FROST & SULLIVAN

NEXTDC

NEXTDC RECEIVES THE 2023 COMPANY OF THE YEAR AWARD

Identified as best in class in the Australian data center services industry

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. NEXTDC excels in many of the criteria in the data center services space.

AWARD CRITERIA

Visionary Innovation & Performance	Customer Impact
Addressing Unmet Needs	Price/Performance Value
Visionary Scenarios Through Mega Trends	Customer Purchase Experience
Implementation of Best Practices	Customer Ownership Experience
Leadership Focus	Customer Service Experience
Financial Performance	Brand Equity

A Market Snapshot

The accelerated deployment of digital transformation initiatives, increasing adoption of data-intensive disruptive technologies, and the rising uptake of public cloud services continue to drive the growth of data storage and processing that underpins the data center services market. Moreover, ongoing technology advancements (including the advent of iterative artificial intelligence [AI], the Metaverse and Web 3.0) and the subsequent requirement for best-in-class digital infrastructure will drive the Australian data center services space in the coming years.

Furthermore, climate change realities and sustainability targets are increasingly important factors shaping customer requirements from the industry. Market participants face mounting pressure from governments, clients, and stakeholders to enhance their energy efficiencies, reduce carbon emissions, and increase sustainability. Moreover, service providers must create strategic differentiation through customer value enhancement to stand out and succeed in the highly competitive Australian market.

Despite increasing demand, several challenges restrain the Australian data center services space. Skilled labor shortages, perpetuated by evolving and increasingly complex data center environments, continue to impact private on-premise builds while bolstering the value proposition for premium colocation.

Founded in 2010 and headquartered in Brisbane, Australia, NEXTDC is an innovative Australian Securities Exchange 100-listed technology company (ASX: NXT) that enables business transformations by delivering solutions that power, secure, and connect digital infrastructure for enterprise and government customers.

Besides market-leading data center colocation services, the company offers corporate cloud connectivity, carbon-neutral data center-as-a-service, universal physical and virtual interconnection, cloud center ecosystems, and data center asset management solutions. To this end, NEXTDC operates 12 data centers and manages 17,301+ interconnections to empower 1,701+ customers worldwide to meet their digital transformation goals and achieve desired business outcomes.

In 2022 Frost & Sullivan recognized NEXTDC for its strategic expansion, focus on addressing emerging needs, successful best practice implementations, and remarkable customer experience journeys. Frost & Sullivan remains impressed with the company's continuing innovation market focus.

NEXTDC: Australia's Leading Digital Infrastructure Platform

NEXTDC demonstrates strong focus and commitment towards offering the highest standards in service availability, including a 100% uptime guarantee. To this end, the company engineers and constructs its nationwide network of premium, completely fault tolerant data centers to Uptime Institute's Tier III, Tier IV, and Gold-certified standards for operational excellence. To strengthen this value proposition, NEXTDC equips its data centers and custom colocation solutions with patented and globally recognized engineering innovations to offer high levels of flexibility, resilience, and sustainability. These world-class facilities act as leading interconnection hubs that orchestrate critical connectivity. Moreover, the company's highly certified facilities empower customers with industry-leading security and data sovereignty. As a result of these unique capabilities, NEXTDC creates a strong value proposition for global cloud service providers and global/regional enterprises looking to host localized infrastructure in Australia.

Partner First Delivery Model Driving Rich Ecosystem

Founded on deep partnerships across the information and communication technology industry, NEXTDC supports customers with seamless connectivity to Australia's richest hosted ecosystem of cloud platforms and digital service providers. The company's digital ecosystem incorporates 770+ specialist networks and solution providers. NEXTDC offers its 100% vendor- and carrier-neutral partner ecosystem as a unique and complimentary business-to-business platform that enables customers to interconnect and collaborate with cloud platforms, service providers, and vendors to build integrated hybrid cloud deployments and seamlessly scale their information technology (IT) infrastructure and services. Moreover, the company builds on this partner ecosystem by incorporating differentiated and scalable solutions to embed flexibility, speed, and agility into its digital infrastructure platform, thereby supporting its customers' operational continuity and future readiness. Overall, NEXTDC facilitates successful digital businesses by leveraging its strategically built partner ecosystem to enable the critical core infrastructure that empowers customers to embrace an increasingly dynamic digital environment.

