



# GLOBAL SWITCH HOLDINGS LIMITED

## ANNUAL REPORT & FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2020

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# CHIEF EXECUTIVE'S STATEMENT

## Overview

2020 was a year like no other, one that has affected us all personally and professionally. Our focus throughout the pandemic has been to support businesses, communities, our people and the digital economy in staying connected around the globe. I am extremely proud of the way our employees and partners, with the willing support and understanding of our customers, have worked tirelessly to ensure our data centres have remained fully operational during these extraordinary times.

Our first priority, as always, was the health and safety of everyone connected with Global Switch as well as maintaining a safe working environment in which to operate. We ensured that we were fully aligned with local government and World Health Organisation guidelines and instigated split A and B working rosters for all critical staff with social-distancing practices, as well as making appropriate arrangements for non-critical employees to work from home. Our COVID-19 Task Force, which includes all members of the Executive Committee and in-house experts from Europe and Asia-Pacific, continues to assess and direct our data centre operations, legal updates, project risks and financial impacts.

Concurrent with these operational challenges we experienced a rapid acceleration of customer demand from hyperscale providers, who brought forward requirements to address the demands of the pandemic. This led to record take-up at our data centres, with over 50MW of new business and a substantial level of renewals signed in a little over a year since the pandemic started.



At the start of 2021, we have seen an accentuation of these key macro demand drivers from 2020, including the on-going adoption of enterprise grade cloud computing, the trend towards outsourcing, and the rise of applications, video content streaming and increased legislation around the storage of data. This has led to robust demand across all our markets. We have significantly benefitted from both the quality of our customer base and its diversification across a wide range of sectors and geographies.

Despite these strong demand drivers and the underlying strength of our business, our financial performance in 2020 was impacted at both the revenue and EBITDA level by the end of the bank guarantee called upon following the default of Daily-Tech, previously one of our largest customers. The HK\$250m bank guarantee covering Daily-Tech's Hong Kong and Singapore contracts helped to significantly ameliorate the impact of the Daily-Tech defaults on our 2019 results. However, as this fell away in 2020 this has impacted on our financial performance compared to the prior year and while we executed the re-letting programme for the space. I am pleased to say that we have made excellent progress with this programme, securing contracts with high-quality blue-chip corporations and entities from North America and Asia, further improving the diversity and resilience of our customer base across the portfolio and strengthening our overall tenant profile. As at 31 December 2020, we had secured replacement customers for the substantial part of this capacity of the space.

As evidenced by the recently executed multi-MW service agreements and major renewals across a number of our data centres we believe we are well positioned to further expand our high quality customer base to facilitate long-term growth. Many of our customers have extended their contractual terms with us. These long-lasting relationships, which highlight the resilient nature of our revenue streams, are reflected in an average customer lifespan of 14.18 years<sup>1</sup> for our top 20 customers.

Over our 22-year history, we have built a trusted and internationally recognised brand and a reputation for developing and operating data centres that set high standards for scale, resilience and connectivity.

<sup>1</sup> Calculated on the average lifespan from initial contract commencement through to current contract maturity (excluding service agreements for less than 100 square metres of space) as at 31 December 2020.



Notwithstanding the challenges of COVID-19, Daily-Tech and ongoing geo-political uncertainty, I am confident that yet again Global Switch has demonstrated it is a highly resilient business and we continue to benefit from favourable macro-demand drivers, a strong balance sheet, low leverage, and our super prime positions in the Tier 1 markets of Europe and Asia-Pacific.

Meanwhile our confidence in the future was underpinned by our continued investment in delivering sustainable growth for our stakeholders. In this regard, and despite difficult working environments due to the pandemic, a highlight of the year was the launch, on programme, of the final stage of our Hong Kong data centre which became the largest carrier and cloud neutral, multi customer facility in that market. Global Switch Hong Kong has energy efficiency and sustainability at the heart of its design and forms part of our Environmental, Social and Governance (ESG) strategy of reducing our carbon footprint, as well as helping customers meet their own climate change targets. Sustainability will continue to be a core part of our strategy during 2021 and beyond.

## Strategy, ownership, and Board

Since inception, we have adhered to a clear and consistent strategy, one of growing our platform of large scale, multi-customer, highly resilient, carrier and cloud neutral data centres in super prime locations within the major business and financial hubs across Europe and Asia-Pacific close to our main customer base. Our data centre infrastructure is managed and monitored using sophisticated building management systems and is complemented by our Critical Environments Programme, which is one of the most robust in the industry and promotes a consistent, best practice approach to operational delivery. Our operating procedures and practices are supported by continuous improvement programmes and comprehensive training across our global footprint to ensure we are at the forefront of data centre management and service provision. In addition, a strict and clearly defined development plan which includes targeting customer pre-commitments, staged construction to minimise costs prior to revenue generation, and robust governance including the identification, transfer and mitigation of risk at all stages through the construction process, has been central to our strategy.

Our super prime locations are differentiated, offering our customers low latency at scale, and they cannot be easily replicated given the scarcity of land, access to power and multiple connectivity providers. These locations enable us to obtain premium service agreement rates, achieve high customer retention and enables us to experience higher sustainable demand across our portfolio.

We continue to leverage our connectivity-rich platform to further enhance our value proposition with customers and end users by expanding the reach of our platform. We continue to do so through increased service offerings via carriers, cloud on ramp providers, CDN providers and subsea cable terminations/POPs and are continually improving and strengthening our connectivity infrastructure at and between our individual data centres and campuses. This strategy assists revenue growth and helps to drive long-term value creation both directly, through connectivity services, and indirectly by solidifying the attractiveness of our ecosystem and securing additional contracted space and power with our customers and end users.

We continue to focus on developing new data centres in Tier 1 markets. Recent 451 Research, part of S&P Global Market Intelligence, forecasts compound annual growth rate in multi-tenant data centre operational space in EMEA at 10% and APAC at 17% between 2020 and 2027. This compares to 6% in North America and supports Global Switch's decision to develop high quality technical space in its existing markets.

Demand for data centre capacity within China remains significant, with 451 Research, part of S&P Global Market Intelligence, forecasting a compound annual growth rate between 2020 and 2027 in multi-tenant data centre operational space in China at 24%. With our focus on the Tier 1 markets in Europe and Asia - Pacific, we are continuing to assess opportunities in Shanghai which, if successfully concluded, would mark the company's entry into this important Tier 1 mainland China data centre market. This will be attractive to Western customers with significant requirements planned for China.

Meanwhile in partnership with Jiangsu Shagang Group Co., Ltd (Shagang), our controlling shareholder, a new capital-light, multi-city data centre product offering in China, also remains under active exploration, which would aim to address this demand. Leveraging our considerable expertise and knowledge of designing and developing highly resilient data centres with world class operation, this could create an exciting opportunity for Global Switch.



We are also continuing to execute our group-wide power densification programme which allows us to redevelop existing data centres and increase the power that can be supplied to the technical space, thereby meeting the future needs of our customers, “future-proofing” our data centres, and with increased service fees, delivering attractive returns on capital.

The 2020 financial year represented the peak year of our current organic capex cycle. Nevertheless our ambition remains unaltered and we expect to invest over £1 billion over the next five years in a combination of power densification projects as well as executing delivery of our existing expansion pipeline at our data centres to support the profitable growth of our business. We remain fully committed to maintaining a strong balance sheet and an investment grade credit rating, which ensures we maintain a low cost of capital. Our programme will continue to be carefully phased over the period with this core objective in mind.

As we execute our build programme and our power densification strategy, our mission is to lead the way in increasing the energy efficiency of data centres, which is why we are proud of the progress we have already made in this regard and ensuring future developments meet the highest environmental standards.

We have already established an ESG Committee which, like our ESG Green Bond Committee, reports into a newly created ESG Sub-Committee of our Board. The ESG Committee is chaired by our Chief Design Officer, Matthew Winter, and during 2021 we will be publishing our inaugural corporate ESG report. Across all our facilities, Global Switch remains committed to reducing its carbon footprint and the impact of its data centres on the environment. We closely track the energy used by our data centres as well as the energy used by our customers to gain a comprehensive picture of our carbon footprint and reduce this where possible. We strive to ensure that the design and efficiency of our new data centres, the refurbishment of our existing data centres and the long-term operational management of each of our data centres throughout its life cycle are at the very heart of our business model. Our inaugural ESG report will further augment on these themes and include details on how we are empowering and investing in our people and building a truly diverse global workforce, as well as expand on our business ethics and principles.

In October 2020 we successfully launched our inaugural green bond. The €700 million 10-year bond was issued at a coupon of 1.375%, the lowest across any maturity in Global Switch's history. The book was more than

twice oversubscribed with strong demand from leading international institutional investors. The bonds, which has been included in both the Bloomberg Barclays MSCI Green Bond Index and the Climate Bonds Initiative Green Bonds Database, further lowered our cost of capital and strengthened our balance sheet. At the time of launching the bond we announced our initial sustainability goal to become climate neutral across our portfolio and to play our part in meeting the UN's Sustainable Development Goal 7.3 of doubling the global rate of improvement in energy efficiency by 2030. The proceeds from the bonds will enable us to fund our expansion plans by developing new green data centres and improving energy efficiency at existing facilities as well as assist our customers in achieving their “green” goals and reaching their desired levels of sustainability.

When we launched our green bond, we developed a ‘Green Bond Framework’ which complies with the ICMA Green Bond Principles 2018 and outlines clear requirements for each green bond issue, covering Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds and Reporting. This Framework, which was reviewed by Sustainalytics, the leading independent global provider of ESG and corporate governance research and ratings to investors, helps to embed sustainability into every aspect of our operations. We have introduced a Green Bond Committee which will determine the projects to which funds are allocated, chaired by Global Switch's Chief Financial Officer, David Doyle.

Turning to our ownership. On 26 November 2020, Shagang advised the Company of its intention to pursue a reorganisation of the shareholdings in Global Switch. Upon completion of the proposed reorganisation, the Company's 51% direct shareholder, Elegant Jubilee Limited, would become a wholly owned indirect subsidiary of Jiangsu Shagang Co., Ltd (“JS Co.”), a Shenzhen Stock Exchange quoted (stock code 002075.SZ) subsidiary of Shagang. Shagang, a member of the Fortune Global 500 list of the world's biggest companies, will remain the Company's controlling shareholder.

This reorganisation will provide enhanced liquidity for certain of Global Switch's current investors, via JS Co.'s listing in Shenzhen – one of the world's largest bourses, with an annual trading value of over US dollars 10 trillion. It will also provide enhanced access to the global capital markets to support Global Switch's future growth ambitions. At the time of writing, the transaction has been approved and supported by all JS Co.'s shareholders. The transaction has been submitted





to the China Securities Regulatory Commission for its regulatory approval process and a Notice of Acceptance from the China Securities Regulatory Commission has been received. The completion of this reorganisation would support enhanced transparency and reporting requirements due to the listing on the Shenzhen Stock Exchange, even though it may preclude a listing of Global Switch on a major international stock exchange. We believe this increased disclosure will be helpful for all key Global Switch stakeholders.

Separately, direct minority shareholders in Global Switch (including other controlled entities of Shagang), who own the remaining 49% of shares continue to evaluate their options to create liquidity for their stakes and at the same time potentially introduce international strategic investors to the company. At the time of writing this evaluation remains at a preliminary stage and any transaction for such a minority stake is speculative.

Shagang re-confirmed at the end of 2020 that there will be no changes to the strategic direction, management or financial and operational policies of Global Switch, reflecting its continued confidence in the business model, strategy and management team and in line with the commitments enshrined in Global Switch's Shareholders' Agreement.

During 2020 we have continued to enhance our corporate governance. In November 2020, Global Switch appointed its first Independent Non-Executive Director, with Liew Fui Kiang appointed to the Board. Mr Liew is based in Hong Kong and he has over twenty-five years of experience in business management, strategic decision-making, board-level engagement and corporate governance through his directorships in listed companies and his legal career as a partner with major international law firms. His appointment will further support the execution of Global Switch's strategic vision, organic development and continued expansion, as well as enhancing the Company's commitment to best in class corporate governance standards.

Following Mr Liew's appointment as well as Li Peng and Wei Guo who were appointed earlier in the year, the Company's Board comprised seven members including He Chunsheng (Chairman), myself (Chief Executive Officer) and David Doyle (Chief Financial Officer) and Non-Executive Director Nie Wei. The Shareholders' Agreement, to which the Company is a party, enshrines its future strategic direction as well as maintaining strong corporate governance and controls which enable the effective management and operation of the

Company and ensures ongoing compliance with the Company's reporting obligations.

Meanwhile in order to strengthen the senior management team, Global Switch created three new C-suite roles with Ashley Muldoon joining as Chief Operating Officer, Eoghainn Calder as Chief Legal Officer and Matthew Winter promoted to Chief Design Officer. Ashley has enjoyed a long career in senior property development and construction roles and Eoghainn joined us after a long career as legal counsel for EMEA for one of the world's largest and most successful investment banks. We were particularly excited to attract candidates of the calibre of Ashley and Eoghainn. All of them have joined the Executive Committee of Global Switch, bringing complementary skills and capabilities to the management team, thereby supporting the company's growth and global expansion.





## Year in review

Despite the pandemic, we have been able to remain focused on evolving and building on our success and positioning the business for future growth. 2020 was a momentous year, involving the completion of our largest ever data centre, addressing a steep rise in major customer fit outs together with an acceleration of our power densification programme as customers sought to ramp up deployments to address global demand for cloud applications and services.

At the end of 2020, we saw the completion of the final stage (Buildings 4 and 5) of our Hong Kong data centre located on the Tseung Kwan O Industrial Estate. The state-of-the-art facility, comprising five inter-linked buildings, has become the largest single multi customer, carrier and cloud neutral data centre in Hong Kong, as well as the largest single data centre in Global Switch's portfolio by gross floor area and utility power capacity. This latest stage of the development, adds to the initial stage which launched in 2017, providing an additional 35,564 square metres and 58MVA of utility power supply capacity of world class infrastructure services. This brings the total infrastructure services of Global Switch Hong Kong to 70,228 square metres and a total utility power supply capacity of 100MVA.

Global Switch Hong Kong incorporates some of the latest energy efficient and resilient technologies designed to minimise power consumption. This includes cooling equipment arranged for free-cooling with elevated chilled water temperature to reduce the carbon footprint of the data centre. The facility also benefits from four on-site thermal storage tanks providing a total of 700m<sup>3</sup> of thermal storage that ensure continuous cooling at full load in the event of a city power failure; the thermal buffer tanks are regenerated using a free-cooling system. Global Switch Hong Kong benefits from an independently verified annualised design Power Usage Effectiveness (PUE) of less than 1.3 and is designed to achieve a Leadership in Energy and Environmental Design (LEED) Platinum rating, and a Hong Kong Green Building Council's BEAM Plus Gold rating.

Similar to our flagship London East facility, the Hong Kong data centre is fed by two completely independent 132kV power sources (the 'motorway network' of the energy world) and has three on-site 50MVA transformers in N+1 configuration to meet the capacity and reliability customers require for their data centre operations.

In Amsterdam, we have now completed the shell construction of our second data centre, Amsterdam East, located adjacent to the existing Amsterdam West facility. Once all stages are complete the data centre will provide high density technical space with 32,000 square metres of gross space and 40MVA of utility power. Again, energy efficiency is at the core of the design. Amsterdam East will incorporate the latest technologies such as flooded room cooling design with hot aisle containment allowing flexible IT rack load deployment. The cooling will be generated using a free-cooling water-based cooling system and will allow the heat to be exported to the local community. The data centre will be targeting an annualised design PUE of less than 1.2 and a BREEAM certification of at least "Very Good". In addition, as part of Global Switch's comprehensive Energy Management Programme, customers will be offered 100% green energy. With the acceleration of the digital economy, Global Switch Amsterdam East will provide an Open Compute Platform ready environment (accreditation pending) enabling customers to deploy at scale both cost effectively and with speed.

We have been in consultation with the local authority on the pre-planning detailed design to develop a third large-scale data centre on our London campus. Based on current plans, London South will span 25,000 square metre gross space with 40MVA of utility power supply capacity. The data centre will have direct connections to the dense ecosystems of London East and London North, allowing customers to access multiple connectivity options to connect to a wide range of international and national carriers and cloud providers.

