AUSTRALIAN
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Company/ASX Code	NEXTDC Ltd (NXT)
AGM time and date	11:00am (AEDT), Thursday 13 November, 2025
Location	2 Broadcast Way, Artarmon, NSW 2064 (NXT's S3 Data Centre)
Registry	MUFG
Type of meeting	Hybrid https://meetings.openbriefing.com/NXT25
Monitor	Mike Sackett assisted by Alison Prentice
Pre-AGM Meeting	With Chairman Doug Flynn, Stuart Davis (NED and Chair of Remuneration & Nomination Committee), Maria Leftakis (NED and member of the Audit & Risk Committee) and Simon Guzowski (Vice President, Investor Relations)

Monitor Shareholding: Individuals (or their associates) involved in the preparation of this voting intention have shareholdings in this company.

1. How we intend to vote

No.	Resolution description	
1	Remuneration Report	For
2	Re-election of Mr Stephen M Smith, as a Director	Undecided
3	Election of Mrs Deborah Page, as a Director	For
4	Election of Mr Jamaluddin Ibrahim, as a Director	For
5	Approval of grant of Performance Rights to Mr Craig Scroggie under FY26 Long Term Incentive Plan	For

2. Summary of Issues and Voting Intentions for AGM

- NEXTDC is an unusual company in Australia. Annual net revenue is growing steadily. Annual losses after tax are escalating. Annual capital investment is skyrocketing in response to the burgeoning demand for data centre capacity in Australia and around the world as a result of the adoption of AI.
- The company is two years into an international expansion focusing initially on Malaysia and Japan.

- In recent weeks there has been significant and encouraging board refreshment with two new NEDs coming up for election to the board. This includes an individual based in Malaysia.
- An increasing area of concern is how NEXTDC will handle uncertainties regarding supplies of electricity and water from the public grid – both items being critically important to the successful operation of data centres.

3. Matters Considered

Accounts and reports

NEXTDC is a data centre service company with an expanding set of data centres in Australian capital cities and high growth regional centres. It also focuses on strategic infrastructure for submarine cable landing stations such as at the Sunshine Coast and Darwin.

NEXTDC first listed on the ASX in 2010. Through organic growth the company rapidly expanded to be included in the ASX200 index in 2016, and the ASX100 index in June 2020. It currently ranks around 60th by capitalization in the index. FY25 net revenue was $350 million, up 13.7% from the previous year. During the year NEXTDC increased its contracted utilisation by 42% to 172.6MW.

In May 2023 the company announced its first expansion overseas. During FY25 construction of the Kuala Lumpur, Malaysia data centre was underway as was evaluation of future sites in Tokyo, Singapore, Johore Bahru and Bangkok. A Senior Vice-President, Asia & Pacific, based in Singapore, was also appointed.

A significant feature of both FY24 and FY25 has been the phenomenal growth in capital expenditure. This increased from $696 million in FY23 to $1.0 billion in FY24 and $1.7 billion in FY25. Guidance for capex in FY26 is currently $1.8 - $2.0 billion although experience in recent years has been the actual figure considerably exceed initial guidance. This expansion is all about meeting the increasing demand for AI infrastructure.

Along with these increases in capacity, there is massively increased electrical power and water needs to be met from the public infrastructure grids outside the control of NEXTDC. These concerns are expected to be of increasing magnitude in the years to come.

Financial performance

(As at FYE)	**2025**	**2024**	**2023**	**2022**	**2021**
NPAT ($m)	(60.5)	(44.1)	(25.6)	9.1	(20.7)
UPAT ($m)	(54.5)	(41.5)	(21.8)	18.1	(20.7)
Share price ($)	14.50	17.63	12.58	10.64	11.86
Dividend (cents)	0	0	0	0	0
Simple TSR (%)	(18)	40	18	(10)	20
EPS (cents)	(8.6)	(7.8)	(4.7)	3.9	(4.4)
CEO actual total remuneration ($m)	5.1	2.8	4.5	5.7	4.7

Governance and culture

Two NEDs will retire at the forthcoming AGM, having been first appointed in 2014 and 2019. Their replacements were announced in August and September 2025 and will stand for election at the AGM. Assuming they are successful the eight-member board will comprise seven listed as independent in the company's Corporate Governance Statement and generally meeting ASA criteria. Three (37.5%) directors are female. NEXT is committed to a goal of 40% female: 40% male: 20% flexible across employees, management and board by 2030. In FY25 the percentage of female staff stood at 31%, the same as in the previous year.

