100% of their Base Salary Package.		
Gateway	In order to qualify for any award under the FY23 STI incentive program, underlying EBITDA achieved in FY23 must be at least 95% of the midpoint value of the initial guidance range given for underlying EBITDA performance in that year. In FY23 that gateway was set at $184.3m. A further performance gate for this year was fulfilling the Company's uptime obligations to its customers. No STI is to be awarded to any individual acting in breach of the Company's code of conduct.		
Measurement period	The Company's financial year i.e., from 1 July 2022 to 30 June 2023.		
Performance metrics	In FY23 the below Company Key Performance Indicators (KPIs) were selected as being the most relevant drivers for improving financial performance and growth in shareholder value.		
	Metric	**Weighting**	**Reason for selection**
	Underlying EBITDA[1]	Up to 40%	Indicates the Company's underlying profitability, a measure best suited to its stage of development: • 50% achieved at bottom end of initial guidance range ($190m) • 100% achieved at top end of initial guidance range ($198m) • A linear progression to be applied between the limits.
	Total Revenue	Up to 35%	Indicates the Company's level of incremental growth in new business for the period, an essential criterion in assessing NEXTDC's financial and operational performance: • 50% achieved at bottom end of initial guidance range ($340m) • 100% achieved at top end of initial guidance range ($355m) • A linear progression to be applied between the limits.

[1]FY23 underlying EBITDA excludes costs related to early stage offshore operating expenses, acquisition and funding opportunities, as well as investment in associates.

Feature	Description		
	Major Project Delivery	Up to 15%	This component is for agreed major projects and clear, definable outcomes that drive future growth in capabilities, revenue, and earnings. Projects are mostly identified at or prior to the beginning of the financial year but may also be added as the financial year progresses. Projects may complete within the year or flow into the following year. In applying measures against performance, the time and cost will be that approved in the original approved project submission. These may be modified as to scope, time and costs in subsequent approved Board submissions. In calculating the award, weighting was to be given to each of the major projects as indicated in Figure 5 below.
	Operations	Up to 10%	This component is for key operational metrics that affect service level standards expressed in uptime performance, data centre energy efficiency as well as measures relating to the health and safety of our employees and visitors. In calculating the award, weighing was given to each performance component as indicated in Figure 6 below.
Delivery of STI	Payments will be in cash unless otherwise determined by the Board and will normally be paid in September following the Measurement Period subject to the deferral of 50% of the final STI payment, which may be delivered in cash or by grant of rights to acquire fully paid ordinary shares. Deferring 50% of the awarded STI for a period of 12 months is intended to promote sustainability of annual performance over the medium term, acts as a retention mechanism and facilitates the exercise of malus provisions should the Board determine to exercise its discretion.		
Board discretion	If the Company's overall performance during the Measurement Period is substantially lower than expectations and has resulted in a significant loss to shareholders' value, the Board may abandon the STI Plan for the Measurement Period or adjust STI pay outs.		
Forfeiture and termination	In the event of cessation of employment due to dismissal for cause, all unvested deferred STI's are forfeited. In the event of cessation of employment due to resignation, all unvested deferred STI's are forfeited unless otherwise determined by the Board. In the event of cessation of employment due to death, total and permanent disability or redundancy, unvested deferred STI's will continue on-foot and be subject to the original terms as though employment had not ceased, unless the Board determines otherwise. In any other circumstances the Board has discretion to determine how the unvested deferred STI's will be treated upon cessation of employment with the Company.		
Malus/ Clawback Provisions	The Board retains the ability to reduce or apply malus/clawback to awards where the participant has acted fraudulently or dishonestly or is in material breach of their obligations to the Company; where the Company becomes aware of material misstatements or omissions in the financial statements of the Company; where the Company is required by or entitled under law or Company policy to reclaim remuneration; or where any circumstances occur that the Board determines to have resulted in an unfair benefit to the recipient.		

FIGURE 5: FY23 STI POTENTIAL – MAJOR PROJECT DELIVERY

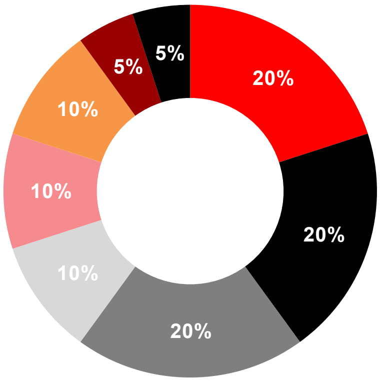
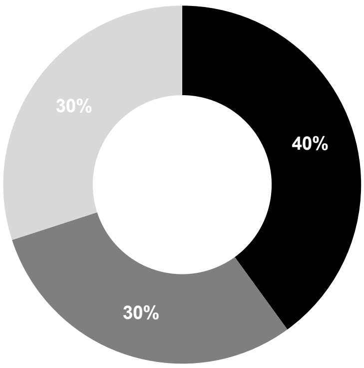


FIGURE 6: FY23 STI POTENTIAL – OPERATIONS



3.6 Variable remuneration – Long Term Incentive (LTI) Plan

FINANCIAL YEAR 2023 LTI PLAN

The aim of the LTI Plan is to provide an incentive for Senior Executives to help achieve the Company's strategic objectives and to deliver performance that is sustainable and aligned with shareholder interests. It also acts as a retention mechanism to maintain a stable team of high performing executives. The current LTI Plan is the NEXTDC Limited Equity Incentive Plan (EIP).

The Committee recognises that continual review is required to ensure the program remains in step with the Company's rapid growth, and in line with trends, both of ASX market peers and international competitors.

Feature	Description
Opportunity/ Allocation	Maximum LTI value was set at 150% of Base Salary Packages. The LTI grant of Performance Rights is calculated by applying the following formula: **Number of Performance Rights = Base Package x Maximum LTI% ÷ Right Value** NB: The Right Value is the volume weighted average share price of Shares over the 10 trading days following the release of the Company's FY22 results. The "Maximum LTI %" recognises that the stretch level of Rights will be granted when stretch performance is achieved.

<table>
<tr><th>Feature</th><th>Description</th></tr>
<tr><td>Measurement period</td><td>
The measurement period for the LTI award will now be extended to include tranches which vest after the 3rd and 4th years.
For FY23, the LTI award comprises:

Tranche 1 (50% of the total LTI award), which will be tested after three years and be eligible to vest at that time; and
Tranche 2 (50% of the total LTI award), which will be tested after four years and be eligible to vest at that time.

In all cases performance is measured over a period commencing from the end of the day of the release of the Company's full year results (for this award it is the release of the FY22 results) to the end of the day of the release of its results for the relevant year (in this case, it is FY25 and FY26). No component will be subject to re-testing.
</td></tr>
<tr><td>Performance conditions</td><td>
Vesting of each tranche of the LTI award is subject to two performance conditions:
1. Gateway Hurdle
Vesting of the Performance Rights is subject to an initial gateway hurdle of NEXTDC achieving positive total shareholder return (TSR) over the relevant measurement period for that tranche. If the gateway hurdle is not met, the rights under the EIP automatically lapse even if the TSR Hurdle (described below) is achieved.
2. TSR Hurdle
In addition to the Gateway Hurdle, vesting under the EIP is subject to a relative TSR performance condition. The TSR Hurdle is determined by ranking NEXTDC's TSR over the measurement period for the relevant tranche, relative to the TSR of companies in the ASX 100 Accumulation Index (Index). Vesting of the EIP rights will be determined by reference to the following vesting schedule:
<table>
<tr><th>NEXTDC's TSR over the Measurement Period</th><th>Percentage of Rights that vest</th></tr>
<tr><td>Less than TSR of Index</td><td>Nil</td></tr>
<tr><td>At TSR of Index</td><td>25%</td></tr>
<tr><td>Between TSR of Index and TSR of Index + 5%</td><td>Pro rata vesting from 25% to 100% on a straight-line basis</td></tr>
<tr><td>TSR of Index + 5% or greater</td><td>100%</td></tr>
</table>
The scale requires that the Company deliver a TSR to shareholders that is at least as good as the overall market (as indicated by the TSR of the Index over the measurement period) before any vesting may occur.
Full vesting does not become available until the TSR of the Company reaches the TSR of the Index over the measurement period plus 5% p.a. This would, in the view of the Board, represent an outstanding outcome for shareholders.
The Committee has again reviewed whether the introduction of a second LTI performance measure is appropriate. For now, it remains their and the Board's view that an additional measure is not appropriate at NEXTDC's current stage of development. The Committee regards the continued application of a relative TSR performance measure to be the most effective method for aligning long-term executive performance with shareholder wealth outcomes and will review the appropriateness of the single measure LTI program on an annual basis.
</td></tr>
<tr><td>Reason for selection</td><td>
TSR was selected as it recognises the total returns (share price movement and dividends assuming they are reinvested into Company shares) that accrue to shareholders over the Measurement Period. This measure creates the most direct alignment between shareholder return and rewards realised by Senior Executives. The measurement period for assessing TSR performance is aligned with the release of results to ensure that the share price upon which TSR is determined at the start and end of the measurement period reflects an informed market.
Market adjusted TSR was selected to ensure that participants do not receive windfall gains from broad market movements unrelated to the performance of the Senior Executives.
The positive TSR gate ensures that Senior Executives cannot benefit from the LTI Plan when shareholders have lost value over the Measurement Period. Vesting commences upon NEXTDC's TSR matching the Index TSR, with full vesting occurring once NEXTDC's TSR exceeds the Index TSR by 5% compound annual growth over the measurement period. This hurdle has been determined with regard for the historic performance of the ASX 100 Accumulation Index whereby 5% compound annual growth or greater represents upper quartile performance.
This would, in the Board's view, represent an outstanding outcome for the Company.
</td></tr>
</table>

Feature	Description
Exercise of vested Incentive Rights	Upon vesting the Board will determine the extent to which their value will be delivered in Shares and/or cash. The Board will also determine whether Shares will be issued or acquired for participants via the Employee Share Trust (EST) and if the EST is used, whether new issues or on-market purchases of Shares will be undertaken by the trustee of the EST. No amount is payable by participants to exercise vested Incentive Rights.
Forfeiture and termination	In the event of cessation of employment due to dismissal for cause, all unvested Incentive Rights are forfeited. In the event of cessation of employment due to resignation, all unvested Incentive Rights are forfeited unless otherwise determined by the Board. In the event of cessation of employment due to death, total and permanent disability or redundancy, unvested performance rights will continue on-foot and be subject to the original terms as though employment had not ceased, unless the Board determines otherwise. In any other circumstances the Board has discretion to determine how the unvested Performance Rights will be treated upon cessation of employment with the Company.
Board discretion	The Board retains discretion to modify vesting outcomes. Incentive Rights that do not vest will lapse. Board discretion to vary vesting will generally only be applied when the vesting that would otherwise apply is considered by the Board to be inappropriate, and when it would not align with shareholder returns.
Change of Control	In circumstances where there is a likely change in the control of NEXTDC, the Board has discretion to determine the level of vesting (if any) having regard to the portion of the measurement period elapsed, performance to date against performance conditions and any other factors it considers appropriate. If an actual change in the control of the Company occurs before the Board can exercise this discretion, unless the Board determines otherwise, unvested Performance Rights will vest and become exercisable in proportion to the Company's performance against the TSR Hurdle up to the date of the change of control.
Malus/Claw back Provisions	The Board retains the ability to reduce or apply malus/clawback to awards where the participant has acted fraudulently or dishonestly or is in material breach of their obligations to the Company; or where the Company becomes aware of material misstatements or omissions in the financial statements of the Company; or any circumstances occur that the Board determines to have resulted in an unfair benefit to the recipient.
Hedging	The Company prohibits the hedging of Incentive Rights and Restricted Shares by Participants.

3.7 Risk Management and Clawback Provisions

A sound risk management culture is important to NEXTDC. The Company's STI and LTI Plans have been designed to protect the Company from the risk of unintended or unjustified pay outcomes by allowing risk factors to be taken into account over long periods and by way of a variety of measures that are considered key to the Company's success. For example:

- Basing the STI on a number of performance measures, including initial gateway hurdles before any STI is able to be paid (subject also to malus/clawback provisions)
- Deferring a component (50%) of STI to ensure alignment with shareholder value and compliance with NEXTDC's codes of conduct and corporate governance
- Distributing remuneration components across both long and short-term performance-based mechanisms to encourage prudent risk taking in line with the overall objectives of the Company.

While formal shareholding requirements are not imposed for Senior Executives, the CEO has a material holding in NEXTDC, holding shares and vested performance rights valued at approximately 12 times base salary at 30 June 2023.

Board discretion is applied to the vesting of all STIs and LTIs to ensure any proposed awards are aligned with shareholder returns. As noted, the Board also retains the ability to reduce or clawback awards in the event of serious misconduct or a material misstatement in the Company's financial statements.

4. STI AND LTI PERFORMANCE OUTCOMES FOR FY23

4.1 STI Vesting Outcomes

The Executives performance against the FY23 STI performance measures – as previously described in section 3.5 above are as follows. The Committee continues to be of the view that they were highly relevant to the Company's financial performance and to growing shareholder value. The individual components contributed to the overall composition of the STI award as follows:

FIGURE 7: CALCULATION OF STI OUTCOMES

Gateway Test	Maximum STI Value	Performance Measure	Weighting	STI Outcome
EBITDA greater than 95% of the midpoint of the initial guidance range Fulfilment of uptime obligations to customers	STI opportunity of up to 100% of Base	Group EBITDA	40%	STI outcome is subject to Board assessment and discretion
		Total Revenue	35%	
		Major Project Delivery	15%	
		Operations	10%	

Upon review of the above performance criteria set for the FY23 STI Program, the Committee has determined that 88% of the FY23 STI opportunity be awarded to the participants. The FY23 STI outcome was determined by the Committee and approved by the Board. This outcome strictly reflects the performance against the performance criteria set out for this year's program. There has been no further discretion applied to these outcomes.

