AUSTRALIAN SHAREHOLDERS' ASSOCIATION

A new chair coming, but the pay structure stays

Company/ASX Code	NEXTDC Limited/NXT
AGM time and date	11:00am AEDT Friday 20 November 2026
Location	S3 Data Centre, 2 Broadcast Way, Artarmon NSW 2064
Registry	MUFG Corporate Markets
Type of meeting	Hybrid (online at meetings.openbriefing.com/NXT26, with live voting and questions)
Monitor	David Loosemore assisted by Savvas Koutoufides, Steven Mabb and Susan Bailey
Pre-AGM Meeting	Yes, on 4 November 2026 with Chair Doug Flynn, Remuneration and Nomination Committee Chair Stuart Davis and director Maria Leftakis

Monitor Shareholding: The individuals (or their associates) involved in the preparation of this voting intention have no shareholding in this company.

1. How we intend to vote

No.	Resolution description	
1	Remuneration Report	Against
2	Re-election of Mr Stuart Davis as a Director	For
3	Re-election of Dr Eileen Doyle as a Director	For
4	Re-election of Mrs. Maria Leftakis as a Director	For
5	Increase in the maximum aggregate annual remuneration of Non-Executive Directors	Withdrawn
6	Placement capacity refresh (Ratification of issue of Convertible Notes)	Against
7	Approval of grant of Performance Rights and Restricted Rights to Mr Craig Scroggie under the FY27 Long Term Incentive Plan	Withdrawn
8	Conditional Board Spill Meeting Resolution (if required)	Against

2. Summary of Issues and Voting Intentions for AGM

- **A sharp reversal, and a Board response.** NEXTDC tripled its contracted capacity in FY26, but on 21 October it cut its FY27 earnings guidance by about a third after Jemena stopped power works for its M3 Melbourne data centre in the face of community opposition. The shares fell 42% that day. Jemena stopped work on 31 August, before the company raised $1.1 billion through convertible notes in

September. The Board told us management treated this as an engineering problem until Jemena's formal notice on 7 October, and that directors learned of it on 17–18 October; the market was told on 19 October. The Chair acknowledged that the Board "did not adequately recognise this risk". The Chair and Mr Davis will retire as part of board renewal, and a senior community engagement role will report to a board committee. We intend to vote **for** Dr Doyle and Mrs. Leftakis, and will ask at the AGM why it took ten days for the problem to reach the Board.

- **Executive pay unchanged after last year's strike.** In 2025, 72% of votes were cast against the Remuneration Report. The CEO has given up his FY27 bonuses and the Board has withdrawn his FY27 grant, which we welcome, but the Board told us the structure will not change. Half of each long-term incentive grant vests mainly for staying employed; in 2026 those rights vested while the performance-tested rights paid nothing. The Board also used its discretion to vest an incentive that missed its hurdle, and executives can take their deferred bonus in cash. We intend to vote **against** the Remuneration Report. We intend to vote **for** Mr Davis, who chairs the Remuneration Committee and has served more than 12 years, because there is a plan for his exit, with a successor targeted by March 2027.
- **Capital raising and board fees.** We intend to vote **against** refreshing the company's placement capacity because the $1.1 billion convertible note issue targeted institutional rather than retail investors, with the notes listed on the Vienna Multilateral Trading Facility rather than the ASX. The Board has withdrawn its proposal to increase the directors' fee pool and cut directors' fees by 10%.

ASA intends to vote open proxies for Resolutions 2, 3 and 4, against Resolutions 1 and 6, and against Resolution 8 if it is put. Resolutions 5 and 7 have been withdrawn by the company ahead of the AGM and will not be put to the meeting.

See ASA Voting guidelines and Investment Glossary for definitions.

3. Matters Considered

Accounts and reports

NEXTDC is Australia's largest independent data centre operator, with data centres in Sydney, Melbourne, Brisbane, Perth, Canberra, Adelaide, Darwin and the Sunshine Coast, and a new centre in Kuala Lumpur. Demand from artificial intelligence (AI) and cloud customers drove a 202% increase in contracted capacity to 740 megawatts in FY26. Net revenue rose 16% to $405.0m and underlying earnings before interest, tax, depreciation and amortisation (EBITDA) rose 15% to $248.8m, both above guidance.