> *"NEXTDC demonstrates a continued focus on strategic investments in the Australian market and alignment with shifting industry dynamics. The service provider's initiatives to strengthen customer value and create strategic differentiation enables it to drive sustained growth."*
>
> *- Nishchal Khorana,*
> *Vice President and Global Program Leader, ICT*

Third Generation Facilities Meeting Customer Growth Requirements

NEXTDC strives to further strengthen its leadership in the Australian market by addressing the industry's growing data center infrastructure demands through the continual, customer-led, and strategic expansion of its data center network. Within this context, in the financial year 2023 (FY2023), the company opened its Sydney S3 and Melbourne M3 facilities and expanded its Melbourne M2 campus, securing critical capacity expansion to support these key market's growth over the next decade. The state-of-the-art S3 and M3 facilities represent the third generation of the company's digital infrastructure platform and will drive its medium-term domestic growth.

Providing scale that will support the future growth requirements of key customers and the nation, some key metrics highlighting NEXTDC's new facility launches and data center expansions include:

- Launched in September 2022, the S3 stage 1 facility opened with 12 megawatts (MW) of available capacity and comprises over 26,000 square meters (m^2) of data halls and ancillary infrastructure, delivering more than 20,000 m^2 of critical IT space. Upon completion, stage 1 and stage 2 (estimated to come online in the fourth quarter of FY2023) will deliver 40 MW of IT capacity each.

- Additionally, in October 2022, NEXTDC opened its M3 facility with a 16.5 MW capacity, comprising a 100,000 m^2 technology campus. Designed to be the company's largest data center facility (seven times larger than M1 and 2.5 larger than M2), the M3 campus will ultimately house 150 MW power capacity upon completion.

- NEXTDC acquired adjacent land to successfully expand its existing M2 campus' target IT capacity by 40 MW to 100 MW. Moreover, as part of its forward-thinking initiatives, the company has secured additional land next to its M2 and M3 facilities for modular, long-term expansions, positioning it to leverage the significant growth opportunities associated with the upcoming launch of two new public cloud platforms in Victoria.

Critical Infrastructure at the Edge

Reflecting customer requirements for infrastructure close to key production locations, the growing need for low latency and faster connections drives the market participants' urgency for dedicated edge strategy or architecture. Within this context, NEXTDC stands out through its low-latency value proposition for Australia's regional and remote businesses. Starting with the company's first edge data center on Queensland's Sunshine Coast (SC1), new world-class edge sites empower businesses and governments outside of major metropolitan centers with enhanced access to the cloud and digital infrastructure. Furthermore, NEXTDC's edge network is strategically located near critical telecommunications infrastructure. For instance, SC1 hosts the Sunshine Coast International Broadband Network Cable Landing Station with the cable connecting to the 7,000 kilometers-long Japan-Guam-Australia South submarine cable, providing customers with the country's fastest data interconnection to Asia.

NEXTDC plans to expand its edge data center network, with the launch of its new 1.5 MW capacity and 9,671 m^2 Port Hedland (PH1) facility scheduled for August 2023. Port Hedland, located in Australia's remote north-west Pilbara region, serves as the largest export center for the nation's booming mining and resources industry. Moving forward, NEXTDC will engineer all future edge data centers for modular

construction, enabling rapid future growth to address its regional customers' accelerating digital transformation needs.

Powerful NaaS Platform Interconnecting Clouds, Locations, People and Data

Moreover, as a critical differentiator, NEXTDC offers AXON, its powerful Network-as-a-Service (NaaS) interconnection platform that enables real-time, dynamic network connections to the leading cloud, digital services, and third-party data center providers (including over 70 networks and 17 public cloud on-ramps to AWS, Google, Microsoft, Oracle, IBM, Alibaba, OVH and AUCloud). Purpose-built to address the limitations of traditional IT architecture, the platform hosts public cloud availability zones to support its customers' increasingly dispersed hybrid environments. To this end, AXON empowers customers to re-think their digital edge's location and move it closer to the people, places, clouds, data, and applications that fuel growth. Moreover, the solution empowers customers with the organizational flexibility to unify and interconnect cloud platforms, partners, and digital services to facilitate their business growth seamlessly from one powerful platform. As a result, AXON enables customers to successfully address their growth, redundancy, backup, and disaster recovery challenges.