ASA regards NEXTDC as a well-managed company committed to engaging with shareholders. In one significant respect, however, it falls short of best practice. The FY25 Corporate Governance Statement includes a comprehensive list of required Skill Areas for the company but only shows an aggregate indication of the extent to which these areas are covered by the Board as a whole, not by an individual.

NEDs are "encouraged to accumulate shares on their own behalf, over a three-year period, of equivalent value to their annual director fees". Except for US-based Stephen Smith (standing for re-election at this AGM), who owns no shares despite being on the board since 2019, current directors meet this expectation.

Key events

During FY25 additional debt facilities were agreed. These amounted to $2.9 billion in November 2024 and a further $2.2 billion in June 2025. The latter facility was established with a syndicate of leading international banks. In October 2024 a $678 million capital raising was successfully completed with $550 million generated from an institutional placement and the balance through a Share Placement Plan in which some 9,000 of NEXTDC's 40,000 eligible shareholders took part. The proceeds of this capital raising were primarily used to finance the acquisition of new data centre development sites in Asia. At the time of writing there have been no further key events since 30 June 2025.

Sustainability/ESG

Data centres consume staggering amounts of electrical energy. Power usage effectiveness (PUE) scores continue to be reported in the Annual Report and are an element of the STI performance measures for key management staff. For the first time (to the writer's knowledge) Water Usage Effectiveness was reported upon in the FY25 Annual Report – water being a key input in data centre cooling systems.

4. Rationale for Voting Intentions

Resolution 1: Adoption of the Remuneration Report – (FOR)

The Remuneration Report is comprehensive, logical and clear. In FY 25 executive remuneration appeared appropriate, particularly taking into account two significant factors. Firstly, in FY24 senior executives received zero LTI (due to the fact that TSR over the three-year period to August 2023 of 12.4% fell short of the ASX200 TSR "gateway" requirement). This shortcoming was more of a market quirk than a failure of performance. This was exacerbated by the second relevant factor – in the vigorously growing data centre field, there is intense competition for experienced managers and operatives, leading to issues of staff retention and recruitment. A significant amount of this competition comes from non-ASX listed companies who are not governed by the same disclosure obligations as are publicly quoted companies such as NEXTDC. In FY25 executive remuneration was structured as follows:

- Fixed remuneration for senior executives other than the CEO was set at 25% of the potential total compared with 29% in FY24. In the case of the CEO the fixed element was 22%. This is the first time that there has been a differentiation between the CEO and other executives in the proportion of the salary package at-risk.
- The Short-Term Incentive (STI) Plan (33.5% of the potential total in the case of the CEO and 37.5% in the case of other senior executives – compared with a uniform 29% in FY24) aims to provide a reward for performance against annual objectives.
- The Long-Term Incentive (LTI) Plan (44.5% of the potential total in the case of the CEO and 37.5% in the case of other senior executives – compared with a uniform 42% in FY24) aims to provide a securities-based reward for performance against indicators of long-term shareholder value creation.

The FY25 STI plan had the following gateway requirements:

- Underlying EBITDA achieved by at least 95% of the midpoint guidance;
- No breaches of code of conduct.

Weightings given to specific key performance indicators were, with one exception, unchanged from FY24, namely:

- Underlying EBITDA – up to 40% of total STI;
- Net revenue (this was total revenue in FY24) – up to 35% of total STI;
- Major project delivery (four equally-weighted projects cited) – up to 15% of total STI;
- ESG metrics – up to 10% of total STI.

STI target performance outcomes were largely achieved in full. Exceptions were the underlying EBITDA where the level of achievement was 83% as EBITDA fell short of the top of the guidance range, and the team training ESG metric. STI were paid out 50% in cash and the balance deferred for one year and payable in cash or shares.