The reported net profit of $82.1m includes a $128.8m gain from an accounting change that now carries leased data centres at fair value. Without it the company made a pre-tax loss of about $100m. Capital spending was $3.4 billion, funded by a $1.5 billion entitlement offer at $12.70, $1.7 billion of hybrid securities, new debt and, after year end, $1.1 billion of convertible notes. Two customers provide about half of revenue. No dividend is paid, and the company does not expect to pay one for at least two years.

On 21 October the company cut its FY27 guidance for net revenue from $615–640m to $475–500m, and for underlying EBITDA from $385–410m to $245–265m. Jemena does not expect to restart the M3 power works before February 2027, although the Board told

us an alternative route through industrial land is being developed and may be announced within weeks. New developments and land purchases are on hold, and the company has warned that the delay could affect its ability to draw on its undrawn senior debt. The shares closed at $5.35 on 21 October, compared with $14.58 at 30 June. On 4 November a joint venture of Goodman Group and Digital Realty sought to buy up to 9.9% of NEXTDC at $9.50 a share, and the shares have since risen by 46% to $9.56.

Financial performance

(As at FYE)	**2026**	**2025**	**2024**	**2023**	**2022**
NPAT ($m)	82.1	(60.5)	(44.1)	(25.6)	9.1
UPAT ($m)	n/a	n/a	n/a	n/a	n/a
Share price ($)	14.58	14.50	17.63	12.58	10.64
Dividend (cents)	0	0	0	0	0
Simple TSR (%)	0.6	(17.8)	40.1	18.2	(10.3)
EPS (cents)	12.45	(9.59)	(8.33)	(5.55)	2.00
CEO total remuneration, actual ($m)	6.26	5.12	2.82	4.50	5.69

Simple TSR is calculated by dividing the change in share price plus dividends paid during the year, excluding franking, by the share price at the start of the year.

NEXTDC does not report an underlying net profit; its main earnings measure is underlying EBITDA ($248.8m, $216.7m, $204.3m, $193.7m and $169.0m for FY26 to FY22). FY26 net profit includes the $128.8m fair value gain. FY23 figures are as originally reported (restated to a $22.0m loss and EPS of (4.77) cents in FY24). CEO actual remuneration is the company's "remuneration received" figure. EPS and UPAT figures differ from our earlier reports; these are taken from the annual reports.

Governance and culture

The Board has eight directors: Chair Doug Flynn, CEO Craig Scroggie and six other non-executive directors. Three directors (37.5%) are women, against the company's target of 40% women, 40% men and 20% any gender by 2030; the Board told us the two directors who are retiring are both men. The company regards all seven non-executive directors as independent. ASA's guidelines treat a director who has served more than 12 years as no longer independent, which now applies to Mr Flynn and Mr Davis, both appointed in September 2013. On 26 October the Board announced that Mr Flynn will step down once a new chair is appointed and Mr Davis once new directors are in place, with successors targeted by the end of March 2027.

The Board's skills matrix lists 21 skill areas but shows only the skills of the Board as a whole, not of each director, which ASA raised in 2025. Our own review of the directors' disclosed backgrounds suggests that artificial intelligence, cyber security and workplace safety are the least represented skills. The Chair agreed that the renewed Board will revisit individual skills disclosure, and that directors standing for election will describe their contributions at the AGM.

US-based director Stephen Smith, who has served since 2019 and is chief executive of Zayo Group, still holds no NEXTDC shares, despite undertaking at the 2025 AGM to buy shares at the earliest opportunity. ASA has raised this every year since 2021. The Board's policy is for directors to hold shares worth one year's fees within three years, but the Chair told us this is a recommendation rather than a requirement, and the Board cited US tax complications.

Key events

April–May 2026: a $1.5 billion one-for-5.4 entitlement offer at $12.70. It was non-renounceable, as was the 2023 raising; ASA prefers renounceable offers so that shareholders who do not take up their entitlement receive some value.

September 2026: $1.1 billion of convertible notes issued to institutional investors, convertible at $16.70.

October 2026: trading halt on 19 October, then FY27 guidance cut because of the M3 power delay.

26 October 2026: board renewal announced; Resolutions 5 and 7 withdrawn; the CEO forgoes his FY27 short and long-term incentives with no replacement award; directors' fees cut by 10%.

4 November 2026: a share raid by a joint venture of Goodman Group and Digital Realty, seeking up to 9.9% of NEXTDC at $9.50 a share through an aftermarket book build open only to institutional investors. The joint venture said it has no intention of making a takeover bid "at this time", and the Board described the raid as opportunistic.

