

Global Switch Australia Holdings Pty Limited and Controlled Entities

ABN 35 138 200 049

General Purpose Financial Report for year ended 31 December 2023

Global Switch Australia Holdings Pty Limited and Controlled Entities

ABN 35 138 200 049

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31 December 2023

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Global Switch Australia Holdings Pty Limited and Controlled Entities

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Directors' report 31 December 2023

The directors of Global Switch Australia Holdings Pty Limited ("the company") submit herewith the annual report of the company and its controlled entities ("the group") at the end of, or during the financial year ended 31 December 2023. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Information about the directors

The names of the directors of the company during or since the end of the financial year are:

Name

Damon Ward Reid
John Anthony Corcoran
Grant Winberg (Company
Secretary)

The above-named directors held office during the whole of the financial year and since the end of the financial year.

Principal activity

The principal activity of the group during the year is ownership, development, management and operation of wholesale fully fitted data centres that service its customers' deployment of mission-critical voice and data communications equipment.

The group is a vital strategic partner for customers that require secure and resilient data centre services with scalable capacity and a high-level of customer service. The group owns and operates two highly resilient, central, low latency, network dense locations in a prime city centre location and internet hubs close to its customers on the edge of the Sydney financial and business districts. The group provides data centre services to a broad range of customers, global and national, large and small including government organisations, financial institutions, enterprises, global systems integrators, telecommunication carriers, cloud and managed service providers and other hosting businesses.

Review of operations

The profit of the group after providing for income tax amounted to \$78,689,228 (2022: Profit of \$5,815,524).

A review of the operations of the group during the year of operation and the results of those operations show that during the year, the group continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Changes in the state of affairs

There was no significant change in the state of affairs of the group during the financial year.

Subsequent events

The shareholders are currently exploring a potential divestiture involving the sale of all issued shares of Global Switch Australia Holding Pty Ltd. In February 2024, there was significant interest from global financial investors, which led to several non-bidding indicative offers. A comprehensive due diligence process has been initiated, with an anticipated completion by the end of the third quarter 2024 however, there is provision for a potential extension if necessary. As of the date of approval of these financial statements, the completion of the sale remains uncertain. The transaction is contingent upon receiving approval from the Foreign Investment Review Board (FIRB), which may extend the timeline by several months.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or might significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in subsequent years.

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Directors' report 31 December 2023

Future developments

Disclosure of information regarding likely developments in the operations of the group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the group. Accordingly, this information has not been disclosed in this report.

Dividends

There were no dividends paid or declared since the start of the financial year (2022: nil). The directors have not made recommendation for payment of dividends in respect of the financial year.

Share options

No options over issued shares or interests in the group were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Indemnification and insurance of officers and auditors

With the exception of the payment of premiums in respect of directors' and officers' insurance during or since the end of the financial year, the company has not otherwise, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred such as an officer or auditor. In addition, the company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

Environmental regulations

The group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia, other than those applying to all businesses operating in Australia.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Auditor's independence declaration

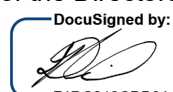
The auditor's independence declaration is included after this report.

Rounding of amounts

The company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest dollar, unless otherwise indicated.

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the Directors

DocuSigned by:


Director:7:1DC318CDB01492.....
Damon Reid
Sydney, 26 July 2024

26 July 2024

The Board of Directors
Global Switch Australia Holdings Pty Limited
400 Harris Street
Ultimo NSW 2007
Australia

Dear Directors

Auditor's Independence Declaration to Global Switch Australia Holdings Pty Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Global Switch Australia Holdings Pty Limited.

As lead audit partner for the audit of the financial report of Global Switch Australia Holdings Pty Limited for the year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Margaret Dreyer
Partner
Chartered Accountants

Independent Auditor's Report to the members of Global Switch Australia Holdings Pty Limited

Opinion

We have audited the financial report of Global Switch Australia Holdings Pty Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards – Simplified Disclosures and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

- The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in cursive script that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in cursive script that reads "Dreyer".

Margaret Dreyer
Partner
Chartered Accountants
Sydney, 26 July 2024

Global Switch Australia Holdings Pty Limited and Controlled Entities

ABN 35 138 200 049

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023

	Note	2023 \$	2022 \$
Revenue	4	138,797,262	130,624,125
Unrealised fair value adjustment to investment property	11	115,643,416	(14,610,318)
Finance income - interest income	5	1,388,291	167,007
Investment property costs		(1,715,900)	(1,532,546)
Facilities management costs		(51,745,257)	(40,874,650)
Employee benefits expense		(4,030,054)	(3,874,598)
Travel, entertainment and marketing expenses		(108,604)	(136,505)
Legal and professional costs		(1,179,432)	(895,388)
Depreciation expenses	5	(144,334)	(276,807)
Finance costs	5	(82,706,290)	(57,678,846)
Other expenses		(1,180,501)	(1,831,988)
Profit/(loss) before tax		113,018,597	9,079,486
Income tax expense benefit/(expense)	6(a)	(34,329,369)	(3,263,962)
Profit/(loss) for the year		<u>78,689,228</u>	<u>5,815,524</u>
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income/(loss) for the year		<u>78,689,228</u>	<u>5,815,524</u>

The accompanying notes form part of these consolidated financial statements.