We actively review our portfolio for opportunities to selectively redevelop existing space to meet changing customer demand and increase our return on capital. This involves upgrading existing technical space and associated base infrastructure, improving energy efficiency and increasing power densities in large private suites from original design capacities, improving access for our carrier and cloud service providers by building new Meet Me Rooms and converting non-technical space into high yielding technical space. We have redevelopment projects underway to increase the power density we can offer to our customers in London North and following major customer commitments from hyperscale providers in both Madrid and Paris East.

At London North, we are undergoing a multiphase redevelopment that will see high power density space being offered to customers. Following Phase 1.1 (adding 2.6MW of sellable IT power), we expect to rapidly



deliver Phase 1.2, which will see a further 3.5MW of sellable IT power.

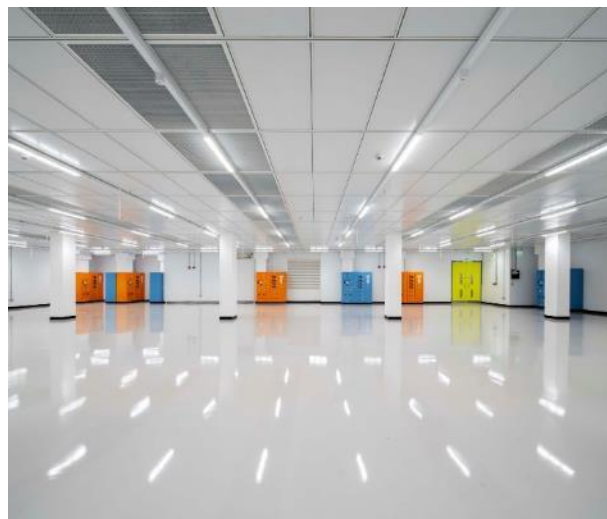
In Madrid we are undergoing a redevelopment for an existing customer which will see 2,500 W/m<sup>2</sup> density space being offered to customers. Phase 1 will see the delivery of two technical suites to each offer 2MW of IT power capacity. Phase 2 will see a further 2MW of IT power capacity added to the 4MW to give a total 6MW IT power densified space.

The masterplan for Paris East is to redevelop three levels with modification to the power and cooling infrastructure to create nine suites over these levels providing up to 15 MW of IT power capacity, again for an existing, expanding customer. Phase 1 comprises the construction of three suites with aim of increasing power density from 800 W/m<sup>2</sup> to 2,777 W/m<sup>2</sup>.

At Global Switch we take pride in the quality and diversity of our customer base and despite the challenges in the macro environment, we continue to see strong demand for our facilities in both Europe and Asia-Pacific from cloud, hyperscale and enterprise corporate customers. The pandemic has only served to underline the critical importance of online services, with internet users forecast by the Cisco Annual Internet Report to increase to 5.3 billion internet users by 2023. The growing demand for online services from business and individuals alike, will only serve to further underpin the requirements of cloud-based infrastructure providers for large scale, high density colocation capacity.

Fit-out works on behalf of major hyperscale cloud providers and financial institutions featured strongly in the year, with major new customer contracts signed in our Hong Kong and Singapore Woodlands data centres.

As part of our sustainability strategy, we have initiated a life cycle replacement programme and energy efficiency improvement initiative across a number of our facilities. The project will see the replacement of the existing computer room air handling (CRAH) units with more efficient models, followed by gradually raising the chilled water temperature in the CRAHs from six degrees Celsius to 20 degrees Celsius. In London North, where the project is nearing completion, this will allow the chillers that were recently replaced to potentially operate free-cooling hours for around half the year, and therefore reduce the PUE for the facility.



## Financial Highlights

### *Revenue and EBITDA*

Global Switch's financial performance has been affected by the aforementioned Daily-Tech defaults which have negatively impacted the 2019 and 2020 results. However, our underlying financial performance has otherwise increased from prior year.

Reported revenue has decreased by 6.4%, mainly due to the termination of three previously revenue-generating contracts with Daily-Tech in April 2020. These contracts were for services at our Frankfurt North and Singapore Woodlands data centres and thus we have seen decreases in reported revenues in both our Europe and Asia-Pacific segments. The Group's revenue excluding terminated Daily-Tech service contracts, however, has grown by 1.7% from £388.7 million to £395.3 million, primarily as a result of the new customer contracts at our Frankfurt North, Hong Kong and Singapore Woodlands data centres, replacing a significant portion of the terminated Daily-Tech contracts.

Like reported revenue, EBITDA has also decreased (by 5.0%) as a result of the Daily-Tech defaults. Although Daily-Tech defaulted on certain agreements in 2019, the Group was able to call upon a bank guarantee provided as a security deposit by Daily-Tech, which limited the prior year impact on EBITDA. EBITDA excluding the revenue and expected credit loss charges on terminated Daily-Tech service contracts grew by 1.4%, driven by the above increase in revenue excluding Daily-Tech contracts.



In accordance with industry convention and accounting standards, we account for power on a gross basis with power being included in both revenue (power cost recoveries from our customers) and costs (supplied power costs). Whilst the Group continues to recover all power costs from its customers, this accounting treatment has the effect of reducing reported EBITDA margins. If power were accounted for on a net basis, and after excluding the impact of the terminated Daily-Tech service contracts, the EBITDA margin would have been 72.6% for the year ended 31 December 2020, consistent with 2019 (also 72.6%), and compared to 57.9% (2019: 57.0%) on a gross power basis.

	Year ended 31 December 2020	Year ended 31 December 2019	Increase/ (Decrease)
	£m or %	£m or %	%
<b>Revenue</b>			
Reported IFRS revenue	410.5	438.6	(6.4%)
Revenue excluding power and terminated Daily-Tech service contracts	328.1	323.8	1.3%
<b>EBITDA</b>			
EBITDA <sup>1</sup> - £ million	237.7	250.1	(5.0%)
EBITDA <sup>1</sup> excluding the revenue and expected credit loss charges on terminated Daily-Tech service contracts	238.3	235.0	1.4%
<b>EBITDA margin</b>			
EBITDA margin	57.9%	57.0%	
EBITDA margin excluding power revenue and excluding the revenue and expected credit loss charges on terminated Daily-Tech service contracts	72.6%	72.6%	
Investment property valuation - £ million	6,126.1	5,584.5	9.7%

<sup>1</sup> EBITDA is defined as operating profit before depreciation, amortisation, loss on disposal of property, plant and equipment, exceptional items and revaluation of investment property. A reconciliation between operating profit and EBITDA is provided in note 7 to the consolidated financial statements.

For a reconciliation of reported performance measures to those above, please refer to page 66.





### Exceptional items

During the year Global Switch recognised a total of £2.5 million of exceptional items (2019: £9.4 million) which are defined in Note 13 to the financial statements and do not form part of the EBITDA results. These costs were mainly incurred in relation to the Company's preparation for its proposed IPO.

### Investment property

Global Switch's data centres and associated land interests have been independently valued at £6,126.1 million as at 31 December 2020 (2019: £5,584.5 million) by CBRE Limited. This represents a £531.6 million or a 9.7% increase relative to the prior year valuation driven by revaluation gains, capital expenditure (most significantly on the now completed Buildings 4 and 5 of the Hong Kong data centre), and favourable foreign exchange movements. On a constant currency basis, the investment property valuation was 7.1% higher than that of 31 December 2019.

As at 31 December 2019, gross assets were £6,708.4 million (2019: £5,928.4 million) and net assets were £3,601.4 million (2019: £3,429.0 million). Under International Financial Reporting Standards, it is typically required to recognise a deferred tax liability in respect of changes in investment property values. Accordingly, Global Switch's consolidated statement of financial position includes deferred tax liabilities associated with the investment properties of £811.7 million (2019: £740.0 million). Excluding the deferred tax liabilities, the Group's net assets as at 31 December 2020 would be £4,413.1 million (2019: £4,169.0 million).

### Net debt and liquidity

In October 2020, Global Switch issued its inaugural €700 million green bond. The transaction was well supported by strong long-term institutional investor interest, while, as I have noted above, the coupon of 1.375% is the lowest ever issued by the Company across any maturity.

The issuance further strengthens Global Switch's capital position, further reducing the cost of funding, which in turn will reduce the overall cost of capital and enhance the return on investment for new developments and redevelopments.

The new bond matures on 7 October 2030 and results in Global Switch's average bond debt maturity increasing

to 5.9 years at 31 December 2020 (2019: 4.9 years) and the Company's average cost of bond debt reducing to 2.2% (2019: 2.6%).

Global Switch's low leverage, long dated debt maturities and proven access to the debt capital markets reflects the strength of the Group's balance sheet and the significant operating cash flows generated by the business. Despite record levels of capital expenditure and a £67.4 million dividend payment in 2020, Global Switch's balance sheet and capital structure remained strong with a net debt to EBITDA ratio and loan to value ratio of 6.1:1 and 24% respectively as at 31 December 2020 (2019: 5.0:1 and 22% respectively). Based on corporate issuer ratings, Global Switch remains one of the two highest credit rated data centre companies in the world with strong investment grade credit ratings of BBB from Fitch Ratings and S&P Global Ratings, and Baa2 from Moody's.

At 31 December 2020, the Company's £425.0 million revolving credit facility was undrawn (2019: £299.1 million undrawn). This facility has been extended by one year from April 2021 to April 2022 further securing our liquidity in future periods.

Despite the near-term challenges posed by COVID-19 and Daily-Tech, Global Switch has demonstrated the resilience of its business model, which benefits from low leverage, strong cash flows and a strategic business plan which delivers the right space at the right time for our customers. We actively monitor the financial status of our customers and have robust processes regarding overdue receivables.

### Capital expenditure

During the year, Global Switch invested £317.6 million (2019: £286.5 million) in capital expenditure. Over the last three years the Group has invested £894.8 million in expanding the business by delivering new data centres and redevelopment of existing data centres. Whilst the Group continues to seek new opportunities, following the completion of Buildings 4 and 5 of the Hong Kong data centre during 2020, this year represented the peak of the current organic capital expenditure cycle and the focus in 2021 and going forward will be on the ongoing densification and replenishment of the existing portfolio as well as continuing to improve the Group's return on capital.



### Dividends

For the year ended 31 December 2020, a dividend of £67.4 million was declared and paid (2019: nil).

## Outlook

Our consistent strategy, together with our strong balance sheet and access to liquidity have positioned us well to respond to unforeseen events. Our customers are typically the parent or subsidiary entities of Investment Grade enterprises or benefit from sovereign risk profiles and are well diversified in activity and end-customers. The nature of these customers and their businesses is not linked to traditional economic measures such as GDP, which in turn reduces the risk to us. It is absolutely clear that data centres remain as essential mission-critical infrastructure serving the needs of the global digital economy and the COVID-19 pandemic has not only highlighted this fact but has, if anything, strengthened the importance of the sector.

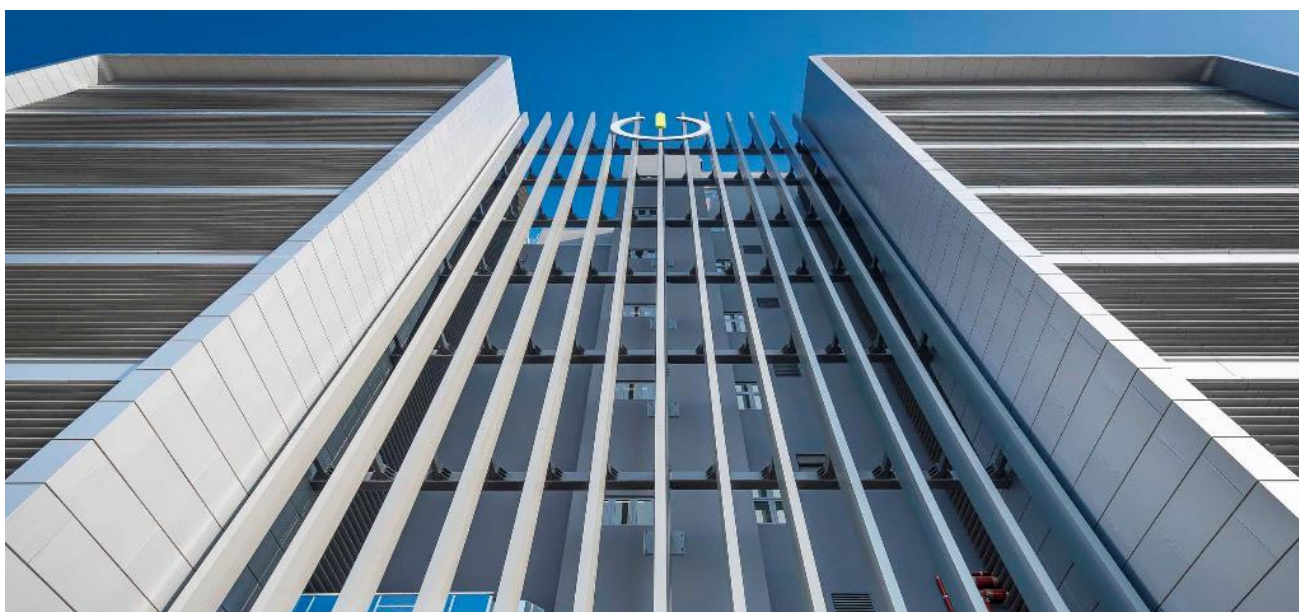
Our customers are looking for best-in-class sustainability and design, to help them meet their climate change targets. Our focus during 2021 is to further accelerate our sustainability plans and our wider ESG strategy, ensuring Global Switch plays a leading role in the sector in delivering energy efficient designs and customer solutions.

In 2021 we continue to see significant medium term growth opportunities and our focus will remain on optimising returns by attracting new high quality, hyperscale customers to our developments and progressing our power densification projects. We will continue to be highly disciplined regarding the timing and execution of new development activity to drive positive returns of investment.

Global Switch's success is made possible by the everyday commitment, enthusiasm and expertise of our employees, so I would like to extend my gratitude once again to our global team for their dedication, excellence and hard work in the face of all the challenges throughout 2020.

I am confident that Global Switch will perform well in 2021. I would characterise the year ahead as one of consolidating our market leading position, whilst laying the foundations for continued strong growth through disciplined execution and identification of ROI enhancing opportunities.

**John Corcoran**  
Chief Executive Officer  
1 April 2021





# STATEMENT OF DIRECTORS' RESPONSIBILITIES

**T**he Directors are required to prepare financial statements for each financial year, including to comply with the terms of the Trust Deed pursuant to the Group's Euro Medium Term Note Programme, and have elected to prepare consolidated financial statements in accordance with IFRS issued by the International Accounting Standards Board ("IASB").



In preparing these consolidated financial statements, International Accounting Standard ("IAS") 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

We confirm that to the best of our knowledge:

- the consolidated financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and
- the Chief Executive's statement includes a fair review of the development and performance of the business and the position of the Group.



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOBAL SWITCH HOLDINGS LIMITED

## Report on the audit of the consolidated financial statements

### 1. Opinion

In our opinion the consolidated financial statements of Global Switch Holdings Limited and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's affairs as at 31 December 2020 and of the group's profit for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated statement of financial position;
- the consolidated statement of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 31.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as issued by the International Accounting Standards Board (IASB).

### 2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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





### 3. Summary of our audit approach

#### Key audit matters

The key audit matter that we identified in the current year was:

- Valuation of Investment Properties <>

Within this report, key audit matters are identified as follows:

- ! Newly identified
- > Increased level of risk
- <> Similar level of risk
- < Decreased level of risk

#### Materiality

The materiality that we used for the audit of the consolidated financial statements was £29.6m which was determined using Total Equity and equates to 0.8% of Total Equity at 31 December 2020.

#### Scoping

The scope of our audit included the Group's components in the United Kingdom, Netherlands, Spain, Germany, France, Hong Kong, Singapore and Australia.

All components, with the exception of Germany, Spain and France were deemed to be significant components and were subject to a full scope audit. For Germany, Spain and France, the group engagement team performed analytical reviews using component materiality and performed substantive testing on certain balances.

In addition, the valuation of investment properties was audited at a Group level with the involvement of our real estate specialists.

#### Significant changes in our approach

In the current year, following completion of our risk assessment, we concluded that revenue recognition is no longer a key audit matter, which is a change from the prior year. In the prior year, we identified a risk related to rental indexations and lease incentives for new or modified service agreements being incorrectly recognised because of their impact on the revenue recognition profile and the significance of revenue to the Group's results. In the current year, we determined that the in-year impact of new and modified service agreements is immaterial. We have instead focussed the risk on the completeness of new and/or modified service agreements entered into within the year as omission or incorrect recognition within the underlying cash flow data could have a significant impact on the investment properties valuation. This is covered in the valuation of investment properties key audit matter (see section 5.1).

