



<b>Company</b>	NextDC
<b>Code</b>	<b>NXT</b>
<b>Meeting</b>	AGM
<b>Date</b>	<b>19 November 2021</b>
<b>Venue</b>	Online
<b>Monitor</b>	Mike Sackett assisted by Ben Lee

<b>Number attendees at meeting</b>	133 participants
<b>Number of holdings represented by ASA</b>	59
<b>Value of proxies</b>	\$5.9m
<b>Number of shares represented by ASA</b>	468,000
<b>Market capitalisation</b>	\$5.8bl
<b>Were proxies voted?</b>	Yes, on a poll
<b>Pre AGM Meeting?</b>	Yes, with Doug Flynn, Chairman and Stuart Davis, Chair of Remuneration Committee

### High Octane Vanilla

The virtual AGM lasted 90 minutes, running smoothly with shareholders being given plenty of opportunity to participate through online or phoned-in questions. This was only the company's 11<sup>th</sup> AGM, it having progressed from a start-up to an ASX 100 company in little over a decade. The meeting was uncontroversial with the three resolutions being passed with 97-98% majorities. NXT is an unusual company being both boringly straight-forward and highly dynamic at the same time.

ASA asked many questions at both the pre-AGM meeting and a site visit to the Brisbane 2 data centre which the company kindly arranged. These questions were satisfactorily answered. At the AGM we noted that in FY21 contracted customer utilisation at 79% was the lowest in five years and asked for the company's view as to how this utilisation rate would develop in FY22 and beyond? In response we were told that there had been a significant increase in Sydney and Melbourne data centre capacity during the year. Such inventory additions tended to be lumpy. It was expected that contracted utilisation would improve with the ever-increasing demand from customers. Company policy was to ensure that capital spend was disciplined and based on demand.

NXT stressed that the energy efficiency of its data centres was second to none in Australia. It presented the staggering estimate that by 2025 data centres around the globe will consume one-fifth of the world's energy. Globally, ICT represented the fastest growing source of CO<sub>2</sub> emissions. ASA observed that only two of its nine currently operational data centres around Australia had solar

arrays on the roof. We asked what plans the company had to change that situation? In response the CEO advised that existing solar arrays were on the roofs of completely established centres in Sydney and Melbourne. Other data centres were still expanding. Once they were fully developed and the roof infrastructure was complete then solar arrays would be installed. The company was committed to being “zero waste and 100% renewable by 2030”.

Questions asked by others included whether the company was making an adequate return on capital given its weighted average cost of capital. NXT replied that its cost of capital was commercially confidential. Given that the company was still at an early stage of growth, the current return on capital was judged to be adequate. A question was asked of a US-based director, who had previously been CEO of the US giant, Equinix. He confirmed that the playbook for NXT is similar to the early days of Equinix, when investment for growth took precedence over profits and dividends.