Global Switch Australia Holdings Pty Limited and Controlled Entities

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Consolidated statement of financial position as at 31 December 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	19 (a)	134,198,272	79,482,115
Trade and other receivables	7	15,794,217	4,095,614
Other assets	8	4,990,937	1,888,964
Current tax assets		2,551,378	2,239,427
Total current assets		<u>157,534,804</u>	<u>87,706,120</u>
Non-current assets			
Related party receivables	9	473,056	304,559
Property, plant and equipment	10	92,874	158,690
Investment property	11	2,299,139,999	2,166,690,000
Total non-current assets		<u>2,299,705,929</u>	<u>2,167,153,249</u>
Total assets		<u>2,457,240,733</u>	<u>2,254,859,369</u>
Liabilities			
Current liabilities			
Trade and other payables	12	8,742,350	8,118,705
Employee benefits	13	926,474	772,308
Deferred income	14	2,094,292	1,699,585
Total current liabilities		<u>11,763,116</u>	<u>10,590,598</u>
Non-current liabilities			
Related party payables	15	790,823,976	702,633,726
Deferred tax liabilities	6(b)	592,326,434	557,997,066
Total non-current liabilities		<u>1,383,150,410</u>	<u>1,260,630,792</u>
Total liabilities		<u>1,394,913,526</u>	<u>1,271,221,390</u>
Net assets		<u>1,062,327,207</u>	<u>983,637,979</u>
Equity			
Issued capital	16	1	1
Reserves	17	(447,187,770)	(447,187,770)
Retained earnings		1,509,514,976	1,430,825,748
Total equity		<u>1,062,327,207</u>	<u>983,637,979</u>

The accompanying notes form part of these consolidated financial statements.

Global Switch Australia Holdings Pty Limited and Controlled Entities

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Consolidated statement of changes in equity for the year ended 31 December 2023

	Issued capital \$	Reserves \$	Retained earnings \$	Total \$
Balance at 1 January 2022	1	(447,187,770)	1,425,010,224	977,822,455
Profit for the year	-	-	5,815,524	5,815,524
Total comprehensive loss for the year	-	-	5,815,524	5,815,524
Balance at 31 December 2022	1	(447,187,770)	1,430,825,748	983,637,979
Balance at 1 January 2023	1	(447,187,770)	1,430,825,748	983,637,979
Profit for the year	-	-	78,689,228	78,689,228
Total comprehensive income for the year	-	-	78,689,228	78,689,228
Balance at 31 December 2023	1	(447,187,770)	1,509,514,976	1,062,327,207

The accompanying notes form part of these consolidated financial statements.

Global Switch Australia Holdings Pty Limited and Controlled Entities

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Consolidated statement of cash flows for the year ended 31 December 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from customers		142,666,076	156,001,647
Payments to suppliers and employees		(62,335,827)	(46,715,280)
Interest received		1,388,291	167,007
Income taxes (paid) received		(311,953)	(5,908,529)
Net cash generated by operating activities	19(b)	81,406,587	103,544,845
Cash flows from investing activities			
Payments for construction and improvements to investment properties		(18,973,596)	(12,179,624)
Payments for property, plant and equipment		(78,517)	(19,086)
Net cash used in investing activities		(19,052,113)	(12,198,710)
Cash flows from financing activities			
Borrowing costs paid		(7,469,821)	(5,125,060)
Payments to related parties		(805,036)	-
Payments from related parties		636,540	-
Repayments of related party payables		-	(168,951,900)
Net cash used in financing activities		(7,638,317)	(174,076,960)
Net increase/(decrease) in cash and cash equivalents		54,716,157	(82,730,824)
Cash and cash equivalents at the beginning of the year		79,482,115	162,212,939
Cash and cash equivalents at the end of the year	19(a)	134,198,272	79,482,115

The accompanying notes form part of these consolidated financial statements.

1. General information

Information about the Company

Global Switch Australia Holdings Pty Limited (“the company”) is a proprietary company, incorporated and operating in Australia. The annual financial report includes the consolidated financial statements of the company and the entities it controlled (“the group”) at the end of, or during the financial year ended 31 December 2023. The immediate parent entity of the company is Global Switch Group Limited (BVI). The ultimate parent entity of the company is Landal Worldwide Corp.