During the year, all contracts with Daily-Tech, excluding the 15MW contract in the Hong Kong Data Centre, have been terminated, with respective guarantees redeemed in the period (see note 28). We therefore focus the risk relating to transactions with Daily-Tech on the remaining contract and its impact on investment properties valuation. This is covered in the valuation of investment properties key audit matter (see section 5.1).

There are no other significant changes in our approach compared to the prior year.



## 4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included:

- Evaluation of the Group forecasts which were prepared to 31 December 2022;
- Assessment of the impact of Covid-19 on the Group's operations considering the nature of their operations and the credit-worthiness of their customer base;
- Assessment of the Group's cash position including the impact from the bond issued in the year; and
- Evaluation of the covenant forecasts including the headroom available on all active covenants.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## 5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### 5.1 Valuation of Investment Properties

#### Key audit matter description

The carrying value of the Group's investment properties portfolio is £6,028.3 million (2019: £5,492.8 million) and consists of data centre properties – both operational and in development - across Europe and Asia-Pacific.

The valuation of investment properties is a key audit matter due to its magnitude in the context of the consolidated financial statements and the potential fraud risk associated with the exercise of judgement required in making estimates.

Specifically, we have focussed on the following three areas:

- Key assumptions adopted in the valuation, including the discount rates, exit yields, rental income assumptions and capital expenditure forecasts;
- The completeness of new and/or modified leases, signed in the year, within the base information schedules; and
- The impact on the valuation of the Hong Kong data centre of the recoverability considerations of amounts due under the Daily-Tech Hong Kong 15MW contract guaranteed by Jiangsu Shagang Materials Trading Co. Ltd. See note 28 on page 61 for the Daily-Tech disclosure.



The Group uses professionally qualified external valuers to fair value the Group's investment properties portfolio. The valuation is highly sensitive to the assumptions used within the valuation process, as set out in note 18.

See note 18 on page 50, note 28 on page 61 and discussion within note 6 critical accounting estimates on page 35.

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**How the scope of our audit responded to the key audit matter**

We obtained an understanding of the Group's relevant controls in respect of the valuation of investment properties.

We held discussions with the external valuers and assessed their independence, competence and integrity. With input from our real estate valuation specialists, we evaluated the valuation methodology applied.

We tested the accuracy of the customer information and other key inputs used by the Group's external valuers in performing their valuation by agreeing a sample to underlying service agreements and other relevant third party evidence.

We tested reciprocal data to assess the completeness of the customer data within the base information schedules, including new and modified contracts signed during the year.

We assessed the recoverability of amounts due under the Hong Kong 15MW contract and assessed the treatment of these cash flows within the valuation, considering the collection of amounts under the guarantee to date and the financial position of the guarantor.

We assessed the forecast capital expenditure assumptions included in the investment property valuation model, by agreeing to third party evidence where available or the company's detailed financial costs projections.

We worked with our real-estate valuation specialists to challenge the judgement exercised over the key assumptions used. We utilised expertise in market dynamics and evaluated the key judgemental assumptions, with reference to comparable market benchmarks.

We researched comparable transactions of recent data centre sale transactions to inform our audit challenge.

We performed a recalculation of the investment property valuation using cash flow exports provided by the external valuer to test the accuracy of the valuation model.

We performed a "stand back" assessment of the overall appropriateness of the key components of the valuation.

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**Key observations**

We conclude that the key assumptions considered adopted in the valuation are within a reasonable range.

We concluded that the data for new and modified service agreements used in the year end investment properties valuation is complete.

We are satisfied with the recoverability of the amounts in respect of the cash flows on the Daily-Tech Hong Kong 15 MW contract, given collection of amounts under the guarantee to date and the financial position of the guarantor.

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## 6. Our application of materiality

### 6.1 Materiality

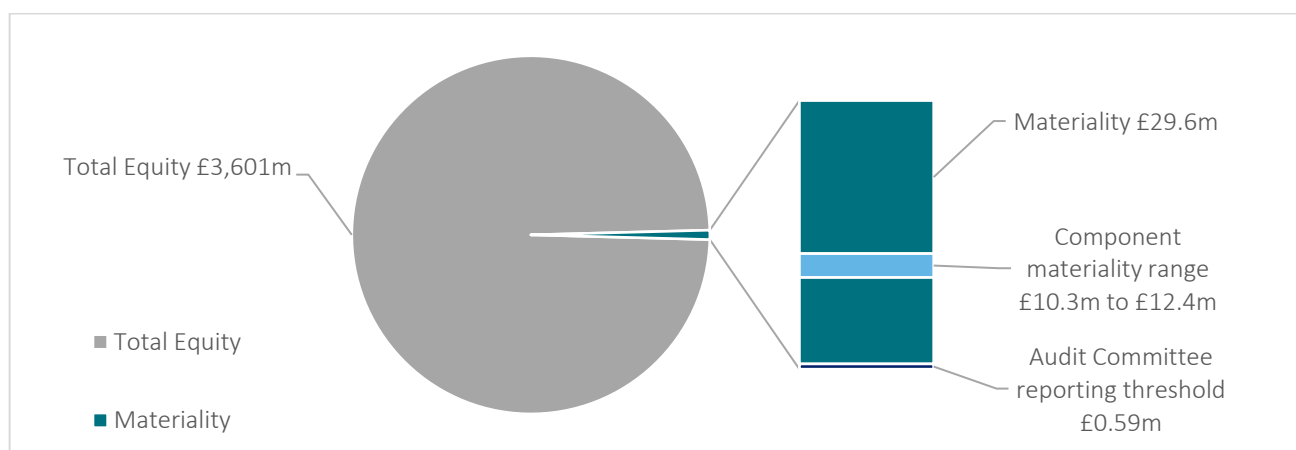
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group financial statements	
<b>Materiality</b>	£29.6 million (2019: £27.4 million)
<b>Basis for determining materiality</b>	Materiality has been determined to be 0.8% (2019: 0.8%) of Total Equity.
<b>Rationale for the benchmark applied</b>	We determined materiality with reference to total equity, which is the key measure of shareholder value and is mainly derived from the Investment Properties Valuations.

We applied a lower threshold of £9.7 million (2019: £10.1 million), which was determined on the basis of 5% of profit before tax ("PBT") excluding the revaluation of Investment Property and foreign exchange gains and losses ("adjusted profit before tax", "adjusted PBT"). This threshold was applied to testing all balances excluding the carrying value and revaluation of investment properties including the associated deferred tax and foreign exchange gains and losses.

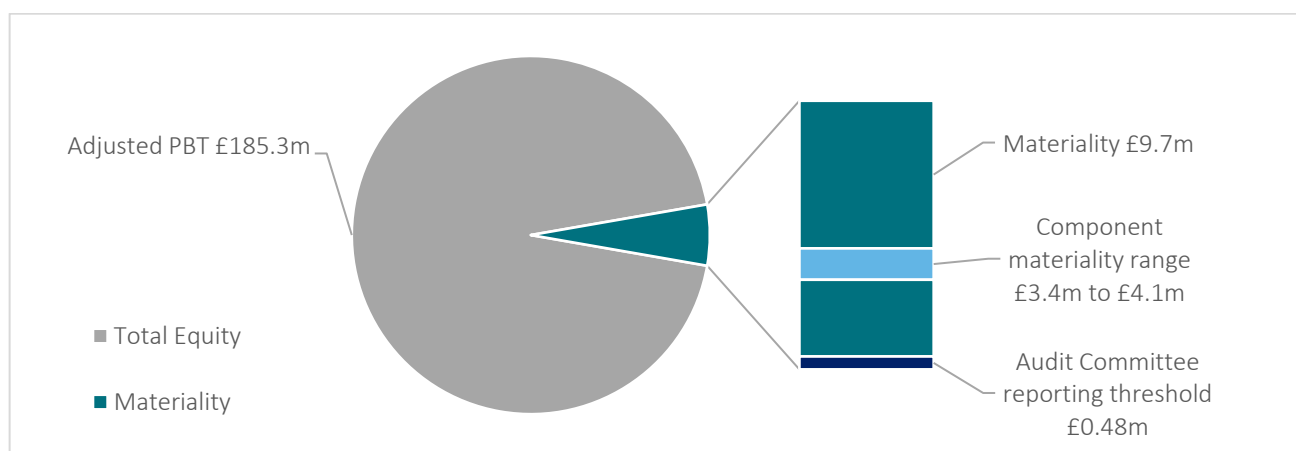
#### Materiality







## Lower Threshold



## 6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the consolidated financial statements as a whole.

Group financial statements	
<b>Performance Materiality</b>	70% (2019: 70%) of group materiality
<b>Basis and rationale for determining performance materiality</b>	<p>In determining performance materiality, we considered the following factors:</p> <ul style="list-style-type: none"> <li>a. the quality of the control environment</li> <li>b. the Group's history of misstatements; and</li> <li>c. the presence of accounting complexities that require significant judgement/estimation.</li> </ul>

## 6.3 Error reporting threshold

For the Investment Properties Valuation including the associated deferred tax and foreign exchange gains and losses, we agreed with the Audit Committee that we would report to the Committee all audit errors in excess of £592,000 (2019: £550,000).

For all other balances, we agreed with the Audit Committee that we would report to the Committee all audit errors in excess of £485,000 (2019: £202,000).

As well as errors in excess of the above thresholds, we also reported to the Audit Committee on matters, which in our view, warranted reporting on qualitative grounds.

We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the consolidated financial statements.



## 7. An overview of the scope of our audit

### 7.1 Identification and scoping of components

Components were identified on the basis of their relative significance to the Group, including assessment of both qualitative and quantitative risk factors. Significant components include the Netherlands, United Kingdom, Hong Kong, Singapore and Australia. Germany, Spain and France were in scope for review. This is consistent with the prior year.

The Group audit team has performed the audit work on the parent entity, the UK component as well as on the valuation of the consolidated investment properties balance, supported by the audit of inputs by component auditors. At the Group level we tested the consolidation process and carried out analytical procedures on the aggregated financial information.

Component audit teams performed the audit work in respect of the Netherlands, Singapore, Hong Kong and Australia components. For Germany, France and Spain, the group engagement team performed analytical reviews using component materiality and substantive testing on certain balances.

The range of materialities used by components is outlined in section 6.1 above. By performing full scope audits over significant components, we have covered 81% of revenue, 89% of profit before tax (excluding investment property gain/ loss, which has been subject to full scope audit) and 88% of net assets.

### 7.2 Working with other auditors

Due to travel restrictions, in light of Covid-19, we have been unable to visit component auditors during the course of the 2020 audit. In order to ensure an appropriate level of direction and supervision, we have taken the following actions:

- We held internal fraud and planning calls with component teams and specialists. The purpose of these communications was to deliberate and identify risks, including response to those risks.
- We updated our knowledge of business and developments across the different components.
- We held an all parties call, where all component teams and Global Switch were represented. The purpose of this was to ensure all teams understood the Group's business, its core strategy, the significant risks and the planned audit approach.

- The Group team circulated clear instructions to component teams, to set out the planned audit approach for the Group. This included follow up confirmation of receipt and follow up planning calls to discuss content.
- Throughout the substantive phase of our audit, the Group team held frequent calls with component teams, to provide continued direction and supervision.
- We attended the close meetings of all components via conference calls and reviewed component work papers remotely using screen share technologies.
- During the conclusion phase, we reviewed component team reporting deliverables, held discussions regarding key items and assessed the impact of their reporting on our conclusions.

## 8. Other information

The other information comprises the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.



## 9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's ability 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 have no realistic alternative but to do so.

## 10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 ISAs (UK) 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 these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## 11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our

procedures are capable of detecting irregularities, including fraud is detailed below.

### 11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit, operations and the audit committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team including significant component audit teams and relevant internal specialists, including tax and valuations, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the valuation of investment property. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements.



The key laws and regulations we considered in this context included the listing rules and relevant tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

### 11.2 Audit response to risks identified

As a result of performing the above, we identified the valuation of investment property as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of

journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

## 12. Use of our report

This report is made solely to the company's members, as a body, in accordance with our engagement letter dated 1 March 2021 and solely for the preparation of the non-statutory consolidated financial statements for the purposes of complying with the requirements of the Irish Stock Exchange. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Darren Longley FCA**  
For and on behalf of Deloitte LLP  
London, United Kingdom  
1 April 2021





# CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2020

	Note	2020 £m	2019 £m
<b>Revenue</b>	10	<b>410.5</b>	<b>438.6</b>
Cost of sales		(147.7)	(132.1)
Administrative expenses		(16.5)	(13.0)
<b>Operating profit before other gains and losses<sup>1</sup></b>		<b>246.3</b>	<b>293.5</b>
Revaluation gains (losses) on investment properties, net	18	106.3	(475.1)
Impairment losses on trade and other receivables, net		(11.2)	(44.3)
Exceptional items	13	(2.5)	(9.4)
<b>Operating profit (loss)</b>		<b>338.9</b>	<b>(235.3)</b>
Finance income		1.0	3.1
Finance costs		(48.3)	(40.0)
Foreign exchange loss		(2.0)	(39.9)
Net finance costs	14	(49.3)	(76.8)
<b>Profit (loss) before tax</b>	11	<b>289.6</b>	<b>(312.1)</b>
Income tax	15	(84.5)	44.7
<b>Profit (loss) for the year</b>		<b>205.1</b>	<b>(267.4)</b>
Earnings (loss) earnings per share – basic and diluted	16	<b>0.02</b>	(0.03)

All items dealt with in arriving at the profit for the year relate to continuing operations.

The notes on pages 25 to 65 form an integral part of these consolidated financial statements.

<sup>1</sup> Operating profit before other gains and losses is stated before revaluation gains and losses on investment properties, impairment losses on trade and other receivables, and exceptional items.



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020 £m	2019 £m
<b>Profit (loss) for the year</b>	<b>205.1</b>	<b>(267.4)</b>
<b>Other comprehensive income (expense)</b>		
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Foreign exchange differences on translation of foreign operations	34.7	(56.0)
<b>Other comprehensive income (expense) for the year</b>	<b>34.7</b>	<b>(56.0)</b>
<b>Total comprehensive income (loss) for the year</b>	<b>239.8</b>	<b>(323.4)</b>

The notes on pages 25 to 65 form an integral part of these consolidated financial statements.



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	2020 £m	2019 £m
<b>Non-current assets</b>			
Investment properties	18	6,028.3	5,492.8
Intangible assets		0.7	0.8
Property, plant and equipment	19	13.9	14.6
Other receivables	20	2.0	2.0
		<b>6,044.9</b>	<b>5,510.2</b>
<b>Current assets</b>			
Inventories		2.6	1.9
Trade and other receivables	20	228.0	300.9
Current tax asset		9.1	19.1
Cash and cash equivalents	21	423.8	96.3
		<b>663.5</b>	<b>418.2</b>
<b>Current liabilities</b>			
Borrowings	23	(2.0)	(8.8)
Trade and other payables	22	(197.2)	(214.4)
Current tax liability		(13.3)	(19.9)
		<b>(212.5)</b>	<b>(243.1)</b>
<b>Net current assets</b>		<b>451.0</b>	<b>175.1</b>
<b>Total assets less current liabilities</b>		<b>6,495.9</b>	<b>5,685.3</b>
<b>Non-current liabilities</b>			
Borrowings	23	(1,883.5)	(1,340.9)
Deferred tax liabilities	15	(1,011.0)	(915.4)
		<b>(2,894.5)</b>	<b>(2,256.3)</b>
<b>Net assets</b>		<b>3,601.4</b>	<b>3,429.0</b>
<b>Capital and reserves</b>			
Share capital	24	.*	.*
Retained earnings		3,036.9	2,899.2
Translation reserve		(69.0)	(103.7)
Hedging reserve	30	(91.8)	(91.8)
Other reserves		725.3	725.3
<b>Total equity</b>		<b>3,601.4</b>	<b>3,429.0</b>

\* Less than £0.1 million

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 1 April 2021.

The notes on pages 25 to 65 form an integral part of these consolidated financial statements.

