



ASX Appendix 4D

Results for Announcement to the Market

For the half-year ended 31 December 2023 ("1H24")

Previous corresponding period: to 31 December 2022 ("1H23")

Summary of financial information

	Note	1H24 \$'000	1H23 \$'000	Change \$'000	Change %
Revenue from ordinary activities		209,118	159,683	49,435	31%
Profit/(loss) from ordinary activities after income tax for the period attributable to members		(22,485)	(2,782)	(19,703)	nmf
Profit/(loss) after income tax attributable to members		(22,485)	(2,782)	(19,703)	nmf

NTA Backing

	1H24	1H23
Net tangible asset backing per ordinary share	\$4.25	\$3.60

Dividends

No dividend has been proposed or declared for the period ended 31 December 2023.

For personal use only

NEXTDC Limited

ABN 35 143 582 521

**Interim financial report
for the half-year ended 31 December 2023**

Contents

	Page
Directors' Report	1
Auditor's Independence Declaration	5
Interim financial statements	
Consolidated Statement of Comprehensive Income	6
Consolidated Balance Sheet	7
Consolidated Statement of Changes in Equity	8
Consolidated Statement of Cash Flows	9
Notes to the Consolidated Financial Statements	10
Independent Auditor's Review Report to the Members	17

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by NEXTDC Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

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

NEXTDC Limited
20 Wharf Street
Brisbane Qld 4000

The Directors of NEXTDC Limited present their report on the consolidated entity (referred to hereafter as "the Group") consisting of NEXTDC Limited ("NEXTDC" or "the Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2023 ("1H24").

Directors

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

Douglas Flynn
 Craig Scroggie
 Stuart Davis
 Dr Gregory J Clark AC
 Stephen Smith
 Jennifer Lambert
 Dr Eileen Doyle
 Maria Leftakis (appointed 24 August 2023)

Principal activities

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

Operating and financial review

NEXTDC is pleased to announce its interim results for the half-year ended 31 December 2023 that saw continued ongoing growth in data centre revenue, as well as an increase in underlying EBITDA.

As at 31 December 2023:

- Contracted utilisation increased 64.8MW (77%) to 149.0MW (31 December 2022: 84.2MW)
- Record forward order book of 68.8MW⁽¹⁾ projected to ramp up over FY25 to FY29, underpinning future growth in revenues and earnings
- The number of interconnections rose by 906 (5%) to 18,207 (31 December 2022: 17,301)

Key financial highlights include:

- Total revenue grew \$49.4 million (31%) to \$209.1 million (1H23: \$159.7 million)
- Underlying EBITDA rose \$4.5 million (5%) to \$102.0 million (1H23: \$97.5 million)
- Liquidity (cash and undrawn senior debt facilities) of \$2.1 billion at 31 December 2023

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

	1H24	1H23
	\$'000	\$'000
Net profit/(loss) after tax	(\$22,485)	(\$2,782)
Add: finance costs	\$49,412	\$31,281
Less: interest income	(\$15,608)	(\$4,482)
Add: income tax expense	\$6,409	\$1,833
Add: depreciation and amortisation	\$79,029	\$66,048
EBITDA	\$96,757	\$91,898
Add: early stage international operating expenses	\$1,545	\$1,703
Add: costs expensed in relation to acquisition opportunities	\$319	\$502
Add: share of loss on investment in associate	\$3,369	\$2,055
Add: impairment of investment in associate	-	\$1,342
Underlying EBITDA	\$101,990	\$97,500

⁽¹⁾ Forward order book represents the difference between the contracted utilisation (149.0MW) and billing utilisation (80.2MW) at the end of 1H24

Operating and financial review (continued)

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

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

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

	Segment revenues		Segment EBITDA	
	1H24 \$'000	1H23 \$'000	1H24 \$'000	1H23 \$'000
Consolidated entity				
Victoria	66,233	53,883	45,771	42,618
NSW/ACT	108,342	75,576	60,269	55,609
Rest of Australia	32,453	28,710	21,263	21,461
International	89	-	(984)	(940)
Other	2,001	1,514	1,303	862
Total segment revenue/EBITDA	209,118	159,683	127,622	119,610