Key board or senior management changes

Dr Gregory Clark and Jennifer Lambert retired in November 2025. Deborah Page AM, who now chairs the Audit and Risk Committee, and Jamaludin Ibrahim, a former chief executive of Malaysian telecommunications group Axiata, joined the Board on 1 November 2025. Spencer Stuart is searching for a new chair and an independent director with data centre, infrastructure or capital experience.

Sustainability/ESG

NEXTDC published its first climate report under the new Australian standard, reviewed by PwC. Data centres use large amounts of electricity and water, and the company reports power usage effectiveness of 1.49 across its portfolio. The M3 delay shows that community acceptance of new power and water infrastructure is now a material business risk. The Board told us it is appointing a senior community engagement leader reporting to a board committee, and will now avoid sites near residential areas.

ASA focus issues (not discussed above or under remuneration report or re-election of directors)

Hybrid AGM. NEXTDC holds a full hybrid meeting with online voting and questions, which ASA supports.

AI and cyber security. The Board has adopted an AI policy and receives regular cyber security reports through the Audit and Risk Committee. We will ask how the Board is strengthening its own expertise in these areas.

Audit and political donations. PwC remains auditor. The audit has not been formally tendered; the market was tested when the audit partner last rotated. The company makes no political donations.

4. Rationale for Voting Intentions

Resolution 1 Remuneration Report (against)

At the 2025 AGM, 71.88% of votes were cast against the Remuneration Report, mainly because of the one-off $150m Growth Incentive Plan (GIP) that was not put to shareholders, the Board's use of discretion, and the design of the long-term incentive (LTI). ASA supported the report last year in view of the competition for data centre executives.

The Board has engaged widely and explained its position, but has made no structural change, and the Chair confirmed at our meeting that its position has not changed. Half of each LTI grant is "restricted rights" that vest after three to five years if the executive is still employed and the share price has risen. ASA does not regard these as performance pay: in 2026 the FY24 restricted rights vested while the performance-tested rights vested at nil. The other half is tested only against relative total shareholder return (TSR), and half of it vests after three years; ASA prefers at least two measures and, for a capital-intensive business, a period of at least four years, which we raised in 2023. The Board also used its discretion to vest 50% of the four-year FY22 LTI, even though NEXTDC's TSR of 32% was below the index return of 43%. Half of the short-term incentive (STI) is deferred for a year, but executives can take it in cash; ASA expects at least half the STI to be paid in shares.

The CEO's fixed pay rose 7% in FY26 and will rise 5% in FY27, after a 10% increase in FY25, and his actual pay has risen from $2.8m in FY24 to $6.3m in FY26 while shareholders' returns have been flat. On ASA's measure, 56% of his maximum pay is genuinely at risk, below our preferred 60%. ASA does not consider the level of the CEO's pay excessive compared with peers. We welcome the CEO's decision to forgo his FY27 incentives and the Board's assurance that it will not use discretion to increase awards, but a one-year forfeit does not change the structure. We intend to vote against.

Resolution 2 Re-election of Mr Stuart Davis as a Director (for)

Mr Davis joined the Board in September 2013 and chairs the Remuneration and Nomination Committee. He was a senior HSBC executive for more than 30 years, including as chief executive of HSBC Bank Australia and HSBC India, and is a director of Appen. He holds shares worth more than three times his annual fees.

Mr Davis has served more than 12 years, so ASA no longer regards him as independent, and ASA expects the Remuneration Committee to be chaired by an independent director. On 26 October the Board announced that Mr Davis intends to stand down once new directors are in place, and the Chair told us successors are targeted by the end of March 2027. As there is a plan for his exit within his term, we intend to vote for. We will ask that an independent director chair the Remuneration Committee when the new directors join.

Resolution 3 Re-election of Dr Eileen Doyle as a Director (for)

Dr Doyle joined the Board in August 2020 and is a member of the Audit and Risk Committee. She has wide board and government experience, including as chair of Port Waratah Coal Services and deputy chair of CSIRO, and is a director of DBI Limited (Dalrymple Bay Infrastructure). She is independent, has a manageable workload and holds shares worth about twice her fees.

The Audit and Risk Committee oversees the company's disclosure to the market. The Board told us that management treated Jemena's work stoppage as an engineering problem until Jemena's formal notice on 7 October, that directors learned of it on 17 and 18 October, and that trading was halted on 19 October. Dr Doyle was not directly involved in that timeline, the Board acted soon after management advised it, and corrective action is being put in place while an alternative power route is developed. We intend to vote for, as we did in 2023.