John Corcoran  
Director



# CONSOLIDATED STATEMENT OF CHANGES OF EQUITY

For the year 31 December 2020

	Share capital £m	Retained earnings £m	Translation reserve £m	Hedging reserve £m	Other reserves £m	Total £m
<b>At 1 January 2019</b>	-	3,192.7	(73.8)	(91.8)	725.3	3,752.4
Loss for the year	-	(267.4)	-	-	-	(267.4)
Other comprehensive expense	-	-	(56.0)	-	-	(56.0)
Total comprehensive income	-	(267.4)	(56.0)	-	-	(323.4)
Reclassification	-	(26.1)	26.1	-	-	-
<b>At 31 December 2019</b>	-	2,899.2	(103.7)	(91.8)	725.3	3,429.0
<b>At 1 January 2020</b>	-	2,899.2	(103.7)	(91.8)	725.3	3,429.0
Profit for the year	-	205.1	-	-	-	205.1
Other comprehensive income	-	-	34.7	-	-	34.7
Total comprehensive income	-	205.1	34.7	-	-	239.8
Dividends paid (note 17)	-	(67.4)	-	-	-	(67.4)
<b>At 31 December 2020</b>	-	3,036.9	(69.0)	(91.8)	725.3	3,601.4
Notes	24		(i)	(ii)	(iii)	

## Notes:

- The translation reserve represents cumulative gains or losses recognised on retranslating the net assets of overseas operations into Pounds Sterling.
- The hedging reserve represents the cumulative amount of gains and losses on net investment hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income and can be observed in the consolidated statements of changes in equity and accumulated in the hedging reserve. See also note 30.
- Other reserves represent the net of capital contributions from the parent company and the merger reserve which arose from the application of merger accounting as a result of a series of transactions which primarily took place in the year 2010 to reorganise entities under the common control of the former ultimate controlling party. See note 1 to the consolidated financial statements for further information on ownership and control.

The additional notes on pages 25 to 65 form an integral part of these consolidated financial statements.





# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2020

	Note	2020 £m	2019 £m
<b>Cash flows from operating activities</b>			
Profit (loss) before tax		289.6	(312.1)
<i>Adjustments for:</i>			
Finance income	14	(1.0)	(3.1)
Finance costs	14	48.3	40.0
Foreign exchange losses	14	2.0	39.9
Depreciation	11	2.4	0.6
Amortisation of intangibles	11	0.2	0.3
Revaluation (gain) loss on investment properties, net	18	(106.3)	475.1
<i>Changes in:</i>			
-Inventories		(0.7)	-
-Trade and other receivables		17.0	(87.9)
-Trade and other payables		30.4	44.4
Cash generated from operating activities		281.9	197.2
Interest received		0.1	0.2
Proceeds from forward foreign exchange contracts		18.5	-
Income taxes paid		(18.9)	(19.2)
<b>Net cash from operating activities</b>		<b>281.6</b>	<b>178.2</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(1.8)	(0.4)
Construction of and improvements to investment properties		(343.5)	(236.5)
Deposits paid in relation to right-of-use assets		-	(2.0)
<b>Net cash used in investing activities</b>		<b>(345.3)</b>	<b>(238.9)</b>
<b>Cash flows from financing activities</b>			
Revolving credit facility fees		(0.8)	(1.0)
Drawdown of bank loans		130.5	118.4
Repayment of bank loans		(259.6)	(11.3)
Issuance of Euro denominated guaranteed notes	23	638.0	-
Payment of issue costs in relation to Euro denominated guaranteed notes	23	(7.2)	-
Repayment of Australian dollar denominated guaranteed notes	23	(7.3)	-
Dividends paid	17	(67.4)	-
Interest paid		(39.0)	(36.9)
<b>Net cash from (used in) financing activities</b>		<b>387.2</b>	<b>69.2</b>
<b>Net increase in cash and cash equivalents</b>		<b>323.5</b>	<b>8.5</b>
Cash and cash equivalents at beginning of the year		96.3	88.0
Effect of movements in exchange rates on cash held		4.0	(0.2)
<b>Cash and cash equivalents at end of the year</b>	21	<b>423.8</b>	<b>96.3</b>

The notes on pages 25 to 65 form an integral part of these consolidated financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. General information

Global Switch Holdings Limited ("the Company") was incorporated on 7 March 2008 and is domiciled in the British Virgin Islands under the BVI Business Companies Act. The address of its registered office is 2<sup>nd</sup> Floor, O'Neal Marketing Associates Building, PO Box 3174, Road Town, Tortola, British Virgin Islands. The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group").

The Group is an owner, operator and developer of large scale network dense, carrier and cloud neutral multi-tenanted data centres in Europe and Asia-Pacific. Our data centres provide rich, carrier and cloud-neutral ecosystems and offer reliability, security and flexibility that our customers require to house their IT infrastructure.

As at 31 December 2020 (and as at 31 December 2019), Elegant Jubilee Limited, Strategic IDC Limited and Tough Expert Limited directly owned 51%, 24.99% and 24.01% of the Company respectively.

Elegant Jubilee Limited is ultimately owned by a consortium of twelve corporate and institutional investors. Strategic IDC Limited is owned by a consortium of five corporate and institutional investors. Tough Expert Limited is an indirect, wholly owned investment vehicle of Jiangsu Shagang Group Co., Limited ("Shagang Group"), which acquired its stake on 23 August 2019 from Aldersgate Investments Limited.

Shagang Group had previously acquired indirect stakes in the Company through its participation in the Elegant Jubilee Limited and Strategic IDC Limited consortia of institutional and private investors, which invested in the Company in December 2016 and July 2018. The investment by Shagang Group, through Tough Expert Limited together with other share purchases during the course of 2020, has resulted in an indirect equity stake in the Company of 51.8%. Following the investment through Tough Expert Limited, Shagang Group is considered by the Directors to control the Group. As of the date of these financial statements Mr. Shen Wenrong is regarded as the controller of Shagang Group under the relevant PRC rules and regulations and is therefore regarded as the ultimate controlling party.

## 2. Basis of accounting

The Directors are required to prepare financial statements for each financial year, including to comply with the terms of the Trust Deed pursuant to the Group's Euro Medium Term Note Programme.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements have been prepared under the historical cost convention as modified by the valuation of investment properties and financial instruments at fair value through profit and loss.

### 2.1 Accounting period

The accounting reference period is the year to 31 December.

### 2.2 Presentation currency

The consolidated financial statements are presented in Pounds Sterling ("£"), which is the Group's presentation currency.

### 2.3 Going concern

Based on the Group's cash flow forecasts, cash balance of £423.8 million (31 December 2019: £96.3 million), undrawn credit facilities of £425.0 million (31 December 2019: £299.1 million undrawn) and forecast headroom in respect of the covenants under the Group's revolving credit facility and guaranteed notes programmes, the Directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and at least for the next twelve months following the date of issuance of these consolidated financial statements.

In making the above conclusion, the Group has stress tested the financial forecast, which considered among other factors the potential impact of Covid-19 on the



business. Based on our experience throughout 2020, the Group has remained resilient to the impact of Covid-19 and the Group does not currently consider it a material matter in making the going concern assessment. The nature of the Group's operations and their importance to our customers' businesses, together with the nature and credit-worthiness of our customer base have resulted in a significantly reduced impact for Global Switch compared to many other businesses or industries. Service agreements, from which the vast majority of the Group's revenue is derived, had a weighted average unexpired contract duration of 4.0 years at 31 December 2020, protecting the Group's income from the volatility experienced by businesses in certain other sectors. The majority of the Group's revenue is derived from companies with investment grade parent or controlling entities or government departments and agencies that benefit from a sovereign risk profile.

Thus the Directors continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

### 3. Adoption of new and revised IFRSs

Except for the changes below, the Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

#### 3.1 New and amended accounting standards effective during the year

The following amended standards and interpretations were effective during the year; however, they have not had a significant impact on the consolidated financial statements.

Amendments to IFRS 3	<i>Definition of a Business</i>
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>

#### 3.2 Prior year change in significant accounting policy – IFRS 16 Leases

IFRS 16 *Leases* provides a comprehensive model for the identification of lease arrangements and their treatment in the consolidated financial statements of both lessees and lessors and was required to be adopted by the Group from 1 January 2019. IFRS 16 supersedes IAS 17 *Leases* and certain other leasing guidance.

Lessor accounting remains similar to previous requirements. For example, there remains a dual lease accounting model and lease classification is based on similar tests to those that were set out in IAS 17. Under IFRS 16, both the finance lease and operating lease accounting models are similar to those that were set out in IAS 17.

For lessees, there is a single lease accounting model, removing the distinction between operating and finance leases. All leases are on-balance sheet under IFRS 16, with lessees recognising a right-of-use asset and a lease liability.

The Group operates as a lessor (of investment properties specifically), more so than as a lessee. The new standard primarily affects lessees and also provides a number of practical expedients on transition. As a result, IFRS 16 has a limited impact on the presentation of the financial performance and position of the Group and minimal disclosure impact. Furthermore IFRS 16 states that a lessor is not required to make any adjustments on transition for leases in which it is a lessor and should account for those leases applying IFRS 16 from the date of initial application. The exceptions are for sub-leases and sale-and-leaseback transactions. For sub-leases, the requirement is to reassess classification on transition; however, there are no changes to classifications for the Group and therefore no impact. The Group is not currently engaged in sale-and-leaseback transactions.

Subsequent to transition, the Group has applied the lessor guidance in IFRS 16 around modifications to operating leases. Under the new standard, a lessor accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. IAS 17 contained no equivalent guidance and previously the Group did not apply this treatment; however, had the Group done so, the impact on prior periods would not have been material.



For lessee transition, the Group has followed a modified retrospective approach, whereby it has not restated comparative information, instead being required to recognise any the cumulative effect as an adjustment to equity at 1 January 2019. Due to the limited lessee activities at the transition date and the available practical expedients detailed below, the transition adjustment is £nil.

In setting the new standard, the IASB was conscious of the significant costs that entities could incur on transition to IFRS 16. The Standard includes a number of transition reliefs and practical expedients designed to allow an entity to minimise those costs without significantly compromising the quality of the financial information reported. The Group has applied the following practical expedients:

- The Group has not reassessed whether its contracts are, or contain, leases at 1 January 2019.
- The Group has taken the recognition exemption available for lessees in respect of leases of low-value assets. On leases to which the exemption has been applied, no adjustment is required on transition.
- The Group has taken the practical expedient not to recognise right-of-use assets or lease liabilities in respect of leases previously classified as operating leases for which the lease term ends within twelve months of the date of initial application (i.e. during 2019): i.e. short-term leases.

### 3.3 Other prior year change in accounting policy – IFRIC 23 Uncertainty over Income Tax Treatments

The Group adopted IFRIC 23 from the mandatorily effective date of 1 January 2019 with no impact on transition. IFRIC 23 clarifies how to apply the recognition and measurement requirements in IAS 12 *Income Taxes* when there is uncertainty over income tax treatments.

## 4. Significant accounting policies

### 4.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has the power over the investee;

- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Where subsidiaries adopt accounting policies that are different from the Group, their reported results are restated to comply with the Group's accounting policies. Where subsidiaries do not adopt accounting periods that are co-terminus with the Group, results and net assets are based on accounts drawn up to the Group's accounting reference date.

Intercompany transactions and balances between Group companies are eliminated on consolidation.



## 4.2 Foreign currency transactions and translation

### *Transactions and balances*

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign exchange gains and losses are recognised in the consolidated income statement, except when recognised in equity as qualifying cash flow hedges or qualifying net investment hedges.

### *Group companies*

Assets and liabilities of overseas subsidiaries are translated into Pound Sterling at the closing rates of exchange at the balance sheet date. The income and expenses of overseas subsidiaries are translated at the Pound Sterling exchange rates at the dates of the transactions. Differences resulting from the retranslation of opening net assets and results for the period at closing rates are recognised in the consolidated statement of comprehensive income and accumulated in the translation reserve.

## 4.3 Investment properties

The Group's investment properties are stated at fair value, being the market value as determined by independent professionally qualified valuers. Changes in fair value are recognised in the Group's consolidated income statement.

All costs directly associated with the purchase, construction and improvement of investment properties are capitalised, including attributable internal labour costs and sales commissions.

Where an incentive (such as a rent or service fee free period) is given to a customer, the carrying value of the investment property excludes any amount reported as a separate asset as a result of recognising rental or service fee income on a straight-line basis over the period of the contract term.

### *Depreciation*

In accordance with IAS 40 *Investment Property*, no depreciation is provided in respect of investment properties which are carried at fair value.

### *Leasehold properties*

Leasehold properties are classified as investment property and included in the consolidated statement of financial position at fair value.

The obligation to the freeholder or the superior leaseholder is included in the consolidated statement of financial position at the present value of the minimum lease payments at inception. Payments to the freeholder or superior leaseholder are apportioned between a finance charge and a reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents payable, such as those based on reviews of rental and service fee income, are charged as an expense in the periods in which they are incurred.

## 4.4 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged to the consolidated income statement on a straight-line basis over the estimated useful life as follows:

Right-of-use asset (office space)	12 years
Other	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

## 4.5 Impairment of non-financial assets, excluding inventories, investment properties and deferred tax assets

Non-financial assets, excluding inventories, investment properties and deferred tax assets, are reviewed at each reporting date to determine whether there are any indicators of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For





the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”). The recoverable amount of an asset or cash-generating unit (“CGU”) is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Where there are losses recognised in prior periods, these are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### 4.6 Lessee accounting (for lessor accounting, see 4.9 Revenue)

From 1 January 2019, the Group has applied IFRS 16 Leases. See note 3.2 for further details.

IFRS 16 removes the distinction between operating and finance leases that existed under IAS 17 and requires a lessee to recognise a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets.

The majority of the Group’s right-of-use assets meet the definition of investment property in IAS 40 Investment Property and are subject to the fair value model under that standard. See note 4.3.

##### *Short-term leases and leases of low-value assets*

The Group elects not to apply the general requirements of IFRS 16 to short-term leases and leases of low value assets. The Group recognises the lease payments associated with those leases as an expense on either the straight-line basis over the lease term or another systematic basis if that basis is representative of the pattern of the Group’s benefits.

##### *Right-of-use assets*

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Except for those that are classified as investment properties and measured under the fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

A right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets that meet the definition of investment property are classified as investment property. The Group presents right-of-use assets that do not meet the definition of investment property as “property, plant and equipment”, the same line item within which the corresponding underlying assets would be presented if they were owned.

##### *Lease liabilities*

Lease liabilities are initially measured at the present value of the future lease payments discounted using the discount rate implicit in the lease (or if that rate cannot be readily determined, the incremental borrowing rate). Subsequent to initial recognition, lease liabilities are adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;



- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment; or
- the lease payments change due to changes in market rental rates following a market rent review, in which case the related lease liability is remeasured by discounting the revised lease payments.

The Group presents lease liabilities within borrowings.

#### **Lease modifications**

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

## **4.7 Segmental information**

The Group has two geographical regions and its corporate head office, which are its reportable segments. These divisions are managed separately, because of the nature and location of their markets.

The following summarises the reportable segments.

Reportable segments	
Europe	The Group's operations in Amsterdam, Frankfurt, London, Paris and Madrid
Asia-Pacific	The Group's operations in Hong Kong, Singapore and Sydney
Corporate and other	The Group's corporate headquarters and other

The Group's Chief Executive Officer is the 'chief operating decision maker' and reviews internal management reports of each reportable segment.

## **4.8 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and restricted cash, which is held in escrow.

## **4.9 Revenue**

### ***Rental income from investment properties***

Rental income, which is within the scope of IFRS 16 *Leases*, is outside the scope of IFRS 15 *Revenue from contracts with customers*. Rental income from investment properties is recognised in the consolidated income statement on a straight-line basis over the lease term including any fixed indexation. Incentives are amortised over the lease term.

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.



From 1 January 2019, the new standard IFRS 16, has been applied. The transition has had minimal impact on the Group – see note 3.2 for further details.

#### ***Provision of power***

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.

#### ***Provision of additional services***

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 IFRS 15, including those set out below.

#### ***Allocation of consideration to components of a contract***

When a contract includes both leases and non-lease components, the Group applies IFRS 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 IFRS 15 *Revenue from Contracts with Customers* that are unsatisfied at a given point in time.

#### ***Lease modifications***

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

### **4.10 Retirement benefit costs**

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

### **4.11 Exceptional items**

Exceptional items are income and costs, which do not form part of underlying operations in the normal course of business. Items are classified as exceptional in order to aid the users of the consolidated financial statements in understanding the financial performance of the Group.

'Exceptional items' is an alternative performance measure, which does not have a standardised meaning under IFRS. Therefore, the term may not be comparable to similar measures presented by other entities.

### **4.12 Taxation**

Current and deferred tax is recognised in the consolidated income statement except where the taxation arises as a result of a transaction or event that is recognised directly in equity or through other comprehensive income. Tax arising on transactions or events recognised directly in other comprehensive income or equity are charged or credited directly to other comprehensive income or equity respectively.

