



ASX Appendix 4D

Results for Announcement to the Market

For the half-year ended 31 December 2020 ("1H21")

Previous corresponding period: to 31 December 2019 ("1H20")

Summary of financial information

	Note	1H21 \$'000	1H20 \$'000	Change \$'000	Change %
Revenue from ordinary activities	1	124,463	97,750	26,713	27%
Profit/(loss) from ordinary activities after income tax for the period attributable to members	1	(17,539)	(4,891)	(12,648)	(259%)
Profit/(loss) after income tax attributable to members	1	(17,539)	(4,891)	(12,648)	(259%)

Explanation of Revenue and Profit from Ordinary Activities

Note 1: The following information has been provided in order to understand the Group's revenue from ordinary activities and profit/(loss) after income tax.

	Note	1H21 \$'000	1H20 \$'000
Data centre services revenue		121,622	95,420
Other revenue		2,841	2,330
Total revenue from continuing operations		124,463	97,750
Profit/(loss) before income tax	2	(17,539)	(8,879)
Income tax (expense)/benefit	3	-	3,988
Profit/(loss) after income tax		(17,539)	(4,891)

Note 2: During the half-year to 31 December 2020 the Group entered into new senior debt facilities of \$1.85 billion. Of this, an \$800 million Term Loan Facility was drawn down in order to redeem Notes III, IV and IV-2. Costs of \$14.2 million on extinguishment of the existing Notes and loans were expensed during the half-year to 31 December 2020.

Note 3: For the year ended 30 June 2020, the Group derecognised carried forward tax losses and temporary differences that it believed no longer met the requirement to be recognised, stemming from the impact of recent growth and expansion activity on taxable profits. No carried forward tax losses were recognised for the period ended 31 December 2020, though an income tax benefit of \$4.0 million was recognised for the period ended 31 December 2019, which included the impact of previously recognised carried forward tax losses.

NTA Backing

	1H21	1H20
Net tangible asset backing per ordinary share	\$3.60	\$2.46

Dividends

No dividend has been proposed or declared for the period ended 31 December 2020.

NEXTDC Limited

ABN 35 143 582 521

**Interim financial report
for the half-year ended 31 December 2020**

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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 2020 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 2020 ("1H21").

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 (appointed 26 August 2020)

Principal activities

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

Operating and financial review

NEXTDC is pleased to announce its interim results for the half-year ended 31 December 2020 that saw continued substantial growth in data centre revenue, as well as a significant increase in underlying EBITDA.

As at 31 December 2020:

- Contracted utilisation is up 17.7MW (33%) to 71.0MW (31 December 2019: 53.3MW)
- Customer numbers are up 201 (16%) to 1,465 (31 December 2019: 1,264)
- The number of interconnections increased by 1,899 (16%) to 13,911 (31 December 2019: 12,012), representing 7.6% of recurring revenue (1H20: 8.2% of recurring revenue)

Key financial highlights include:

- Data centre services revenue grew \$26.2 million (27%) to \$121.6 million (1H20: \$95.4 million)
- Underlying EBITDA rose \$14.9 million (29%) to \$65.7 million (1H20: \$50.9 million)
- Operating cash flow increased \$44.0 million (219%) to \$64.1 million (1H20: \$20.1 million)
- Liquidity (cash and undrawn senior debt facilities) of \$1.8 billion at 31 December 2020

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

	1H21	1H20	Change
	\$'000	\$'000	%
Net profit/(loss) after tax	(\$17,539)	(\$4,891)	(259%)
Add: finance costs	\$40,316	\$29,402	37%
Less: interest income	(\$2,841)	(\$2,330)	22%
Less: income tax benefit	-	(\$3,988)	
Add: depreciation and amortisation	\$45,298	\$32,578	39%
EBITDA	\$65,234	\$50,771	28%
Less: gain on re-assessment of lease under AASB 16	-	(\$199)	
Add: Asian market review expenses	\$510	\$297	
Underlying EBITDA	\$65,744	\$50,869	29%

Despite this strong revenue and EBITDA growth, the Group recorded a loss after tax of \$17.5 million for the period to 31 December 2020 (1H20: loss after tax of \$4.9 million). This loss was primarily driven by higher depreciation, as well as significant one-off finance costs incurred in relation to the Group's refinancing activities described below.

