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NEXT DC

NEXTDC RECEIVES THE 2023 CUSTOMER VALUE LEADERSHIP AWARD

Identified as best in class in the Asia Pacific data centre infrastructure and operations industry

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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 centre infrastructure and operations space.

AWARD CRITERIA

Business Impact	Customer Impact
Financial Performance	Price/Performance Value
Customer Acquisition	Customer Purchase Experience
Operational Efficiency	Customer Ownership Experience
Growth Potential	Customer Service Experience
Human Capital	Brand Equity

Differentiating through customer centricity in a Competitive Marketplace

NEXTDC has gained a unique edge in a highly competitive market and has emerged as a prominent and dependable data centre service provider that offers unmatched critical infrastructure resilience and industry leading operational excellence. The company's success in this regard can be directly attributed to its excellence in tracking, studying, and understanding drivers of change that impact the current market dynamics and megatrends that will influence future market requirements. NEXTDC offers a highly robust and expansive product and solutions portfolio encompassing the entire gamut of digital infrastructure solutions. Inherently, the company delivers products and solutions that not only address the current customer needs and market requirements but are also designed to accommodate anticipated future needs. A principal differentiator that elevates NEXTDC's market position is its targeted and strategic approach to addressing unmet/underserved customer needs and market gaps across all verticals alike, including hyperscale, large metros, tier 2 regions, and edge.

> *"The company's excellence in product/service value is underpinned by its ability to empower its customers with its best of breed data centre infrastructure that offers industry leading availability, resilience, energy efficiency, operational excellence, and security, while remaining highly cost competitive. The core driving force behind this success is the uncompromised focus on its 'Customer First' value, which acts as a guiding principle for its human capital's behavior and skills in the pursuit of excellence."*
>
> *- Gautham Gnanajothi,*
> *Global Vice President of Research*

NEXTDC leverages its digital infrastructure platform as the foundational element in offering superior customer experience and satisfaction. This digital infrastructure platform is characterized by a multi-layer strategy designed to address the needs of customers at every level. The bottom layer embodies its focus on cross vertical excellence, where the first level is depicted by a staunch focus on the hyperscale segment. This is followed by a product offering for the major metro segment, which is centered around low latency interconnection services, convenience, and direct access to cloud on-ramps; NEXTDC has established itself as a leader in this space, offering the most cloud on-ramps of any operator in Australia. The next level in the bottom layer is an offering targeted at cities outside of major metros, where the company has established a strong presence in cities such as Brisbane, Canberra and Perth, and with developments underway in Adelaide, and Darwin.

This is followed by the edge segment, where NEXTDC has designed and fostered an ecosystem that is innately problem-solving. Despite the nascent state of the edge market in Australia and Asia, NEXTDC has prepared itself to meet the evolving needs of its customers with its scalable and flexible and customized infrastructure. It has established an edge facility in Maroochydore (Sunshine Coast) to serve as a subsea cable landing station and to support civic objectives to develop the area as a tech precinct. Similarly, development is underway for an edge facility in Port Hedland, Western Australia, to service Australia's booming mining and resources sector.

Services Matched to Customer Requirements

NEXTDC's ability to maintain its position at the forefront of the industry is exemplified by its unwavering commitment to addressing customer objectives, pain points and future growth requirements. It achieves this through its vast technology know-how and drive for innovation based on voice-of-customer analysis. The company's AXON platform, which is another key pillar of its digital infrastructure platform, is a perfect testament to this. The AXON platform is an elastic interconnection solution that provides a robust and flexible ecosystem for the customers to operate in. It enables business enterprises to seamlessly interconnect with Australia's largest sovereign ecosystem of cloud, carrier and digital services partners. It offers a variety of interconnection possibilities, including point-to-point connections, cloud-to-cloud connections, and connections to ISPs and NSPs, all supplied on a utility cost model over virtual circuits that are highly secure, easy to self-provision and flexible in performance.