The address of Global Switch Australia Holdings Pty Limited’s registered office and principal place of business is:

400 Harris St
Ultimo, NSW 2007

The principal activity of the group during the year is the ownership, development, management and operation of wholesale fully fitted data centres that service its customers’ deployment of mission-critical voice and data communications equipment.

Statement of compliance

The group is required to prepare general purpose financial reports because, in the opinion of the directors, there exist users of the financial report who are not in a position to require the group to prepare reports tailored to their particular information needs. In addition, the group is classified as a reporting entity as there exist users who rely on the group’s general financial reports for information that will be useful to them making and evaluating decisions about the allocation of resources, and it is classified as a Tier 2 reporting entity as it is a for-profit private sector entity that does not have public accountability.

The financial statements have been prepared in accordance with the *Corporations Act 2001*, the recognition and measurement requirements of all Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB), the presentation requirements in those standards as modified by AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*’ and the disclosure requirements in AASB 1060. Accordingly, the financial statements comply with Australian Accounting Standards – Simplified Disclosures.

Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for certain non-current assets that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Rounding of amounts

The company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors’ Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors’ report and the financial statements are rounded off to the nearest dollar, unless otherwise indicated.

1. General Information (cont'd)

Going concern

As of 31 December 2023, the group has a net current assets of \$145,771,688, cash balances of \$134,198,272, recognised a profit after tax of \$78,689,228, and net cash generated from operating activities of \$81,406,588. In evaluating the company's ability to continue as a going concern, management has considered the potential impact of the ongoing divestiture process involving the sale of all issued shares of Global Switch Australia Holding Pty Ltd. The parties currently shortlisted as bidders are primarily financial investors. Management anticipates that any successful bidder will continue to operate the company in its current form rather than initiate significant operational changes.

Based on the indicative offers received, the assets are expected to be recovered at or above the recorded recoverable amounts in the financial statements, and no asset impairments are required. The company is self-funded through its own cash flows and will not be affected by any changes to financing arrangements. Considering these factors, in the directors' opinion, the group will continue as a going concern.

The principal accounting policies are set out below.

2. Significant accounting policies

(a) Basis of consolidation

The controlled entities are included in Note 18 to the consolidated financial statements. The controlled entities have a December financial year-end.

Subsidiaries are entities controlled by the company. Control exists when a company has power over an entity, is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of the subsidiary have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

(b) Revenue recognition

The Group enters into lease agreements as a lessor in relation to its investment properties. Revenue contracts with customers for data centres and office spaces contain both lease and non-lease components. Rental and service fee income from investment properties is recognized based on lease agreements with tenants and does not fall under the scope of AASB 15 Revenue from Contracts with Customers. However, power recharges and other revenue streams, such as management services, may be considered non-lease components, meaning they are not directly related to the tenant's rights to use leased assets. A non-lease component is subject to AASB 15 and is recognized at the point in time it is earned.

Rental Income and service fee income from investment properties

Rental income and service fee income from investment properties is recognised in the consolidated income statement on a straight-line basis over the lease term including any fixed indexation. Lease incentives granted are considered an integral part of the total rental income and are recognised as a reduction in rental income over the term of the lease, on a straight-line basis.

The inception of a lease or service agreement is the earlier of the date of the agreement and the date of commitment by the parties to the principal provisions of the lease or service agreement. The commencement of the lease term is the date from which the customer is entitled to exercise its right to use the leased asset. The lease term is the non-cancellable period for which the customer has contracted to lease the asset together with any further terms for which the customer has the option to continue to lease the asset, with or without further payment, when at the inception of the contract it is reasonably certain that the customer will exercise the option.

2. Significant accounting policies (cont'd)

Revenue recognition policies for non-lease components are as follows:

Power Charges

Revenue in relation to electricity drawn by the customer is recognised in the period in which the electricity was drawn. The timing of the drawing of power aligns to the satisfaction of the corresponding performance obligations. Associated electricity costs are recognised in cost of sales.

Additional services and other revenue

Additional services include power administration, fit-out, the provision of sub ducts, cross connect installation and management, managed services reporting, cleaning, dilapidations services, access management and client management services. Revenue from additional services is recognised when the service is provided, reflecting the consideration for those services and the requirements of AASB 15, including those set out below.

When a contract includes both leases and non-lease components, the Group applies AASB 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Significant payment terms depend on the individual contract with a customer. There is not typically a significant financing component and payment terms are specified in contracts with customers.

The Group does not typically have material performance obligations under AASB 15 *Revenue from Contracts with Customers* that are unsatisfied at a given point in time.