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, reducing operating costs and increasing revenue.

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

	Segment revenues		Segment EBITDA	
	1H21 \$'000	1H20 \$'000	1H21 \$'000	1H20 \$'000
Consolidated entity				
Victoria	39,527	35,482	29,080	26,622
New South Wales/ACT	59,049	39,541	42,455	27,268
Queensland	11,821	10,517	8,581	7,242
Western Australia	9,996	8,778	6,836	6,323
Other	1,229	1,102	(697)	(185)
Total segment revenue/EBITDA	121,622	95,420	86,255	67,270

Segment EBITDA reconciles to Group EBITDA as follows:

	1H21 \$'000	1H20 \$'000
Segment EBITDA	\$86,255	\$67,270
Less: employee benefits expense (non-facility staff)	(\$13,955)	(\$11,639)
Less: overheads and other expenses	(\$7,066)	(\$4,860)
EBITDA	\$65,234	\$50,771

Operational developments and performance

NEXTDC invested \$181.9 million during the half-year to progress capital development projects. S2 added 4MW of capacity while M2 added 6MW of capacity to support contracted customer requirements. Construction works at NEXTDC's third generation facility S3 progressed, with the facility on track for practical completion in 2H22. M3 design and development approval has been formally submitted to council and has received endorsement.

Investment continued into our AXON customer connectivity platform, with NEXTDC being named one of the select group of AWS (Amazon Web Services) Direct Connect High Capacity Service Delivery Partners globally. Additionally, NEXTDC has further expanded its footprint of direct hosted public cloud on ramps, with the addition of a new Microsoft Azure ExpressRoute hosting location at S1 - NEXTDC's third ExpressRoute location nationwide. NEXTDC has built one of the most cloud connected and enabled data centre footprints in the country providing customers with greater choice and support when building hybrid architectures that are built to scale.

During the period NEXTDC was selected as an ABA100® Winner for Sustainability in The Australian Business Awards 2020. The Australian Business Award for Business Sustainability recognises organisations that execute initiatives that demonstrate leadership and commitment to sustainable business practices. NEXTDC was also a finalist for Data Centre Operations team of the Year at the DCD Global Awards.

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.

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, leading to an increase in the number of customers to 1,465 at 31 December 2020, up from 1,364 at 30 June 2020.

During 1H21, NEXTDC generated new sales of 1.0MW to finish the period with contracted utilisation of 71.0MW. As a percentage of installed capacity in NEXTDC's national portfolio, this represents approximately 80% of installed capacity being contracted. It should be noted that approximately 10MW of new capacity has been added since 30 June 2020.

NEXTDC continues to derive revenue from numerous product sources including white space (including power recharge), rack ready services, establishment service fees and add-on services. During 1H21 cross connectivity generated approximately 7.6% of total recurring revenue.

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

During the period NEXTDC entered into a new \$1.85 billion senior debt facility, split across three tranches as follows:

- \$800 million - Term Loan Facility
- \$400 million - Capital Expenditure Facility
- \$650 million - Revolving Credit Facility (multi-currency)

The \$800 million term loan facility was drawn down in December 2020 in order to redeem Notes III, IV and IV-2.

NEXTDC's balance sheet position is underpinned by more than \$2.6 billion in total assets.

Dividends

No dividend has been declared or paid during the half-year ended 31 December 2020 (1H20: 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 4.

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

24 February 2021



Auditor's Independence Declaration

As lead auditor for the review of NEXTDC Limited for the half-year ended 31 December 2020, 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'.

Michael Shewan
Partner
PricewaterhouseCoopers

Brisbane
24 February 2021

NEXTDC Limited
Consolidated statement of comprehensive income
For the half-year ended 31 December 2020