The individual components of this assessment were as follows:

Type of performance measure and weighting at target	KMP Performance measure	FY23 performance	Level of Achievement (% of Stretch)
Financial 75%	**Underlying EBITDA (40%):** This percentage was awarded out of a maximum of 40% and was arrived at on the basis that the Company achieved underlying EBITDA of $193.7 million against the initial guidance range of $190 million (50%) to $198 million (100%) for this metric set by the Committee. See section 3.5 for more details on its method of calculation including the minimum EBITDA gateway also set for this metric.	$193.7 million	73%
	Total Revenue (35%): This percentage was out of a maximum award of 35% and was arrived at on the basis that the Company achieved $362.4 million out of the initial guidance range of $340 million (50%) to $355 million (100%) for this metric set by the Committee. See section 3.5 for details on the method of calculation.	$362.4 million	100%

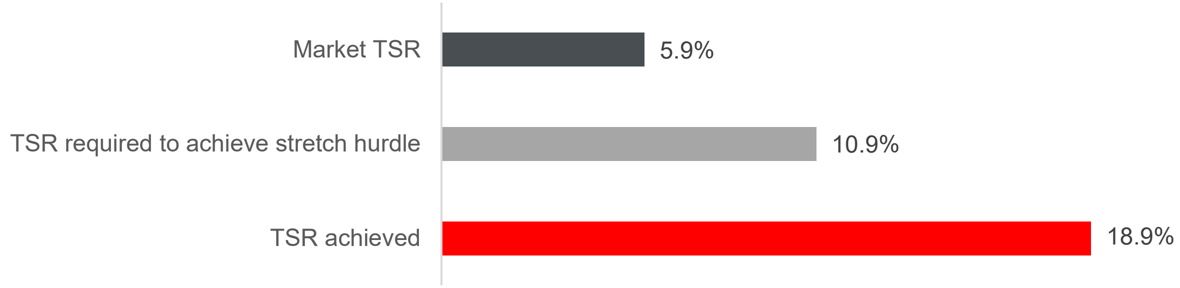
Type of performance measure and weighting at target	KMP Performance measure		FY23 performance	Level of Achievement (% of Stretch)
Non-Financial 25%	Major Project Delivery (15%):	**Major Project 1 (20%)**: S3 – delivery of Phase 2 on time (50%) and on budget (50%)	Achieved	100%
		Major Project 2 (20%): M2 – delivery of Stage 3 MCX tower on time (50%) and on budget (50%)	Achieved	100%
		Major Project 3 (20%): M3 - delivery of key client capacity including services and rack ready on time (50%) and on budget (50%)	Achieved	100%
		Major Project 4 (10%): SC1 - delivery of rack ready inventory and infrastructure upgraded to NDC standards	Achieved	100%
		Major Project 5 (**10%**): A1 – completion of detailed design and development approvals on time	Achieved	100%
		Major Project 6 (**10%**): D1 - completion of detailed design and development approvals on time	Not achieved	0%
		Major Project 7 (**5%**): B2 - expansion of Data Hall 1 on time (50%) and on budget (50%)	Achieved	100%
		Major Project 8 (**15%**): KL1 - Malaysia – MDEC status conferred, land acquired, and development approvals submitted	Achieved	100%
	Operational Metrics (10%):	**WH&S:** achieve LTIFR rate <2.7, and achieve >90% of site safety leadership inspections per executive (2 per executive)	Achieved	100%
		PUE: PUE of <1.4 for all facilities commencing at least 60 days prior to the end of the measurement period	Achieved	100%
		Team Training: 95% completion of all team training programs focused on diversity, inclusion, safety and social impact	Achieved	100%

4.2 LTI Vesting Outcomes

The measurement period for the FY20 LTI was between 29 August 2019 and 29 August 2022. The vesting condition attached to the FY20 LTI was based on NEXTDC's TSR over the measurement period, against the relative performance of the S&P / ASX 200 Accumulation Index (AXJOA), with vesting percentages to be determined by the following scale, as outlined in the 30 June 2020 Annual Report:

NEXTDC's TSR over the Measurement Period	Percentage of Rights that Vest
Less than TSR of Index	Nil
At TSR of Index	25%
Between TSR of Index and TSR of Index + 5%	Pro rata vesting from 25% to 100% on a straight-line basis
TSR of Index + 5% or greater	100%

NEXTDC's performance against the vesting conditions is summarised below:



Based on the above assessment, the stretch target was achieved, and the Board determined that 100% of the LTI granted in FY20 vested, with rights converting to shares following the release of the FY22 Annual Report.

The measurement period for the FY21 LTI is for approximately a three-year period, beginning from the end of trade on the day of release of the FY20 results, and ending upon the end of the day of release of the annual results for FY23. The vesting condition attached to the FY21 LTI is based on NEXTDC's TSR over the measurement period, against the relative performance of the S&P / ASX 200 Accumulation Index (Index).

Given vesting is not able to be determined until the end of day of release of the FY23 annual results, the Board will determine vesting following the release of the FY23 Annual Report.

5. EMPLOYMENT TERMS FOR DIRECTORS AND SENIOR EXECUTIVES

5.1 Non-Executive Directors

Once appointed all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation relevant to the office of the Director.

All current Non-Executive Directors carry an initial contract duration of three years (subject to election and re-election by shareholders). The employment contracts for the Non-Executive Directors do not carry notice period provisions, nor do they provide for any termination benefits.

All Directors must retire from office at the third annual general meeting after the Director was last elected and will then be eligible for re-election. Upon cessation of a Director's appointment, the Director will be paid his or her Director's fees on a pro-rata basis, to the extent that they are unpaid.

The Non-Executive Director Remuneration Policy applies to Non-Executive Directors of the Company in their capacity as Directors and as members of committees, and may be summarised as follows:

- Remuneration comprises:
  - Board fees
  - Committee fees
  - Superannuation
  - Other benefits
  - Securities (if appropriate at the time).
- Remuneration is managed within the aggregate fee limit (AFL) or fee pool of $1,600,000 which was approved by shareholders at the FY20 AGM in November 2020.
- The Non-Executive Director Remuneration Policy contains guidelines on when the Board should seek adjustment to the AFL such as in the case of the appointment of additional Non-Executive Directors.

- Remuneration should be reviewed annually.
- Non-Executive Directors are not entitled to termination benefits.
- The level of Board Fees (being the fees paid for membership of the Board, inclusive of superannuation and exclusive of committee fees) will be set with reference to the median of comparable ASX listed companies.
- Committee fees may be used to recognise additional contributions to the work of the Board by members of committees, but in a manner that, when combined with Board Fees, will not exceed the 75th percentile of comparable ASX listed companies.
- The Company does not currently provide securities as part of Non-Executive Director remuneration.

In accordance with the Non-Executive Director Remuneration Policy, during FY23 the Remuneration and Nomination Committee conducted an annual review of Non-Executive Director remuneration. The review was informed by an independent benchmarking exercise with reference to ASX-listed companies of a similar size as well as recent recruitment benchmarking at regional management levels in Asia and into privately owned companies in Australia. The benchmarking exercise compared NXT to companies that are directly comparable in terms of market capitalisation, with 10 larger and 10 smaller than NXT within the ASX100 index only. In conjunction with the benchmarking exercise, the review also considered other factors such as surrounding market conditions and sentiment, the trajectory of the Company's growth, strategic objectives, and the geographical spread of the Company.

As a result of the review, it was determined that an increase in Non-Executive Director remuneration was warranted, effective from October 2022.

The rates of fees including superannuation contributions in respect of the 2023 financial year are as follows:

TABLE 3: NON-EXECUTIVE DIRECTOR FEE SCHEDULE

	From July 2022	From October 2022
Board Chair	$330,000 per annum	$430,000 per annum
Non-Executive Director	$152,000 per annum	$170,000 per annum
Audit and Risk Management Committee Chair	$35,000 per annum	$40,000 per annum
Remuneration and Nomination Committee Chair	$35,000 per annum	$40,000 per annum
Investment Committee Chair	$35,000 per annum	$40,000 per annum
Committee Member	$15,000 per annum	$17,000 per annum

Recommended Non-Executive Director Shareholding

Non-Executive Directors are encouraged to accumulate shares on their own behalf, over a three-year period, of equivalent value to their average annual Directors' fees.

5.2 Senior Executives

Remuneration and other terms of employment for the Chief Executive Officer and other key management personnel are also formalised in service agreements.

The CEO's base salary package has remained consistent at $1.32 million since FY19 noting that effective 1 July 2022 his salary package saw a minor increase of $1,724 as a result of the Company's commitment to contribute a 0.5% increase in Super Guarantee Contribution (SGC). Since his appointment to the role in 2012, the CEO has overseen the Company's expansion. Over the last four years, NEXTDC has achieved:

21%
Compound annual revenue growth

21%
Compound annual growth in total assets

31%
Compound annual market capitalisation growth

NEXTDC is unique among ASX-listed companies due to its high capital-intensity and growth prospects requiring further capital to be invested ahead of demonstrable revenues and profits. Most comparable peers are US-based, as is the more comparable executive talent. The Board considered the Company's long-term strategy and potential and determined that the CEO's remuneration remains appropriate in context of the skills and experience necessary to lead NEXTDC.

Other major provisions of the agreements relating to service agreements are set out below.

TABLE 4: SERVICE AGREEMENTS

Name	Duration of Contract	Notice Period[1]	Termination Payments[2]
Craig Scroggie	No fixed term	18 months	18 months
Simon Cooper	No fixed term	12 months	12 months
Oskar Tomaszewski	No fixed term	12 months	12 months
David Dzienciol	No fixed term	12 months	12 months

1 Effective 1 July 2022, Craig Scroggie's notice period has increased from 12 months to 18 months until the end of FY24, at which point it will revert back to 12 months, with notice periods for all other KMP changed from 6 months to 12 months for this same period as a function of a one-off 25% bonus paid to KMP and senior executives in FY22.

2 Base salary payable if the Company terminates employees with notice, and without cause (for example, reasons other than unsatisfactory performance).

6. STATUTORY REMUNERATION

6.1 Senior Executive Remuneration

The following table outlines the remuneration received or due to be received by Senior Executives of the Company during the 2023 and 2022 financial years and has been prepared in accordance with the Corporations Act and the relevant accounting standards. The figures provided under the LTI are based on accounting values and do not necessarily reflect actual payments received during the year.

6. STATUTORY REMUNERATION (CONTINUED)

TABLE 5: STATUTORY REMUNERATION

		Base Salary Package					STI		LTI	
Name	Year	Salary	Super contri-butions	Non-monetary benefits	Leave benefits[1]	Subtotal	STI[2]	% of TRP	LTI	Total remuner-ation package
Craig Scroggie	2023	1,298,306	25,292	3,674	(63,259)	1,264,013	1,161,458	36%	779,914	3,205,385
Simon Cooper	2023	478,306	25,292	1,837	2,453	507,888	441,907	35%	305,469	1,255,264
Oskar Tomaszewski	2023	478,306	25,292	-	6,132	509,730	441,907	35%	301,554	1,253,191
David Dzienciol	2023	478,306	25,292	-	(8,585)	495,013	441,907	36%	301,554	1,238,474
Total		**2,733,224**	**101,168**	**5,511**	**(63,259)**	**2,776,644**	**2,487,179**	36%	**1,688,491**	**6,952,314**

		Base Salary Package					STI			LTI	
Name	Year	Salary	Super contri-butions	Non-monetary benefits	Leave benefits[1]	Subtotal	Special bonus	STI[2]	% of TRP	LTI	Total remuner-ation package
Craig Scroggie	2022	1,298,306	23,568	3,585	(3,329)	1,322,130	330,900	1,177,486	33%	740,987	3,571,502
Simon Cooper	2022	478,306	23,568	1,770	19,010	522,653	125,900	447,054	30%	385,170	1,480,777
Oskar Tomaszewski	2022	478,306	23,568	-	19,010	520,883	125,900	447,054	30%	373,705	1,467,542
David Dzienciol	2022	478,306	23,568	-	41,085	542,959	125,900	447,054	30%	373,705	1,489,618
Total		**2,733,223**	**94,272**	**5,355**	**75,775**	**2,908,626**	**708,598**	**2,518,648**	**31%**	**1,873,567**	**8,009,439**

(1) Leave benefits in the basic package includes the net movement of short-term leave benefits such as annual leave and long-term leave benefits such as long service leave.

(2) 50% of the 2022 and 2023 STI are subject to 12-month deferral (excluding the FY22 special bonus payment), with employees being able to elect whether this is delivered in cash or equity.

6.2 Non-Executive Director Remuneration

Statutory Remuneration received by Non-Executive Directors in FY23 and FY22 is disclosed below.

TABLE 6: NON-EXECUTIVE DIRECTOR REMUNERATION

Name	Financial year	Board fees	Superannuation	Total
Douglas Flynn	FY23	413,139	25,292	438,431
Dr Gregory J Clark AC	FY23	179,825	18,882	198,707
Stuart Davis	FY23	199,981	20,998	220,979
Stephen Smith	FY23	204,250	-	204,250
Jennifer Lambert	FY23	204,463	-	204,463
Dr Eileen Doyle	FY23	164,878	17,312	182,190
Total	**FY23**	**1,366,536**	**82,484**	**1,449,020**
Douglas Flynn	FY22	336,432	23,568	360,000
Dr Gregory J Clark AC	FY22	165,455	16,545	182,000
Stuart Davis	FY22	183,636	18,364	202,000
Stephen Smith	FY22	186,292	708	187,000
Jennifer Lambert	FY22	187,000	-	187,000
Dr Eileen Doyle	FY22	151,818	15,182	167,000
Total	**FY22**	**1,210,633**	**74,367**	**1,285,000**

6.3 Changes in Securities Held Due to Remuneration

TABLE 7: CHANGES IN SECURITIES HELD DUE TO REMUNERATION

Name	Instrument	Balance at start of the year	Granted	Exercised	Lapsed	Balance at end of the year
Craig Scroggie	Performance Rights	1,104,755	196,768	-	-	1,301,523
Simon Cooper	Performance Rights	412,934	74,864	-	-	487,798
Simon Cooper	Deferred Rights	57,467	22,153	-	-	79,620
Oskar Tomaszewski	Performance Rights	397,801	74,864	-	-	472,665
David Dzienciol	Performance Rights	312,901	74,864	-	-	387,765
David Dzienciol	Deferred Rights	38,192	22,153	-	-	60,345

Performance Rights

The following table details performance rights that have been provided to key management personnel.

TABLE 8: PERFORMANCE RIGHTS PROVIDED TO KEY MANAGEMENT PERSONNEL

Name	Financial Year Granted	Number of Performance Rights	Vested during the year	Exercised during the year	Vested and exercisable at the end of the year	Unvested at the end of the year
Craig Scroggie	2017	223,325	-	-	223,325	-
	2018	194,987	-	-	194,987	-
	2019	208,202	-	-	208,202	-
	2020	216,393	216,393	-	216,393	-
	2021	113,989	-	-	-	113,989
	2022	147,859	-	-	-	147,859
	2023	196,768	-	-	-	196,768
		1,301,523	**216,393**	**-**	**842,907**	**458,616**
Simon Cooper	2017	83,747	-	-	83,747	-
	2018	73,121	-	-	73,121	-
	2019	77,287	-	-	77,287	-
	2020	80,328	80,328	-	80,328	-
	2021	42,314	-	-	-	42,314
	2022	56,137	-	-	-	56,137
	2023	74,864	-	-	-	74,864
		487,798	**80,328**	**-**	**314,483**	**173,315**
Oskar Tomaszewski	2017	80,025	-	-	80,025	-
	2018	69,871	-	-	69,871	-
	2019	74,132	-	-	74,132	-
	2020	77,049	77,049	-	77,049	-
	2021	40,587	-	-	-	40,587
	2022	56,137	-	-	-	56,137
	2023	74,864	-	-	-	74,864
		472,665	**77,049**	**-**	**301,077**	**171,588**
David Dzienciol	2018	64,996	-	-	64,996	-
	2019	74,132	-	-	74,132	-
	2020	77,049	77,049	-	77,049	-
	2021	40,587	-	-	-	40,587
	2022	56,137	-	-	-	56,137
	2023	74,864	-	-	-	74,864
		387,765	**77,049**	**-**	**216,177**	**171,588**

The fair values of each performance right at grant date are as follows:

Financial year granted	Fair value at grant date
2017	$1.63
2018	$3.32
2019	$3.07
2020	$4.61#
2021	$6.80#
2022	$6.09
2023	$4.83

Except for Craig Scroggie whose rights were granted at a fair value of $6.02 in 2021 (2020: $3.30)

Deferred Rights

The following table details deferred rights that have been provided to those key management personnel who elected to receive the deferred component of their STI in shares rather than cash.