AXON's Elastic Cross Connects (EXCs) allow seamless provision for as many virtual connections as needed, allowing organizations to interconnect their mission-critical services wherever they are located and orchestrate their own custom solutions in real-time. Furthermore, the platform is offered as a Network-as-a-Service (NaaS) model, allowing users full control over their scale of connectivity and business spending. In addition to providing powerful interconnectivity, AXON also helps customers unify their digital infrastructure, achieving optimal performance, security, and flexibility. The platform provides smooth scalability and orchestration of hybrid and multi-cloud strategies, giving seamless interconnected experiences. Simply put, AXON is a full-featured interconnection solution that is tailored to meet the demands of companies of all sizes and sectors, providing the connectivity, security, and scalability necessary for success in the digital transformation journey.

Excellence in Technology Leverage Supporting Customer Innovation

NEXTDC has established itself as a vanguard in harnessing advanced technologies to drive innovation and provide exceptional services to its customers. The company's focus on technology leverage has been instrumental in enhancing its operational efficiency, improving its service offerings, and fostering long-term business growth. Frost & Sullivan research findings suggest that NEXTDC's technology and innovation drive is galvanized by its ability to constantly analyze megatrends and conceptualize visionary scenarios targeted at addressing the market shifts created by evolving customer needs.

To that end, the company forged a partnership in 2022 with EngineRoom, a leading data consultancy and high-performance computing service provider, to introduce cutting-edge liquid immersion cooling solutions to the regional market. This innovative technology is well positioned to revolutionize data-intensive computing, delivering significant improvements in output and energy efficiency compared to conventional air-cooling methods. It is noteworthy that this technology not only enhances server efficiency, but also helps to reduce costs for customers while positively impacting the environment by curbing carbon emissions. It is also intriguing to note that the collaboration between NEXTDC and EngineRoom further extends to exploring novel ways to leverage this technology to improve sustainability, especially pertaining to waste heat reuse and converting it into energy and using it for office space heating or ancillary power.

NEXTDC's futuristic approach towards product development and sharp focus on technology and innovation is personified by its excellence in design, engineering and project management. Over the course of the research, it was evident that NEXTDC is well-positioned to implement further technological advancements in a safe and controlled environment without any operational disruptions or exorbitant costs. This approach perfectly aligns with NEXTDC's unwavering commitment to safety, resilience, sustainability, and carbon neutrality, which form the crux of the company's three pillars of data centre infrastructure and operations: Power, Security, and Connectivity.

The company's meticulous focus on energy management and continual improvement around energy efficiency is highly commendable. NEXTDC is deeply committed to harnessing the power of technology, engineering innovation and operational excellence to achieve industry leading Power Usage Effectiveness (PUE) performance and promote sustainable digital acceleration. A critical success driver in this regard is the company's highly skilled Design & Engineering and Central Operations teams. As a core responsibility, these teams ensure Mechanical and Electrical Plant (MEP) design is continually scrutinized and fine-tuned for optimal power usage. This is achieved through leverage of real-time power load data and seasonal ambient climatic conditions to optimize operational heat flow and power usage, resulting in world-class energy efficiency. On the other hand, the company's ongoing efforts to leverage machine learning and artificial intelligence to effect real-time adjustments and maintain optimal settings for energy usage further augments its energy management efficacy. NEXTDC's excellence in this space is attested by a 5-star rating from the National Australian Built Environment Rating System (NABERS). The other aspect that demonstrates NEXTDC's steadfast commitment towards energy efficiency is the use of free air cooling and bespoke evaporative cooling designs. A unique and innovative design enables external air to support energy efficiency whenever aggregated return air extracted from data hall hot aisles (which can be up to 40 degrees Celsius) is warmer than ambient temperature. This means even in the heat of summer; free

air is contributing to energy efficiency. This approach allows the company to deliver the lowest possible PUE to its customers, thereby driving down infrastructure management costs and reducing the impact of data growth on future generations.

Industry Leading Product/Service Value Bolsters Brand Equity

NEXTDC recognizes the need for cutting-edge data centre solutions and is committed to delivering excellence through their products and services. The company's excellence in product/service value is underpinned by the ability to empower its customers with best-of-breed data centre infrastructure that offers industry leading availability, resilience, energy efficiency, operational excellence, and security, while also remaining highly cost competitive. The core driving force behind this success is an uncompromised focus on its 'Customer First' corporate value, which acts as a guiding principle for the way NEXTDC teams behave and engage with customers in the pursuit of service delivery excellence.