Current tax payable is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Current tax assets and liabilities are offset only if certain criteria are met.

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.

#### 4.13 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 that 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 balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those expected cash flows (when 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.

#### 4.14 Finance income and finance costs

The Group's finance income and finance costs include interest income, interest payable, bank loan facility fees, hedging finance costs, amortisation of issue costs,

foreign currency gains or losses as described in note 4.2 and other finance income and other finance costs.

Interest income or expense is recognised using the effective interest method. The effective interest method is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

#### 4.15 Financial instruments, other than derivative financial instruments and hedge accounting

Trade receivables are initially recognised when they are originated. All other financial instruments are initially recognised when the Group becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at fair value plus directly attributable transaction costs.

For its lessor activities, the Group regards individual payments currently due and payable by lessees as trade receivables. However, consistent with IFRS 9 *Financial Instruments*, the Group does not regard related accrued income as a financial instrument.

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

##### 4.15.1 Classification and measurement

###### *Financial assets*

Financial assets are classified on initial recognition and are not subsequently reclassified unless the Group changes its business model for managing financial assets. A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest.



Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, where they exist.

#### **Financial liabilities**

The Group's financial liabilities are classified and measured at amortised cost. Measurement subsequent to initial recognition applies the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the consolidated income statement.

#### **4.15.2 Impairment**

The Group recognises expected credit losses ("ECLs") on those trade receivables that are classified as financial assets at amounts equal to lifetime ECLs. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows the Group expects to receive). The Group considers the asset to be in default at the point at which the customer is unlikely to pay its credit obligations to the Group, without recourse by the Group to actions such as realising security (if any is held). At each reporting date, the Group assesses whether the assets are credit impaired. An asset is credit-impaired when one or more events have occurred that have had a detrimental impact on the estimated future cash flows of the asset. The Group has elected to rebut the presumption that instruments which are ninety days past due are automatically in default or credit-impaired as the ECL is assessed individually. The gross carrying amount of an asset is written off to the extent that there is no realistic prospect of recovery.

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECLs, other than when there has been a significant increase in credit risk since initial recognition, whereby the Group recognises lifetime ECLs. The assessment of whether lifetime ECLs should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Although accrued income is not a financial instrument under IFRS, the Group applies the impairment guidance of IFRS 9 Financial instruments in the absence of similar guidance in IFRS 16 Leases.

#### **4.15.3 Derecognition**

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 another entity.

The Group derecognises a financial liability when, and only when, the Group's obligations are discharged, cancelled or expire.

#### **4.16 Derivative financial instruments**

The Group has historically entered into foreign exchange forward contracts to manage its exposure to foreign exchange risk.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument. The effective portion of the derivative instruments is recognised in other comprehensive income.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The hedging reserve represents the cumulative amount of gains and losses on net investment hedges. The cumulative deferred gain or loss on net investment hedges is recognised in profit or loss only when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

#### **4.17 Hedges of net investments in foreign operations**

The Group designates its derivative financial instruments as hedges of net investments in foreign operations. Hedges of net investments in foreign operations are accounted for similarly as cash flow hedges.





At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and can be observed in the consolidated statement of changes in equity and accumulated in a hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in net finance costs.

#### **4.18 Interests in joint operations**

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the

contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the IFRS Standards applicable to the particular assets, liabilities, revenue and expenses.



## 5. Standards issued but not yet effective

At the date of this report, the Group has not early adopted the following new IFRS nor new amendments to IFRSs, none of which was effective at 31 December 2020.

Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions<sup>1</sup></i>
Amendments to IFRS 4	<i>Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts<sup>2</sup></i>
IBOR Reform – Phase 2	<i>Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)<sup>2</sup></i>
Conceptual Framework	<i>Amendments to References to the Conceptual Framework in IFRS Standards<sup>3</sup></i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-Current<sup>3</sup></i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use<sup>3</sup></i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract<sup>3</sup></i>
Amendments to IFRS standards	<i>Annual Improvements to IFRS standards 2018-2020<sup>3</sup></i>
IFRS 17	<i>Insurance Contracts<sup>4</sup></i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>5</sup></i>

1. Effective for annual periods beginning on or after 1 June 2020
2. Effective for annual periods beginning on or after 1 January 2021
3. Effective for annual periods beginning on or after 1 January 2022
4. Effective for annual periods beginning on or after 1 January 2023
5. Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of the new IFRS and new amendments to IFRSs will have no material impact on the Group's financial performance and financial position and/or on the disclosure in the Group's future consolidated financial statements.

## 6. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's significant accounting policies, which are described in note 4, the Directors are required to make judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. 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 prospectively 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.

### Assumptions and estimation uncertainties

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next twelve months are included in the following notes:

- Deferred tax assets and liabilities – see note 15
- Measurement of the fair value of investment properties – see note 18

### Judgements

The following are the critical judgements, apart from those involving estimations (which are referred to separately above), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Exceptional items – see note 13



## 7. Operating segments

The Group's reportable segments are described in note 4.7. Information related to each reportable segment is set out below. Segment EBITDA is used to measure performance and is defined as operating profit before depreciation, amortisation, loss on disposal of property, plant and equipment, exceptional items (see note 13) and revaluation of investment property (see note 18). EBITDA is considered to be a useful measure of operating performance by the chief operating decision maker because they consider that it approximates the underlying operating cash flow by eliminating non-cash and/or non-underlying elements of operating profit. Items below EBITDA are not allocated to reportable segments, as the central Group finance and commercial teams manage this activity.

### Segment revenue and profit

Year ended 31 December 2020	Europe £m	Asia-Pacific £m	Corporate and other £m	Total £m
Revenue	224.0	188.2	(1.7)	410.5
EBITDA	134.8	121.1	(18.2)	237.7
Depreciation and amortisation				(2.6)
Exceptional items				(2.5)
Revaluation of investment property				106.3
Operating profit				338.9
Net finance costs				(49.3)
Profit before tax				289.6

Year ended 31 December 2019	Europe £m	Asia-Pacific £m	Corporate and other £m	Total £m
Revenue	235.6	196.0	7.0	438.6
EBITDA	141.7	124.9	(16.5)	250.1
Depreciation and amortisation				(0.9)
Exceptional items				(9.4)
Revaluation of investment property				(475.1)
Operating loss				(235.3)
Net finance costs				(76.8)
Loss before tax				(312.1)

### Segment non-current assets and capital expenditure

31 December 2020	Europe £m	Asia-Pacific £m	Corporate and other £m	Total £m
Non-current assets	3,104.7	2,924.9	15.3	6,044.9
Capital expenditure	57.1	260.5	-	317.6

31 December 2019	Europe £m	Asia-Pacific £m	Corporate and other £m	Total £m
Non-current assets	3,031.5	2,462.4	16.3	5,510.2
Capital expenditure	104.0	182.5	-	286.5



## 8. Financial instruments

A summary of the financial instruments held by category is provided below:

### *Financial assets measured at amortised cost*

	Note	Carrying amounts	
		2020	2019
		£m	£m
Trade receivables	20	92.2	133.8
Other receivables	20	12.2	52.3
Cash and cash equivalents	21	423.8	96.3
		<b>528.2</b>	<b>282.4</b>

### *Financial liabilities measured at amortised cost*

	Note	Carrying amounts	
		2020	2019
		£m	£m
Trade payables	22	40.8	20.5
Other payables	22	11.4	7.1
Accruals	22	78.8	119.3
Borrowings, excluding lease obligations	23	1,857.2	1,321.3
		<b>1,988.2</b>	<b>1,468.2</b>

The fair value is the amount for which an asset or liability could be exchanged or settled on an arm's-length basis. For financial instruments carried at fair value, market prices or rates are used to determine fair value where an active market exists.

The fair values of financial assets at amortised cost and financial liabilities, including trade and other payables and bank loans, are estimated to be equivalent to their carrying values. IFRS 7 *Financial Instruments: Disclosures* requires the classification of fair value measurements using the fair value hierarchy that reflects the significance of the inputs used in making the assessments. Further information on the Group's financial instruments can be found within the note numbers specified above.



## 9. Financial risk management

The Group is exposed to market risk in the form of foreign exchange risk, interest rate risk and price risk in addition to credit risk and liquidity risk. The risk management policies employed by the Group to manage these risks are discussed below.

### Covid-19

The outbreak of the Novel Coronavirus ("Covid-19"), formally declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets, with broad movement and other restrictions being implemented by many countries.

The Group's response to the Global Pandemic has been managed and monitored through a Task Force comprising all critical decision makers and operational leads. The Task Force has implemented a series of important measures as part of the Group's overall Business Continuity Plan, to both maximise the safety of all those in the data centres and to ensure the Group continues to operate as previously.

Data centres remain as essential during the Global Pandemic as previously, if not more so. The nature of the Group's operations and the nature and credit-worthiness of its customer base have resulted in a significantly reduced impact for Global Switch compared to many other businesses or industries. Service agreements, from which the vast majority of the Group's revenue is derived, have a weighted average unexpired contract duration of 4.0 years as at 31 December 2020, protecting the Group's income from the volatility experienced by businesses in certain other sectors. The majority of the Group's revenue is derived from companies with investment grade parent or controlling entities or government departments and agencies that benefit from a sovereign risk profile.

### Brexit

The United Kingdom ("UK") left the European Union ("EU") on 31 January 2020, after which followed an eleven-month transition period to 31 December 2020. During the transition period, the UK remained in both the EU customs union and single market.

Whilst operations in London are significant to the Group, the majority of the Group's trade and assets are across the world, with a substantial proportion outside the wider EU.

For the Group's financial risk management, the primary manifestation of Brexit (including the transition period and ending thereof) relates to currency fluctuation, as the Group's presentational currency is GBP (that of the UK), whereas the Group's borrowing is predominantly in EUR (the currency of the majority of the EU). Otherwise, financial risk management remains "business as usual" – for example:

- The Group's trade *between* the UK and the EU is limited. The majority of sales and purchase contracts exist within territories, rather than across them.
- Debt markets have remained open to the Group and effective, as demonstrated by the new borrowing in the year (see note 23)
- The Group's largest customers remain international businesses, which therefore have reduced exposure to UK-specific risks. Our customers have long term leases, but were any UK customers to ultimately relocate to the EU, this would present opportunities at our other data centres.





## 9.1 Market risk - foreign exchange risk

The Group operates in a number of international territories. Each jurisdiction undertakes a large proportion of its commercial transactions within its local market and in its functional currency. Foreign exchange risk arises from the small proportion of commercial transactions undertaken in currencies other than the local functional currency, from financial assets and liabilities denominated in currencies other than the local functional currency and on the Group's net investments in foreign operations.

Group policy is for each jurisdiction to undertake commercial transactions in its own functional currency whenever possible. Where this is not possible the Group manages its cash position across the Group to minimise the need to translate currency. Cash flow forecasts are prepared covering various periods to ensure sufficient funds are available in the required currencies to meet the Group's obligations as they fall due.

As at 31 December 2020, the Group has not and does not currently intend to enter into hedging transactions in relation to the interest and capital repayments associated with the outstanding £350 million guaranteed notes due 2022, €500 million (equivalent to approximately £447 million) guaranteed notes due 2024, €500 million (equivalent to approximately £447 million) guaranteed notes due 2027 or €700 million (equivalent to approximately £626 million) guaranteed notes due 2030.

As at 31 December 2019, the Group did not enter into hedging transactions in relation to the interest and capital repayments associated with the outstanding £350 million guaranteed notes due 2022, A\$12.88 million (equivalent to approximately £6.8 million) guaranteed notes due 2020, €500 million (equivalent to approximately £423 million) guaranteed notes due 2024 or €500 million (equivalent to approximately £423 million) guaranteed notes due 2027.

The United Kingdom's exit from the European Union and the uncertainty subsequent to the transition period increases the risk in relation to the value of the results or profits derived from Euro ("EUR"), Singapore Dollar ("SGD"), Australian Dollar ("AUD") and Hong Kong Dollar ("HKD") denominated transactions.

The Group has historically hedged the risk of changes in relevant spot exchange rates to the extent that they are expected to impact the net assets of its foreign subsidiaries. The Group has used forward exchange contracts as hedges of net investments from foreign operations to the extent required. All derivatives are entered into with counterparties who are considered to be of acceptable creditworthiness. The period end and average exchange rates used when translating the results to Pounds Sterling were as follows:

	2020		2019	
	Year end	Average	Year end	Average
EUR	0.8950	0.8888	0.8462	0.8770
SGD	0.5538	0.5651	0.5605	0.5740
AUD	0.5641	0.5367	0.5298	0.5441
HKD	0.0944	0.1005	0.0968	0.0999

The Group's most significant financial instrument foreign exchange risk relates to its Euro-denominated guaranteed notes, totalling £1,700 million (approximately equal to £1,521.5 million). Had the relevant Pound Sterling exchange rate been 10% stronger/weaker, then the Euro-denominated guaranteed notes would instead have been approximately equivalent to £1,369.3 million / £1,673.6 million respectively, resulting in a £152.1 million decrease/increase respectively to the Group's borrowings, impacting the foreign exchange gain or loss in the consolidated income statement accordingly and thereby impacting retained earnings in the consolidated statement of financial position. 10% was used as a reasonably possible benchmark, to reflect the potential Pound Sterling volatility associated with the period subsequent to the Brexit transition period.



## 9.2 Market risk - interest rate risk

The Group's exposure to cash flow interest rate risk arises from cash and cash equivalents, and variable interest-bearing borrowings. The Group's guaranteed notes of £1,858.5 million (31 December 2019: £1,196.5 million) are at fixed interest rates. The Group has limited borrowings at the year-end date that are exposed to interest rate risk (see note 23). The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. Management reviews the proportion of borrowings in fixed and floating rates and ensure they are within an appropriate range to manage interest rate risk.

## 9.3 Market risk - price risk

The Group does not have any equity securities in its consolidated statement of financial position and it is not materially exposed to commodity price risk. Most customer contracts include indexation clauses that are applied to rental and service fee income to offset the effect of inflation. The Group is exposed to price risk to the extent that inflation differs from the index used.

## 9.4 Credit risk

Credit risk is the risk that the Group will suffer financial loss as a result of counterparties defaulting on their contractual obligations. The risk arises on cash and cash equivalents, trade and other receivables and in relation to the foreign exchange forward contracts that the Company has entered into. The carrying amounts of financial assets represent the maximum credit exposure.

The Group's credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

To manage the credit risk and concentration thereof for trade and other receivables, an assessment of credit quality is made as part of the Group's customer acceptance procedures using a combination of external rating agencies, past experience and other factors. In circumstances where credit information is unavailable or the customer is assessed as higher risk, the risk is mitigated by the use of modified payment terms, customer deposits and parent and bank guarantees. Exposure and payment performance is monitored closely at an individual customer level, with a series of escalating debt recovery actions taken where necessary. The majority of the Group's customers consist of investment grade credit quality companies or companies whose parents are of investment grade credit quality. Thus the credit risk of default on significant amounts of trade and other receivables not with "Daily-Tech" (as defined in note 28) is assessed as low. Of the trade receivables balance at 31 December 2020, £13.7 million (31 December 2019: £76.6 million) is due from Daily-Tech, but is under Corporate Guarantee (see note 28). Apart from this, the Group does not have significant trade receivable credit risk exposure to any single counterparty. The nature and credit-worthiness of our customer base have resulted in a significantly reduced Covid-19 impact for Global Switch compared to many other businesses or industries.



**Expected credit loss assessment for customers under IFRS 9 Financial Instruments:**

The Group uses an allowance matrix to measure the expected credit losses of trade receivables. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Trade receivable collection is closely monitored and analysed, with correspondence and communication with customers providing information to management on credit risk. Write-offs are infrequent; however, when there is a clear indicator of default, then the corresponding receivable is written-off.

For other receivables that are financial assets, the Group determines expected credit losses separately, applying a probability-weighted estimate.

Although not classified as a financial instrument under IFRS 9 *Financial Instruments*, a judgment has been made to include accrued income within the expected credit loss allowance. The judgment has been made to ensure

the recovery risk on accrued income assets is reflected. Whilst these assets primarily relate to revenue recognised under IFRS 16 *Leases*, IFRS 16 provides no guidance on impairment of accrued income and, in the absence of guidance in the most relevant accounting standard, it is appropriate to consider the guidance in other standards – in this case IFRS 9.