	Consolidated entity	
	31 December 2020	31 December 2019
Note	\$'000	\$'000
REVENUE FROM CONTINUING OPERATIONS		
Data centre services revenue	121,622	95,420
Other revenue	2,841	2,330
Total revenue	124,463	97,750
OTHER INCOME		
Other income	299	375
EXPENSES		
Direct costs	(23,301)	(17,651)
Employee benefits expense	(18,578)	(15,879)
Data centre facility costs	(6,504)	(5,229)
Depreciation and amortisation expense	(45,298)	(32,578)
Professional fees	(991)	(655)
Marketing costs	(228)	(219)
Office and administrative expenses	(7,085)	(5,391)
Finance costs	(40,316)	(29,402)
Profit/(loss) before income tax	(17,539)	(8,879)
Income tax benefit/(expense)	4	3,988
Profit/(loss) after income tax	(17,539)	(4,891)
PROFIT/(LOSS) IS ATTRIBUTABLE TO:		
Owners of NEXTDC Limited	(17,539)	(4,891)
OTHER COMPREHENSIVE INCOME		
Gains/(losses) on cash flow hedges	(1,516)	-
Exchange differences on translation of foreign operations	(447)	(25)
Hedging loss reclassified to profit or loss	112	-
Total comprehensive income	(19,390)	(4,916)
Attributable to:		
Owners of NEXTDC Limited	(19,390)	(4,916)
	Cents	Cents
EARNINGS/(LOSS) PER SHARE FOR PROFIT/(LOSS) ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE GROUP:		
Basic earnings/(loss) per share	(3.85)	(1.42)
Diluted earnings/(loss) per share	(3.85)	(1.42)

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 2020

		Consolidated entity	
		31 December	30 June
		2020	2020
Note		\$'000	\$'000
ASSETS			
Current assets			
		715,906	892,939
		35,498	45,065
		19,436	18,110
		770,840	956,114
Total current assets			
Non-current assets			
	5	1,791,479	1,670,815
		26,477	3,344
		22,693	29,284
		1,840,649	1,703,443
Total non-current assets			
Total assets			
		2,611,489	2,659,557
LIABILITIES			
Current liabilities			
		37,219	64,885
		-	2
		4,996	5,057
		8,722	7,088
		-	301,811
		50,937	378,843
Total current liabilities			
Non-current liabilities			
		1,488	1,292
	6	781,270	496,426
		71,670	71,777
		39,181	27,758
		1,516	-
		895,125	597,253
Total non-current liabilities			
Total liabilities			
		946,062	976,096
Net assets			
		1,665,427	1,683,461
EQUITY			
	7	1,759,777	1,757,262
		4,502	7,612
		(98,852)	(81,413)
Total equity			
		1,665,427	1,683,461

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 2020

	Note	Attributable to owners of NEXTDC Limited			Total equity \$'000
		Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	
Consolidated entity					
Balance at 1 July 2019		905,117	6,412	(36,226)	875,303
Profit/(loss) for the period		-	-	(4,891)	(4,891)
Other comprehensive income		-	66	(25)	41
Total comprehensive income for the period		-	66	(4,916)	(4,850)
Transactions with owners in their capacity as owners:					
Share-based payments - value of employee services		-	1,328	-	1,328
Contributions of equity, net of transaction costs and tax		(15)	-	-	(15)
Share based payments - conversion of rights to shares		1,394	(1,394)	-	-
Share based payments - deferred STI		116	(116)	-	-
		1,495	(182)	-	1,313
Balance at 31 December 2019		906,612	6,296	(41,142)	871,766
Balance at 1 July 2020		1,757,262	7,612	(81,413)	1,683,461
Profit/(loss) for the period		-	-	(17,539)	(17,539)
Other comprehensive income		-	(1,951)	100	(1,851)
Total comprehensive income for the period		-	(1,951)	(17,439)	(19,390)
Transactions with owners in their capacity as owners:					
Share based payments - conversion of rights to shares	7	2,464	(2,464)	-	-
Share-based payments - value of employee services		-	1,387	-	1,387
Contributions of equity, net of transaction costs		(31)	-	-	(31)
Share based payments - deferred STI		82	(82)	-	-
		2,515	(1,159)	-	1,356
Balance at 31 December 2020		1,759,777	4,502	(98,852)	1,665,427