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>
> *- Sama Suwal,*
> *Best Practices Research Analyst*

In FY2022, NEXTDC extended the AXON ecosystem to include its fourth AWS Direct Connect interconnection platform with S2 Sydney. Additionally, the company announced Australia-wide direct low-latency connectivity to Google Cloud through the AXON network, with new physical direct on-ramp access points available at M2 Melbourne and B2 Brisbane.

NEXTDC demonstrates a continued focus on strategic investments in the Australian market and alignment with shifting industry dynamics. The service provider's initiatives to strengthen customer value and create strategic differentiation enables it to drive sustained growth. Furthermore, with its strategically growing data center infrastructure network, powerful partner ecosystem, and market-leading technology capabilities, NEXTDC is well-positioned to capitalize on new growth opportunities. The broad industry adoption of technology megatrends including AI, virtual/augmented reality, IoT, 5G, SatComm drive exponential growth, thereby cementing its position in the Australian data center services space.

A Foot in the Present and an Eye on the Future

NEXTDC proactively seeks new ways to enhance customer value by addressing its customers' unmet needs in the rapidly evolving digital landscape. The company focuses on its existing solution's continual improvement and new capability development to improve data center configuration flexibility and optimize resilience in mission-critical operational settings. In this context, these ongoing innovation efforts help NEXTDC differentiate by addressing the Australian market's emerging demands.

For instance, NEXTDC augments its value proposition by supporting customers' hitherto unmet need to implement and test rigorous mission-critical planning and risk mitigation strategies by empowering the teams and processes underpinning their global operation centers with the same resilience as their IT platforms. To this end, the company builds Mission Critical Operations spaces (MCX) into its new sites and retrospectively fits them into older-generation facilities to enable the critical infrastructure, people and operations that support the nerve center of its customers' businesses. Unlike traditional solutions, NEXTDC custom designs the MCX workspaces to meet unique customer requirements. The company leverages its proximity to the cloud and hyperscale colocation data centers to extend its infrastructure platform's fault tolerance, safety, security, and interconnectivity features to its customers' critical operational teams, applications, and processes. MCX offers highly secure and resilient workspaces designed to mitigate the operational risks associated with the unavailability of power, security, and interconnection.

Similarly, NEXTDC strengthens its data center offering's competitive edge through continual engineering, research, and development investments in advanced machine learning (ML) and AI technologies to further drive innovation and market-leading network design.

Carbon-neutral data center services

NEXTDC is committed to sustainability and renewable economics, which align well with the growing environmental concerns and changing consumer mindsets across the Australian data center services ecosystem. The company holds sustainability as one of its core values across all operations, from zero-waste programs to 100% carbon-neutral operations. Impressively, NEXTDC attained the Australian Federal Government's official endorsement for its carbon-neutral programs and the Climate Active certification for its carbon-neutral corporate operations. The company intends to reach 100% renewables-driven operations by 2030, thereby prioritizing renewable energy procurement and productization through increased engagement with green energy providers.

Moreover, NEXTDC strives to deliver the market's highest energy efficiency levels by focusing on innovative design, engineering, and operational excellence. The company maintains impressive Power Usage Effectiveness metrics, with the national portfolio average of 1.38 achieved in the first half (H1) of FY23. It's Generation 3 facilities are engineered to operate below 1.2 when fully utilized incorporating broad innovation around free-air cooling and AI/ML influenced real time tuning. Furthermore, it continues to expand the NEXTneutral offering, its innovative solution that enables customers to offset their IT operation's carbon emissions in its data center facilities (at less than the cost of a coffee per kilowatt of power). In 2022, NEXTDC registered a remarkable 188% new customer growth for the opt-in NEXTneutral service.

With these future-thinking initiatives, Frost & Sullivan's analysts believe NEXTDC is uniquely prepared for today's demands and exceptionally positioned for tomorrow's needs.

