

# ASX Release

24 February 2025

## Introduction of Growth Incentive Plan for MD/CEO and senior leaders

NEXTDC Limited (**NEXTDC or the Company**) has a proven high-performing, stable and diverse team with experience across a range of relevant industries including data centres, cloud services, telecoms and finance. Under the leadership of NEXTDC's Managing Director and Chief Executive Officer (**MD/CEO**), Craig Scroggie, the executive team has contributed to NEXTDC's outstanding operational performance, resulting in significant share price growth of ~230% over the five-year period to 31 December 2024. The team's hard work and dedication, enables the Company's strong operational performance to continue, as highlighted by the half-year results released today.

NEXTDC Chairman, Doug Flynn, commented on NEXTDC's performance and market backdrop:

*"The data centre sector is experiencing record levels of demand, characterised by hyperscale clients seeking to secure larger and longer-term capacity deals around the world. Our customers consider their investments on a global basis, our competitors are largely global and as a result the market for talent is now largely global as well. New competitors have entered and continue to enter the market and look to hire existing management expertise wherever they can. This is a high capex business requiring deep expertise, close engagement and trust with customers, as well as rigorous execution at every level to deliver for customers and shareholders."*

To support our next phase of global strategic growth, the Board of NEXTDC announces the implementation of a fully at-risk, one-off Growth Incentive Plan (**GIP**) for the MD/CEO, the executive leadership team as well as a select group of senior management, to drive and reward growth outperformance and sustainable shareholder value creation.

As disclosed in NEXTDC's 2023 and 2024 Remuneration Reports, in discussions with institutional investors and proxy advisors and again at our 2024 AGM, the Company continues to face significant retention risks for our executives and broader employees, against the backdrop of intensifying global competition for talent in our sector. As the capital flows into the sector continue to accelerate, NEXTDC continues to experience recruiting pressures for our high-calibre employees from international and privately-owned technology and data centre peers, listed competitors and hyperscalers.

The Chairman of NEXTDC's Remuneration and Nomination Committee, Mr Stuart Davis, commented:

*"As our Company continues to grow both in Australia and the broader region, we seek to add depth and new functions to our organisation with sector knowledgeable talent to complement our existing management team. That task is becoming increasingly difficult to fit within our existing remuneration structure. We are consistently coming up against very different compensation structures offered by a wide range of privately held organisations backed by global financial sponsors, North American listed peers, as well as other organisations not subject to standard ASX-listed remuneration structures."*

Over the past few years, the Board has reviewed and implemented changes to the executive remuneration framework that aims to strike a balance between the needs of our business and talent market in a rapidly evolving data centre industry, as well as stakeholder expectations on remuneration practices for an ASX-listed company. Following a remuneration review over the last several months and with assistance from independent advisors, the Board has determined to introduce the one-off GIP as a necessary step in the evolution of the Company's remuneration and people strategy to drive NEXTDC's strong growth trajectory and address our immediate talent risks.

Importantly, the GIP achieves further long-term alignment between NEXTDC's executives and shareholders by rewarding management only for delivering significant outperformance in shareholder value creation, whilst providing a reward that is competitive with private equity structures and international norms for data centres. The GIP is to be offered to a broad group of high-performing individuals as a one-off award, fostering a strong 'one-team' mindset in the execution of our growth strategy over the next five years. The fully at-risk design of the award ensures that any value realised by participants is a small proportion of shareholder value created, and only if challenging stretch performance targets are met.

A summary of the GIP is provided below:

- A one-off grant of conditional rights (**GIP Rights**) to the MD/CEO, the executive leadership team and select members of the senior management team;
- GIP Rights will have an aggregate face value of A\$150 million, allocated one-third to the MD/CEO (A\$50 million) and two-thirds to other participants (A\$100 million), with the allocation price based on the 10-day volume-weighted average price of NEXTDC shares from today's date;
- On vesting and exercise, GIP Rights will entitle participants to receive one ordinary, fully paid share in NEXTDC (or a cash-equivalent payment, at the Board's election);
- Vesting of GIP Rights is to occur following a performance period of five years (ending following the release of the Company's 1H FY30 financial results) and subject to the following conditions being met:
  1. Performance against an Absolute Total Shareholder Return (**TSR**) hurdle with a significant degree of stretch, considering the following vesting schedule:

NEXTDC's TSR CAGR over the Performance Period	% of GIP Rights to Vest	Indicative future share price (based on a starting share price of \$A14.52 as at 21 February 2025)
CAGR less than 12.5% p.a.	0%	n/a
CAGR equal to 12.5% p.a.	<b>40% vesting</b>	A\$26.17 (80% share price growth)
CAGR between 12.5% p.a. and 15.0% p.a.	Pro rata vesting on a straight-line basis	n/a
CAGR equal to 15.0% p.a.	<b>80% vesting</b>	A\$29.20 (101% share price growth)
CAGR between 15.0% p.a. and 17.5% p.a.	Pro rata vesting on a straight-line basis	n/a
CAGR of 17.5% p.a. or greater	<b>Full vesting</b>	A\$32.52 (124% share price growth)

2. A behavioural assessment, including assessment of compliance with the Company's Code of Conduct and regard to how performance was achieved as well as the financial soundness of the Group.
  3. Continued service, with the participant remaining in employment with NEXTDC (and not having provided notice of their intention to cease employment) at the time of vesting. However, if the participant ceases employment for the reason of death, total and permanent disability or redundancy, the GIP Rights will remain on foot subject to Board discretion.
- In the event of a change of control, each participants' GIP Rights will vest pro-rata based on time elapsed, provided that the gateway performance hurdle is met at the relevant time (i.e. CAGR equal to 12.5% p.a.), with the remainder subject to Board discretion. In any other circumstances, vesting would also be subject to Board discretion.



- No amount is payable on exercise of vested GIP Rights and they may be exercised up to 8 years following grant (at which time they will be automatically-exercised). For the MD/CEO, any shares allocated on exercise of vested GIP Rights will be acquired on-market.
- No dividends are receivable on GIP Rights, however on vesting and exercise, an equivalent is expected to be provided in the form of additional shares.

NEXTDC will provide further details of the GIP in the FY25 Remuneration Report.

Authorised for release by the Board of NEXTDC Limited.

**ENDS**

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## About NEXTDC

NEXTDC is an ASX 100-listed technology company and Asia's most innovative Data Centre-as-a-Service provider. We are building the infrastructure platform for the digital economy, delivering the critical power, security and connectivity for global cloud computing providers, enterprise and Government.

NEXTDC is recognised globally for the design, construction and operation of Australia's only network of Uptime Institute certified Tier IV facilities, and one of only a few data centre operators in the Southern Hemisphere to achieve Tier IV Gold certification for Operational Sustainability. NEXTDC has a strong focus on sustainability and operational excellence through renewable energy sources and delivering world-class operational efficiency. Our data centres have been engineered to deliver exceptional levels of efficiency and the industry's lowest Total Cost of Operation through NABERS 5-star energy efficiency.

NEXTDC's corporate operations have been certified carbon neutral under the Australian Government's *Climate Active* Carbon Neutral Standard.

Our Cloud Centre partner ecosystem is Australia's most dynamic digital marketplace, comprising carriers, cloud providers and IT service providers, enabling local and international customers to source and connect with cloud platforms, service providers and vendors to build complex hybrid cloud networks and scale their critical IT infrastructure services.

NEXTDC is *where the cloud lives*®.

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