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 2020

	Consolidated entity	
	31 December	31 December
	2020	2019
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	151,798	104,932
Payments to suppliers and employees (inclusive of GST)	(67,021)	(60,359)
	84,777	44,573
Interest paid	(23,772)	(25,880)
(Payments for)/proceeds from bank guarantees	66	(844)
Interest received	3,067	2,270
Net cash inflow from operating activities	64,138	20,119
Cash flows from investing activities		
Payments for property, plant and equipment	(181,890)	(217,992)
Payments for intangible assets	(4,776)	(4,218)
Net cash (outflow) from investing activities	(186,666)	(222,210)
Cash flows from financing activities		
Proceeds from borrowings	800,000	-
Repayment of Notes	(800,000)	-
Redemption premiums paid on repayment of Notes	(10,750)	-
Transaction costs in relation to loans and borrowings	(43,136)	-
Transaction costs paid in relation to issue of shares	(31)	(15)
Principal elements of lease payments	(588)	(169)
Net cash (outflow) from financing activities	(54,505)	(184)
Net (decrease) in cash and cash equivalents	(177,033)	(202,275)
Cash and cash equivalents at the beginning of the period	892,939	398,999
Cash and cash equivalents at the end of the period	715,906	196,724

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 2020 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 2020 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. These segments do not exist as a separate legal entity, consequently, information such as income tax expense and segment liabilities are not prepared and provided to management for review and therefore not presented.

During the period, 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 NSW and ACT should be combined into one reportable segment (NSW/ACT) effective 1 July 2020. Comparative information has also been restated to reflect this change.

(b) Segment information provided to management

Half-Year to 31 Dec 2020	Vic \$'000	NSW/ACT \$'000	Qld \$'000	WA \$'000	Other \$'000	Total \$'000
Revenue from external customers	39,527	59,049	11,821	9,996	1,229	121,622
Direct and facility costs	(9,172)	(15,737)	(2,455)	(2,173)	(268)	(29,805)
Employee benefits expense	(1,184)	(1,620)	(737)	(828)	(254)	(4,623)
Other expenses	(91)	(178)	(48)	(159)	(463)	(939)
Segment EBITDA	29,080	41,514	8,581	6,836	244	86,255
Depreciation and amortisation	(9,553)	(21,217)	(3,655)	(5,332)	(133)	(39,890)
Finance charge	-	(2,652)	-	-	-	(2,652)
Segment profit/(loss) before tax	19,527	17,645	4,926	1,504	111	43,713
Assets - 31 Dec 2020						
Segment assets	466,874	924,317	130,320	242,392	9,831	1,773,734
Unallocated assets	-	-	-	-	837,755	837,755
Total segment assets	466,874	924,317	130,320	242,392	847,586	2,611,489
Half-Year to 31 Dec 2019						
	Vic \$'000	NSW/ACT \$'000	Qld \$'000	WA \$'000	Other \$'000	Total \$'000
Revenue from external customers	35,482	39,541	10,517	8,778	1,102	95,420
Direct and facility costs	(7,760)	(10,615)	(2,443)	(1,812)	(250)	(22,880)
Employee benefits expense	(994)	(1,482)	(773)	(584)	(407)	(4,240)
Other expenses	(106)	(176)	(59)	(59)	(630)	(1,030)
Segment EBITDA	26,622	27,268	7,242	6,323	(185)	67,270
Depreciation and amortisation	(9,873)	(14,088)	(3,660)	(2,902)	(327)	(30,850)
Finance charge	-	(2,627)	-	-	(3)	(2,630)
Segment profit/(loss) before tax	16,749	10,553	3,582	3,421	(515)	33,790
Assets - 31 Dec 2019						
Segment assets	342,123	827,587	131,163	206,409	11,128	1,518,410
Unallocated assets	-	-	-	-	313,237	313,237
Total segment assets	342,123	827,587	131,163	206,409	324,365	1,831,647

2 Segment information (continued)

(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
	2020	2019
	\$'000	\$'000
Total segment profit before tax	43,713	33,790
Employee benefits expense (non-facility staff)	(13,955)	(11,639)
Interest revenue	2,841	2,330
Finance costs	(37,664)	(26,772)
Corporate depreciation and amortisation	(5,408)	(1,728)
Overheads and other expenses	(7,066)	(4,860)
Profit/(loss) before income tax from continuing operations	(17,539)	(8,879)

3 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 year:

	Consolidated entity	
	31 December	31 December
	2020	2019
	\$'000	\$'000
<i>Finance costs</i>		
Costs on extinguishment of Notes and loans	(14,187)	-
Interest expense on lease liabilities	(2,777)	(2,666)
Interest expense and finance charges	(23,352)	(26,736)
	(40,316)	(29,402)

During the period NEXTDC entered into new senior debt facilities of \$1.85 billion. Of this an \$800 million Term Loan Facility was drawn down in December 2020 in order to redeem the Notes on issue by their next redemption date of 9 December 2020. Redemption costs of \$10.75 million were paid in accordance with agreements on Notes III, Notes IV and Notes IV-2. The remaining costs previously capitalised for the establishment of the Notes and senior debt facility were also written off in December 2020.