(c) Taxation

The company and its wholly-owned Australian resident entities formed a tax-consolidated group with effect from 1 January 2003 and were therefore taxed as a single entity from that date. Global Switch Australia Pty Limited was the head entity of that group. A new tax consolidated group was formed effective from 1 March 2010, incorporating the new head entity, Global Switch Australia Holdings Pty Limited.

The separate taxpayer within a group approach has been used to allocate current income tax expense and deferred tax expense to entities within the tax consolidated group. Each entity in the group recognises its own current and deferred tax assets and liabilities as if they continue to be a separate taxable entity in their own right. The current tax liability of each group company is then subsequently assumed by the head entity of the tax consolidated group. Given that the tax consolidated group has not entered into a tax funding agreement the assumption by the head entity of the tax liability (or asset) arising in a subsidiary in the tax-consolidated group is recognised by the head entity as a contribution to (or distribution from) the subsidiary.

Current tax

The tax currently payable or receivable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the Consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the group is able to control the reversal of the temporary difference and it is probable

2. Significant accounting policies (cont'd)

that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the Consolidated statement of cash flows.

(e) Property, plant and equipment

Property, plant and equipment, are stated at cost, less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

<u>Class of property, plant and equipment</u>	<u>Useful lives</u>
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Plant and equipment	2-15 years
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Depreciation rates and methods shall be reviewed at least annually and, where changed, shall be accounted for as a change in accounting estimate. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method. Depreciation recognised in prior financial periods shall not be changed, that is, the change in depreciation rate or method shall be accounted for on a 'prospective' basis.

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2. Significant accounting policies (cont'd)

(f) Impairment of Property, plant and equipment

At the end of each reporting period, the group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(g) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. All of the group's property interests are owned to earn rentals or for capital appreciation purposes, are accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

(h) Financial instruments

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

2. Significant accounting policies (cont'd)

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The group's financial assets at amortised cost includes trade receivables, other assets and related party receivables.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Impairment of financial assets

The group recognises a loss allowance for expected credit losses on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The group recognises lifetime expected credit losses (ECL) for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date;

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the group expects to receive, discounted at the original effective interest rate.

The group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to

2. Significant accounting policies (cont'd)

another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities

Financial liabilities, including borrowings, trade and other payables, deferred income and related party payables, are measured at amortised cost using the effective interest method.

Derecognition

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(i) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, and annual leave in the period the related service is rendered.

Liabilities recognised in respect of short-term employee benefits, expected to be settled with 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss when they are due.

(j) Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

(k) Foreign currencies

The financial statements of the group are presented in the currency of the primary economic environment in which the group operates (its functional currency). For the purpose of the financial statements, the results and financial position of the group are expressed in Australian dollars ('\$'), which is the functional currency of Global Switch Australia Holdings Pty Limited, and the presentation currency for the financial statements.

2. Significant accounting policies (cont'd)

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise, except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

(l) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- I. Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- II. For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the Consolidated statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(m) Comparative amounts

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(n) Critical accounting judgments and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimates of fair value of investment property

The best evidence of fair value is current prices in an active market for similar investment properties. Where such information is not available, the Directors engage external professionally qualified valuers to determine the property's value within a range of reasonable fair value estimates. In making their judgement, the Directors considers information from a variety of sources including:

- current prices in an active market for properties of different nature, condition or location (or subject to different leases or other contracts), adjusted to reflect those differences;
- recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices;
- discounted cash flow projections based on reliable estimates of future cash flows, derived from the term of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of cash flows; and

2. Significant accounting policies (cont'd)

- capitalised income projections based upon a property's estimated net market income, which is assumed to be a level annuity in perpetuity, and a capitalisation rate derived from analysis of market evidence. Reversions associated with short term leasing risks/costs, incentives and capital expenditure may be deducted from the capitalised net income figure.

These approaches require assumptions and judgement to be made in relation to the future receipt of contractual rentals, expected future market rentals, void periods, maintenance requirements, property capitalisation rate or estimated yield and make reference to market evidence of transaction prices for similar properties. If such prices are not available then the fair value of investment properties is determined using assumptions that are mainly based on market conditions existing at each balance date.

These valuations are regularly compared to market yield data, and transactions reported by the market.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the consolidated financial statements. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available in the future for them to be utilised. Such assets and liabilities are not recognised where temporary differences arise from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that the realised tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves. Deferred tax is determined using tax rates and laws that have been enacted by the balance sheet date and are anticipated to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are offset only if certain criteria are met.