This customer-centric approach is reflected in NEXTDC's flexible and scalable data centre platform, which is designed and tailored to meet the unique and constantly evolving needs of its customers. A great example to demonstrate the company's excellence in delivering product/service value is its initiative to address an evolving market need for central and remote operations support for mission critical teams and processes. NEXTDC has developed a unique offering called the Mission Critical Spaces (MCX), which are bespoke operational workspaces that leverage the fault tolerance, security and interconnection advantage of NEXTDC's data centres allowing end users to run mission critical operations with the same sort of always-on confidence that is engineered for their digital infrastructure. MCX caters to both metro locations, acting as security and network operations centres and edge locations for remote operation of applications such as autonomous vehicle management, mine safety systems, ag-tech telemetry, and forward-operating defense deployments. MCX can be tailored to meet the unique requirements of any application, from financial services to mining productivity and air traffic control. Frost & Sullivan finds MCX to be truly one of a kind; and is expected to create a step change in the integration of data centre infrastructure and mission critical operations management.

Making Digital Acceleration Net Carbon Neutral

NEXTDC's deep rooted focus and commitment towards sustainability paves the way for a seamless transition to carbon-neutral digital operations. The company's NEXTneutral program is a giant leap in the right direction and is perfectly positioned to propel its customers' carbon neutrality journey. It provides customers with the option to offset all emissions created by their IT equipment within NEXTDC's facilities through certified and sustainable projects. Furthermore, the company has simplified the process greatly, to an extent where the customers only need to sign in through the 'ONEDC' portal and check a box to opt in. NEXTDC's strategic approach and streamlined methodology pertaining to sustainability has provided it with a unique edge in a highly competitive environment, gaining the position as a torch bearer in this space. Customers are aware of the carbon footprint that accompanies digital acceleration and are responding to service providers that can help them account for their carbon and negate it. This is attested by the phenomenal success in growth of the NEXTneutral program, which recorded an increase of 188% in customer uptake in 2022. It is also noteworthy that the company's Edge data centres are designed to strictly follow sustainable practices, offering industry leading PUE ratings and access to NEXTneutral

accountability. It achieves this through an amalgamation of renewable energy sourcing, behind-the-grid renewable energy creation and innovative technologies to limit the use of power and industry leading best practices to drive operational efficiencies.

Positive Customer Experience

While technology and innovation are embedded in NEXTDC's DNA, it is intriguing to see the level of emphasis the company places on customer experience. The company leaves no stone unturned when it comes to enhancing user experience through real-time information around their data centre environment with transparency, and autonomy. It achieves this through its ONEDC platform, which is the bedrock of NEXTDC's overall excellence in data centre infrastructure management and operations. Developed by an in-house software design team, ONEDC is a sophisticated solution that combines cutting-edge technologies with business intelligence, thereby significantly enhancing data centre infrastructure management capabilities for customers. It allows customers to effortlessly access real time intelligence from telemetric devices and manage their critical infrastructure in a seamless manner.

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ONEDC is designed to offer a centralized, single-pane-of-glass view into the entire gamut of data centre infrastructure hosted in any NEXTDC facility. This includes networks, cloud on-ramps, telemetry services such as power, temperature, humidity, reporting, energy efficiency, security and standards. The platform offers a 360-degree comprehensive view of critical assets, providing vital performance analytics and reporting capabilities that offer insights for strategic decision-making. It allows a high level of flexibility in managing access where required and automate user access permissions down to a particular rack through its remote rack locking technology. ONEDC increases operational efficiencies and consolidates reporting that provides deeper and more meaningful insights by replacing traditional management tools with a single central software platform. Essentially, ONEDC facilitates easy tracking, monitoring and reporting of critical assets, and optimizes data centre infrastructure management; it ultimately enhances customer experience while also significantly improving NEXTDC's own operational efficiency. The platform also offers a comprehensive range of ancillary services that enable its customers to manage service requests such as reserving a parking space, scheduling tours, securing meeting spaces, granting remote rack access, or engaging remote hands technical support.