**Expected credit loss quantitative analysis**

The following table provides information about the exposure to credit risk and expected credit losses for trade and relevant other receivables. For each of the Group's financial assets, the gross carrying amount presented represents the relevant maximum exposure to credit risk at the period end without taking into account collateral held or other credit enhancements. The assessment applies only to those trade and other receivables, which are financial instruments, and to Daily-Tech accrued income as described above.

31 December 2020	Weighted average loss rate %	Gross carrying amount £m	Loss allowance £m	Net carrying amount £m
Current (not past due) trade receivables	0.54	45.7	0.2	45.5
Trade receivables 1-30 days past due	10.50	14.9	1.6	13.3
Trade receivables 31-60 days past due	13.40	6.7	0.9	5.8
Trade receivables more than 60 days past due	15.04	17.7	2.7	15.0
Accrued income	0.54	79.4	0.4	79.0
Other receivables	12.86	14.0	1.8	12.2
<b>Total in-scope non-Daily-Tech</b>		<b>178.4</b>	<b>7.6</b>	<b>170.8</b>
Daily-Tech accrued income	0.54	45.4	0.2	45.2
Daily-Tech trade receivables	8.03	13.7	1.1	12.6
<b>Total in-scope Daily-Tech</b>		<b>59.1</b>	<b>1.3</b>	<b>57.8</b>
<b>Total in-scope</b>		<b>237.5</b>	<b>8.9</b>	<b>228.6</b>
<b>Total out of scope</b>		<b>1.4</b>	<b>-</b>	<b>1.4</b>
<b>Total trade and other receivables</b>		<b>238.9</b>	<b>8.9</b>	<b>230.0</b>



31 December 2019	Weighted average loss rate %	Gross carrying amount £m	Loss allowance £m	Net carrying amount £m
Current (not past due) trade receivables	0.43	43.0	0.2	42.8
Trade receivables 1-30 days past due	6.15	5.5	0.4	5.1
Trade receivables 31-60 days past due	15.73	11.2	1.8	9.4
Trade receivables more than 60 days past due	22.62	12.9	2.9	10.0
Other receivables	16.78	43.1	7.3	35.8
<b>Total in-scope non-Daily-Tech</b>		<b>115.7</b>	<b>12.6</b>	<b>103.1</b>
Daily-Tech accrued income	N/a	65.6	23.8	41.8
Daily-Tech trade and other receivables	N/a	76.8	10.1	66.7
<b>Total in-scope Daily-Tech</b>		<b>142.4</b>	<b>33.9</b>	<b>108.5</b>
<b>Total in-scope</b>		<b>258.1</b>	<b>46.5</b>	<b>211.6</b>
<b>Total out of scope</b>		<b>91.3</b>	<b>-</b>	<b>91.3</b>
<b>Total trade and other receivables</b>		<b>349.4</b>	<b>46.5</b>	<b>302.9</b>

With the exception of the separate assessment for Daily-Tech, loss rates for trade receivables are based on actual credit experience over the past three years. These rates may be multiplied by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Loss rates for other receivables are determined after factoring the terms of the agreement, the level credit risk of the counterparties and past experience.

Movements in the allowance for impairment in respect of trade and other receivables:

	£m
<b>Balance at 31 December 2019</b>	<b>46.5</b>
Daily-Tech impairment recognised in the consolidated income statement	17.1
Net remeasurement of non-Daily-Tech loss allowance recognised in the consolidated income statement	(5.9)
<b>Total movements recognised in the consolidated income statement</b>	<b>11.2</b>
Derecognised on termination of Daily-Tech contracts, along with corresponding trade receivables and accrued income assets	(49.0)
Net remeasurement recognised in other comprehensive income	0.2
<b>Balance at 31 December 2020</b>	<b>8.9</b>

The contractual amount outstanding on financial assets that were written off during the year and are still subject to enforcement activity is £nil (year ended 31 December 2019: £nil).

The Group has assessed cash and cash equivalents using a 12 month ECL basis as these had no significant increase in credit risk since initial recognition. The loss allowance at 31 December 2020 and 31 December 2019 was insignificant.



## 9.5 Liquidity risk

The Group funds its activities through cash generated from its operations and, where necessary, bank borrowing. The Group's banking facilities include a multi-currency revolving syndicated loan facility. Cash flow forecasts covering various periods from short to long-term are prepared and reviewed on a regular basis to ensure that sufficient funds are available to meet the Group's commitments as they fall due.

## 9.6 Capital management

The Group considers its capital to comprise its ordinary share capital, other reserves, translation reserve,

hedging reserve and retained earnings. In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and distributions. The Group has a blend of equity funding and debt financing (see note 23). The Group keeps this under review bearing in mind the risks, costs and benefits to equity shareholders of introducing additional debt finance to the Group. During the period, the Group has complied with externally imposed capital requirements, including debt covenant requirements.

## 10. Revenue

The Group's revenue arises from the following major service lines:

	2020 £m	2019 £m
Revenue recognised under IFRS 16:		
- Rental income from investment properties	300.5	309.8
Revenue from contracts with customers recognised under IFRS 15:		
- Provision of power	67.5	66.1
- Provision of additional services	42.5	62.7
Sub-total	110.0	128.8
	<b>410.5</b>	<b>438.6</b>

The Group's customer base is broad and diversified with only one customer accounting for more than 10% of the Group's total revenue. For the year ended 31 December 2020, the customer accounted for revenue of £42.3 million (2019: £79.4 million).

Negligible revenue was recognised in the years ended 31 December 2020 and 31 December 2019 from IFRS 15 performance obligations satisfied (or partly satisfied) in previous periods. Likewise, negligible revenue is expected to be recognised in the future related to IFRS 15 performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. The majority of the Group's revenue is outside the scope of IFRS 15.

Rental income is within the scope of IFRS 16, which is recognised in the consolidated income statement on a straight-line basis over the lease term including any fixed indexation.

The timing of revenue recognition, other than rental income from investment properties, is at a point in time.

Service agreements specify certain customer obligations (e.g. restrictions on activities), which reduce the Group's risks in relation to the underlying assets.

Information regarding receivables can be found in note 20.



## 11. Profit (loss) before tax

Profit (loss) before tax is stated after charging (crediting):

	Note	2020 £m	2019 £m
Depreciation of property, plant and equipment	19	2.4	0.6
Amortisation of intangibles		0.2	0.3
Direct operating expenses – property generating rental income		121.8	113.1
Short-term lease expense (under IFRS 16)		-	0.2
Auditor's remuneration		1.2	0.8
Employee benefit expense		23.8	17.5
Defined contribution plan expense		1.2	1.0

## 12. Key management personnel compensation

Key management comprises the Chief Executive Officer, the Chief Financial Officer, the Chief Commercial Officer, the Chief Operating Officer, the Chief Legal Officer, the Chief Design Officer, the Group Director (UK), the Group Director (Asia-Pacific) and the Group Director (Europe). The compensation borne by the Group for key management is:

	2020 £m	2019 £m
Salaries, allowance, benefits in kind and performance related bonuses	6.9	4.0
Retirement benefit scheme contributions	0.1	0.2
	<b>7.0</b>	<b>4.2</b>





### 13. Exceptional items

#### *Exceptional items critical judgments*

We separately identify and disclose those items of income and cost that in management's judgment do not form part of underlying operations in the normal course of business. In determining whether an event or transaction is an exceptional item, management considers a combination of quantitative and qualitative factors, including nature and frequency. Items meeting the definition of 'exceptional item' under the Group's accounting policy, which is applied consistently from period to period, are classified as exceptional items.

Exceptional items are excluded from EBITDA, which is an alternative performance measure (see note 7). 'Exceptional items' does not have a standardised meaning under IFRS. The exceptional items in the period would otherwise have been classified within administrative expenses.

	2020 £m	2019 £m
IPO costs	2.3	8.8
Due diligence costs	0.1	0.6
Covid-19	0.1	-
	<b>2.5</b>	<b>9.4</b>

#### *IPO costs*

Following the 24.01% investment by Shagang Group in August 2019 (as disclosed in note 1), Global Switch announced that it was continuing preparation for a public listing on a leading international stock exchange. In preparing for an Initial Public Offering (IPO), the Group has incurred related costs, including incremental professional fees. Where costs would not otherwise have been incurred and do not reflect underlying operations, they have been classified as exceptional items. Please refer to the CEO Statement for further information.

#### *Due diligence costs*

The Group has incurred costs in relation to a due diligence project, which does not form part of recurring operations in the normal course of business. Expenses directly attributable to this project have been classified as exceptional items.

#### *Covid-19*

During the year ended 31 December 2020, the Group has incurred costs resulting from the ongoing Covid-19 pandemic. These costs mainly included: Personal Protective Equipment (PPE) for employees, office disinfectant products and various IT equipment costs to enable employees to work from home. These Covid-19 related items have been classified as exceptional items.



## 14. Net finance costs

	Note	2020 £m	2019 £m
<b>Finance income</b>			
Bank and other interest		0.1	0.2
Other finance income	28	0.9	2.9
		1.0	3.1
<b>Finance costs</b>			
Interest payable on bank loans		(3.3)	(2.0)
Other finance costs and bank charges*		(9.3)	(6.8)
Interest payable on guaranteed notes		(33.5)	(29.3)
Bank revolving credit facility fee		(0.8)	(0.8)
Amortisation of issue costs		(1.4)	(1.1)
		(48.3)	(40.0)
Foreign exchange loss		(2.0)	(39.9)
<b>Net finance costs</b>		<b>(49.3)</b>	<b>(76.8)</b>

\*Other finance costs and bank charges include individually immaterial items, not further disaggregated, including a fee to a former shareholder of £2.9 million (2019: £0.9 million).



## 15. Income tax

### *Tax critical estimates*

The Group calculates and pays tax in accordance with the laws of the countries in which it operates. Certain companies in the Group have tax periods that remain open. In preparing the consolidated financial statements, the Directors have made an assessment of the likelihood of any liabilities arising in relation to these open periods and have made provisions for amounts that they believe will be payable. There remains a risk that the amounts at which open periods are settled will be different to the amounts included in the consolidated financial statements; however the Directors believe that any differences are unlikely to be material.

The Group's deferred tax liabilities primarily result from investment property, which is measured at fair value. Any assumptions and key sources of estimation uncertainty applicable to the fair value of investment property are therefore also relevant to the resultant deferred tax liabilities (see note 18). Under IFRS, it is typically required to recognise a deferred tax liability in respect of increased investment property values as the rebuttable presumption is that investment properties

carried at fair value will be recovered through sale as individual assets, irrespective of the likelihood of the sale occurring. The rebuttable presumption may be rebutted if the investment property represents a depreciable asset and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. In the case of the Hong Kong and Singapore data centres, the assumption has been rebutted, which is reflective of the terms of the leaseholds, which could restrict such a sale. For both the Group's investment properties where the presumption is rebutted and for those where it is not, a deferred tax liability arises as a result of temporary differences between the carrying amount of those assets and their tax bases. 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.

Deferred tax is determined using tax rates and laws that have been enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

### *Analysis of charge (credit) for the year*

	2020 £m	2019 £m
<b>Current tax expense</b>		
On net income before revaluations	21.0	18.3
Adjustments in respect of earlier periods	1.3	4.4
	<b>22.3</b>	<b>22.7</b>
<b>Deferred tax expense (credit)</b>		
Origination and reversal of temporary differences	21.3	(71.6)
Adjustments in respect of earlier periods	2.1	-
Change in tax rate	38.8	4.2
	<b>62.2</b>	<b>(67.4)</b>
<b>Income tax charge (credit)</b>	<b>84.5</b>	<b>(44.7)</b>



### Factors affecting tax charge (credit) for the year

	2020 £m	2019 £m
<b>Profit (loss) before tax</b>	<b>289.6</b>	<b>(312.1)</b>
Tax calculated at the domestic rate applicable to the profits in each country concerned	42.5	(53.3)
Adjustment in respect of earlier periods	3.4	4.4
Change in tax rate	38.8	4.2
Others	(0.2)	-
<b>Tax charge (credit)</b>	<b>84.5</b>	<b>(44.7)</b>

The tax calculations take into consideration future changes substantively enacted in jurisdictions when determining the appropriate level of deferred tax to be provided on future reversals. In March 2020 the UK Government enacted a change cancelling the previously legislated reduction in the UK corporation tax rate from 19% to 17%. In December 2020 the Dutch Government cancelled a proposed reduction in the corporation tax rate. This had the effect of increasing the tax rate from 21.7% to 25% in the deferred tax calculation in respect of the Netherlands.

The deferred tax calculation for 31 December 2020 reflects a UK tax rate of 19% (31 December 2019: 17%) and Dutch tax rate of 25% (31 December 2019: 21.7%), being the rates enacted at the reporting date. These had the one-off effect of increasing the deferred taxation charge for the period by £38.8 million in 2020.

The UK Government announced on 3 March 2021 a proposed increase in the UK corporation tax rate to 25% with effect from April 2023. This proposed increase has not been reflected in the deferred tax calculation as it had not been enacted at the balance sheet date. If this rate had applied at 31 December 2020, it would have resulted in the recognition of an additional deferred tax liability of £62.4 million.

### Deferred tax

The movement on the deferred tax account is as follows:

Analysis of Group deferred tax assets and liabilities:

	Losses £m	Capital allowances £m	Investment properties £m	Accrued income £m	Other £m	Total £m
At 31 December 2019	40.7	(213.3)	(740.0)	(7.5)	4.7	(915.4)
Movement recognised in the profit or loss	6.9	(17.9)	(45.7)	(0.8)	(4.7)	(62.2)
Exchange differences	1.2	(8.1)	(26.0)	(0.5)	-	(33.4)
<b>At 31 December 2020</b>	<b>48.8</b>	<b>(239.3)</b>	<b>(811.7)</b>	<b>(8.8)</b>	<b>-</b>	<b>(1,011.0)</b>

Exchange differences as a result of the translation of deferred tax assets and liabilities of overseas subsidiaries are recognised through other comprehensive income in accordance with the accounting policy described in note 4.2.

At 31 December 2020, deferred tax assets have been recognised on all tax losses of the Group. Deferred tax assets in relation to losses have been recognised where it is considered probable that there will be future taxable profits available. All tax losses can be carried forward indefinitely.



## 16. Earnings (loss) per share – basic

The calculation of the basic earnings per share of £0.02 million (31 December 2019: negative £0.03 million) attributable to owners of the Company is based on the following data.

Earnings (loss)	2020 £m	2019 £m
Earnings (loss) for the purpose of calculating basic earnings (loss) per share (profit (loss) for the year)	205.1	(267.4)
<b>Number of shares</b>		
Weighted average number of shares for the purpose of calculating basic earnings per share	10,000	10,000

The Group does not have any options or equity related instruments in issue and accordingly no diluted earnings per share is presented.

## 17. Dividends

Dividends of £67.4 million were declared and paid for the year ended 31 December 2020 (2019: £nil), representing £6,739 per share (2019: £nil).



## 18. Investment properties

### *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 IFRS 13 *Fair Value Measurement*, in the fair value hierarchy as at 31 December 2020 and 31 December 2019 and there were no transfers between levels during the period. 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 2020 and 31 December 2019, valued by professionally qualified external valuers. The Group's investment properties were valued by CBRE Limited ("CBRE"), based in London in the United Kingdom. CBRE has sufficient current and international knowledge of the particular property market involved, and has the skills and understanding to undertake the valuations competently. The valuations were prepared in accordance with the RICS 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, internal rate of return ("IRR") and market value analysis including comparable recent market transactions on arm's length terms. In doing so, they consider assumptions, data and key sources of estimation uncertainty including forecasts for customer renewals, void periods, capital expenditure, operational expenditure and other relevant cash flow assumptions. There have been no changes in the valuation techniques used by CBRE between 31 December 2019 and 31 December 2020.

An increase/decrease to rental value will increase or decrease valuations respectively, while an increase/decrease to yield will decrease or increase valuations respectively. There are interrelationships between these inputs, as they are determined by market conditions. The existence of an increase in more than one input would be to magnify the effect on the valuation. The impact on the valuation will be mitigated by the interrelationship of two inputs in opposite directions, for example an increase in rent may be offset by an increase in yield.

Holding all other assumptions constant, an increase of 25 basis points on both the IRR and the exit yield rates would result in a net reduction in the investment properties valuation of £257.2 million to £5,868.9 million and £230.4 million to £5,354.1 million at 31 December 2020 and at 31 December 2019 respectively. A corresponding decrease would result in a net increase in the investment properties valuation of £278.9 million to £6,405.0 million and £267.2 million to £5,833.9 million at 31 December 2020 and at 31 December 2019 respectively.