3. Adoption of new and revised Accounting Standards

New and revised Standards and amendments thereof and Interpretations effective for the current year that are not relevant to the group include:

- AASB 2023-4 *Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules: Ties 2 Disclosures*
- AASB 2021-6 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards*

4. Revenue

	2023	2022
	\$	\$
Rental and Service fee income	90,928,231	100,903,531
Power recharges	31,180,260	16,242,451
Additional services and other revenue	16,688,771	13,478,143
	<u>138,797,262</u>	<u>130,624,125</u>

5. Profit/(loss) for the year

Profit/(loss) for the year has been arrived at after (crediting)/charging the following items of income and expense:

	2023	2022
	\$	\$
Facility Costs*	(51,745,257)	(40,874,650)
Depreciation expenses	(144,334)	(276,807)
Finance income - interest income	1,388,291	167,007
Finance costs:		
Interest expense - related party	(74,698,208)	(51,406,528)
Other finance costs	<u>(8,008,082)</u>	<u>(6,272,318)</u>
	<u>(82,706,290)</u>	<u>(57,678,846)</u>

*Facility costs consist of facility management, security, utilities and maintenance.

6. Income taxes

	2023	2022
	\$	\$
(a) Income tax expenses		
The prima facie income tax expense in the consolidated statement of profit or loss and other comprehensive income is as follows:		
Profit/(loss) before income tax from continuing operations	<u>113,018,597</u>	<u>9,079,486</u>
Income tax expense calculated at 30% (2022: 30%)	33,905,579	2,723,846
Movement in Non-deductible expenses	2,352,019	540,116
Other movements	<u>(1,928,229)</u>	<u>-</u>
Income tax expense	<u>34,329,369</u>	<u>3,263,962</u>

(b) Net deferred tax liabilities

Temporary differences	<u>592,326,434</u>	<u>557,997,066</u>
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2023	Opening balance	Movement	Closing balance
	\$	\$	\$
Fixed assets	91,897,625	586,805	92,484,429
Fair Value of Investment Property	(650,007,000)	(39,735,000)	(689,742,000)
Accruals and provisions	749,182	192,704	941,886
Deferred income and expenses	(636,873)	1,015,327	378,454
Blackhole (40-880) deductions	-	328,449	328,449
Tax losses carried forward	-	3,282,347	3,282,347
Net deferred tax assets/(liabilities)	(557,997,066)	(34,329,368)	(592,326,434)

2022	Opening balance	Movement	Closing balance
	\$	\$	\$
Fixed assets	95,253,716	(3,356,091)	91,897,625
Fair Value of Investment Property	(651,792,000)	1,785,000	(650,007,000)
Accruals and provisions	642,290	106,892	749,182
Deferred income and expenses	(662,860)	25,987	(636,873)
Blackhole (40-880) deductions	-	-	-
Tax losses carried forward	-	-	-
Net deferred tax assets/(liabilities)	(556,558,854)	(1,438,212)	(557,997,066)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computations of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. In accordance with AASB 112 *Income taxes*, a deferred tax liability has been provided in respect of increased property fair values in excess of the tax base.

7. Trade receivables

	2023	2022
	\$	\$
Current		
Trade receivables	17,223,375	5,007,860
Expected credit loss provision	<u>(1,429,158)</u>	<u>(912,246)</u>
	<u>15,794,217</u>	<u>4,095,614</u>

8. Other assets

	2023	2022
	\$	\$
Current		
Prepayments	114,267	72,644
Inventories	1,300,701	1,373,576
Deferred Expenses	141,685	273,444
Accrued Income	<u>3,434,284</u>	<u>169,300</u>
	<u>4,990,937</u>	<u>1,888,964</u>

9. Related party receivables

	2023	2022
	\$	\$
Non-current		
Global Switch Property Singapore Pte Ltd	247,956	71,332
Global Switch Hong Kong Ltd	225,100	233,227
	<u>473,056</u>	<u>304,559</u>

The related party receivables have historical balances between Global Switch Property (Australia) Pty Ltd and Global Switch related parties and there are no expected repayments to be made in the coming 12 months.

10. Property, plant and equipment

	Property, plant and equipment at cost \$
Cost	
Balance at 1 January 2022	926,015
Additions	19,085
Disposals	-
Balance at 31 December 2022	<u>945,100</u>
Balance at 1 January 2023	945,100
Additions	78,517
Disposals	-
Balance at 31 December 2023	<u>1,023,617</u>
Accumulated depreciation	
Balance at 1 January 2022	509,603
Depreciation expense	276,807
Disposals	-
Balance at 31 December 2022	<u>786,410</u>
Balance at 1 January 2023	789,410
Depreciation expense	144,333
Disposals	-
Balance at 31 December 2023	<u>930,743</u>
Carrying amount 31 December 2022	<u><u>158,690</u></u>
Carrying amount 31 December 2023	<u><u>92,874</u></u>