TABLE 9: DEFERRED RIGHTS PROVIDED TO KEY MANAGEMENT PERSONNEL

Name	Financial Year Granted	Number of Deferred Share Rights	Vested during the year	Exercised during the year	Vested and exercisable at the end of the year	Unvested at the end of the year
Simon Cooper	2019	18,347	-	-	18,347	-
	2020	6,899	-	-	6,899	-
	2021	15,867	-	-	15,867	-
	2022	16,354	16,354	-	16,354	-
	2023	22,153	-	-	-	22,153
		79,620	**16,354**	**-**	**57,467**	**22,153**
David Dzienciol	2020	6,618	-	-	6,618	-
	2021	15,220	-	-	15,220	-
	2022	16,354	16,354	-	16,354	-
	2023	22,153	-	-	-	22,153
		60,345	**16,354**	**-**	**38,192**	**22,153**

The fair value of the deferred rights at grant date is as follows:

Financial year granted	Fair value at grant date
2019	$6.34
2020	$6.10
2021	$11.58
2022	$13.41
2023	$10.09

Deferred rights under the Senior Executive STI Plan are granted following release of the annual results. The shares vest one year from the grant date. On vesting, each right automatically converts into one ordinary share. Senior Executives do not receive any dividends and are not entitled to vote in relation to the rights during the vesting period. If a Senior Executive ceases employment before the rights vest, they have six months from the cessation of employment or the vesting date, whichever is later, to exercise their deferred rights. Any rights not exercised in this period will automatically lapse.

The fair value of the rights is determined based on the volume weighted average trading price of the Company's shares over the 10 trading days following release of the Company's annual results.

6.4 Director and Senior Executive Shareholdings

During FY23, KMP and their related parties held shares in NEXTDC directly, indirectly or beneficially as follows:

TABLE 10: DIRECTOR AND SENIOR EXECUTIVE SHAREHOLDINGS

Holder	Opening balance	Received during the year as compensation	Received during the year on the exercise of an option or right	Other changes	Closing balance	Shares held nominally at 30 June 2023
DIRECTORS						
Douglas Flynn	160,223	-	-	20,029	180,252	180,252
Dr Gregory J Clark AC	66,048	-	-	8,062	74,110	74,110
Stuart Davis	38,160	-	-	4,770	42,930	42,930
Stephen Smith	-	-	-	-	-	-
Jennifer Lambert	24,000	-	-	4,000	28,000	28,000
Dr Eileen Doyle	13,800	-	-	3,450	17,250	17,250
SENIOR EXECUTIVES						
Craig Scroggie	389,191	-	-	53,500	442,691	435,511
Simon Cooper	150,341	-	-	(10,000)	140,341	14,846
Oskar Tomaszewski	75,610	-	-	831	76,441	-
David Dzienciol	30,968	-	-	7,656	38,624	-

The Non-Executive Directors of the Company did not receive any shares in NEXTDC on behalf of the Company in respect of the 2022 and 2023 financial reporting periods.

Loans to Directors and Executives

There were no loans to Directors or other key management personnel at any time during the year.

6.5 Remuneration Received (Non-statutory)

Remuneration received in FY23

The amounts disclosed below as Senior Executive remuneration for FY23 reflect the actual benefits received by each Senior Executive during the reporting period. The remuneration values disclosed have been determined as follows:

Fixed remuneration
Fixed remuneration includes base salaries received, paid leave, payments made to superannuation funds, and the taxable value of non-monetary benefits received, and excludes any accruals of annual or long service leave.

Short-term incentives
Awarded STI represents bonuses that were awarded to each Senior Executive in relation to FY23 performance, 50% of which will be paid in FY24. 50% of the STI bonuses awarded are deferred for 12 months, with employees being able to elect whether the award will be delivered in cash or equity. Deferred STI represents the remaining 50% of the FY23 STI that is expected to vest in FY24.

Long term incentives
The value of vested rights was determined based on the intrinsic value of the rights at the date of vesting, being the difference between the share price on that date, and the exercise price payable by the Senior Executive. The performance rights that vested in FY23 were granted in 2020.

TABLE 11: REMUNERATION RECEIVED IN FY23

Name	Fixed Remuneration	Awarded STI (cash)	Deferred STI (cash or equity)	Vested LTI	Total Value
Craig Scroggie	1,327,273	580,729	580,729	2,012,455	4,501,186
Simon Cooper	505,435	220,954	220,954	747,050	1,694,393
Oskar Tomaszewski	503,598	220,954	220,954	716,556	1,662,062
David Dzienciol	503,598	220,954	220,954	716,556	1,662,062
Total	**2,839,904**	**1,243,591**	**1,243,591**	**4,192,617**	**9,519,703**

The amounts disclosed above are not the same as the remuneration expensed in relation to each KMP in accordance with accounting standards. The Directors believe that the remuneration received is more relevant to users for the following reasons:

- The statutory remuneration expensed is based on historic cost and does not reflect the value of the equity instruments when they are actually received by the Senior Executives
- The statutory remuneration shows benefits before they are actually received by the Senior Executives
- Where rights do not vest because a market-based performance condition is not satisfied (e.g. TSR), the Company must still recognise the full amount of expenses even though the Senior Executives will never receive any benefits.
- Share based payment awards are treated differently under the accounting standards depending on whether the performance conditions are market conditions (no reversal of expense) or non-market conditions (reversal of expense when shares fail to vest), even though the benefit received by the Senior Executives is the same (nil where equity instruments fail to vest).

The information in this section has been audited together with the rest of the remuneration report.

Audit and non-audit services

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers Australia) for audit and non-audit services during the year are disclosed in Note 24 Remuneration of auditors.

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the group are important.

The board of directors, in accordance with advice provided by the Audit and Risk Management Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the impartiality and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

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 60.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001. This report is made in accordance with a resolution of the Directors.

Craig Scroggie
Managing Director and Chief Executive Officer

28 August 2023

Auditor's Independence Declaration

Auditor's Independence Declaration

As lead auditor for the audit of NEXTDC Limited for the year ended 30 June 2023, 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 audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Michael Shewan
Partner
PricewaterhouseCoopers

Brisbane
28 August 2023

PricewaterhouseCoopers, ABN 52 780 433 757
480 Queen Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

Corporate Governance Statement

NEXTDC has established a strong governance framework that defines the roles and responsibilities of NEXTDC's Board, management team, employees and suppliers.

NEXTDC continues to be committed to the highest levels of integrity and ethical standards in all its business practices, recognising that effective and transparent corporate governance is critical to its success. The framework continues to evolve as we seek continual improvements in the way we conduct the business.

The Corporate Governance Statement has been approved by the Board and fully supports the intent of the Australian Securities Exchange ("ASX") Corporate Governance Council's new 4th edition of Corporate Governance Principles and Recommendations ("4th Edition Governance Principles"). NEXTDC meets all the requirements of 4th Edition Governance Principles.

This Statement describes NEXTDC's key governance practices and articulates how decision-making is guided to meet stakeholder expectations of sound corporate governance, acknowledging the Company's specific and broader responsibilities to its shareholders, customers, suppliers, employees, and the communities in which it operates.

At NEXTDC, corporate governance is an essential element of how we operate. It refers to the overarching monitoring and reporting of the Company's business operations and is the combination of processes implemented and monitored by the Board and the Executive team to direct, manage and scrutinise NEXTDC's activities.

We aim to maintain and build on our relationships with our shareholders, customers, suppliers, team members, and the broader community to achieve our vision of becoming Australia's most trusted data centre provider. We are focused on operating in a socially responsible and ethical manner, and meeting the highest standards of integrity and cultural sensitivity whilst adhering to clear corporate governance standards.

NEXTDC's values are anchored in its Corporate Social Responsibility (CSR) policies, which are the guiding principles in our Corporate Governance Program. This includes:

- a solid risk management framework, complete with internal controls
- procedures as well as operational processes such as, for example, our policies relating to team members' conduct, training and operational standards and our dealings with shareholders and the ASX
- a regular reporting cadence to the Board and CXO team to enable them to manage, monitor and report on NEXTDC's performance and its risk management; and
- regular internal audits based on best practice standards to independently verify the effectiveness of corporate governance, risks management and internal control processes to identify and manage operational gaps.

NEXTDC's Corporate Governance Framework continues to evolve as we continue to foster trust, attract investors, inspire employee confidence and maintain our reputation and value in the market. Further details on how NEXTDC's Corporate Governance aligns with the 4th Edition Governance Principles can be found in the Company's FY23 Corporate Governance Statement and Appendix 4G available at https://www.nextdc.com/investor-centre/corporate-governance.

Read the statement

NEXTDC

NEXTDC Limited

ABN 35 143 582 521

Financial report
for the year ended 30 June 2023

Financial Report

These financial statements are the consolidated financial statements of the consolidated entity consisting of NEXTDC Limited (ABN 35 143 582 521) and its subsidiaries. A list of major subsidiaries is included in note 25. NEXTDC Limited is a company limited by shares, incorporated and domiciled in Australia. The financial statements are presented in the Australian currency.

NEXTDC's registered office is:
20 Wharf St Brisbane QLD 4000

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' Report, which is not part of these financial statements.

The financial statements were authorised for issue by the Directors on 28 August 2023.

The Directors have the power to amend and reissue the financial statements.

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2023

	Note	**30 June 2023 $'000**	30 June 2022 $'000
REVENUE FROM CONTINUING OPERATIONS			
Revenue from contracts with customers	4	**362,369**	291,044
OTHER INCOME			
Other income	4	**11,806**	2,686
EXPENSES			
Direct costs		**(82,998)**	(43,520)
Employee benefits expense		**(43,484)**	(44,407)
Data centre facility costs		**(22,099)**	(16,890)
Depreciation and amortisation expense		**(137,870)**	(106,853)
Professional fees		**(6,682)**	(3,513)
Marketing costs		**(1,908)**	(1,148)
Office and administrative expenses		**(17,324)**	(19,988)
Finance costs	5	**(78,988)**	(49,269)
Share of loss on investment in associate		**(4,262)**	(1,879)
Impairment of investment in associate		**(1,799)**	(7,921)
Profit/(loss) before income tax		**(23,239)**	**(1,658)**
Income tax benefit/(expense)	21	**(2,402)**	10,797
Profit/(loss) after income tax		**(25,641)**	**9,139**
PROFIT/(LOSS) IS ATTRIBUTABLE TO:			
Owners of NEXTDC Limited		**(25,641)**	**9,139**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss			
Gain/(loss) on cash flow hedges		**16,135**	33,421
Exchange differences on translation of foreign operations		**(3,061)**	368
Costs of hedging		**(734)**	(640)
Hedging gain/(loss) reclassified to profit or loss		**(17,625)**	3,235
Income tax relating to these items		**759**	(10,797)
Total comprehensive income/(expense)		**(30,167)**	**34,726**
Attributable to:			
Owners of NEXTDC Limited		**(30,167)**	**34,726**
		Cents	Cents
EARNINGS/(LOSS) PER SHARE FOR PROFIT/(LOSS) ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE GROUP:			
Basic earnings/(loss) per share	3	**(5.55)**	2.00
Diluted earnings/(loss) per share	3	**(5.55)**	1.99

The notes following the financial statements form part of the financial report.

Consolidated Balance Sheet
As at 30 June 2023

	Note	**30 June 2023 $'000**	30 June 2022 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**765,841**	456,562
Trade and other receivables	6	**54,186**	44,335
Derivative financial instruments	14(a)	**8,727**	6,449
Other assets	7	**24,500**	20,356
Total current assets		**853,254**	**527,702**
NON-CURRENT ASSETS			
Property, plant and equipment	9	**2,894,900**	2,359,059
Other assets	7	**18,565**	14,168
Intangible assets	10	**51,979**	38,218
Investment in associates	25(b)	**6,271**	8,315
Derivative financial instruments	14(a)	**25,030**	29,539
Total non-current assets		**2,996,745**	**2,449,299**
TOTAL ASSETS		**3,849,999**	**2,977,001**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	**72,537**	81,606
Lease liabilities	11	**6,681**	6,232
Revenue received in advance		**12,548**	16,495
Total current liabilities		**91,766**	**104,333**
NON-CURRENT LIABILITIES			
Provisions		**1,384**	1,035
Revenue received in advance		**44,839**	43,715
Borrowings	15	**1,365,429**	1,058,762
Lease liabilities	11	**69,963**	70,628
Total non-current liabilities		**1,481,615**	**1,174,140**
TOTAL LIABILITIES		**1,573,381**	**1,278,473**
NET ASSETS		**2,276,618**	**1,698,528**
EQUITY			
Contributed equity	13	**2,371,154**	1,762,663
Reserves		**28,965**	33,725
Accumulated losses		**(123,501)**	(97,860)
TOTAL EQUITY		**2,276,618**	**1,698,528**

The notes following the financial statements form part of the financial report.

Consolidated Statement of Changes in Equity
For the year ended 30 June 2023

	Note	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2021		**1,759,777**	**7,693**	**(107,012)**	**1,660,458**
Profit/(loss) for the year		-	-	9,139	9,139
Other comprehensive income		-	25,574	13	25,587
Total comprehensive income		**-**	**25,574**	**9,152**	**34,726**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:					
Contributions of equity, net of transaction costs and tax	13(b)	(26)	-	-	(26)
Share based payments - conversion of rights to shares		2,912	(2,912)	-	-
Share based payments - value of employee services		-	3,370	-	3,370
Balance at 30 June 2022		**1,762,663**	**33,725**	**(97,860)**	**1,698,528**

	Note	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2022		**1,762,663**	**33,725**	**(97,860)**	**1,698,528**
Profit/(loss) for the year		-	-	(25,641)	(25,641)
Other comprehensive loss		-	(4,526)	-	(4,526)
Total comprehensive loss		**-**	**(4,526)**	**(25,641)**	**(30,167)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:					
Contributions of equity, net of transaction costs and tax	13(b)	604,778	-	-	604,778
Share based payments - conversion of rights to shares	13(b)	3,713	(3,713)	-	-
Share based payments - value of employee services		-	3,479	-	3,479
Balance at 30 June 2023		**2,371,154**	**28,965**	**(123,501)**	**2,276,618**

The notes following the financial statements form part of the financial report.