	Completed £m	Development £m	Total £m
<b>Balance at 1 January 2020</b>	<b>5,411.8</b>	<b>81.0</b>	<b>5,492.8</b>
Transfers	266.7	(266.7)	-
Additions	80.5	235.4	315.9
Revaluation	96.9	9.4	106.3
Reassessment – lease asset	0.3	-	0.3
Foreign exchange movement	111.4	1.6	113.0
<b>Balance at 31 December 2020</b>	<b>5,967.6</b>	<b>60.7</b>	<b>6,028.3</b>

**Valuation inputs – completed investment properties: 31 December 2020**

Asset type	Initial yield range	Exit yield range	IRR range	Rental value range £m
Data centres	(0.36) – 5.69%	5.35 – 7.00%	6.30 – 10.50%	1.3 – 51.9

**Valuation inputs – completed investment properties: 31 December 2019**

Asset type	Initial yield range	Exit yield range	IRR range	Rental value range £m
Data centres	(1.09) – 5.47%	5.35 – 7.00%	6.35 – 12.50%	nil* – 61.4

\*The lower end of the rental value range for 31 December 2019 is £nil and relates to the Frankfurt North data centre, which was launched in November of that year. The amount reflects the fact that the data centre's contract with Daily-Tech was excluded from the 31 December 2019 investment property valuation. Whilst the contract was subsequently terminated in 2020 and is therefore also excluded from the 31 December 2020 valuation, the data centre has since contracted with other customers. See note 28.

The table below shows a reconciliation of the amounts shown in the consolidated statement of financial position in respect of investment property assets and liabilities to the valuation prepared by the external valuers:

	2020 £m	2019 £m
<b>Investment properties carrying amount</b>	<b>6,028.3</b>	<b>5,492.8</b>
Accrued income included in trade and other receivables	113.3	106.8
Lease obligations included in current borrowings	(1.2)	(1.2)
Lease obligations included in non-current borrowings	(14.3)	(13.9)
<b>Investment properties at valuation</b>	<b>6,126.1</b>	<b>5,584.5</b>



The investment property details for each location are as follows:

Location	Ownership
<b>Completed</b>	
Amsterdam West	Leasehold (50 year term expiring 2045)
Frankfurt North	Freehold
Frankfurt South	Freehold
Hong Kong	Leasehold (35 year term expiring 2047)
London East	Freehold
London North	Freehold
Madrid	Freehold
Paris East	Freehold
Paris West	Freehold
Singapore Tai-Seng	Leasehold (30 year term expiring 2023)
Singapore Woodlands	Leasehold (30 year term expiring 2039)
Sydney West	Freehold
Sydney East	Freehold
<b>Development</b>	
Amsterdam East	Leasehold (50 year term expiring 2045)
London South	Freehold

Investment properties subject to leasehold ownership, excluding Hong Kong, all provide statutory renewal rights to the Group. The Group has the option to extend the Singapore Tai-Seng leasehold by a further 30 year term to 2053 and the valuation assumes that option will be exercised.

The Directors have exercised judgement in considering the potential transfer of the risks and rewards of ownership in accordance with IFRS 16 *Leases* for all properties contracted to customers and have determined that such contracts are to be accounted for as operating leases.



## 19. Property, plant and equipment

	Right-of-use asset £m	Other £m	Total £m
<b>Cost</b>			
At 1 January 2019	-	5.8	5.8
Additions	13.5	0.9	14.4
At 31 December 2019	13.5	6.7	20.2
Additions	-	1.7	1.7
At 31 December 2020	13.5	8.4	21.9
<b>Accumulated depreciation</b>			
At 1 January 2019	-	5.0	5.0
Charge for the year	0.1	0.5	0.6
At 31 December 2019	0.1	5.5	5.6
Charge for the year	1.1	1.3	2.4
At 31 December 2020	1.2	6.8	8.0
<b>Carrying amount</b>			
At 31 December 2020	12.3	1.6	13.9
At 31 December 2019	13.4	1.2	14.6

## 20. Trade and other receivables

	2020 £m	2019 £m
Trade receivables	92.2	133.8
Accrued income	124.2	115.5
Other receivables	10.2	50.3
Prepayments	1.4	1.3
Current trade and other receivables	228.0	300.9
Other receivables – non-current	2.0	2.0
Total trade and other receivables	230.0	302.9

The Directors consider the carrying amount of those trade and other receivables that are classified as financial assets to approximate their fair value.

Accrued income primarily relates to assets recognised as a result of the accounting requirement to spread the recognition of rental income from investment properties over the service agreement term, which may differ from the timing of billing and cash receipts, according to the specific contractual agreements with customers.

Within the trade and other receivables are related party amounts, as disclosed in note 28. Credit risk analysis is disclosed in note 9.



**Reconciliation of gross to net carrying amounts for trade and other receivables**

	Trade receivables		Other receivables, including non-current		Accrued income	
	2020 £m	2019 £m	2020 £m	2019 £m	2020 £m	2019 £m
Gross carrying amount	98.7	149.2	14.0	59.6	124.8	139.3
Allowance for impairment	(6.5)	(15.4)	(1.8)	(7.3)	(0.6)	(23.8)
Net carrying amount	<b>92.2</b>	<b>133.8</b>	<b>12.2</b>	<b>52.3</b>	<b>124.2</b>	<b>115.5</b>

In determining the recoverability of trade and other receivables, the management of the Group considers any change in the credit quality of the trade and other receivables from the date credit was initially granted up to the end of the reporting period. See note 9 for further information on financial risk management.

The Group has a policy of allowing credit periods ranging from 30 days to 60 days. The following is an aged analysis of trade receivables, presented based on invoice dates at the end of each reporting period.

	2020 £m	2019 £m
Within 60 days	65.4	56.8
61 to 90 days	6.1	9.9
91 to 120 days	5.2	6.2
Over 120 days	15.5	60.9
	<b>92.2</b>	<b>133.8</b>

Details of impairment assessment of trade and other receivables are set out in note 9.

## 21. Cash and cash equivalents

	2020 £m	2019 £m
Cash at bank and in hand	423.3	95.8
Restricted cash	0.5	0.5
	<b>423.8</b>	<b>96.3</b>

Restricted cash represents cash held in escrow in relation to commitments due under the terms of the construction contract for the development of the Group's Paris West data centre.



## 22. Trade and other payables

	2020 £m	2019 £m
Trade payables	40.8	20.5
Accruals	78.8	119.3
Deferred income	44.8	49.1
Provisions	15.4	12.7
Social security and other taxation	6.0	5.7
Other payables	11.4	7.1
<b>Total trade and other payables</b>	<b>197.2</b>	<b>214.4</b>

The credit period for trade payables is from 30 to 60 days from the invoice dates.

The following is an aged analysis of trade payables, presented based on invoice date at the end of the reporting periods.

	2020 £m	2019 £m
Within 60 days	39.1	18.9
61 to 90 days	0.8	0.5
Over 90 days	0.9	1.1
	<b>40.8</b>	<b>20.5</b>

The Directors consider the carrying amount of those trade and other payables that are classified as financial liabilities to approximate their fair value. All trade and other payables are payable within one year.

Within other payables are related party amounts, as disclosed in note 28.

In the ordinary course of business the Group is engaged in certain actual, threatened or potential legal disputes, and other activities which may result in liabilities of uncertain timing or amount. In the legal disputes where Group entities are the actual or potential claimant to the dispute, the exposure is generally limited to legal and associated costs. Where Group entities are the actual or potential defendant, the Group considers the probability that the claim would be successful and recognise a provision where appropriate. The Group is confident of its legal positions, both as actual or potential plaintiff or defendant. Save as included within provisions, the Group does not currently believe that there are any legal proceedings, or government or regulatory investigations that may have a material adverse impact on the operations or financial condition of the Group.



## 23. Borrowings

	2020 £m	2019 £m
<b>Current borrowings</b>		
Lease obligations	2.0	2.0
Guaranteed notes	-	6.8
	<b>2.0</b>	<b>8.8</b>
<b>Non-current borrowings</b>		
Bank loans*	(1.3)	124.8
Lease obligations	26.3	26.4
Guaranteed notes	1,858.5	1,189.7
	<b>1,883.5</b>	<b>1,340.9</b>
<b>Total borrowings</b>	<b>1,885.5</b>	<b>1,349.7</b>

\*Includes negative £1.3 million (31 December 2019: negative £1.1 million) in relation to unamortised debt issue costs on the revolving credit facility.

Based on the scheduled repayment dates as set out in the relevant agreements, the carrying amounts of the above borrowings are repayable as follows.

	2020 £m	2019 £m
Within one year	2.0	8.8
Within a period of more than one year but not exceeding two years	350.1	126.4
Within a period of more than two years but not exceeding five years	452.1	775.8
Within a period of more than five years	1,081.3	438.7
	<b>1,885.5</b>	<b>1,349.7</b>
Less: amounts due within one year shown under current liabilities	(2.0)	(8.8)
<b>Amounts shown under non-current liabilities</b>	<b>1,883.5</b>	<b>1,340.9</b>

At 31 December 2020 and 31 December 2019, the Group's borrowings were unsecured. Details of the guarantors of the guaranteed notes and bank loans are set out in note 29. All other borrowings (lease obligations) were unguaranteed.

The Directors consider the carrying amount of the bank loans and the lease obligations to approximate their fair value. The fair value measurements for guaranteed notes are categorised as Level 2 in the fair value hierarchy. Level 1 of the fair value hierarchy is reserved for items where the inputs comprise unadjusted quoted prices from active markets for identical assets or liabilities that the entity can access at the reporting date.

Based on the quoted mid-point of the bid and offer price, the fair value of the guaranteed notes are as follows.

### At 31 December 2020

- 4.375% guaranteed notes £350.0 million: fair value of £375.7 million (31 December 2019: £350.0 million and £379.4 million fair value) maturing 2022.
- 1.5% guaranteed notes €500.0 million: fair value of £465.5 million (31 December 2019: €500.0 million and £435.9 million fair value) maturing 2024.
- 2.25% guaranteed notes €500.0 million: fair value of £492.6 million (31 December 2019: €500.0 million and £450.2 million fair value) maturing 2027.
- 1.375% guaranteed notes €700.0 million: fair value of £654.0 million (31 December 2019: not applicable) maturing 2030.





In October 2020, guaranteed notes of €700 million were issued with a coupon rate of 1.375% and with maturity in October 2030.

In December 2020, guaranteed notes of A\$12.9 million were repaid on maturity.

Following the issuance, the Group's borrowings under its £425 million revolving credit facility were repaid. However, the revolving credit facility remains available to the Group. The Group exercised its first extension option on the revolving credit facility in December 2020. Following this extension, the facility matures in April 2022, with the option of one further one year extension, which would require lender consent. The revolving credit facility is undrawn at 31 December 2020 (31 December 2019: £125.9 million drawn).

Interest on bank loans is charged at floating rates of interest by reference to LIBOR or EURIBOR or, in relation to any non-LIBOR currency, the benchmark rate for that currency plus a sub-1% margin. The revolving credit facility includes a number of financial covenants.

The Group's borrowings are denominated in the following currencies:

2020	Bank loans £m	Lease obligations £m	Guaranteed notes £m	Total £m
£	(1.3)	12.8	349.5	361.0
SGD	-	7.6	-	7.6
HKD	-	1.1	-	1.1
EUR	-	6.8	1,509.0	1,515.8
	<b>(1.3)</b>	<b>28.3</b>	<b>1,858.5</b>	<b>1,885.5</b>

2019	Bank loans £m	Lease obligations £m	Guaranteed notes £m	Total £m
£	(1.1)	13.3	349.2	361.4
SGD	5.6	7.6	-	13.2
AUD	-	-	6.8	6.8
HKD	82.8	1.0	-	83.8
EUR	37.5	6.5	840.5	884.5
	<b>124.8</b>	<b>28.4</b>	<b>1,196.5</b>	<b>1,349.7</b>

The minimum lease payments under lease obligations included within borrowings fall due as follows:

	2020 £m	2019 £m
Less than one year	2.1	2.0
Between one and two years	2.1	2.0
Between two and five years	7.5	6.6
More than five years	50.0	52.3
	61.7	62.9
Future finance charges	(33.4)	(34.5)
	<b>28.3</b>	<b>28.4</b>
Less than one year	2.0	2.0
Between one and five years	8.0	7.0
More than five years	18.3	19.4
<b>Present value</b>	<b>28.3</b>	<b>28.4</b>



### Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. For maturity analysis of lease obligations, see above.

	Weighted average effective interest rate	Within one year £m	Between one and two years £m	Between two and five years £m	More than five years £m	Total £m	Carrying amount £m
<b>2020</b>							
Trade and other payables		131.0	-	-	-	131.0	131.0
Bank loans and borrowings- - Fixed interest rate instruments	4.38%	15.3	365.3	-	-	380.6	349.5
Bank loans and borrowings- - Fixed interest rate instruments	1.50%	6.7	6.7	460.9	-	474.3	446.0
Bank loans and borrowings- - Fixed interest rate instruments	2.25%	10.1	10.1	30.2	467.6	518.0	444.2
Bank loans and borrowings- - Fixed interest rate instruments	1.38%	8.6	8.6	25.8	669.6	712.6	618.8
		<b>171.7</b>	<b>390.7</b>	<b>516.9</b>	<b>1,137.2</b>	<b>2,216.5</b>	<b>1,989.5</b>

	Weighted average effective interest rate	Within one year £m	Between one and two years £m	Between two and five years £m	More than five years £m	Total £m	Carrying amount £m
<b>2019</b>							
Trade and other payables		146.9	-	-	-	146.9	146.9
Bank loans and borrowings- - Fixed interest rate instruments	4.38%	15.3	15.3	365.3	-	395.9	349.2
Bank loans and borrowings- - Fixed interest rate instruments	6.25%	7.2	-	-	-	7.2	6.8
Bank loans and borrowings- - Fixed interest rate instruments	1.50%	6.3	6.3	442.1	-	454.7	421.1
Bank loans and borrowings- - Fixed interest rate instruments	2.25%	9.5	9.5	28.6	451.8	499.4	419.4
Revolving credit facility	2.54%	-	125.9	-	-	125.9	124.8
		<b>185.2</b>	<b>157.0</b>	<b>836.0</b>	<b>451.8</b>	<b>1,630.0</b>	<b>1,468.2</b>



## 24. Share capital

	Authorised ordinary shares		Issued, allotted and fully paid ordinary shares	
	Number	£m	Number	£m
At 31 December 2020 and 31 December 2019	5,000,000	–*	10,000	–*

\*Less than £0.1 million

The Group has one class of ordinary shares which carry no right to fixed income.

Each share of the Company confers upon the shareholder:

- The right to one vote at a meeting of the shareholders of the Company or on any resolution of the shareholders;
- The right to an equal share in any dividend paid by the Company; and
- The right to an equal share in the distribution of the surplus assets of the Company.

## 25. Leases

### *Leases where the Group acts as lessee in accordance with IFRS 16*

The Group adopted IFRS 16 *Leases* from 1 January 2019. From 1 January 2019, under IFRS 16, there is no concept of an operating lease as a lessee and, applying the new single lessee accounting model, the Group's existing immaterial operating leases as a lessee have been treated in accordance with the accounting policy described in note 4.6, resulting in no right-of-use assets nor corresponding lease obligations over and above land leases already recorded on-balance sheet under IAS 17.

Additions of a right-of-use assets of £13.5 million for office space were made during 2019 and are classified as property, plant and equipment (note 19). Lease liabilities are included within borrowings (note 23).



#### ***Leases where the Group acts as a lessor in accordance with IFRS 16***

The Group enters into medium to long-term service agreements with its customers, which typically last three to ten years, and are classified as operating leases. The following table sets out a maturity analysis for undiscounted lease payments to be received after the reporting date.

	<b>2020 £m</b>	<b>2019 £m</b>
Less than one year	255.0	242.9
Between one and two years	220.3	198.6
Between two and three years	191.5	163.4
Between three and four years	138.0	152.6
Between four and five years	118.7	139.2
After more than five years	381.0	555.0
	<b>1,304.5</b>	<b>1,451.7</b>

The Group's leasing activities as a lessor are described throughout the notes to the consolidated financial statements, including in:

- Significant accounting policies (note 4);
- Revenue accounting policy (note 4.9);
- Revenue (note 10); and
- Investment properties (note 18).