Resolution 4 Re-election of Mrs. Maria Leftakis as a Director (for)

Mrs Leftakis joined the Board in August 2023 and is a member of the Audit and Risk and the Remuneration and Nomination Committees. She has more than 30 years' experience in corporate governance and shareholder engagement, was chief executive and then chair of Sodali & Co in Asia-Pacific, and has chaired Alleato since June 2026. She holds shares worth almost five times her fees.

In 2023 ASA questioned her independence because NEXTDC had paid Sodali & Co for services, and Sodali & Co provided remuneration benchmarking in FY24 and FY25. This was covered at our pre-AGM meeting. NEXTDC did not use Sodali & Co for benchmarking in FY26, fees in the earlier years were less than $50,000 a year, and the Board manages conflicts of interest under its board policy. Mrs. Leftakis adds valuable board and shareholder engagement experience, and the disclosure question is answered as for Dr Doyle. We intend to vote for.

Resolution 5 Increase in the maximum aggregate annual remuneration of Non-Executive Directors (withdrawn)

The Board withdrew this resolution on 26 October. It will manage board renewal within the existing $2.2m pool, and directors have taken an immediate 10% cut in fees. ASA had intended to vote against, because our guidelines expect directors' fees to be reduced, not increased, when market value has fallen substantially. We welcome the Board's response.

Resolution 6 Placement capacity refresh (Ratification of issue of Convertible Notes) (against)

In September the company issued $1.1 billion of convertible notes to institutional investors only. They could convert into up to 65.9 million shares (8.7% of issued shares), or 86.8 million if there were a change of control. Ratification would restore the company's ability to issue a further 15% of its shares without shareholder approval. ASA generally votes against refreshing placement capacity unless retail shareholders were able to participate, for example through a share purchase plan. The 2024 placement we supported included one; this issue did not.

The Board told us it has no plans to raise equity, does not want to make placements or institution-only raisings, and prefers pro-rata entitlement offers. We welcome this, but it is not a binding commitment. We intend to vote against.

Resolution 7 Approval of grant of Performance Rights and Restricted Rights to Mr Craig Scroggie under the FY27 Long Term Incentive Plan (withdrawn)

The Board withdrew this resolution on 26 October, and the CEO has forgone his FY27 short and long-term incentives with no replacement award. The grant would have been 145,914 restricted rights not linked to performance and 145,916 performance rights tested against a single measure, the same structure shareholders opposed in 2025. ASA had intended to vote against. Mr Scroggie continues to hold 3.6 million GIP rights, which the Board told us will not be retested or changed.

Resolution 8 Conditional Board Spill Meeting Resolution (against, if put)

If 25% or more of votes are cast against the Remuneration Report, shareholders will vote on whether to hold a meeting within 90 days at which all non-executive directors would stand for re-election. ASA does not support a spill automatically. Board renewal is now under way, with a new chair and director targeted by March 2027, and a spill meeting while the company is resolving the M3 delay and managing its debt facilities would cause significant disruption. We believe our concerns are better addressed through our vote on Resolution 1. We intend to vote against but will reconsider if the Board's response at the AGM is inadequate.

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Appendix 1
Remuneration framework detail

CEO rem. Framework for FY27	Target* $m	% of Total	Max. Opportunity $m	% of Total
Fixed Remuneration	1.883	25.0%	1.883	22.2%
STI - Cash	0.941	12.5%	1.412	16.7%
STI - Deferred (cash or equity at CEO's election)	0.941	12.5%	1.412	16.7%
LTI - Performance rights	1.883	25.0%	1.883	22.2%
LTI - Restricted rights	1.883	25.0%	1.883	22.2%
Total	**7.531**	100.0%	**8.472**	100%

The amounts in the table above are the amounts envisaged in the design of the remuneration plan for Mr Scroggie in FY27. The CEO has forgone his FY27 STI and LTI, so his FY27 pay will be fixed remuneration, apart from awards from earlier years; the Board intends to keep this structure. *Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting. NEXTDC does not disclose a target; the STI target shown assumes 100% of fixed pay (maximum 150%). The LTI is shown at its maximum of 200% of fixed pay. The amounts exclude the one-off Growth Incentive Plan.