Consolidated Statement of Cash Flows
For the year ended 30 June 2023

	Note	**30 June 2023 $'000**	30 June 2022 $'000
OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		**383,895**	314,239
Payments to suppliers and employees (inclusive of GST)		**(209,462)**	(151,291)
		174,433	162,948
Interest paid		**(57,949)**	(42,308)
(Payments for)/proceeds from bank guarantees		**(315)**	(4,867)
Interest received		**10,303**	1,403
Net cash inflow from operating activities	23(a)	**126,472**	**117,176**
INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(683,729)**	(564,022)
Payments for intangible assets		**(22,270)**	(17,819)
Payments for investment in associate		**(4,017)**	(18,088)
Net cash (outflow) from investing activities		**(710,016)**	**(599,929)**
FINANCING ACTIVITIES			
Proceeds from borrowings		**300,000**	300,000
Transaction costs in relation to loans and borrowings		**(8,952)**	(12,089)
Proceeds from issues of shares and other equity securities	13(b)	**617,942**	-
Transaction costs paid in relation to issue of shares	13(b)	**(14,807)**	(26)
Principal elements of lease payments		**(1,124)**	(904)
Net cash inflow from financing activities		**893,059**	**286,981**
Net increase/(decrease) in cash and cash equivalents		**309,515**	(195,772)
Cash and cash equivalents at the beginning of the year		**456,562**	652,334
Effects of exchange rate changes on cash and cash equivalents		**(236)**	-
Cash and cash equivalents at the end of the year		**765,841**	**456,562**

The notes following the financial statements form part of the financial report.

Notes to the Consolidated Financial Report
30 June 2023

Contents of the notes to the consolidated financial report

Notes to the Consolidated Financial Report
30 June 2023
(continued)

1 Basis of preparation

The 2023 financial statements notes have been grouped into the following sections:

• Section 1 Business performance
• Section 2 Operating assets and liabilities
• Section 3 Capital and financial risk management
• Section 4 Items not recognised
• Section 5 Employee remuneration
• Section 6 Other

Each section sets out the accounting policies applied along with details of any key judgements and estimates made or information required to understand the note.

NEXTDC Limited (the Company) is domiciled in Australia. The registered office is 20 Wharf St, Brisbane QLD 4000.

The nature of the operations and principal activities of the Company and its controlled entities (referred to as 'the Group') are described in the Segment information.

The consolidated general purpose financial statements of the Group for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the Directors on 28 August 2023.

The financial statements:

• Have been prepared in accordance with the requirements of the Corporations Act 2001 (Cth), Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards as issued by the International Accounting Standards Board

• Have been prepared on an historical cost basis, except for derivatives measured at fair value

• Are presented in Australian dollars and, unless otherwise stated, all values have been rounded to the nearest thousand dollars ($'000) under the option available under the Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191

• Present reclassified comparative information where required for consistency with the current year's presentation

• Adopt all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2022

• Do not early adopt any other Accounting Standards and Interpretations that have been issued or amended but are not yet effective.

(a) Principles of consolidation and equity accounting

(i) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (ii) below), after initially being recognised at cost.

(ii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Notes to the Consolidated Financial Report
30 June 2023
(continued)

(a) Principles of consolidation and equity accounting (continued)

(ii) Equity method (continued)

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 27(g).

Notes to the Consolidated Financial Report
30 June 2023
(continued)

Business performance

2 Segment performance

(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. As these segments do not exist as a separate legal entity, information such as income tax expense and segment liabilities are not prepared and provided to management for review and therefore not presented.

During the year, management reassessed the basis for grouping its operating segments into reportable segments. As a result of a change in the way chief operating decision makers review information, management has determined that Queensland (Qld) and Western Australia (WA), along with South Australia and Northern Territory, should be combined in to one reportable segment (Rest of Australia) effective 1 July 2022. The Other segment also no longer includes any international operations, as these are now presented as a distinct International segment. Comparative information has also been combined to reflect this change.

(b) Segment information provided to management

The segment information provided to management for the reportable segments is as follows:

30 June 2023	**Vic** $'000	**NSW/ACT** $'000	**Rest of Australia** $'000	**Inter-national** $'000	**Other** $'000	**Total** $'000
Revenue from external customers	117,404	182,915	58,644	144	3,262	362,369
Direct and facility costs	(26,712)	(64,132)	(13,581)	(68)	(604)	(105,097)
Employee benefits expense	(4,403)	(5,003)	(3,927)	(822)	(122)	(14,277)
Other expenses	(159)	(1,049)	(242)	(1,359)	(482)	(3,291)
Segment EBITDA	**86,130**	**112,731**	**40,894**	**(2,105)**	**2,054**	**239,704**
Segment assets	987,949	1,323,155	492,905	77,470	-	2,881,479
Unallocated assets	-	-	-	-	968,520	968,520
Total segment assets	**987,949**	**1,323,155**	**492,905**	**77,470**	**968,520**	**3,849,999**

30 June 2022	**Vic** $'000	**NSW/ACT** $'000	**Rest of Australia** $'000	**Inter-national** $'000	**Other** $'000	**Total** $'000
Revenue from external customers	101,870	135,614	50,890	-	2,670	291,044
Direct and facility costs	(16,769)	(33,044)	(9,210)	-	(1,387)	(60,410)
Employee benefits expense	(3,054)	(3,687)	(3,555)	(313)	(323)	(10,932)
Other expenses	(198)	(376)	(189)	(2,006)	(920)	(3,689)
Segment EBITDA	**81,849**	**98,507**	**37,936**	**(2,319)**	**40**	**216,013**
Segment assets	770,871	1,060,964	405,912	3,964	-	2,241,711
Unallocated assets	-	-	-	-	735,290	735,290
Total segment assets	**770,871**	**1,060,964**	**405,912**	**3,964**	**735,290**	**2,977,001**

There was no impairment charge or other significant non-cash item recognised in relation to the above segments in 2023 (2022: nil).

Notes to the Consolidated Financial Report
30 June 2023
(continued)

2 Segment performance (continued)

(c) Other segment information

(i) Profit/(loss) before tax

Management assesses the performance of the operating segments based on a measure of EBITDA. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

A reconciliation of profit/(loss) before income tax is provided as follows:

	30 June 2023 $'000	30 June 2022 $'000
Total segment EBITDA	**239,704**	216,013
Employee benefits expense (non-facility staff)	**(29,207)**	(33,475)
Investment in associate	**(6,061)**	(9,800)
Other income	**11,806**	2,686
Finance costs	**(78,988)**	(49,269)
Depreciation and amortisation expense	**(137,870)**	(106,853)
Overheads and other expenses	**(22,623)**	(20,960)
Profit/(loss) before tax	**(23,239)**	**(1,658)**

A reconciliation of depreciation and amortisation is provided as follows:

	30 June 2023 $'000	30 June 2022 $'000
Segment depreciation and amortisation expense	**126,113**	95,851
Head office depreciation and amortisation expense	**11,757**	11,002
Total depreciation and amortisation expense	**137,870**	**106,853**

(ii) Segment liabilities

As noted above, the segment liabilities for each operating segment are not required by executive management for purposes of their decision making. As such, these are not provided to management and not categorised.

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive management team. The executive management team is responsible for allocating resources and assessing performance of the operating segments. The executive management team is the chief operating decision making body and consists of the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, and Chief Customer and Commercial Officer.

Notes to the Consolidated Financial Report
30 June 2023
(continued)

3 Earnings/(loss) per share

(a) Earnings/(loss) per share

	30 June 2023 Cents	30 June 2022 Cents
Total basic EPS attributable to the ordinary equity holders of the Group	**(5.55)**	2.00

(b) Diluted earnings/(loss) per share

Total diluted EPS attributable to the ordinary equity holders of the Group	**(5.55)**	1.99

(c) Reconciliation of earnings/(loss) used in calculating earnings per share

	30 June 2023 $'000	30 June 2022 $'000
BASIC EARNINGS/(LOSS) PER SHARE		
Profit/(loss) attributable to equity holders of the Group used in calculating basic EPS:		
Profit/(loss) used in calculating basic earnings/(loss) per share	**(25,641)**	**9,139**
DILUTED EARNINGS/(LOSS) PER SHARE		
Profit/(loss) from continuing operations attributable to the equity holders of the Group:		
Used in calculating diluted earnings/(loss) per share	**(25,641)**	**9,139**
Profit/(loss) attributable to the equity holders of the Group used in calculating diluted EPS	**(25,641)**	**9,139**

(d) Weighted average number of shares used as the denominator

	2023 Number of shares	2022 Number of shares
Weighted average number of ordinary shares used as the denominator in calculation basic earnings/(loss) per share	**462,337,135**	456,477,169
Plus potential ordinary shares	**-**	2,501,174
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings/(loss) per share	**462,337,135**	**458,978,343**

(e) Information concerning the classification of securities

(i) Performance rights and deferred rights

The number of performance rights and deferred rights included in the diluted earnings per share calculation is based on the number of shares that would be issuable if the end of the period were the end of the vesting period. However, they are not included in the calculation where the inclusion would result in a decreased loss per share or increased earnings per share.

Notes to the Consolidated Financial Report
30 June 2023
(continued)

3 Earnings/(loss) per share (continued)

(f) Earnings/(loss) per share

(i) Basic earnings/(loss) per share

- the profit/(loss) attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

4 Revenue and other income

	30 June 2023 $'000	30 June 2022 $'000
FROM CONTINUING OPERATIONS		
Data centre services revenue	**357,179**	290,000
Rental revenue from landbank properties	**5,190**	1,044
Total revenue from contracts with customers	**362,369**	**291,044**
Interest income	**10,969**	1,757
Other items included in gains	**837**	929
Total other income	**11,806**	2,686

(a) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward revenue received in advance.

	30 June 2023 $'000	30 June 2022 $'000
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Data centre services revenue	**9,754**	8,863

Notes to the Consolidated Financial Report
30 June 2023
(continued)

4 Revenue and other income (continued)

(b) Revenue recognition

AASB 15 establishes principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers and requires application of a five-step process to identify the contract with the customer, identify performance obligations in the contract, determine transaction price, allocate the transaction price to the performance obligations and recognise revenue when performance obligations are satisfied.

Revenue is recognised for the major business activities as follows:

(i) Data centre services

Data centre services revenue primarily consist of recurring monthly service fees and upfront project fees.

Revenue from the provision of recurring monthly service fees is recognised in the accounting period in which the services are rendered. Project fees primarily comprise installation services relating to a customer's initial deployment. As this is not considered to be a distinct service, revenue is deferred and recognised over the term of the contract with the customer, taking into account renewal options that are held by the customer.

The Group applies the practical expedient in the revenue standard and does not disclose information about the transaction price allocated to remaining performance obligations on contracts that are unsatisfied, as the Group has the right to consideration from its customers in an amount that corresponds directly with the value to the customer of the Group's services to date. This is applied to all its data centre services revenue, on the basis that the upfront project fees are not a significant portion of each contract.

The Group enters into contracts with customers that guarantee certain performance measures such as uptime and on time delivery of services. If these guarantees of service performance are not achieved, the Group reduces revenue for any credits or cash payments that may be due to customers under contract. Key areas of estimation include the amount of the service credits, the likelihood that the service credits will be claimed, and the time period over which they impact revenue.

Customer incentives provided by way of upfront discounts are contract assets that are amortised via a reduction in revenue over the expected contract life - refer to note 7(c).

(ii) Rental revenue from landbank properties

Rental revenue from landbank properties relates to rental revenue received from short term tenants occupying properties purchased for future expansion activities.

(iii) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Notes to the Consolidated Financial Report
30 June 2023
(continued)

5 Expenses

(a) Finance costs

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

	30 June 2023 $'000	30 June 2022 $'000
Costs on extinguishment of loans	**-**	(23,290)
Modification gain	**-**	26,481
Interest expense and finance charges	**(73,446)**	(46,923)
Interest expense on lease liabilities	**(5,542)**	(5,537)
Total	**(78,988)**	(49,269)

During the year ended 30 June 2022, 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 year.

Refer to note 15 for details on borrowings and note 11 for details on interest expense on lease liabilities for the year.

Notes to the Consolidated Financial Report
30 June 2023
(continued)

Operating assets and liabilities

6 Trade and other receivables

	Note	**30 June 2023 $'000**	30 June 2022 $'000
Trade receivables	6(a)	**47,073**	31,964
Loss allowance	14(c)	**(1,873)**	(2,467)
		45,200	**29,497**
Interest receivable	6(b)	**1,152**	486
GST receivable		**2,223**	3,321
Other receivables		**5,611**	11,031
Total		**54,186**	**44,335**

(a) Trade receivables

(i) Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 - 60 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

(ii) Fair values of trade and other receivables

Due to the short-term nature of the trade and other receivables, their carrying amount is considered to be the same as their fair value.

(iii) Impairment and risk exposure

Information about the Group's impairment policies, calculation of loss allowance and exposure to credit risk, foreign currency risk and interest rate risk can be found in note 14.

(b) Interest receivable

Interest receivable relates to interest accrued on term deposits. Credit risk of this is assessed in the same manner as cash and cash equivalents which is detailed in note 14.

Notes to the Consolidated Financial Report
30 June 2023
(continued)

7 Other assets

		30 June 2023 $'000	30 June 2022 $'000
CURRENT			
Prepayments		**6,314**	4,562
Capitalised transaction costs	7(a)	**2,430**	732
Security deposits	7(b)	**9,665**	10,943
Customer incentives	7(c)	**4,260**	2,629
Other current assets		**1,100**	869
Contract costs	7(d)	**731**	621
Total other assets - current		**24,500**	**20,356**

		30 June 2023 $'000	30 June 2022 $'000
NON-CURRENT			
Customer incentives	7(c)	**10,423**	9,040
Capitalised transaction costs	7(a)	**7,141**	4,271
Contract costs	7(d)	**1,001**	857
Total other assets - non-current		**18,565**	**14,168**

(a) Capitalised transaction costs

Fees paid on establishment of loan facilities are recognised as transaction costs of the loan. To the extent that it is probable that some or all of the facility will be drawn down, the fee is deferred until draw down occurs, at which point it will be amortised over the remaining term of the facility. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates. Refer to note 15 for further details on the Group's loan facilities.

(b) Security deposits

Included in the security deposits was $9.2 million (2022: $8.8 million) relating to deposits held as security for bank guarantees.

(c) Customer incentives

The customer incentive balance includes amounts where customers are offered incentives in the form of free or discounted periods. It also includes amounts paid to customers where guarantees of service performance are not achieved as set out in Note 4(b)(i). In these cases, the dollar value of the incentive or cash payment is recorded as an asset and amortised on a straight-line basis over the life of the contract as described in Note 4(b)(i).

(d) Contract costs

Eligible costs that are expected to be recovered are capitalised as a contract cost and amortised over the expected customer life.

Notes to the Consolidated Financial Report
30 June 2023
(continued)

8 Trade and other payables

	30 June 2023 $'000	30 June 2022 $'000
Trade payables	**37,742**	18,306
Accrued capital expenditure	**16,489**	41,272
Accrued expenses	**8,384**	9,694
Other creditors	**9,922**	12,334
Total trade and other payables	**72,537**	**81,606**

(i) Recognition and measurement

Trade and other payables, including accruals, are recorded when the Group is required to make future payments as a result of purchases of assets or services provided to the Group prior to the end of financial period. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(ii) Fair values of trade and other payables

Due to the short-term nature of trade and other payables, their carrying amount is considered to be the same as their fair value.

(iii) Risk Exposure

As the majority of payables are in Australian dollars, management does not believe there are any significant risks in relation to these financial liabilities. Refer to note 14 for details of the Group's financial risk management policies.