## **26. Capital commitments**

The Group had capital commitments in relation to expenditure on investment properties as follows:

	<b>2020 £m</b>	<b>2019 £m</b>
Capital commitments in relation to investment properties	<b>35.6</b>	<b>73.5</b>

The Group did not have any material capital commitments in respect of non-investment property related property, plant and equipment at 31 December 2020 (2019: £nil).



## 27. Contingent liabilities

In the ordinary course of business the Group is engaged in certain actual, threatened or potential commercial and legal disputes. In the legal disputes where Group entities are the actual or potential claimant to the dispute, the exposure is generally limited to legal and associated costs. Where Group entities are the actual or potential defendant, the Group considers the probability that the claim would be successful and recognise a provision where appropriate. The Group is confident of its legal positions, both as actual or potential plaintiff or defendant. Save as included within provisions, the Group does not currently believe that there are any legal proceedings, or government or regulatory investigations that may have a material adverse impact on the operations or financial condition of the Group.

## 28. Related party transactions

Where the nature of the relationships to relevant related parties is not disclosed in note 1, details are provided below.

### *Daily-Tech*

Daily-Tech Hong Kong Co. Limited ("Daily-Tech"), a wholly-owned subsidiary entity of Daily-Tech Beijing Co. Limited ("Daily-Tech Beijing") ceased to be a related party on 10 May 2019.

Li Qiang, a former Chairman and a former non-executive director of the Company, is an indirect shareholder of Daily-Tech Beijing and was the latter entity's President until his resignation was approved by that company's shareholders on 10 May 2019. Li Qiang was also considered to control or jointly control Daily-Tech Beijing until that date, thereby resulting in Daily-Tech being designated a related party of the Group under IAS 24 Related Parties. Whilst Li Qiang continued to be a non-executive director of the Company until his resignation in the prior period, from 10 May 2019 onwards he is no longer considered to control or jointly control Daily-Tech or Daily-Tech Beijing and therefore the related party relationship ceased from that date.

The Group's relationships with Daily-Tech at the Hong Kong, Singapore Woodlands and Frankfurt North data centres have been governed by service agreements.

Each of the service agreements generally contains consistent key terms and features, which are also consistent with the Group's other service agreements. The agreements include a commitment of 15MW of IT capacity at the Hong Kong data centre, which remains ongoing, with rights and obligations reflected in the investment property valuation. All other service agreements with Daily-Tech have been terminated in the period, including an agreement for 6MW of IT capacity at the Frankfurt North data centre (on 27 April 2020), agreements for 7MW and 11MW of IT capacity at the Singapore Woodlands data centre (on 30 April 2020), and a further service agreement for 26MW of future IT capacity at the Hong Kong data centre (on 28 May 2020).

During 2020, revenue totaling £42.3 million (2019: £79.4 million) was recognised in relation to transactions with Daily-Tech. However, in relation to the terminated contracts, impairments of £15.1 million have been recognised in the consolidated income statement offsetting revenue accrued under those contracts in 2020. These impairments form the majority of an overall impairment charge in relation to Daily-Tech balances for the year ended 31 December 2020 of £17.1 million (2019: £34.8 million).

Jiangsu Shagang Materials Trading Co. Ltd ("Guarantor"), a subsidiary of an indirect shareholder in the Group, has guaranteed financial assets due from Daily-Tech under the 15MW Hong Kong agreement ("Corporate Guarantee"), and facilitated the issuance of a bank guarantee of HKD 250 million in favour of the Group applicable to the same 15MW Hong Kong agreement and/or to a 7MW Singapore Woodlands agreement ("Bank Guarantee"). The Corporate Guarantee remains in full force and effect and ensures that, for the duration of the agreement, in the event of any payment default by Daily-Tech all contractual cash flows due pursuant to the 15MW Hong Kong agreement will be settled by or on behalf of the Guarantor in favour of the Group. The benefit of the Corporate Guarantee, as an integrated part of the 15MW Hong Kong agreement, is reflected in these consolidated financial statements.

Subsequent to 31 December 2020, having received no further payment from Daily-Tech, amounts due under the 15 MW Hong Kong agreement have been fully recovered by payment under the Corporate Guarantee by an entity, who is not considered to be a related party of the Group, on behalf of the Guarantor.



Amounts recognised in the Group's consolidated statement of financial position were as follows:

	2020 £m	2019 £m
Trade receivables	13.7	76.6
Accrued income	45.4	65.6
Other receivables	2.4	0.2
Deferred income	(6.2)	(10.9)
Accruals	(0.1)	-
<b>Net financial position</b>	<b>55.2</b>	<b>131.5</b>
Of which:		
Subject to Corporate Guarantee	52.8	66.9
Subject to Bank Guarantee	-	24.2

Additionally, the net amount recognised in the consolidated statement of financial position includes equal and opposite deferred expenses (within other receivables) and accruals for £nil (2019: £3.6 million) in relation to a referral fee due to Daily-Tech under a Joint Marketing Agreement. See notes 20 and 22 respectively.

Interest of £0.9 million on receivables due from Daily-Tech has been recognised within other finance income in the year ended 31 December 2020 (year ended 31 December 2019: £2.9 million). See note 14. Outstanding interest receivable from Daily-Tech forms part of the trade receivables described above and forms part of the net financial position in the scope of the impairment assessment described below.

#### Impairment:

Subsequent to 31 December 2019, net amounts due from Daily-Tech were partially recovered, primarily from the payment of the amounts due under the Corporate Guarantee and the Bank Guarantee by an entity, who is not considered to be a related party of the Group, on behalf of the Guarantor. However, in light of Daily-Tech's reliance on its Guarantor and in the absence of further cash receipts or sufficient and appropriate evidence of Daily-Tech's ability to secure funding in order to settle the net amounts due, it was judged appropriate to recognise a full impairment for the residual amount not deemed recoverable at 31 December 2019 nor remaining under Corporate Guarantee. This resulted in a loss allowance of £33.9 million at 31 December 2019.

During the year ended 31 December 2020, all agreements not under Corporate Guarantee were terminated and Daily-Tech has defaulted on the Group's trade receivables in relation to those contracts. The accrued income and trade receivables on these contracts were therefore derecognised, along with the corresponding historic impairments. See note 9 for further information on financial risk management, including impairment, including loss at 31 December 2020.

	£m
<b>Loss allowance at 1 January 2020</b>	<b>33.9</b>
Impairment recognised in the consolidated income statement for the year, offsetting revenue recognised on terminated contracts	15.1
	49.0
Utilisation of loss allowances relating to contracts terminated in the period	(49.0)
Impairment recognised in the consolidated income statement for the year in relation to residual financial assets at 31 December 2020	2.0
<b>Loss allowance at 31 December 2020</b>	<b>2.0</b>





### ***Elegant Jubilee Limited***

Amounts recognised in relation to transactions with Elegant Jubilee Limited were as follows:

	2020 £m	2019 £m
Recharge of capital and administrative expenses	1.0	4.0

	2020 £m	2019 £m
Amount due from Elegant Jubilee Limited (included in trade and other receivables)	0.6	12.0

### ***Aldersgate Investments Limited ("AIL")***

On 23 August 2019, AIL disposed of its remaining shareholding in the Company and ceased to be a related party. See note 1.

AIL has acted as counterparty to the Group's forward foreign exchange contracts, entered into in order to mitigate the foreign exchange risk arising from fluctuations in the Euro, Singapore Dollar, Australian Dollar and Hong Kong Dollar. Whilst no new forward foreign exchange contracts were entered into with AIL in the current or prior periods, four historic contracts matured during the year ended 31 December 2019.

Amounts recognised in relation to transactions with AIL were as follows:

	2020 £m	2019 £m
Gain on settlements of forward foreign exchange contracts	-	6.7
Recharge of administrative and other services	0.9	1.0
Finance cost	2.9	0.9

	2020 £m	2019 £m
Receivables relating to administrative and other services	0.9	3.5
Receivables relating to settlements of forward foreign exchange contracts	-	18.5
Payables relating to finance cost	2.9	0.9

### ***Jiangsu Shagang Co., Ltd. ("JSC")***

JSC is an entity over which the Jiangsu Shagang Group Co., Limited (see note 1) has significant influence. In the year ended 31 December 2020, the Group recharged JSC £0.1 million for administrative and other services (2019: £nil). The £0.1 million is included in trade and other receivables at 31 December 2020.

### ***Shanghai Shagang Enterprise Management Co., Ltd ("SSEM")***

SSEM is an entity consolidated by Shagang Group. In the year ended 31 December 2020, SSEM recharged the Group less than £0.1 million for administrative and other services (2019: £nil). The recharge was settled as at 31 December 2020.



## 29. Particulars of principal subsidiaries of the Company

As at 31 December 2020 and 31 December 2019 and up to the date of this report, the Group owns 100% of the ordinary share capital of all of the companies below, except for those companies noted in footnotes 6 and 7 below. The percentage of the issued share capital held by the Group is equivalent to the proportion of voting rights held. All of the companies listed below operate in their respective country of registration/incorporation.

	Place of registration / incorporation	Issued and fully paid share capital	Nature of business
Global Switch Limited <sup>(1,2,3,5)</sup>	England and Wales	GBP 1	Acting as an administration company
Global Switch Group Limited <sup>(3,4,5,6)</sup>	British Virgin Islands	AUD 1	Holding company
Global Switch Estates 1 Limited <sup>(2,3,5)</sup>	England and Wales	GBP 1	Ownership and operation of real estate
Global Switch Estates 2 Limited <sup>(2,3,5)</sup>	England and Wales	GBP 1	Ownership and operation of real estate
Global Switch Amsterdam Property B.V. <sup>(2,3,5)</sup>	Netherlands	EUR 20,000	Operating company
Global Switch Amsterdam B.V. <sup>(2,3,5)</sup>	Netherlands	EUR 20,000	Ownership and operation of real estate
Global Switch PropertyHolding B.V. <sup>(2,3,5)</sup>	Netherlands	EUR 50,020,000	Holding company
Global Switch FM GmbH <sup>(3)</sup>	Germany	EUR 25,100	Ownership and operation of real estate
CarrierHaus GmbH <sup>(3)</sup>	Germany	EUR 25,565	Operating company
Global Switch Germany (Haftungsbeschränkt) <sup>(3)</sup>	Germany	EUR 1,000	Holding company
Global Switch Property Germany GmbH <sup>(3)</sup>	Germany	EUR 25,000	Holding company
Global Switch Paris SAS <sup>(2,3,5)</sup>	France	EUR 14,000,000	Ownership and operation of real estate
Global Switch France Holdings SAS <sup>(2,3,5)</sup>	France	EUR 2,000,000	Holding company
Global Switch Property Madrid S.L. <sup>(3)</sup>	Spain	EUR 611,575	Ownership and operation of real estate
Global Switch Spain Holdings S.L. <sup>(3)</sup>	Spain	EUR 3,010	Holding company
Global Switch (Property) Singapore Pte Limited <sup>(2,3,5)</sup>	Singapore	SGD 91,178,875	Ownership and operation of real estate
Global Switch Singapore Holdings Pte Limited <sup>(2,3,5)</sup>	Singapore	SGD 1	Holding company
Global Switch Property (Australia) Pty Limited <sup>(2,3,4,5,7)</sup>	Australia	AUD 1	Ownership and operation of real estate
Global Switch Australia Pty Limited <sup>(2,3,4,5,7)</sup>	Australia	AUD 1	Ownership and operation of real estate
Global Switch Australia Holdings Pty Limited <sup>(2,3,4,5,7)</sup>	Australia	AUD 1	Holding company
Global Switch Property Pty Limited <sup>(4,5,7)</sup>	Australia	AUD 1	Non-operating company
Global Switch Hong Kong Limited <sup>(3,4,5)</sup>	Hong Kong	HKD 356,908,000	Ownership and operation of real estate
ICT Centre Holding B.V. <sup>(2,3,5)</sup>	Netherlands	EUR 2,020,050	Holding company
Global Switch Finance B.V.	Netherlands	EUR 1	Borrowing company
Global Switch Finance Limited	Jersey	GBP 1	Group financing company
Brookset 20 Limited <sup>(5)</sup>	British Virgin Islands	USD 35,343	Holding company
ICT Centre France B.V. <sup>(5)</sup>	Netherlands	EUR 4,950	Holding company
Global Switch Coöperatief U.A. Limited <sup>(5)</sup>	Netherlands	EUR 100	Holding company

<sup>(1)</sup> Owned directly by Global Switch Holdings Limited.

<sup>(2)</sup> Guarantor under £350 million guaranteed notes due 2022, €500 million guaranteed notes due 2024 and €500 million guaranteed notes due 2027.

<sup>(3)</sup> Guarantor under the £425 million multicurrency revolving credit facility at 31 December 2019, entered into on 17 February 2017.

<sup>(4)</sup> Guarantor under the €500 million guaranteed notes due 2024 and €500 million guaranteed notes due 2027.

<sup>(5)</sup> Guarantor under the €700 million guaranteed notes due 2030.

<sup>(6)</sup> Global Switch Group Limited ("GSGL") is not owned by the Company. However, the Company is required to consolidate GSGL under the IFRS 10 definition of control as the Company is judged by the Directors to have met all three of the elements of control outlined in IFRS 10, including being exposed to and having rights to variable returns from its involvement with GSGL and having the ability to affect those returns.

<sup>(7)</sup> A wholly owned subsidiary of Global Switch Group Limited.



### 30. Hedging reserve

The Group has historically had foreign currency forward contracts designated as highly effective hedging instruments in order to manage the Group's foreign currency exposure in relation to the foreign operations. The foreign exchange contracts carried at fair value have been subject to a fair value gain of £nil recognised in the consolidated income statement (31 December 2019: £6.7 million).

At 31 December 2020 and 31 December 2019, the Group was not a party to foreign exchange forward contracts.

### 31. Reconciliation of liabilities or assets arising from financing activities

The table below details changes in the Group's liabilities or assets arising from financing activities, including both cash and non-cash changes. Liabilities or assets arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Note	Bank loans £m	Lease obligations £m	Guaranteed notes £m	Derivative Financial instruments £m	Total £m
At 1 January 2019		20.7	15.9	1,246.9	(11.8)	1,271.7
Net financing cash flows		107.1	(1.2)	-	-	105.9
Lease additions		-	13.5	-	-	13.5
Receivable on maturity of hedges	28	-	-	-	18.5	18.5
Fair value adjustments	30	-	-	-	(6.7)	(6.7)
Amortisation of bank loan / bond costs		0.8	-	1.1	-	1.9
Lease interest		-	1.4	-	-	1.4
Foreign exchange translation		(3.8)	(1.2)	(51.5)	-	(56.5)
<b>At 31 December 2019</b>		<b>124.8</b>	<b>28.4</b>	<b>1,196.5</b>	<b>-</b>	<b>1,349.7</b>
At 1 January 2020		124.8	28.4	1,196.5	-	1,349.7
Net financing cash flows		(129.0)	(2.3)	623.5	-	492.2
Amortisation of bank loan / bond costs		1.1	-	1.4	-	2.5
Accrued issue costs		-	-	(0.7)	-	(0.7)
Lease interest		-	1.8	-	-	1.8
Foreign exchange translation		1.8	0.4	37.8	-	40.0
<b>At 31 December 2020</b>		<b>(1.3)</b>	<b>28.3</b>	<b>1,858.5</b>	<b>-</b>	<b>1,885.5</b>



# RECONCILIATIONS OF ALTERNATIVE PERFORMANCE MEASURES

	Year ended 31 December 2020	Year ended 31 December 2019
	£m	£m
<b>Reported IFRS revenue</b>	<b>410.5</b>	<b>438.6</b>
Less revenue from terminated Daily-Tech service contracts	(15.2)	(49.9)
<b><i>Revenue excluding terminated Daily-Tech service contracts</i></b>	<b><i>395.3</i></b>	<b><i>388.7</i></b>
Less reported power revenue	(67.5)	(66.1)
Add back power revenue from terminated Daily-Tech service contracts	0.3	1.2
<b><i>Revenue excluding power and terminated Daily-Tech service contracts</i></b>	<b><i>328.1</i></b>	<b><i>323.8</i></b>
<b>EBITDA</b>	<b>237.7</b>	<b>250.1</b>
Less revenue from terminated Daily-Tech service contracts	(15.2)	(49.9)
Add back expected credit loss charges on terminated Daily-Tech contracts	15.8	34.8
<b><i>EBITDA excluding the revenue and expected credit loss charges on terminated Daily-Tech service contracts</i></b>	<b><i>238.3</i></b>	<b><i>235.0</i></b>

A reconciliation of EBITDA to profit before tax can be found in Note 7 to the consolidated financial statements.