11. Investment property

	Total \$
Balance at 1 January 2022	2,172,640,000
Capital expenditure	12,179,624
Fair value adjustment	(14,610,318)
Straight line revenue movement	(3,519,305)
Balance at 31 December 2022	<u>2,166,690,000</u>
Balance at 1 January 2023	2,166,690,000
Capital expenditure	21,364,551
Fair value adjustment	115,643,416
Straight line revenue movement	(4,557,968)
Balance at 31 December 2023	<u>2,299,139,999</u>

Investment property critical estimates

Investment properties are the largest component of the group's net asset value. The value of the investment properties is affected by the conditions prevailing in the property investment market and the general economic environment. Accordingly, the group's net asset value can change due to external factors beyond management's control. The long-term nature of the agreements with customers provides some protection to the group from such factors. The group determines the value of investment properties using discounted cash flow valuation techniques performed by external professionally qualified valuers. Information about the valuation techniques and inputs used in determining the value of investment properties is disclosed within this note.

All of the group's investment property is Level 3, as defined by AASB 13 Fair value measurement, in the fair value hierarchy as at 31 December 2023 and there were no transfers between levels during the year. Level 3 inputs are those which are unobservable (no quoted prices are available either directly or indirectly), as opposed to Level 1 (inputs from quoted prices) and Level 2 (observable inputs either directly as quoted prices, or indirectly derived from quoted prices).

Investment properties are stated at market value as at 31 December 2023 and 2022, valued by professionally qualified external valuers. The group's investment properties were valued by CBRE Limited ("CBRE"), who have sufficient current and international knowledge of the particular property market involved and have the skills and understanding to undertake the valuations competently. The valuations were prepared in accordance with the Royal Institute of Chartered Surveyors Valuation Standards. Valuation fees are independent of the investment property value and based on a fixed amount.

Market value is defined as the estimated amount for which an investment property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. CBRE uses a variety of valuation techniques (valuation metrics), which include yield methodology, IRR, DCF and market value analysis including comparable recent market transactions on arm's length terms. CBRE applies significant assumptions in their valuation models regarding rental values, fixtures, fittings and equipment, environmental matters, repair and condition, title, tenure, lettings, planning, taxation, and statutory and local authority requirements. There have been no changes in the core methodology valuation techniques used by CBRE between 2022 and 2023.

The group believes the information provided to CBRE on which CBRE based its valuation opinion to be reasonable at the time provided.

12. Trade and other payables

	2023	2022
	\$	\$
Current		
<i>Unsecured - at amortised cost</i>		
Trade payables	8,465,629	7,781,274
Good and Services Tax payable	276,721	337,431
Interest payable	-	-
	<u>8,742,350</u>	<u>8,118,705</u>

13. Employee benefits

	2023	2022
	\$	\$
Current		
Annual leave	504,779	350,613
Long service leave	421,695	421,695
	<u>926,474</u>	<u>772,308</u>

Provision for employee benefits represents amounts accrued to annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the group does not expect the full amount of annual leave balances classified as current provisions to be settled within the next 12 months. However, these amounts must be classified as current, since the group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

14. Deferred income

	2023	2022
	\$	\$
Current		
Deferred income	<u>2,094,292</u>	<u>1,699,585</u>

15. Related party payables

	2023	2022
	\$	\$
Non-current		
Global Switch Limited	13,492,041	14,313,838
ICT Centre Holdings BV	<u>777,331,935</u>	<u>688,319,888</u>
	<u>790,823,976</u>	<u>702,633,726</u>

The related party loan agreement between Global Switch Property (Australia) Pty Ltd and ICT Centre Holding BV had the term extended in 2022 and now has a maturity and repayment date of 31 March 2028.

The related party loan had an average interest rate of 10.43% during 2023.

The related party loan agreement between Global Switch Australia Pty Ltd and ICT Centre Holding BV had the term extended in 2022 and now has a maturity and repayment date of 31 March 2028.

The related party loan between Global Switch Property (Australia) Pty Ltd and Global Switch Limited has historical balances carried forward from prior years and there are no expected repayments to be made in the coming 12 months.

As at 31 December 2023, the company's subsidiaries, were guarantors under the following guaranteed notes, issued by Global Switch Holdings Limited:

- €500 million guaranteed notes due 2024
- €500 million guaranteed notes due 2027
- €700 million guaranteed notes due 2030

The company's subsidiaries were also guarantors under Global Switch Holdings Limited's £350 million multicurrency revolving credit facility, entered into on 31 May 2022.

The company's subsidiaries are included with all Global Switch Holdings Limited subsidiaries worldwide as guarantors, repayment(s) in relation to these guarantees is unlikely to materially impact the company's going concern and financial statements for the year ended 31 December 2023.

Global Switch Holdings Limited settled its €500 million guaranteed notes in January 2024, refinancing with a new €500 million term loan maturing in December 2025. The company and its subsidiaries are not guarantors under this term loan.