Notes to the Consolidated Financial Report
30 June 2023
(continued)

9 Property, plant and equipment

Movements	Assets in the course of construction $'000	Land and buildings $'000	Plant and machinery $'000	Computer equipment $'000	Office furniture and equipment $'000	Right of use assets $'000	Total $'000
30 June 2023							
Opening net book amount	575,631	1,027,727	662,161	21,645	1,472	70,423	2,359,059
Exchange differences	(2,825)	-	-	-	-	-	(2,825)
Additions	669,552	6	73	306	56	531	670,524
Depreciation charge	-	(34,382)	(78,376)	(10,662)	(442)	(5,499)	(129,361)
Disposal	-	-	-	(64)	(5)	-	(69)
Transfers	(1,001,952)	759,466	129,880	31,882	3,130	77,594	-
Transfers (to)/from intangibles	(1,635)	(4)	(52)	(737)	-	-	(2,428)
Closing net book amount	**238,771**	**1,752,813**	**713,686**	**42,370**	**4,211**	**143,049**	**2,894,900**
Cost	238,771	1,843,409	1,093,414	76,327	6,779	164,260	3,422,960
Accumulated depreciation	-	(90,596)	(379,728)	(33,957)	(2,568)	(21,211)	(528,060)
Net book amount	**238,771**	**1,752,813**	**713,686**	**42,370**	**4,211**	**143,049**	**2,894,900**

	Assets in the course of construction $'000	Land and buildings $'000	Plant and machinery $'000	Computer equipment $'000	Office furniture and equipment $'000	Right of use assets $'000	Total $'000
30 June 2022							
Opening net book amount	211,144	915,769	660,992	16,602	1,759	74,737	1,881,003
Exchange differences	(219)	-	-	-	-	-	(219)
Additions	576,973	9,218	745	568	9	-	587,513
Depreciation charge	-	(18,364)	(73,026)	(6,804)	(365)	(4,314)	(102,873)
Disposals/ write off	(1,678)	-	-	(14)	(2)	-	(1,694)
Transfers	(205,918)	121,104	73,450	11,293	71	-	-
Transfers (to)/from intangibles	(4,671)	-	-	-	-	-	(4,671)
Closing net book amount	**575,631**	**1,027,727**	**662,161**	**21,645**	**1,472**	**70,423**	**2,359,059**
Cost	575,631	1,083,941	963,513	44,940	3,598	86,135	2,757,758
Accumulated depreciation	-	(56,214)	(301,352)	(23,295)	(2,126)	(15,712)	(398,699)
Net book amount	**575,631**	**1,027,727**	**662,161**	**21,645**	**1,472**	**70,423**	**2,359,059**

Notes to the Consolidated Financial Report
30 June 2023
(continued)

9 Property, plant and equipment (continued)

(a) Property, plant and equipment

Land and buildings are shown at historical cost less any accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment is stated at historical cost less depreciation. Costs capitalised include external direct costs of materials and services and employee costs.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Consolidated Statement of Comprehensive Income during the year in which they are incurred.

Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Category	Useful life
Buildings	40 years
Plant and machinery	2-25 years
Computer equipment	1-15 years
Office furniture and equipment	5-10 years
Right-of-use assets	1-99 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year, considering key assumptions including changes in technology, physical conditions and potential climate change implications.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Consolidated Statement of Comprehensive Income.

Notes to the Consolidated Financial Report
30 June 2023
(continued)

10 Intangible assets

	30 June 2023 $'000	30 June 2022 $'000
Rights and licences	**17**	192
Internally generated software	**37,156**	22,176
Software under development	**14,806**	15,850
Total intangible assets	**51,979**	**38,218**

Movements	**Rights and licenses $'000**	**Internally generated software $'000**	**Software under development $'000**	**Total $'000**
30 June 2023				
Opening net book amount at 1 July 2022	192	22,176	15,850	38,218
Additions – externally acquired	-	2,074	-	2,074
Additions – internally developed	-	-	17,768	17,768
Amortisation	(217)	(8,292)	-	(8,509)
Transfers	-	20,447	(20,447)	-
Transfers from property, plant and equipment	42	751	1,635	2,428
Closing net book amount	**17**	**37,156**	**14,806**	**51,979**
At 30 June 2023				
Cost	254	60,157	14,806	75,217
Accumulated amortisation	(237)	(23,001)	-	(23,238)
Net book amount	**17**	**37,156**	**14,806**	**51,979**

	Rights and licences $'000	**Internally generated software $'000**	**Software under development $'000**	**Total $'000**
30 June 2022				
Opening net book amount	13	15,673	5,059	20,745
Additions – externally acquired	6	472	-	478
Additions – internally developed	-	-	16,791	16,791
Amortisation	(20)	(3,960)	-	(3,980)
Transfers	193	9,991	(10,184)	-
Transfer from property, plant and equipment	-	-	4,671	4,671
Disposals	-	-	(487)	(487)
Closing net book amount	**192**	**22,176**	**15,850**	**38,218**
At 30 June 2022				
Cost	212	36,885	15,850	52,947
Accumulated amortisation	(20)	(14,709)	-	(14,729)
Net book amount	**192**	**22,176**	**15,850**	**38,218**

Notes to the Consolidated Financial Report
30 June 2023
(continued)

10 Intangible assets (continued)

(a) Intangible assets

RIGHTS AND LICENCES

Certain licences that NEXTDC possesses have an indefinite useful life and are carried at cost less impairment losses and are subject to impairment review at least annually and whenever there is an indication that it may be impaired.

Other licences that NEXTDC acquires are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful life which is generally 25 years. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period.

INTERNALLY GENERATED SOFTWARE

Internally developed software is capitalised at cost less accumulated amortisation. Amortisation is calculated using the straight-line basis over the asset's useful economic life which is generally four to seven years. Their useful lives and potential impairment are reviewed at the end of each financial year.

Costs incurred in configuring or customising SaaS arrangements can only be recognised as intangible assets if the implementation activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria. Those costs that do not result in intangible assets are expensed as incurred, unless they are paid to the suppliers of the SaaS arrangements to significantly customise the cloud-based software for the Group, in which case the costs are recorded as a prepayment for services and amortised over the expected renewable term of the arrangement.

SOFTWARE UNDER DEVELOPMENT

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of services and employee costs.

Assets in the course of construction include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

Notes to the Consolidated Financial Report
30 June 2023
(continued)

11 Leases

(a) Leases

(i) Amounts recognised in the Consolidated Balance Sheet

The Consolidated Balance Sheet includes the following amounts relating to leases:

	30 June 2023 $'000	30 June 2022 $'000
Right-of-use assets *		
Properties	**58,642**	61,985
Motor Vehicles	**-**	18
Connectivity Links	**34,316**	8,420
Land	**50,091**	-
	143,049	**70,423**

* included in the line item 'Property, plant and equipment' in the Consolidated Balance Sheet.

	30 June 2023 $'000	30 June 2022 $'000
Lease liabilities		
Current	**6,681**	6,232
Non-current	**69,963**	70,628
	76,644	**76,860**

Additions to the right-of-use assets during the 2023 financial year totalled $78.1 million composed of $50.3 million to Land, $27.3 million to Connectivity links and additions to Properties of $0.5 million (2022 : nil).

(ii) Amounts recognised in the Consolidated Statement of Comprehensive Income

The Consolidated Statement of Comprehensive Income shows the following amounts relating to leases:

	30 June 2023 $'000	30 June 2022 $'000
Depreciation charge on Properties	**3,863**	3,817
Depreciation charge on Motor Vehicles	**18**	76
Depreciation charge on Connectivity Links	**1,399**	421
Depreciation charge on Land	**219**	-
Interest expense (included in Finance costs)	**5,542**	5,537
	11,041	**9,851**

The total cash outflow for leases in 2023 was $6.2 million (2022 : $6.0 million).

(iii) The Group's leasing activities and how these are accounted for

The Group has a number of leases over property, motor vehicles, and connectivity links that have varying terms, escalation clauses and renewal rights.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Consolidated Statement of Comprehensive Income over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Notes to the Consolidated Financial Report
30 June 2023
(continued)

11 Leases (continued)

(a) Leases (continued)

(iii) The Group's leasing activities and how these are accounted for (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- makes adjustments specific to the lease, eg. term, country, currency and security.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the Consolidated Statement of Comprehensive Income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

(iv) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Notes to the Consolidated Financial Report
30 June 2023
(continued)

Capital and financial risk management

12 Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns to its shareholders and benefits to its stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In the future, the Directors may pursue funding options such as debt, sale and leaseback of assets, additional equity and various other funding mechanisms as appropriate in order to undertake its projects and deliver optimum shareholders' return.

The Group intends to maintain a gearing ratio appropriate for a company of its size and growth.

	30 June 2023 $'000	30 June 2022 $'000
Total borrowings and lease liabilities	**1,442,073**	1,135,622
Less: derivative financial instruments	**(33,757)**	(35,988)
Less: cash and cash equivalents	**(765,841)**	(456,562)
Net debt	**642,475**	**643,072**
Total equity	**2,276,618**	1,698,528
Total capital	**2,919,093**	**2,341,600**
Gearing ratio	**22.0%**	**27.5%**

The change in the gearing ratio was primarily driven by the equity fundraising activities during the period. Refer to note 13 for movements in ordinary share capital.

The Group manages its capital structure by regularly reviewing its gearing ratio to ensure it maintains an appropriate level of gearing within facility covenants. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total interest bearing financial liabilities, less cash and cash equivalents. Total capital is calculated as equity, as shown in the Consolidated Balance Sheet, plus net debt.

13 Contributed equity

(a) Share capital

	Note	**30 June 2023 Number of Shares**	**30 June 2023 $**	30 June 2022 Number of Shares	30 June 2022 $
Fully paid ordinary shares	13(c)	**514,646,636**	**2,371,154,000**	456,654,443	1,762,662,999
Treasury shares - LFSP	13(e)	**861,813**	**1,851,502**	861,813	1,851,502
Total share capital		**515,508,449**	**2,373,005,502**	**457,516,256**	**1,764,514,501**

Notes to the Consolidated Financial Report
30 June 2023
(continued)

13 Contributed equity (continued)

(b) Movements in ordinary share capital

Date	Details	Notes	Number of shares	$'000
	Opening balance		456,664,872	1,761,629
15 September 2021	Conversion of rights to shares - deferred STI	(d)	42,421	491
15 September 2021	Conversion of rights to shares - LTI	(d)	808,963	2,421
	Transaction costs		-	(26)
	Sub-total		**457,516,256**	**1,764,515**
	Less shares held by NEXTDC Share Plan Pty Ltd	(e)	(861,813)	(1,852)
	Balance		**456,654,443**	**1,762,663**

Date	Details	Note	Number of shares	$'000
	Opening balance		457,516,256	1,764,515
16 September 2022	Conversion of rights to shares - deferred STI	(d)	45,137	605
21 September 2022	Conversion of rights to shares - LTI	(d)	730,203	3,108
23 May 2023	Issue of capital - institutional investors	(c)	38,523,092	416,049
7 June 2023	Issue of capital - retail investors	(c)	18,693,761	201,893
	Transaction costs		-	(14,807)
	Deferred tax credit/(debit) recognised directly in equity		-	1,643
	Sub-total		**515,508,449**	**2,373,006**
	Less shares held by NEXTDC Share Plan Pty Ltd	(e)	(861,813)	(1,852)
	Balance		**514,646,636**	**2,371,154**

(c) Ordinary shares

In May 2023, the Group issued 38,523,092 ordinary shares to institutional investors at a price of $10.80. In June 2023, the Group issued an additional 18,693,761 ordinary shares to retail investors at a price of $10.80 per share as part of the same equity raising transaction.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Group does not have a limited amount of authorised capital.

(d) Performance rights and deferred share rights

Performance rights and deferred share rights, which subject to satisfaction of a performance hurdle, give rise to an entitlement to the value of an ordinary share in NEXTDC Limited. The Board has discretion to determine if the value will be provided in shares, cash or a combination of shares and cash. The Board determined that 100% of the FY20 LTI and those FY21 deferred STIs that elected to take shares rather than cash, would vest in shares, with 45,137 and 730,203 ordinary shares issued on 16 and 21 September 2022 respectively.

Notes to the Consolidated Financial Report
30 June 2023
(continued)

13 Contributed equity (continued)

(e) Loan funded share plan

The Group operated a legacy Loan Funded Share Plan remuneration scheme which was designed to attract and retain key employees. The arrangement involved the issue of shares to NEXTDC Share Plan Pty Ltd, whose sole purpose was to hold shares as trustee for its beneficiaries (its participants). The participants were required to meet service requirements before being entitled to access these shares.

The fair value at grant date of the shares was determined using either a Black-Scholes or binomial option pricing model that took into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the loan. The assessed fair value was recognised as share-based payments.

	30 June 2023	30 June 2022
Shares held by the Trust but not allocated	**861,813**	861,813

(f) Dividend reinvestment plan

The Group does not have a dividend reinvestment plan in place.

Notes to the Consolidated Financial Report
30 June 2023
(continued)

14 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

During the financial year, NEXTDC secured an incremental $400 million in senior debt capacity, bringing the facility to a new aggregate limit of $2.9 billion, as well as favourable amendments to existing financial covenants and terms.

The Company's $2.9 billion Syndicated Debt Facilities comprise the following tranches:

- $800 million - Term Loan Facility (fully drawn)
- $600 million - Capital Expenditure Facility ($400 million undrawn)
- $800 million - Revolving Credit Facility (multi-currency) (undrawn)
- $300 million - Term Loan Facility (fully drawn)
- $100 million - New Term Loan Facility (fully drawn)
- $300 million - New Revolving Credit Facility (undrawn)

The facilities have a maturity date of 3 December 2026, except for the $300 million Term Loan Facility, which has a maturity date of 3 December 2028.

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 facilities have their base interest fixed until 3 December 2024.

A derivative asset and associated cash flow hedge reserve has been taken up at 30 June 2023 to account for these transactions.

The Group's transactions are predominantly conducted in Australian dollars. Overall, management assesses the Group's exposure to financial risk as low. However, the Group does have a financial risk management program in place. The Group does not enter into or trade financial instruments for speculative purposes.

The Group holds the following financial instruments:

	30 June 2023 $'000	30 June 2022 $'000
FINANCIAL ASSETS		
Cash and cash equivalents	**765,841**	456,562
Trade and other receivables	**54,186**	44,335
Derivative financial instruments	**33,757**	35,988
Security deposits	**9,665**	10,943
Total financial assets	**863,449**	**547,828**
FINANCIAL LIABILITIES		
Trade and other payables	**72,537**	81,606
Borrowings	**1,365,429**	1,058,762
Lease liabilities	**76,644**	76,860
Total financial liabilities	**1,514,610**	**1,217,228**

(a) Derivatives

(i) Fair value measurement

For information about the methods and assumptions used in determining the fair value of derivatives refer to note 27 (j)(ii).