High Customer Acquisition and Growth Potential

Frost & Sullivan's research findings suggest that NEXTDC has tremendous growth potential over the coming years. One of the key drivers propelling this growth is its ability to serve a multitude of customer segments with solutions tailored to suit individual sector requirements. This is complemented by its deep-

rooted technology expertise and the effectiveness of its customer-centric approach towards product development. NEXTDC's relentless focus on technology and innovation has helped it carve out a niche for itself and will play a crucial role in new customer acquisition and new regional market penetration. The company recently announced intentions to expand its presence into Malaysia and New Zealand. It also has set-up a regional office and acquired land for a facility development in Tokyo. Its expansion into Malaysia will provide more than 14,000m^2 of IT space and 45MW of critical power to organizations from Kuala Lumpur. This move builds on the company's existing network diversity and scale, which differentiates it from competitors, and is backed by a unique pricing strategy that offers cross connects and elastic cross connects at a significantly lower cost.

Additionally, NEXTDC's purchase of its own metro fiber, connecting every city in Australia, has resulted in a cost-effective solution for customers who can now purchase a campus solution without having to pay a telecom provider. It all adds up to a healthy accounting balance sheet with sustained investor confidence in the business' future. The company recorded revenue growth of 18% in 2022, which is higher than the industry average growth rate. During the same period, its contracted utilization increased by 10%, and interconnection revenues grew by 13%, demonstrating NEXTDC's excellence in financial performance. Furthermore, a stock market announcement in April 2023, declared customer contract wins in the January-June half year reporting period the Company's contracted utilisation had increased by 35.9MW (43%) to 120MW since 31 December 2022. With projections of further robust revenue growth ranging between 17% and 22% in comparison to the prior year (2022) and a projected increase of underlying EBITDA between 12% and 17%, the company's solid momentum from the start of the fiscal year heralds a promising outlook for the year 2023. On the other hand, NEXTDC also has strong inventory across all markets which is complemented by a record sales pipeline and an unprecedented backlog of orders, likely to transmute into substantial new contractual commitments in 2023.

Furthermore, the company's platform growth prospects are augmented by its recent acquisition of the largest landholding in Western Sydney, earmarked for the establishment of an innovative technology campus - the company's first 4th generation campus (S4), which has a target IT capacity of 300MW. This campus, coupled with the 150MW M3 Melbourne campus, guarantees the provision of expansion capacity and supports forecast customer growth requirements in its two largest markets. Notably, NEXTDC has also secured additional land adjacent to its well-established facilities in B2 Brisbane, M2 Melbourne, P1 Perth, and P2 Perth, further expanding its growth capacity for the future. These developments reflect the company's strategic planning for future growth and expansion, positioning it as a pre-eminent leader in this space.

Conclusion

NEXTDC's tenacious focus and dedication towards continually honing critical infrastructure solutions combined with its staunch resolve to fill market voids and challenges has placed it in the forefront of this highly competitive industry. The company's deep-rooted engineering expertise along with its superior R&D capabilities and innovation excellence have resulted in path breaking operational efficiency gains and significant value additions to its customers. The foundational element of the NEXTDC's ethos is customer centricity; it goes to great lengths to truly understand customer pain points and frustrations across all customer segments and ultimately addresses these unmet or underserved needs with its diverse service offering. This unparalleled level of customer intimacy, coupled with its technology excellence will further elevate NEXTDC's leadership position in the market.

With its strong overall performance, NEXTDC earns Frost & Sullivan's 2023 Asia Pacific Customer Value Leadership Award in the Data Centre Infrastructure and industry.

What You Need to Know about the Customer Value Leadership Recognition

Frost & Sullivan's Customer Value Leadership Award recognizes the company that offers products or services customers find superior for the overall price, performance, and quality.

Best Practices Award Analysis

For the Customer Value Leadership Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Business Impact

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

Customer Acquisition: Customer-facing processes support efficient and consistent new customer acquisition while enhancing customer retention

Operational Efficiency: Company staff performs assigned tasks productively, quickly, and to a high-quality standard

Growth Potential: Growth is fostered by a strong customer focus that strengthens the brand and reinforces customer loyalty

Human Capital: Commitment to quality and to customers characterize the company culture, which in turn enhances employee morale and retention

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

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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)