The FY25 LTI plan was exclusively based on the company's TSR in relation to the ASX100 Accumulation Index. In practice 73% of LTI performance rights granted were vested with the balance lapsing. This reflected the NEXTDC TSR at 10.9% per annum over the three-year period to August 2024 (compared to the index growth of 7.7%) falling short of the stretch target of exceeding the index TSR by 5%.

Prior to the AGM it was announced that the Board had exercised its discretion in relation to the 4-year tranche of the FY22 LTI Grant which was tested over the period August 2021 to August 2025 (but after the release of the FY25 Annual Report). Such disclosure is not formally required until the company's FY26 Annual Report but is being made now in the interests of transparency. The writer considers the Board decision to approve the vesting of 50% of the 4-year tranche of FY22 LTI rights to be justified.

NED remuneration was increased on 1 January 2025 by 9.3% in the case of the Chair and 8.8% for directors, apparently based on a bench-marking exercise undertaken with reference to similar size ASX companies. Statutory remuneration received by the Chair in FY25 was $486,000 and for directors ranged from $196,000 to $236,000, reflecting the different committee responsibilities undertaken.

Resolution 2: Re-election of Mr Stephen M Smith, as a Director – (Undecided)

Mr Smith was first elected to the Board in 2019 and is currently Chairman of the Investment Committee. The experience he brings to the board includes having been CEO of the major US data centre company Equinix Inc from 2007-2018 and is second to none. ASA notes that he is the only existing board member with no share-holding in NEXTDC. This has been raised with the Chair in previous pre-AGM meetings and is related to Mr Smith's residency in the USA. ASA reserves its position on the re-election of Mr Smith pending a satisfactory response on this issue at the AGM.

Resolution 3: Election of Mrs Deborah Page, as a Director - (FOR)

Mrs Page brings a wealth of diverse financial experience to the NEXTDC board and replaces one of the two NEDs retiring at the AGM. She is currently a NED on three ASX-listed companies, including the notorious Star Entertainment Group Limited.

Resolution 4: Election of Mr Jamaludin Ibrahim, as a Director - (FOR)

The addition of Malaysia-based Mr Ibrahim to the NEXTDC board is a significant step in the Board refreshment process as the company expands into the SE Asia data centre market for the first time. He is a Board member of one other ASX-listed company, Seek Ltd, which interestingly currently has a market capitalization very similar to that of NEXTDC. More concerningly he has a heavy workload as Chairman of both an ASEAN fast food company and AirAsia Aviation Group Ltd. On balance it is considered that the benefits of Mr Ibrahim SE Asia contacts plus IT and telecommunications sector experience outweigh the risks of his heavy work schedule.

Resolution 5: Approval of grant of Performance Rights to Mr Craig Scroggie under the FY26 Long term Incentive (LTI) Plan - (FOR)

It is proposed to grant the CEO 108,026 Performance Rights and a like number of Restricted Rights to be tested after three, four and five years. These numbers have been based on the prevailing market price of NEXTDC shares over a 10-day period following the release of the company's FY25 audited accounts and the maximum LTI award which has been set at 200% of annual base salary.

It is evident that Mr Scroggie's continued presence as CEO is regarded by the Board as being vital to the future success of the company – a fact which it is difficult for an outsider to disagree with. The size and duration of the LTI plan is a tangible indication of the Board's efforts to retain and incentivise his services.

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Appendix 1
Remuneration framework detail for FY26

CEO rem. Framework for FY25	Target	% of Total	Max. Opportunity	% of Total
Fixed Remuneration	$1,792,158	33.3%	$1,792,158	22.2%
STI - Cash	$896,079	16.7%	$1,344,118	16.7%
STI - Equity	$896,079	16.7%	$1,344,118	16.7%
LTI Performance Rights: 50% Yr3; 50% Yr 4	$1,792,158	33.3%	$1,792,158	22.2%
LTI Restricted Rights: one-third each in Yrs 3,4, and 5	$1,792,158	33.3%	$1,792,158	22.2%
Total	$5,376,474	100.0%	$8,064,710	100%