Notes to the Consolidated Financial Report
30 June 2023
(continued)

14 Financial risk management (continued)

(a) Derivatives (continued)

(ii) Hedging reserves

The Group's hedging reserves relate to the following hedging instruments:

	Cash flow hedge reserve		
	Cost of hedging reserve $'000	**Cashflow Hedge Reserve $'000**	**Total hedge reserves $'000**
Opening balance 1 July 2021	**100**	**(433)**	**(333)**
Add: Change in fair value of hedging instrument recognised in OCI	-	33,421	33,421
Add: Costs of hedging deferred and recognised in OCI	(640)	-	(640)
Less: reclassified from OCI to profit or loss - included in finance costs	246	2,989	3,235
Less: Deferred tax	-	(10,797)	(10,797)
Closing balance 30 June 2022	**(294)**	**25,180**	**24,886**
Opening balance 1 July 2022	**(294)**	**25,180**	**24,886**
Add: Change in fair value of hedging instrument recognised in OCI	-	16,135	16,135
Add: Costs of hedging deferred and recognised in OCI	(734)	-	(734)
Less: reclassified from OCI to profit or loss - included in finance costs	556	(18,181)	(17,625)
Less: Deferred tax	-	759	759
Closing balance 30 June 2023	**(472)**	**23,893**	**23,421**

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. As all critical terms matched during the year, there is an economic relationship.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the Group is comprised of foreign exchange risk and interest rate risk.

(i) Foreign exchange risk

The Group does not currently have any significant operations outside Australia and its transactions are predominantly conducted in Australian dollars. Consequently, management has determined that the Group has little exposure to foreign exchange risk. On this basis, the Group does not have any active risk mitigation strategies in relation to foreign exchange risk.

Notes to the Consolidated Financial Report
30 June 2023
(continued)

14 Financial risk management (continued)

(b) Market risk (continued)

(ii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from its various fixed-rate term deposits and its syndicated debt facility (refer to note 15(a)). The floating rate loan tranches expose the Group's borrowings to changes in interest rates. The embedded interest rates for the lease liabilities are fixed, consequently the interest rate risk in relation to these instruments is limited.

Instruments used by the group

The Group has incorporated derivative financial instruments to manage its exposure to interest rates. Under its interest rate swaps, the Group agrees to exchange the difference between the contracted fixed and floating rate interest amounts determined on a notional principal amount. Within these interest rate swaps, there is embedded floor protection at 0%, which is consistent with the terms of the underlying senior debt facility.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding at the end of the reporting period:

	Average contracted fixed interest rate		Notional principal amount (AUD)		Fair value (AUD)	
Receive floating pay fixed	**2023 %**	2022 %	**2023 $'000**	2022 $'000	**2023 $'000**	2022 $'000
Less than 1 year	1.8290%	0.2458%	$800,000	$800,000	8,727	6,449
1 to 2 years	3.1546%	1.7431%	$1,400,000	$1,100,000	25,030	29,539

Effects of hedge accounting on the consolidated financial position and performance

	30 June 2023 $'000	30 June 2022 $'000
Interest rate swaps		
Hedge ratio	**1:1**	1:1
Change in fair value of outstanding hedging instruments since 1 July	**5,714**	38,138
Change in value of hedged item used to determine hedge effectiveness	**5,411**	38,017

SENSITIVITY

The table below shows the impact of 100 basis points movement (net of hedging) in the interest rate curve on the consolidated entity's profit and equity after tax for both derivatives and non-derivative financial instruments at 30 June 2023, with all other variables held constant.

	Impact on post-tax profit		Impact on other components of equity	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
Interest rate - increase by 100 basis points *	**-**	-	**11,444**	10,746
Interest rate - decrease by 100 basis points *	**-**	-	**(11,632)**	(10,658)

* Holding all other variables constant

Notes to the Consolidated Financial Report
30 June 2023
(continued)

14 Financial risk management (continued)

(c) Credit risk

Credit risk arises from counterparties holding cash and cash equivalents, security deposits, trade and other receivables, and derivatives.

(i) Cash and cash equivalents and security deposits

Deposits are placed with Australian banks or independently rated parties with a minimum rating of 'A' class in both short term and long term. To reduce exposure deposits are placed with a variety of financial institutions.

The credit quality of financial assets can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	30 June 2023 $'000	30 June 2022 $'000
CASH AT BANK		
A rated	**202,546**	93,826
AA rated	**563,295**	362,736
TOTAL	**765,841**	**456,562**
SECURITY DEPOSITS		
AA Rated	**9,155**	8,840
Unrated	**510**	2,103
TOTAL	**9,665**	**10,943**

In determining the credit quality of these financial assets, NEXTDC has used the long-term rating from Standard & Poor's as of July 2023.

(ii) Trade and other receivables

Customer credit risk is managed subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit evaluations are performed on all customers. Outstanding customer receivables are monitored regularly.

The Group aims to minimise concentration of credit risk by undertaking transactions with a large number of customers. Revenues from data centre services of $168.8m were derived from two customers, contributing $87.4m (24%) and $81.4m (22%) respectively (2022: $66.7m (23%) and $64.0m (22%) respectively). Revenues from these two customers were derived across numerous orders at multiple data centre facilities with the underlying orders having a range of different expiry dates. In addition, receivable balances are monitored on an ongoing basis with the intention that the Group's exposure to bad debts is minimised.

The maximum exposure to credit risk at the end of the reporting period is the carrying value of each class of the financial assets mentioned above and each class of receivable disclosed in Note 6. The Group does not require collateral in respect of financial assets.

Notes to the Consolidated Financial Report
30 June 2023
(continued)

14 Financial risk management (continued)

(c) Credit risk (continued)

(ii) Trade and other receivables (continued)

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables.

To measure the expected credit loss, receivables have been grouped based on days overdue. The methodology applied in estimating expected credit losses below is consistent with that applied for the year ended 30 June 2022.

The judgements and associated assumptions have been made within the context of the impact of COVID-19, higher interest rate environment, and reflect historical experience as well as other factors that are considered to be relevant, including expectations of future events that are believed to be reasonable under the current circumstances, such as the duration of the pandemic, economic impact of higher interest rates, the actions of governments, the responses of businesses and consumers across different industries, and the associated impact on the global economy. Accordingly, the Group's expected credit loss estimates are inherently uncertain, and as a result, actual results may differ from these estimates.

The loss allowance provision as at 30 June 2023 is determined as follows:

30 June 2023	**Current $'000**	**1 to 30 days past due $'000**	**31 to 60 days past due $'000**	**More than 60 days past due $'000**	**Total $'000**
Expected loss rate	2%	10%	15%	50%	-
Gross carrying amount	39,968	5,382	932	791	47,073
Loss allowance provision	799	538	140	396	1,873
Net receivables	39,169	4,844	792	395	45,200

30 June 2022	**Current $'000**	**1 to 30 days past due $'000**	**31 to 60 days past due $'000**	**More than 60 days past due $'000**	**Total $'000**
Expected loss rate	2%	10%	15%	50%	-
Gross carrying amount	25,667	2,395	677	3,225	31,964
Loss allowance provision	513	239	102	1,613	2,467
Net receivables	25,154	2,156	575	1,612	29,497

(iii) Derivatives

Credit risk for derivative financial instruments arises from the potential failure by counterparties to the derivative transaction contract to meet their obligations. The credit risk exposure to interest rate swaps is the fair value of these contracts. All derivative financial instruments are with our major international banking partners, all of which have a minimum credit rating of ‘A’ in the long-term rating from Standard & Poor’s as of July 2023.

Notes to the Consolidated Financial Report
30 June 2023
(continued)

14 Financial risk management (continued)

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due.

Management also actively monitors rolling forecasts of the Group's cash and cash equivalents.

(i) Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows.

Contractual Maturities of Financial Liabilities	**Within 12 months $'000**	**Between 1 and 5 years $'000**	**Over 5 years $'000**	**Total contractual cash flows $'000**	**Carrying amount $'000**
2023					
Trade payables	**37,742**	**-**	**-**	**37,742**	**37,742**
Accrued capital expenditure	**16,489**	**-**	**-**	**16,489**	**16,489**
Accrued expenses	**8,384**	**-**	**-**	**8,384**	**8,384**
Lease liabilities	**6,681**	**24,749**	**149,805**	**181,235**	**76,644**
Borrowings	**103,965**	**1,358,528**	**332,912**	**1,795,405**	**1,365,429**
Total non-derivatives	**173,261**	**1,383,277**	**482,717**	**2,039,255**	**1,504,688**
2022					
Trade payables	18,306	-	-	18,306	18,306
Accrued capital expenditure	41,272	-	-	41,272	41,272
Accrued expenses	9,694	-	-	9,694	9,694
Lease liabilities	6,231	24,992	155,609	186,832	76,860
Borrowings	35,935	889,285	315,725	1,240,945	1,058,762
Total non-derivatives	**111,438**	**914,277**	**471,334**	**1,497,049**	**1,204,894**

(e) Fair value measurements

(i) Trade and other payables

The fair value of trade and other payables is disclosed in note 8.

(ii) Borrowings

The fair value of borrowings is disclosed in note 15(c).

Notes to the Consolidated Financial Report
30 June 2023
(continued)

15 Borrowings

	30 June 2023 $'000	30 June 2022 $'000
NON-CURRENT		
Borrowings	**1,365,429**	1,058,762

(a) Bank loan

The Company's $2.9 billion Syndicated Debt Facilities comprise the following tranches:

- $800 million - Term Loan Facility (fully drawn)
- $600 million - Capital Expenditure Facility ($400 million undrawn)
- $800 million - Revolving Credit Facility (multi-currency) (undrawn)
- $300 million - Term Loan Facility (fully drawn)
- $100 million - New Term Loan Facility (fully drawn)
- $300 million - New Revolving Credit Facility (undrawn)

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.

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 with $300 million remaining on a Revolving Credit Facility, both of which have a maturity date of 3 December 2026.

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 facilities have their base interest rate fixed until 3 December 2024.

A derivative asset and associated cash flow hedge reserve has been taken up at 30 June 2023 to account for these transactions.

The Syndicated Debt Facilities are secured by the Group's properties.

(b) Compliance with loan covenants

The Group has complied with the financial covenants of its borrowing facilities during the 2023 financial year (2022: complied).

(c) Fair value

Material differences are identified for the following borrowings:

	2023		2022	
	Carrying amount $'000	**Fair value $'000**	Carrying amount $'000	Fair value $'000
Term loan facility	**1,365,429**	**1,451,905**	1,058,762	1,123,983

Notes to the Consolidated Financial Report
30 June 2023
(continued)

15 Borrowings (continued)

(d) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Consolidated Statement of Comprehensive Income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan. To the extent that it is probable that some or all of the facility will be drawn down, the fee is deferred until the draw down occurs, at which point it will be amortised over the remaining term of the facility. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Items not recognised

16 Commitments

(a) Capital commitments

Capital expenditure contracted for at the end of each reporting year but not recognised as liabilities is as follows:

	30 June 2023 $'000	30 June 2022 $'000
Property, plant and equipment	**172,144**	253,282
Total capital commitments	**172,144**	**253,282**

17 Contingencies

(a) Contingent assets

The Group did not have any contingent assets during the year or as at the date of this report.

(b) Contingent liabilities

The Group did not have any contingent liabilities during the year or as at the date of this report.

GUARANTEES

For information about guarantees given by entities within the Group, please refer to Note 7(b).

18 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 23 August 2023, NEXTDC Limited announced the Company's contracted utilisation has increased by 25MW (21%) to 145MW

Notes to the Consolidated Financial Report
30 June 2023
(continued)

Employee remuneration
19 Key management personnel

(a) Key management personnel compensation

	30 June 2023 $	30 June 2022 $
Short-term employee benefits	**6,592,448**	7,176,458
Post-employment benefits	**183,654**	168,639
Long-term benefits	**(63,259)**	75,775
Share-based payments	**1,688,491**	1,873,567
Total key management personnel compensation	**8,401,334**	**9,294,439**
Comprising		
Senior Executives	**6,952,314**	8,009,439
Non-Executive Directors	**1,449,020**	1,285,000
Total	**8,401,334**	**9,294,439**

Detailed remuneration disclosures are provided in the Remuneration Report.

(b) Loans to key management personnel

There were no loans made to key management personnel during the year (2022: nil).

(c) Other transactions with key management personnel

There were no other transactions with key management personnel during the year (2022: nil).

20 Share-based payments

(a) Performance rights

The performance rights plan was established by the Board of Directors to provide long-term incentives to the Group's Senior Executives based on total shareholder returns (TSR) taking into account the Group's financial and operational performance. Under the Plan, eligible participants may be granted performance rights on terms and conditions determined by the Board from time to time. Outstanding performance rights were granted during the course of FY21, FY22 and FY23. The vesting conditions for the FY21 grant relate to TSR exceeding the ASX 200 Accumulation Index over the measurement period, while the vesting conditions for the FY22 and FY23 grants relate to TSR exceeding the ASX 100 Accumulation Index over the measurement period. Vesting of the FY21 rights will be tested on or around the day following the release of the annual results for the year ended 30 June 2023. The FY22 and FY23 rights include tranches which vest after the third and fourth years, and will be tested on or around the day following the release of each of the annual results for 2024, 2025 and 2026 respectively.

Performance rights are granted by the Company for nil consideration. The Board has discretion to determine if the value will be provided in shares, cash or a combination of shares and cash. Rights granted under the plan carry no dividend or voting rights.

The fair value of the rights at the date of valuation was determined using the Black-Scholes Option Pricing Model to be equal to the volume weighted-average price (VWAP) ending on the day before the grant date, less the dividends expected over the period from the expected grant date to the completion of the measurement period, adjusted for the expected probability of achieving the vesting conditions.

Notes to the Consolidated Financial Report
30 June 2023
(continued)

20 Share-based payments (continued)

(a) Performance rights (continued)

	30 June 2023 Number of Rights	30 June 2023 Average Fair Value	30 June 2022 Number of Rights	30 June 2022 Average fair value
Opening balance	**1,628,802**	**$5.37**	1,966,120	$4.24
Granted during the year	**706,467**	**$4.83**	501,888	$6.09
Vested during the year	**(730,203)**	**$4.22**	(808,963)	$3.07
Forfeited during the year	**(14,847)**	**$5.69**	(30,243)	$5.39
Closing balance	**1,590,219**	**$5.65**	**1,628,802**	**$5.37**

(b) Deferred shares - executives short-term incentive scheme

Under the Group's short-term incentive (STI) scheme for FY22, executives received 50% of the annual STI achieved in cash, with 50% deferred for 12 months. Executives were able to elect whether the deferred component would be delivered in cash or equity. The FY22 tranche of deferred rights were granted in September 2022 and will vest on or around September 2023, being 12 months after the date on which they were granted. They automatically convert into one ordinary share each on vesting at an exercise price of nil. The executives do not receive any dividends and are not entitled to vote in relation to the deferred shares during the vesting period. If an executive ceases to be employed by the Group within this period, they will have 6 months from cessation of employment or the vesting date (whichever is later) to exercise the deferred share right. Any rights not exercised within this period will automatically lapse.

The number of rights to be granted was determined based on the currency value of the achieved STI divided by the volume weighted-average price at which the Company's shares were traded on the Australian Securities Exchange over the 10 days following the release of the Group's FY22 results, being $10.09.