Given the potential divestiture involving the sale of all issued shares of Global Switch Australia Holding Pty Ltd, this entity and its subsidiaries will be released from their role as guarantors under the relevant bonds before any transaction is completed.

16. Issued capital

	2023	2022
	\$	\$
1 fully paid ordinary share (2022: 1)	<u>1</u>	<u>1</u>

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

17. Reserves

	2023	2022
	\$	\$
Other equity reserves	<u>(447,187,770)</u>	<u>(447,187,770)</u>

The acquisition of Global Switch Australia Pty Limited has been accounted for as a common control transaction as at the time of this transaction both Global Switch Australia Holdings Pty Limited and Global Switch Australia Pty Limited were controlled by the same shareholder. As a common control transaction, the acquisition does not reflect the fair values of the assets or liabilities acquired or any recording of goodwill at the time of the acquisition of Global Switch Australia Pty Limited. Any difference between the consideration paid and the predecessor book values of the net assets acquired is recognised as a separate reserve within equity. Pre-acquisition losses have not been eliminated.

18. Controlled entities

Subsidiary	Country of Incorporation	Ownership interest	
		2023	2022
		%	%
Global Switch Australia Pty Limited	Australia	100	100
Global Switch Property (Australia) Pty Limited	Australia	100	100
Global Switch Property Pty Limited	Australia	100	100

19. Cash and cash equivalents

For the purposes of the Consolidated statement of cash flows, cash and cash equivalents include cash on hand and cash in banks. Cash and cash equivalents at the end of the reporting period as shown in the Consolidated statement of cash flows can be reconciled to the related items in the Consolidated statement of financial position as follows:

(a) Reconciliation of cash

	2023	2022
	\$	\$
Cash at bank	52,497,405	77,781,248
Term deposit (Maturing 31 days)	80,000,000	0.00
Cash on hand	867	867
Deposits Restricted	1,700,000	1,700,000
	<u>134,198,272</u>	<u>79,482,115</u>

(b) Reconciliation of profit / (loss) for the year to net cash flows from operating activities

	2023	2022
	\$	\$
Profit / (loss) for the year	78,689,228	5,815,524
Unrealised fair value adjustment to investment property	(115,643,416)	14,610,318
Depreciation of plant equipment	144,334	276,807
(Increase) / decrease in assets:		
Trade receivables	(14,089,560)	7,966,172
Other assets	1,455,996	3,853,520
Current tax assets	488,353	(988,846)
Increase / (decrease) in liabilities:		
Trade and other payables	95,878,120	73,661,988
Employee Benefits	154,166	5,084
Current tax liabilities		(3,093,934)
Deferred tax liability	34,329,368	1,438,212
Net cash flows generated by operating activities	<u>81,406,587</u>	<u>103,544,845</u>

(c) Non-cash transactions

During the financial year, the group entered into the following non-cash investing and financing transactions (which were not included in the Consolidated statement of cash flows):

- Capitalisation of interest to related party loans of \$74,698,208 (2022: \$51,406,528).
- Capitalisation of intercompany charges to related party loans of \$14,313,838 (2022: \$9,531,841)

(d) Reconciliation of liabilities from financing activities

Liabilities arising from financing activities are liabilities for which cash flows are, or will be, classified as 'cash flows from financing activities' in the Consolidated statement of cash flows. Changes in the carrying amount of related party payables arising from financing activities are summarised below:

	Related Party Payables - Non Current
Balance at 1 January 2022	<u>807,577,051</u>
Cash flows during the year	(168,951,900)
Non-cash capitalisation of interest	51,406,528
Non-cash capitalisation of intercompany charges	12,602,046
Balance at 31 December 2022	<u>702,633,726</u>
 Balance at 1 January 2023	 <u>702,633,726</u>
Cash flows during the year	-
Non-cash capitalisation of interest	74,698,208
Non-cash capitalisation of intercompany charges	13,492,042
Balance at 31 December 2023	<u>790,823,976</u>

20. Parent entity information

The following details information related to the parent entity, Global Switch Australia Holdings Pty Limited, at 31 December 2023. The information presented here has been prepared using consistent accounting policies as presented in Note 2.

	2023 \$	2022 \$
Current assets	2,551,379	2,239,426
Non-current assets	<u>675,489,286</u>	<u>658,291,776</u>
Total assets	<u>678,040,665</u>	<u>658,291,776</u>
Current liabilities	407,905,134	401,387,164
Non-current liabilities	<u>630,642,307</u>	<u>571,864,480</u>
Total liabilities	<u>1,038,547,441</u>	<u>973,251,644</u>
Issued capital	1	1
Accumulated losses	<u>(360,506,777)</u>	<u>(312,720,443)</u>
Total equity	<u>(360,506,776)</u>	<u>(312,720,442)</u>
Loss for the year	<u>(47,786,334)</u>	<u>(28,756,205)</u>
Total comprehensive loss for the year	<u>(47,786,334)</u>	<u>(28,756,205)</u>

(a) Going concern

The current liability of \$407,905,134 as at 31/12/2023 refers to a payable from Global Switch Australia Holdings Pty Limited to Global Switch Property (Australia) Pty Ltd, however, there is a cross deed guarantee in place which covers all entities listed within the Group. Please refer note 25.