Customer-centric Approach Drives Financial Success

NEXTDC continuously improves customer experiences through various initiatives. For instance, its ONEDC® customer experience portal offers keyless entry and empowers customers with real-time intelligence and visibility of their environment, thereby simplifying and streamlining the secure

management of their data center operations. In addition to significantly improving NEXTDC's operational efficiency, the platform equips its partners and customers with comprehensive and continually improving telemetry management for their data center footprint, aggregating infrastructure management tools and consolidating real-time monitoring and reporting in one location. By providing a single, centralized, and real-time view, the intuitive ONEDC® platform allows customers to easily track, monitor, and manage their critical IT assets anytime and anywhere. NEXTDC's ONEDC® portal offers several unique benefits, including automated alerts and notifications, infrastructure visualization and management, intelligence reporting, and optimized planning.

Ultimately, these seamless customer experiences translate into steady new customer acquisition and existing customer retention. During H1 FY2023, the company recorded data center services revenues of A$159.7 million, with a compound annual growth rate of 19% (growing nearly twice as fast as its closest competitors) and underlying Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) of A$97.5 million. Similarly, the company reported 84.2 MW contracted utilization, acquired 88 new customers, and added 688 interconnections during this period.[1] In April 2023, NEXTDC announced that new customer wins had contributed to a 43% increase in the company's contracted utilization with an additional 35.9MW booked in the January-March 2023 quarter, largely at the new S3 data center.

Conclusion

NEXTDC effectively focuses on continued strategic expansion and customer-centric initiatives. The company leverages its growing data center infrastructure network, robust partner ecosystem, and technology capabilities to meet its customers' emerging demands. By proactively seeking new ways to enhance customer value by addressing its customers' needs, NEXTDC augments its value proposition through its commitment to sustainability and renewable economics with zero-waste programs, 100% carbon-neutral processes, and renewables-driven energy-efficient operations. The company remains a trusted partner, earning a reputation for offering the overall best in the Australian DC services market.

With its strong overall performance, NEXTDC earns Frost & Sullivan's 2023 Australian Company of the Year Award in the data center services industry.

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[1] https://www.nextdc.com/hubfs/23251048/Downloadable%20PDFs/1H23%20Results%20Presentation.pdf, accessed March 2023.

What You Need to Know about the Company of the Year Recognition

Frost & Sullivan's Company of the Year Award is its top honor and recognizes the market participant that exemplifies visionary innovation, market-leading performance, and unmatched customer care.

Best Practices Award Analysis

For the Company of the Year Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Visionary Innovation & Performance

Addressing Unmet Needs: Customers' unmet or under-served needs are unearthed and addressed by a robust solution development process

Visionary Scenarios Through Mega Trends: Long-range, macro-level scenarios are incorporated into the innovation strategy through the use of Mega Trends, thereby enabling first-to-market solutions and new growth opportunities

Leadership Focus: Company focuses on building a leadership position in core markets and on creating stiff barriers to entry for new competitors

Best Practices Implementation: Best-in-class implementation is characterized by processes, tools, or activities that generate a consistent and repeatable level of success

Financial Performance: Strong overall business performance is achieved in terms of revenue, revenue growth, operating margin, and other key financial metrics

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

About Frost & Sullivan

Frost & Sullivan is the Growth Pipeline Company™. We power our clients to a future shaped by growth. Our Growth Pipeline as a Service™ provides the CEO and the CEO's growth team with a continuous and rigorous platform of growth opportunities, ensuring long-term success. To achieve positive outcomes, our team leverages over 60 years of experience, coaching organizations of all types and sizes across 6 continents with our proven best practices. To power your Growth Pipeline future, visit Frost & Sullivan at http://www.frost.com.

The Growth Pipeline Engine™

Frost & Sullivan's proprietary model to systematically create ongoing growth opportunities and strategies for our clients is fuelled by the Innovation Generator™.
Learn more.

Key Impacts:

■ **Growth Pipeline:** *Continuous Flow of Growth Opportunities*

■ **Growth Strategies:** *Proven Best Practices*

■ **Innovation Culture:** *Optimized Customer Experience*

■ **ROI & Margin:** *Implementation Excellence*

■ **Transformational Growth:** *Industry Leadership*

The Innovation Generator™

Our 6 analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.

Analytical Perspectives:

■ Mega Trend (MT)

■ Business Model (BM)

■ Technology (TE)

■ Industries (IN)

■ Customer (CU)

■ Geographies (GE)