Segment EBITDA reconciles to Group EBITDA as follows:

	1H24 \$'000	1H23 \$'000
Segment EBITDA	\$127,622	\$119,610
Less: employee benefits expense (non-facility staff)	(\$17,121)	(\$14,552)
Less: overheads and other expenses	(\$10,960)	(\$10,240)
Add: other income	\$585	\$477
Less: share of loss on investment in associate	(\$3,369)	(\$3,397)
EBITDA	\$96,757	\$91,898

Operational developments and performance

NEXTDC invested \$220 million during the half-year to progress capital development projects. S3 Sydney added 4MW of built capacity to support contracted customer requirements, with a further 20MW in progress and another 20MW in plan. 3MW of built capacity was added at M2 Melbourne to support customer contracts, with 12MW in progress and a further 15MW in plan.

Development works continue at A1 Adelaide, D1 Darwin and NE1 Newman, with A1 Adelaide expected to open to customers in 1HFY25. Planning and development works continue for NEXTDC's international sites KL1 Kuala Lumpur and AK1 Auckland. Planning works also continue for S4 and S5 Sydney, and M4 Melbourne.

Smart cooling system upgrades were installed across S1 Sydney, M1 Melbourne and P1 Perth to deliver more efficient winter cooling performance from the facilities.

NEXTDC was also granted Digital Transformation Agency (DTA) Certified Strategic status for S3 Sydney and M3 Melbourne, putting these sites in a stronger position to serve Government clients.

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

For personal use only

Sales performance

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

During 1H24, NEXTDC generated new sales of 26.8MW to finish the period with contracted utilisation of 149.0MW. As a percentage of installed capacity in NEXTDC's national portfolio, this represents approximately 106% of installed capacity being contracted.

NEXTDC continues to derive revenue from numerous product sources such as white space (including power recharge), rack ready services, establishment service fees and add-on services. Interconnections grew by 391 to 18,207 during 1H24.

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

Funding and financial position

The Company's \$2.9 billion Senior Debt Facilities are summarised as follows:

- \$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's balance sheet position is underpinned by more than \$3.8 billion in total assets.

Subsequent events

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

- On 6 February 2024, NEXTDC Limited settled on the first land parcel for its data centre site S4 Sydney, in Western Sydney, for an amount of \$87 million.

Dividends

No dividend has been declared or paid during the half-year ended 31 December 2023 (1H23: nil).

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

Rounding of amounts

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

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



Craig Scroggie
Managing Director and Chief Executive Officer

27 February 2024

For personal use only



Auditor's Independence Declaration

As lead auditor for the review of NEXTDC Limited for the half-year ended 31 December 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

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

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

Michael Shewan
Partner
PricewaterhouseCoopers

Brisbane
27 February 2024

NEXTDC Limited
Consolidated Statement of Comprehensive Income
For the half-year ended 31 December 2023

		Consolidated entity	
		31 December	31 December
		2023	2022
Note		\$'000	\$'000
REVENUE FROM CONTINUING OPERATIONS			
	Revenue from contracts with customers	3 209,118	159,683
OTHER INCOME			
	Other income	3 16,530	4,213
EXPENSES			
	Direct costs	(60,019)	(21,321)
	Employee benefits expense	(24,705)	(21,345)
	Data centre facility costs	(12,281)	(10,244)
	Depreciation and amortisation expense	(79,029)	(66,048)
	Professional fees	(2,412)	(1,422)
	Marketing costs	(820)	(747)
	Office and administrative expenses	(9,677)	(9,040)
	Finance costs	4(a) (49,412)	(31,281)
	Share of loss on investment in associate	7 (3,369)	(2,055)
	Impairment of investment in associate	7 -	(1,342)
	Profit/(loss) before income tax	(16,076)	(949)
	Income tax benefit/(expense)	5 (6,409)	(1,833)
	Profit/(loss) after income tax	(22,485)	(2,782)
PROFIT/(LOSS) IS ATTRIBUTABLE TO:			
	Owners of NEXTDC Limited	(22,485)	(2,782)
OTHER COMPREHENSIVE INCOME			
	Exchange differences on translation of foreign operations	(1,031)	(234)
	Gains/(losses) on cash flow hedges	(8,725)	2,302
	Hedging (gain)/loss reclassified to profit or loss	(12,819)	(7,682)
	Costs of hedging	181	(426)
	Income tax relating to these items	6,409	1,833
	Total comprehensive income	(38,470)	(6,989)
Attributable to:			
	Owners of NEXTDC Limited	(38,470)	(6,989)
		Cents	Cents
EARNINGS/(LOSS) PER SHARE FOR PROFIT/(LOSS) ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE GROUP:			
	Basic earnings/(loss) per share	(4.37)	(0.61)
	Diluted earnings/(loss) per share	(4.37)	(0.61)