	2023	2022
Number of rights to deferred shares granted	**61,162**	45,137

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense were as follows:

	30 June 2023 $'000	30 June 2022 $'000
Performance rights	**2,817**	2,767
Shares issued under employee share scheme	**273**	220
Total expenses arising from share-based payment transactions	**3,090**	**2,987**

Notes to the Consolidated Financial Report
30 June 2023
(continued)

Other

21 Income tax

(a) Income tax expense

	30 June 2023 $'000	30 June 2022 $'000
Deferred income tax		
Decrease / (increase) in deferred tax assets less deferred tax credited to equity	**3,936**	(18,815)
Increase / (decrease) in deferred tax liabilities less deferred tax credited to equity	**(1,534)**	8,018
Sub-total	**2,402**	**(10,797)**
Income tax (benefit)/expense is attributable to:		
Profit/(loss) from continuing operations	**2,402**	(10,797)
	2,402	**(10,797)**

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

	30 June 2023 $'000	30 June 2022 $'000
Profit/(loss) from continuing operations before income tax expense	**(23,239)**	(1,658)
Tax at the Australian tax rate of 30%	**(6,972)**	(497)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	**(1,218)**	(2,618)
Prior period adjustments	**256**	(256)
Derecognition of temporary differences on current year tax losses	**8,137**	-
Derecognition/(re-recognition) of temporary differences	**1,893**	(8,181)
Permanent differences (excluding prior period adjustments and share based payments)	**306**	755
Income tax (benefit)/expense	**2,402**	**(10,797)**

(c) Amounts recognised directly in equity

	30 June 2023 $'000	30 June 2022 $'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 credited/(debited) directly to equity	**(2,402)**	10,797

(d) Tax losses

	30 June 2023 $'000	30 June 2022 $'000
Unused tax losses for which no deferred tax asset has been recognised	**81,833**	56,909
Potential tax benefit @ 30.0%	**24,550**	17,073

Notes to the Consolidated Financial Report
30 June 2023
(continued)

21 Income tax (continued)

(d) Tax losses (continued)

Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in Australia. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Notes to the Consolidated Financial Report
30 June 2023
(continued)

22 Deferred tax

(a) Deferred tax assets

	30 June 2023 $'000	30 June 2022 $'000
The balance comprises temporary differences attributable to:		
Tax losses	**24,550**	17,073
Black-hole expenditure deductible in future years	**2,959**	2,282
Property, plant and equipment	**2,623**	2,104
Lease liabilities	**22,993**	23,058
Employee benefits	**3,223**	3,952
Investment in associate	**4,750**	2,932
Loss allowances	**562**	740
Expenses deductible in future years	**575**	1,943
Revenue received in advance	**17,216**	18,063
R&D offsets	**2,046**	2,046
Total deferred tax assets	**81,497**	**74,193**
Set-off of deferred tax liabilities pursuant to set-off provisions (Note 22(b))	**(38,087)**	(40,380)
Deferred tax assets not recognised	**(43,410)**	(33,813)
Net deferred tax assets	**-**	**-**

Deferred tax assets may be a combination of unused tax losses, offsets and timing differences based on management's foreseeable forecasts, to the extent that it is probable that taxable profit will be available against which the losses, offsets and timing differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

In FY20 the Group derecognised deferred tax assets in relation to carry-forward tax losses and temporary differences as it believed they no longer met the requirement to be recognised, stemming from the impact that the recent growth and expansion activity has had on taxable profits. Despite the derecognition, these carry-forward tax losses and offsets can be carried forward indefinitely and have no expiry date.

(b) Deferred tax liabilities

	30 June 2023 $'000	30 June 2022 $'000
The balance comprises temporary differences attributable to:		
Borrowings	**5,443**	7,031
Lease assets	**22,517**	22,514
Property, plant and equipment	**-**	38
Derivative - Ineffective (P&L)	**181**	91
Derivative - FV (Equity)	**9,946**	10,706
Total deferred tax liabilities	**38,087**	**40,380**
Set-off of deferred tax liabilities pursuant to set-off provisions (Note 22(a))	**(38,087)**	(40,380)
Net deferred tax liabilities	**-**	**-**

Notes to the Consolidated Financial Report
30 June 2023
(continued)

23 Cash flow information

(a) Reconciliation of profit after income tax to net cash inflow from operating activities

	30 June 2023 $'000	30 June 2022 $'000
Profit/(loss) for the year after income tax	**(25,641)**	**9,139**
Depreciation and amortisation	**137,870**	106,853
Non-cash employee benefits expense share-based payments	**3,479**	2,987
Senior debt modification gain	**-**	(26,481)
Costs on extinguishment of Notes and loans	**-**	23,290
Amortisation of borrowing costs	**20,136**	8,437
Net (gain)/loss on derivatives	**-**	(304)
Income tax expense/(benefit)	**2,402**	(10,797)
Impairment of investment in associate	**1,799**	7,921
Share of loss on investment in associate	**4,262**	1,879
CHANGE IN OPERATING ASSETS AND LIABILITIES		
(Increase) / decrease in trade and other receivables	**(9,306)**	4,472
(Increase) / decrease in prepayments and other current assets	**(391)**	(1,370)
(Increase) / decrease in interest receivable	**(666)**	(354)
(Increase) / decrease in cash used in bank guarantee	**(315)**	(4,867)
(Increase) / decrease in GST	**1,224**	(1,922)
(Increase) / decrease in other assets	**(255)**	(357)
Decrease / (increase) in customer incentives	**(3,014)**	(8,783)
Decrease / (increase) in trade and other payables	**9,388**	804
Decrease / (increase) in other operating liabilities	**(10,344)**	3,574
Decrease / (increase) in employee entitlements	**(2,241)**	4,304
Decrease / (increase) in interest payable	**909**	1,398
Decrease / (increase) in revenue in advance	**(2,824)**	(2,647)
Net cash inflow from operating activities	**126,472**	**117,176**

(b) Net debt reconciliation

Net debt	30 June 2023 $'000	30 June 2022 $'000
Cash and cash equivalents	**765,841**	456,562
Borrowings - repayable within one year	**2,046**	216
Borrowings - repayable after one year	**(1,410,362)**	(1,099,850)
Net debt	**(642,475)**	**(643,072)**
Cash and liquid investments	**765,841**	456,562
Gross debt - fixed interest rates	**(42,887)**	(40,872)
Gross debt - variable interest rates	**(1,365,429)**	(1,058,762)
Net debt	**(642,475)**	**(643,072)**

Notes to the Consolidated Financial Report
30 June 2023
(continued)

23 Cash flow information (continued)

(b) Net debt reconciliation (continued)

	Other assets	Liabilities from financing activities				
	Cash $'000	**Leases due within 1 year $'000**	**Leases due after 1 year $'000**	**Borrow. due within 1 year $'000**	**Borrow. due after 1 year $'000**	**Total $'000**
Net cash as at 1 July 2021	652,334	(5,970)	(71,325)	-	(783,489)	(208,450)
Cash flows	(195,772)	-	-	-	(297,735)	(493,507)
Other non-cash movements	-	(262)	697	6,449	52,001	58,885
Net debt as at 30 June 2022	456,562	(6,232)	(70,628)	6,449	(1,029,223)	(643,072)
Cash flows	309,279	-	-	-	(297,785)	11,494
Other non-cash movements	-	(449)	665	2,278	(13,391)	(10,897)
Net cash as at 30 June 2023	765,841	(6,681)	(69,963)	8,727	(1,340,399)	(642,475)

24 Remuneration of auditors

During the year the following fees were paid or payable for services provided by PricewaterhouseCoopers Australia (PwC), the auditor of the parent entity, NEXTDC Limited, by PwC's related network firms and by non-related audit firms:

(a) PwC Australia

	2023 $	2022 $
Audit and other assurance services		
Audit and review of financial statements	**751,655**	615,350
Other assurance services	**-**	141,290
Total remuneration for audit and other assurance services	**751,655**	**756,640**
Other services		
Other services	**15,000**	-
Total services provided by PwC Australia	**766,655**	**756,640**

(b) Network firms of PwC Australia

(i) Audit and other assurance services

Audit and review of financial statements	**32,696**	13,565
Total remuneration of network firms of PwC Australia	**32,696**	**13,565**

(c) Non-PwC audit firms

NEXTDC Limited did not engage with any other non-PwC audit firms.

Total services provided by PwC	**799,351**	**770,205**

Notes to the Consolidated Financial Report
30 June 2023
(continued)

25 Interests in other entities

(a) Material subsidiaries

The Group's principal subsidiaries at 30 June 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group 2023 %	2022 %	Principal activities
NEXTDC Holdings Trust No. 1	Australia	**100**	100	Property Holding Company
NEXTDC Holdings No. 1 Pty Ltd	Australia	**100**	100	Holding Company
NEXTDC Holdings Trust No. 3	Australia	**100**	100	Property Holding Company
NEXTDC Holdings No. 3 Pty Ltd	Australia	**100**	100	Holding Company
NEXTDC Ventures Pty Ltd	Australia	**100**	100	Company Investment
NEXTDC Ventures Holdings No. 1 Pty Ltd	Australia	**100**	100	Holding Company
NEXTDC New Zealand Limited	New Zealand	**100**	-	Property Holding Company
NEXTDC New Zealand Holdings Limited	New Zealand	**100**	-	Holding Company
NEXTDC Holdings Trust No. 4	Australia	**100**	-	Holding Company
NSC Sub Trust	Australia	**100**	-	Property Holding Company
NEXTDC SDN. BHD.	Malaysia	**100**	-	Property Holding Company

(b) Interests in associates and joint ventures

(i) Significant judgement: existence of significant influence

On 22 November 2021, NEXTDC Limited acquired a 19.99% interest in an ASX listed entity, Sovereign Cloud Holdings (ASX: SOV), via an upfront placement of $12.4 million. Following the placement, NEXTDC acquired a further $4.5 million in shares via a follow-on pro rata entitlement offer to maintain its 19.99% shareholding.Transaction costs of $1.1 million incurred as part of the acquisition have been capitalised against the investment.

Following acquisition, NEXTDC Limited was entitled to one seat on the board of Sovereign Cloud Holdings and now participates in all significant financial and operating decisions.

On 29 June 2023, NEXTDC Limited acquired a further $4.0m in shares via a pro-rata non-renounceable entitlement offer, increasing its shareholding to 33.61%. With the increased ownership and continued board set, the Group maintains that it has significant influence over this entity.

Notes to the Consolidated Financial Report
30 June 2023
(continued)

25 Interests in other entities (continued)

(b) Interests in associates and joint ventures (continued)

(ii) Summarised financial information for associates and joint ventures

The tables below provide summarised financial information for those associates that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not NEXTDC Limited's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	Sovereign Cloud Holdings	
Summarised balance sheet	**30 June 2023 $'000**	30 June 2022 $'000
Total current assets	**17,241**	30,928
Total non-current assets	**16,702**	15,060
Total current liabilities	**5,263**	5,716
Total non-current liabilities	**3,776**	2,402
Net assets	**24,904**	**37,870**

	30 June 2023 $'000	30 June 2022 $'000
Reconciliation to carrying amounts:		
Net assets	**24,904**	37,870
Group's share in %	**33.61%**	19.99%
Group's share in $	**8,370**	7,570
Goodwill / (impairment)	**(2,099)**	745
Carrying amount	**6,271**	8,315

Reconciliation of carrying value of investment	**30 June 2023 $'000**	30 June 2022 $'000
Opening balance	**8,315**	-
Additions	**4,017**	18,115
Share of loss	**(4,262)**	(1,879)
Impairment charge (iii)	**(1,799)**	(7,921)
Carrying amount	**6,271**	8,315

Summarised statement of comprehensive income	**30 June 2023 $'000**	30 June 2022 $'000
Revenue	**6,795**	4,242
Profit/(loss) from continuing operations	**(21,283)**	**(15,522)**
Loss for the year	**(21,283)**	(15,522)
Total comprehensive income	**(21,283)**	**(15,522)**

Notes to the Consolidated Financial Report
30 June 2023
(continued)

25 Interests in other entities (continued)

(b) Interests in associates and joint ventures (continued)

(iii) Impairment

NEXTDC's 33.61% stake in Sovereign Cloud Holdings Limited (ASX: SOV) was tested for impairment at the reporting date. While 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 to $0.055 per share at 30 June 2023.

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 $1.8 million should be taken up for the year ended 30 June 2023.

26 Parent entity financial information

The individual financial statements for the parent entity, NEXTDC Limited, show the following aggregate amounts:

	30 June 2023 $'000	30 June 2022 $'000
Current assets	**848,466**	522,960
Non-current assets	**2,786,529**	2,214,542
TOTAL ASSETS	**3,634,995**	**2,737,502**
Current liabilities	**91,559**	104,248
Non-current liabilities	**1,481,615**	1,175,617
TOTAL LIABILITIES	**1,573,174**	**1,279,865**
NET ASSETS	**2,061,821**	**1,457,637**
Shareholders' equity		
Contributed equity	**2,371,154**	1,752,598
Reserves	**32,105**	33,805
Retained earnings	**(341,438)**	(328,766)
TOTAL EQUITY	**2,061,821**	**1,457,637**
Profit/(loss) for the year after tax	**(12,672)**	25,615
Total comprehensive income/(loss) for the year	**(12,672)**	25,615

(a) Reserves

Due to the requirements of accounting standards, the loan provided by NEXTDC Limited (parent entity) to NEXTDC Share Plan Pty Ltd requires the loan in respect of the loan funded share plan to be recorded as an issue of treasury shares and a corresponding debit to equity (treasury share reserve).

(b) Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

As at 30 June 2023, NEXTDC Limited did not have any guarantees in relation to the debts of subsidiaries.

(c) Contingent liabilities of NEXTDC Limited (parent entity)

The parent entity did not have any contingent liabilities as at 30 June 2023 or 30 June 2022.

(d) Contractual commitments by NEXTDC for the acquisition of property, plant and equipment

As at 30 June 2023, of the contractual commitments detailed in Note 16, $169.8 million relate to NEXTDC Limited as parent entity.

Notes to the Consolidated Financial Report
30 June 2023
(continued)

26 Parent entity financial information (continued)

(e) Determining the parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Tax consolidation legislation

NEXTDC Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, NEXTDC Limited, and the controlled entities in the tax consolidated Group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated Group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, NEXTDC Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated Group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate NEXTDC Limited for any current tax payable assumed and are compensated by NEXTDC Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to NEXTDC Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(ii) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries are accounted for at cost in the financial statements of NEXTDC Limited.

27 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of NEXTDC Limited and its subsidiaries. NEXTDC is a public company limited by shares, incorporated and domiciled in Australia.

(a) Reporting Period and Comparative information

These financial statements cover the period 1 July 2022 to 30 June 2023. The comparative reporting period is 1 July 2021 to 30 June 2022.

(b) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. NEXTDC Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the NEXTDC Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on the date the Directors' Report is signed. The Directors have the power to amend and reissue the financial statements.

Notes to the Consolidated Financial Report
30 June 2023
(continued)

27 Summary of significant accounting policies (continued)

(b) Basis of preparation (continued)

(i) Compliance with IFRS (continued)

(ii) New and amended standards adopted by the group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2022 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(iii) Historical cost convention

These financial statements have been prepared under the historical cost convention, except for derivatives measured at fair value.