21. Contingent liabilities

The group did not have any contingent liabilities at 31 December 2023 (2022: nil).

22. Commitments for expenditure

The group does not have any commitments for operating leases at 31 December 2023 (2022: nil). The group had commitments for capital expenditure at 31 December 2023 of \$9,888,472 for 33kV Feeder project and 11kV switchgear supply & installation (2022: \$3,988,600 for the purchase of DRUPS plant).

23. Related party transactions**(a) Parent entities**

Global Switch Australia Holdings Pty Limited is the parent entity.

Name	Type	Country of Incorporation	Ownership interest	
			2023	2022
			%	%
Landal Worldwide Corp	Ultimate parent entity	British Virgin Islands	100	100

(b) Key management personnel compensation

	2023	2022
	\$	\$
Total key management personnel compensation	1,768,959	1,625,063

(c) Transactions with related parties

	2023	2022
	\$	\$
The following transaction occurred with related parties:		
Brand fee	7,190,271	10,765,222

(d) Outstanding balances arising from sales/purchases of goods and services

	2023	2022
	\$	\$
<i>Non-current payables (purchases of goods and services)</i>		
Global Switch Limited	13,492,041	14,313,838

Non-current receivables (sales of goods and services)

Global Switch Hong Kong Ltd	225,100	233,227
Global Switch Property Singapore Pte Ltd	247,954	71,332
	473,054	304,559

(e) Loans from related parties

	2023	2022
	\$	\$
Beginning of the year	688,319,888	771,872,643
Loan advances	14,313,839	-
Interest charged	74,698,208	51,406,528
Interest paid	-	(64,182,771)
Loan repayments made	-	(70,776,512)
	777,331,935	688,319,888

24. Auditors' remuneration

	2023	2022
	\$	\$
Audit of the financial statements	188,796	149,000
Non-audit services	-	-
	<u>188,796</u>	<u>149,000</u>

The auditor of Global Switch Australia Holdings Pty Limited, is Deloitte Touche Tohmatsu.

25. Deed of Cross Guarantee

On 18 December 2011 the Company and its wholly owned subsidiaries;

Global Switch Australia Pty Limited
Global Switch Property (Australia) Pty Ltd
Global Switch Property Pty Limited;

have entered into a Deed of Cross Guarantee in accordance with ASIC Corporations (Wholly-owned Companies) Instrument 2016/785. The effect of the deed is that each party guarantees the debts of the others. The consolidated statement of profit and loss and comprehensive income and consolidated statement of financial position, comprising the Company and the controlled entities which are party to the Deed, after elimination of all transactions between parties to the Deed of Cross Guarantee, for the year ended 31 December 2023 show the following aggregate amounts; Net profit \$78,689,228 and Net assets \$1,062,327,207 as stated in the Group's consolidated statement of profit and loss and other comprehensive income and consolidated statement of financial position.

26. Events after the reporting period

The shareholders are currently exploring a potential divestiture involving the sale of all issued shares of Global Switch Australia Holding Pty Ltd. In February 2024, there was significant interest from global financial investors, which led to several non-binding indicative offers. A comprehensive due diligence process has been initiated, with an anticipated completion by the third quarter of 2024, however, there is provision for a potential extension if necessary. As of the date of approval of these financial statements, the completion of the sale remains uncertain. The transaction is contingent upon receiving approval from the Foreign Investment Review Board (FIRB), which may extend the timeline by several months.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or might significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in subsequent years.

Global Switch Australia Holdings Pty Limited and Controlled Entities

ABN 35 138 200 049

Directors' declaration

As detailed in note 2 to the financial statements, the company is a reporting entity because in the opinion of the directors there exist users of the financial report who are not in a position to require the group to prepare reports tailored to their particular information needs. Accordingly, this 'general purpose financial report' has been prepared to satisfy the directors' reporting requirements under the *Corporations Act 2001*.

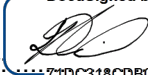
The directors declare that:

(a) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(b) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company.

Signed in accordance with a resolution of the directors made pursuant to s.295 (5) of the *Corporations Act 2001*.

On behalf of the directors

DocuSigned by:

Director.....
Damon Reid
Sydney, 26 July 2024