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

NEXTDC Limited
Consolidated Balance Sheet
As at 31 December 2023

		Consolidated entity	
		31 December	30 June
		2023	2023
Note		\$'000	\$'000
ASSETS			
Current assets			
	Cash and cash equivalents	589,467	765,841
	Trade and other receivables	65,067	54,186
	Derivative financial instruments	3,317	8,727
	Other assets	25,840	24,500
	Total current assets	683,691	853,254
Non-current assets			
	Property, plant and equipment	6 3,044,227	2,894,900
	Intangible assets	53,981	51,979
	Other assets	19,737	18,565
	Investment in associates	7 2,902	6,271
	Derivative financial instruments	8,186	25,030
	Total non-current assets	3,129,033	2,996,745
	Total assets	3,812,724	3,849,999
LIABILITIES			
Current liabilities			
	Trade and other payables	70,294	72,537
	Lease liabilities	6,904	6,681
	Revenue received in advance	10,171	12,548
	Total current liabilities	87,369	91,766
Non-current liabilities			
	Provisions	1,684	1,384
	Revenue received in advance	43,303	44,839
	Borrowings	8 1,370,418	1,365,429
	Lease liabilities	70,355	69,963
	Total non-current liabilities	1,485,760	1,481,615
	Total liabilities	1,573,129	1,573,381
	Net assets	2,239,595	2,276,618
EQUITY			
	Contributed equity	9 2,371,729	2,371,154
	Reserves	13,852	28,965
	Accumulated losses	(145,986)	(123,501)
	Total equity	2,239,595	2,276,618

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

NEXTDC Limited
Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2023

	Note	Attributable to owners of NEXTDC Limited			Total equity \$'000
		Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	
Consolidated entity					
Balance at 1 July 2022		1,762,663	33,725	(97,860)	1,698,528
Profit/(loss) for the period		-	-	(2,782)	(2,782)
Other comprehensive income		-	(4,207)	-	(4,207)
Total comprehensive income for the period		-	(4,207)	(2,782)	(6,989)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax		(22)	-	-	(22)
Share based payments - conversion of rights to shares		3,713	(3,713)	-	-
Share-based payments - value of employee services		-	1,965	-	1,965
		<u>3,691</u>	<u>(1,748)</u>	<u>-</u>	<u>1,943</u>
Balance at 31 December 2022		1,766,354	27,770	(100,642)	1,693,482
Balance at 1 July 2023		2,371,154	28,965	(123,501)	2,276,618
Profit/(loss) for the period		-	-	(22,485)	(22,485)
Other comprehensive income		-	(15,985)	-	(15,985)
Total comprehensive income for the period		-	(15,985)	(22,485)	(38,470)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs		(42)	-	-	(42)
Share based payments - conversion of rights to shares	9	617	(617)	-	-
Share-based payments - value of employee services		-	1,489	-	1,489
		<u>575</u>	<u>872</u>	<u>-</u>	<u>1,447</u>
Balance at 31 December 2023		2,371,729	13,852	(145,986)	2,239,595

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

NEXTDC Limited
Consolidated Statement of Cash Flows
For the half-year ended 31 December 2023