(iv) New standards and interpretations not yet adopted

There are no standards that are not yet effective that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

(c) Critical accounting estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong.

(i) Deferred taxation

Deferred tax assets may be a combination of unused tax losses, offsets and timing differences based on management's foreseeable forecasts, to the extent that it is probable that taxable profit will be available against which the losses, offsets and timing differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The Group previously derecognised deferred tax assets in relation to carry-forward tax losses and temporary differences as it believed they no longer met the requirement to be recognised, stemming from the impact that the recent growth and expansion activity has had on taxable profits. Despite the derecognition, these carry-forward tax losses and offsets can be carried forward indefinitely and have no expiry date.

(ii) Income taxes

The Group is subject to income taxes in the jurisdictions in which it operates. Judgement is required in determining the provision for income taxes. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(iii) Leases

The Group is required to determine the measurement of lease liabilities based on the present value of remaining lease payments, discounted using the Group's incremental borrowing rate at commencement date. Judgement is required in determining an appropriate incremental borrowing rate, and the Group has determined the rate based on the effective interest rate of its most recent borrowings, adjusted to the specific term of each lease. In determining the lease term, management considered all relevant facts and circumstances that create an economic incentive to either exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if it is reasonably certain to be extended. The assessment is reviewed if a significant event or significant change in circumstances occurs which affects this assessment, and that is within the control of the lessee.

Notes to the Consolidated Financial Report
30 June 2023
(continued)

27 Summary of significant accounting policies (continued)

(c) Critical accounting estimates (continued)

(iv) Revenue from contracts with customers

Key judgements in the recognition of revenue from contracts with customers include the identification of performance obligations within the contracts, allocation of the transaction price within the contract to the identified performance obligations, treatment of the upfront project fees and treatment of any variable consideration subsequent to initial commencement. Refer to Note 4 for further details.

(v) Impairment

Assessment of indicators of impairment and the determination of CGUs for impairment purposes require significant management judgment. Indicators of impairment may include changes in the Group's operating and economic assumptions or possible impacts from emerging risks such as climate change and the transition to a low carbon economy. Considering the location and nature of our assets as well as our continued focus on operational resilience and business continuity programs, at this stage, we do not consider the potential impacts of climate change and the transition to a low carbon economy to be an impairment indicator.

(d) Employee Share Trust

The Group has formed two entities to administer the Group's employee share schemes. The trusts are consolidated, as the substance of the relationships are that the trusts are controlled by the Group. Shares held by NEXTDC Share Plan Pty Ltd and NEXTDC Employee Share Plan Trust are disclosed as treasury shares and deducted from contributed equity.

(e) Share-based payments reserve

The share-based payments reserve is used to recognise:

- the grant date fair value of long-term incentives issued to participants
- the grant date fair value of shares issued to participants
- the issue of shares held by NEXTDC Share Plan Pty Ltd and NEXTDC Employee Share Plan Trust

(f) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Group’s functional currency.

(g) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Consideration has been given to the potential financial impacts of climate change related risks on the carrying value of the Group's assets through a qualitative review of the Group's climate change risks and mitigating actions. This review did not identify any material financial reporting impacts.

(h) Cash and cash equivalents

For the purpose of presentation in the Consolidated Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the Consolidated Financial Report
30 June 2023
(continued)

27 Summary of significant accounting policies (continued)

(i) Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated income statement.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the year in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Notes to the Consolidated Financial Report
30 June 2023
(continued)

27 Summary of significant accounting policies (continued)

(i) Investments and other financial assets (continued)

(ii) Measurement (continued)

Equity instruments (continued)

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iii) Impairment

The group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 14 for further details.

(j) Derivatives and hedging activities

(i) Classification of derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

The Group designates derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probably forecast transactions (cash flow hedge). At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

The Group designates interest rate swaps as cash flow hedges of highly probable forecast interest. The interest rate swaps have floor options embedded within; in this case the Group designates only the intrinsic value of the options as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within equity. The changes in the fair value of the aligned time value of the option are recognised in other comprehensive income and accumulated in the cost of hedging reserve. If the hedged item is transaction-related, the time value is reclassified to profit or loss when the hedged item affects profit or loss.

If the hedged item is time period related, then the amount accumulated in the cost of hedging reserve is reclassified to profit or loss on a rational basis. Those reclassified amounts are recognised in profit or loss in the same line as the hedged item. If the hedged item is a non-financial item, then the amount accumulated in the cost of hedging reserve is removed directly from equity and included in the initial carrying amount of the recognised non-financial item. Furthermore, if the Group expects that some or all of the loss accumulated in cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

(ii) Fair Value measurement

The fair value of the interest rate swaps which the group has entered into are not traded in an active market (for example, over-the-counter derivatives), and are determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. Given all significant inputs required to fair value these interest rate swaps are observable, the instrument is classified as level 2.

Notes to the Consolidated Financial Report
30 June 2023
(continued)

27 Summary of significant accounting policies (continued)

(k) Provisions

Provisions for asset replacement and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting year. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(l) Employee benefits

(i) Short-term Obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of each reporting period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in payables.

(ii) Other long-term employee benefit Obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the reporting period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based Payments

Share-based compensation benefits are provided to participants via the Long Term Incentive Plan.

The fair value of performance rights is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in the assumptions. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of rights that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Consolidated Statement of Comprehensive Income, with a corresponding adjustment to equity.

(iv) Retirement benefit Obligations

Except for the statutory superannuation guarantee charge, the Group does not have any other retirement benefit obligations.

(m) Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Notes to the Consolidated Financial Report
30 June 2023
(continued)

27 Summary of significant accounting policies (continued)

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Consolidated Balance Sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(o) Parent entity financial information

The financial information for the parent entity, NEXTDC Limited, disclosed in note 26 has been prepared on the same basis as the consolidated financial statements.

(p) Assets in the course of construction

Assets in the course of construction are shown at historical cost. Historical cost includes directly attributable expenditure on data centre facilities which at reporting date, has not yet been finalised and/or ready for use. Assets in the course of construction are not depreciated.

Assets in the course of construction are transferred to property, plant and equipment upon successful testing and commissioning.

(q) Revenue received in advance

Revenue received in advance primarily relates to the advance consideration received from customers in relation to project fees and service credits, for which revenue is recognised over time. Refer to Note 4 (b) for details in relation to the revenue recognition policy for project fees and service credits.

Directors' Declaration
30 June 2023

In the Directors' opinion:

(a) the financial statements and notes set out on pages 64 to 113 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 30 June 2023 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

(c) at the date of this declaration, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, and

Note 27 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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

Craig Scroggie
Managing Director and Chief Executive Officer

28 August 2023

Independent Auditor's Report

Independent auditor's report

To the members of NEXTDC Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of NEXTDC Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 June 2023
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial report, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Materiality	*Audit scope*	*Key audit matters*
• For the purpose of our audit we used overall Group materiality of \$4.6 million, which represents approximately 2.5% of the Group's Earnings Before Interest, Tax, Depreciation and Amortisation, after adjusting for an impairment charge on the investment in associates (adjusted EBITDA). • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose adjusted EBITDA because it is a benchmark against which the performance of the Group is commonly measured. • We utilised a 2.5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.	• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • NEXTDC has data centres operating in capital cities across Australia.	• Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Management Committee: − Data Centre Services Revenue Recognition − Property, Plant and Equipment. • These are further described in the *Key audit matters* section of our report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	*How our audit addressed the key audit matter*

Data Centre Services Revenue Recognition
Refer to note 4 - Data centre services revenue
$357.2m
 	
The Group applies AASB 15 Revenue from Contracts with Customers to account for the services it provides to its customers. Accounting for revenue recognition was a key audit matter due to the:
 	
• significance of revenue to understanding the financial results for users of the financial report;
• complexity involved in applying the requirements of AASB 15 given the number of revenue components and contracts with customers with bespoke terms and conditions, including in relation to recurring service fees, upfront project fees and service credits;
• judgements required by the Group in applying the requirements of AASB 15, such as:
  ○ identifying the performance obligations under its contracts with customers;
  ○ determining the transaction price, considering the terms in the contracts relating to recurring service fees, upfront project fees, and service credits; and
  ○ the method of allocating the transaction price in the contract to the performance obligations.
	We performed the following procedures, amongst others:
	
	• Assessed whether the Group's accounting policies were in accordance with the requirements of AASB 15 Revenue from Contracts with Customers;
	• Evaluated the judgements made by the Group in applying the accounting policy by obtaining an understanding of the revenue components and considering the terms and conditions of a sample of contracts;
	• For a sample of contracts for each revenue component tested, we:
	  ○ developed an understanding of the key terms of the arrangement including parties, term dates, performance obligations, fees and payment terms;
	  ○ considered the Group's identification of performance obligations and allocation of the transaction price to the performance obligations;
	  ○ recalculated the amount of revenue which the Group has recognised, taking into account the terms of the contracts for recurring service fees, upfront project fees, and service credits.
	
	• Evaluated the reasonableness of the disclosures made in Note 4 in light of the requirements of Australian Accounting Standards.

Key audit matter	*How our audit addressed the key audit matter*
Property, Plant and Equipment *Refer to note 9 - Property, Plant and Equipment $2,895m* NEXTDC has continued to invest in new data centres during the period, and to expand its existing data centre infrastructure. These growth projects require significant capital outlay which results in the capitalisation of external and internal costs into Property, Plant and Equipment. During the current year, $670m has been capitalised as additions to assets in the course of construction, and $1,002m has been transferred from assets in the course of construction to the appropriate class of Property, Plant and Equipment. Costs should be capitalised and depreciated in line with Australian Accounting Standards which outline the criteria required to be met for costs to be capitalised, and the treatment to be applied in the depreciation of the costs capitalised. This was a key audit matter because of the: • significance of the additions balance to the Consolidated Balance Sheet; • potential significance of the additions balance to the Consolidated Statement of Comprehensive Income should the costs not meet the criteria required for capitalisation; • judgement involved in assessing whether internal costs meet the criteria for capitalisation; • significance of the depreciation expense to the Consolidated Statement of Comprehensive Income; and • the judgements applied in determining the appropriate timing of transfers from assets in the course of construction to the appropriate class of Property Plant and Equipment, and the calculation of the depreciation expense.	Our audit approach included testing individually large value additions and transfers, while the residual balance was tested on a sample basis. We performed the following procedures, amongst others: • developed an understanding of and evaluated the Group's cost capitalisation policy; • assessed the processes implemented by the Group for the measurement of capitalised costs; • sample tested capitalised costs to related documentation, including assessing whether they meet the criteria for capitalisation with reference to Australian Accounting Standards; • assessed the appropriateness of capitalisation of internal costs, in particular salaries and wages; and • for a sample of assets, assessed the appropriateness of the timing and method of transfers from assets in the course of construction to the appropriate property, plant and equipment asset class, and recalculated the amount of depreciation that the Group had recognised.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 34 to 58 of the directors' report for the year ended 30 June 2023.

In our opinion, the remuneration report of NEXTDC Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Michael Shewan
Partner

Brisbane
28 August 2023

Shareholder Information
30 June 2023

The following shareholder information was applicable as at 8 August 2023.

Distribution of equity securities

Holding	Number of investors	Number of securities
100,001 and over	80	416,533,059
10,001 - 100,000	2,008	41,439,858
5,001 - 10,000	2,902	20,489,224
1,001 - 5,000	12,299	29,516,394
1 - 1000	18,384	6,668,101
Total	**35,673**	**514,646,636**
Unmarketable parcels	623	5,452

Equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Number held	Percentage of issued shares
1. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	153,142,713	29.76
2. J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	112,516,607	21.86
3. CITICORP NOMINEES PTY LIMITED	51,187,452	9.95
4. BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	25,368,732	4.93
5. NATIONAL NOMINEES LIMITED	19,412,986	3.77
6. BNP PARIBAS NOMS PTY LTD <DRP>	9,450,098	1.84
7. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	6,432,530	1.25
8. UBS NOMINEES PTY LTD	3,105,198	0.60
9. BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	2,964,364	0.58
10. PACIFIC CUSTODIANS PTY LIMITED NXT EMP SHARE PLAN TST	2,654,001	0.52
11. BNP PARIBAS NOMS(NZ) LTD <DRP>	2,642,985	0.51
12. NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	2,311,225	0.45
13. LATIMORE FAMILY PTY LTD <LATIMORE FAMILY A/C>	2,146,250	0.42
14. CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	2,101,586	0.41
15. BNP PARIBAS NOMINEES PTY LTD <PITCHER PARTNERS DRP>	1,677,520	0.33
16. AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	1,550,000	0.30
17. MUTUAL TRUST PTY LTD	1,131,600	0.22
18. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,029,577	0.20
19. SUAVE INVESTMENTS PTY LTD	756,844	0.15
20. NETWEALTH INVESTMENTS LIMITED	663,793	0.13
	402,246,061	**78.18**

Unquoted equity securities	Number on issue	Number of holders
Performance rights - issued in FY21	389,388	24
Performance rights - issued in FY22	494,364	36
Performance rights - issued in FY23	706,467	37
Deferred share rights - issued in FY23	61,162	3

Shareholder Information
30 June 2023
(continued)

Substantial holders

Substantial holders in the Company based on ASX lodgements up until 8 August 2023 are set out below:

Substantial holders	Number held	Percentage of issued shares
UniSuper Limited	29,194,768	6.38%
BlackRock Group	29,878,481	6.02%
Vanguard Group	25,882,240	5.02%

Voting rights

The voting rights attaching to each class of equity securities are set out below:

(i) Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(ii) Performance rights and deferred share rights

No voting rights.

NEXTDC Limited
Corporate Directory

Directors	Douglas Flynn *Chairman* Craig Scroggie *Managing Director and Chief Executive Officer* Stuart Davis *Non-Executive Director* Dr Gregory J Clark AC *Non-Executive Director* Stephen Smith *Non-Executive Director* Jennifer Lambert *Non-Executive Director* Dr Eileen Doyle *Non-Executive Director* Maria Leftakis (appointed 24 August 2023) *Non-Executive Director*
Company secretary	Michael Helmer
Registered office	20 Wharf St Brisbane Qld 4000 Tel: +61 7 3177 4777
Website address	www.nextdc.com
Auditor	PricewaterhouseCoopers 480 Queen Street Brisbane Qld 4000 +61 7 3257 5000
Solicitors	Clayton Utz Level 28, Riparian Plaza 71 Eagle Street Brisbane Qld 4000 Herbert Smith Freehills ANZ Tower 161 Castlereagh Street Sydney NSW 2000
Share register	Link Market Services Level 21,10 Eagle Street Brisbane Qld 4000 Tel: 1300 554 474 (in Australia) Tel: +61 (2) 8280 7111 (overseas)
Stock exchange listing	NEXTDC Limited shares are listed on the Australian Securities Exchange (ASX) under ticker code NXT.

NEXTDC

where the cloud lives™

1 July 2022 to 30 June 2023
NEXTDC Limited
ABN 35 143 582 521

For any queries about NEXTDC's Annual Report please contact us at investorrelations@nextdc.com

www.nextdc.com/contact