4 Income tax expense

(a) Income tax expense

	Consolidated entity	
	31 December	31 December
	2020	2019
	\$'000	\$'000
Total current tax expense	-	-
Deferred income tax expense/(benefit) included in income tax expense/(benefit) comprises:		
(Increase)/decrease in deferred tax assets	851	(3,303)
(Decrease)/increase in deferred tax liabilities	(851)	(685)
Total deferred tax expense/(benefit)	-	(3,988)
Income tax expense/(benefit)	-	(3,988)

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

	Consolidated entity	
	31 December	31 December
	2020	2019
	\$'000	\$'000
Profit/(loss) from continuing operations before income tax expense	(17,539)	(8,879)
Tax at the Australian tax rate of 30.0% (2020 - 30.0%)	(5,262)	(2,664)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses	27	13
Share-based payments	(2,133)	(1,277)
Derecognition of temporary differences	3,871	-
Derecognition of tax losses	3,352	-
Sundry items	145	(60)
Income tax expense/(benefit)	-	(3,988)

(c) Tax losses

	Consolidated entity	
	31 December	31 December
	2020	2019
	\$'000	\$'000
Unused tax losses for which no deferred tax asset has been recognised	46,755	-
Potential tax benefit @ 30.0%	14,026	-

For the year ended 30 June 2020, the Group derecognised carried forward tax losses and temporary differences that it believed no longer met the requirement to be recognised, stemming from the impact of recent growth and expansion activity on taxable profits. No carried forward tax losses were recognised for the period ended 31 December 2020, though an income tax benefit of \$4.0 million was recognised for the period ended 31 December 2019, which included the impact of previously recognised carried forward tax losses.

5 Property, plant and equipment

During the period NEXTDC invested approximately \$181.9 million, on the development of S2, P2, M2, and S3 as well as other expansion and improvement activities across our data centres.

6 Borrowings

On 9 October 2020, NEXTDC entered into a new Syndicated Facility Agreement to arrange and underwrite \$1.5 billion in senior debt facilities. On 24 November 2020, NEXTDC announced the new senior debt facilities were upsized by \$350 million to \$1.85 billion. This facility replaced the previously undrawn \$300 million Syndicated Senior Secured Debt Facility.

The Senior Debt Facilities are split across three tranches, each with a tenor of five (5) years:

- \$800 million - Term Loan Facility
- \$400 million - Capital Expenditure Facility
- \$650 million - Revolving Credit Facility (multi-currency)

The \$800 million Term Loan Facility was drawn down on 3 December 2020 in order to redeem the following Notes on issue by their next redemption date of 9 December 2020:

- Notes III - \$300 million
- Notes IV - \$300 million
- Notes IV-2 - \$200 million

As at 31 December 2020 the \$400 million Capital Expenditure Facility and \$650 million Revolving Credit Facility (multi-currency) remained undrawn. The facility has a maturity date of 3 December 2025.

NEXTDC is exposed to interest rate volatility due to the variable rate on its \$800 million Term Loan Facility. To mitigate the interest rate risk associated with this floating instrument, NEXTDC entered into a two year \$800 million interest rate swap on 3 December 2020 (apportioned equally between five financial institutions on identical terms) to receive variable and pay a fixed rate per annum. A derivative liability and associated cash flow hedge reserve has been taken up at 31 December 2020 to account for this transaction.

7 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, 756,595 ordinary shares were issued on 15 September 2020. These shares were issued following the vesting of performance rights and deferred STI share rights.

8 Contingencies

The Group had no contingent liabilities at 31 December 2020 (2019: nil).

9 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.

In the Directors' opinion:

- (a) the interim financial statements and notes set out on pages 5 to 13 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 2020 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

24 February 2021



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 2020, 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, significant accounting policies and 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 2020 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 our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility 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.

Auditor's responsibility 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 2020 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

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

Michael Shewan
Partner

Brisbane
24 February 2021