	Consolidated entity	
	31 December	31 December
	2023	2022
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	219,359	177,327
Payments to suppliers and employees (inclusive of GST)	(138,398)	(89,631)
	80,961	87,696
Interest paid	(39,107)	(21,105)
(Payments for)/proceeds from bank guarantees	(430)	(195)
Interest received	15,845	4,911
Net cash inflow from operating activities	57,269	71,307
Cash flows from investing activities		
Payments for property, plant and equipment	(223,218)	(351,808)
Payments for intangible assets	(9,257)	(11,682)
Net cash (outflow) from investing activities	(232,475)	(363,490)
Cash flows from financing activities		
Proceeds from borrowings	-	200,000
Transaction costs paid in relation to issue of shares	(42)	(22)
Principal elements of lease payments	(764)	(526)
Net cash (outflow) inflow from financing activities	(806)	199,452
Net (decrease) in cash and cash equivalents	(176,012)	(92,731)
Cash and cash equivalents at the beginning of the period	765,841	456,562
Effects of exchange rate changes on cash and cash equivalents	(362)	-
Cash and cash equivalents at the end of the period	589,467	363,831

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

1 Basis of preparation of half-year report

These financial statements for the half-year reporting period ended 31 December 2023 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by NEXTDC Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

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

2 Segment information

(a) Description of segments

Management considers the business from a geographic perspective and has identified five reportable segments, being each geography where the Group operates data centre facilities and the last capturing financial information from operations that do not naturally fit into any particular geography. 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 prior 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

Half-Year to 31 Dec 2023	Victoria \$'000	NSW/ACT \$'000	Rest of Australia \$'000	Inter- national \$'000	Other \$'000	Total \$'000
Revenue from external customers	66,233	108,342	32,453	89	2,001	209,118
Direct and facility costs	(18,014)	(44,787)	(9,109)	(151)	(239)	(72,300)
Employee benefits expense	(2,438)	(2,686)	(2,001)	(387)	(72)	(7,584)
Other expenses	(10)	(600)	(80)	(535)	(387)	(1,612)
Segment EBITDA	45,771	60,269	21,263	(984)	1,303	127,622
Assets - 31 Dec 2023						
Segment assets	1,017,119	1,371,624	544,866	82,341	-	3,015,950
Unallocated assets	-	-	-	-	796,774	796,774
Total segment assets	1,017,119	1,371,624	544,866	82,341	796,774	3,812,724

2 Segment information (continued)

(b) Segment information provided to management (continued)

Half-Year to 31 Dec 2022	Victoria \$'000	NSW/ACT \$'000	Rest of Australia \$'000	Inter- national \$'000	Other \$'000	Total \$'000
Revenue from external customers	53,883	75,576	28,710	-	1,514	159,683
Direct and facility costs	(9,216)	(16,920)	(5,080)	-	(349)	(31,565)
Employee benefits expense	(2,002)	(2,400)	(1,924)	(407)	(60)	(6,793)
Other expenses	(47)	(647)	(245)	(533)	(243)	(1,715)
Segment EBITDA	42,618	55,609	21,461	(940)	862	119,610
Assets - 31 Dec 2022						
Segment assets	857,450	1,263,470	441,832	31,284	-	2,594,036
Unallocated assets	-	-	-	-	558,599	558,599
Total segment assets	857,450	1,263,470	441,832	31,284	558,599	3,152,635

(c) Other segment information

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

	Consolidated entity	
	31 December	31 December
	2023	2022
	\$'000	\$'000
Total segment EBITDA	127,622	119,610
Employee benefits expense (non-facility staff)	(17,121)	(14,552)
Other income	16,193	4,959
Finance costs	(49,412)	(31,281)
Depreciation and amortisation expense	(79,029)	(66,048)
Overheads and other expenses	(10,960)	(10,240)
Investment in associate	(3,369)	(3,397)
Profit/(loss) before tax	(16,076)	(949)

3 Revenue

	Consolidated entity	
	31 December	31 December
	2023	2022
	\$'000	\$'000
FROM CONTINUING OPERATIONS		
Data centre services revenue	206,716	158,693
Rental revenue from landbank properties	2,402	990
Total revenue from contracts with customers	209,118	159,683

	Consolidated entity	
	31 December	31 December
	2023	2022
	\$'000	\$'000
Other gains/(losses) - net	337	(746)
Interest income	15,608	4,482
Other items included in gains	585	477
Total other income	16,530	4,213

4 Other income and expense items

(a) Finance costs

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

	Consolidated entity	
	31 December	31 December
	2023	2022
	\$'000	\$'000
<i>Finance costs</i>		
Interest expense on lease liabilities	(2,816)	(2,780)
Interest expense and finance charges	(46,596)	(28,501)
	(49,412)	(31,281)

5 Income tax expense

(a) Income tax expense

	Consolidated entity	
	31 December 2023 \$'000	31 December 2022 \$'000
Total current tax expense	-	-
Deferred income tax expense/(benefit) included in income tax expense/(benefit) comprises:		
(Increase)/decrease in deferred tax assets	7,162	2,395
(Decrease)/increase in deferred tax liabilities	(753)	(562)
Total deferred tax expense/(benefit)	6,409	1,833
Income tax expense/(benefit)	6,409	1,833

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

	Consolidated entity	
	31 December 2023 \$'000	31 December 2022 \$'000
Profit/(loss) from continuing operations before income tax expense	(16,076)	(949)
Tax at the Australian tax rate of 30.0% (2023 - 30.0%)	(4,823)	(285)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	213	(1,675)
Derecognition of temporary differences on current year tax losses	4,810	2,628
Derecognition/(re-recognition) of previously recognised temporary differences	6,065	928
Permanent differences (excluding prior period adjustments and share based payments)	144	237
Income tax expense/(benefit)	6,409	1,833

(c) Amounts recognised directly in equity

	Consolidated entity	
	31 December 2023 \$'000	31 December 2022 \$'000
Aggregate current and deferred tax arising in the reporting period and recognised through other comprehensive income or through equity:		
Deferred tax credited/(debited) directly to equity	(6,409)	(1,833)

5 Income tax expense (continued)

(d) Tax losses

	Consolidated entity	
	31 December	31 December
	2023	2022
	\$'000	\$'000
Unused tax losses for which no deferred tax asset has been recognised	97,295	65,668
Potential tax benefit @ 30.0%	29,189	19,700

6 Property, plant and equipment

During the period NEXTDC invested approximately \$220 million in the development of S3 Sydney, M2 Melbourne, A1 Adelaide, D1 Darwin and NE1 Newman, as well as other expansion and improvement activities across our data centres.

7 Investments accounted for using the equity method

The carrying amount of equity-accounted investments has changed as follows in the six months to 31 December 2023:

	Consolidated entity	
	31 December	30 June
	2023	2023
	\$'000	\$'000
Beginning of the period	6,271	8,315
Additions	-	4,017
Share of loss	(3,369)	(4,262)
Impairment charge	-	(1,799)
End of the period	2,902	6,271

(a) Impairment

NEXTDC's 33.6% stake in Sovereign Cloud Holdings Limited (ASX: SOV) was tested for impairment at the reporting date. No impairment charge was recorded.

8 Borrowings

The Company's \$2.9 billion Senior Debt Facilities are summarised as follows:

- \$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 \$600 million drawn under the facilities have their base interest rate fixed until 3 December 2024, while the remaining \$800 million drawn have their base rate fixed until 3 December 2025.

A derivative asset and associated cash flow hedge reserve has been taken up at 31 December 2023 to account for these transactions.

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

9 Contributed equity

(i) Ordinary shares

As part of NEXTDC's Equity Incentive Plan, which is offered to employees to create alignment with the Group's strategic objectives, 61,162 ordinary shares were issued on 18 September 2023. These shares were issued following the vesting of deferred STI share rights.

10 Contingencies

The Group had no contingent liabilities at 31 December 2023 (30 June 2023: nil).

11 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 6 February 2024, NEXTDC Limited settled on the first land parcel for its data centre site S4 Sydney, in Western Sydney, for an amount of \$87 million.

In the Directors' opinion:

- (a) the interim financial statements and notes set out on pages 6 to 15 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date and
- (b) there are reasonable grounds to believe that NEXTDC Limited will be able to pay its debts as and when they become due and payable.

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



Craig Scroggie
Managing Director and Chief Executive Officer

27 February 2024

For personal use only



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

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of NEXTDC Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated balance sheet as at 31 December 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of NEXTDC Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

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

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

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

Liability limited by a scheme approved under Professional Standards Legislation.



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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

PricewaterhouseCoopers

Michael Shewan

Michael Shewan
Partner

Brisbane
27 February 2024

For personal use only