GLOBAL SWITCH

ANNUAL REPORT
& FINANCIAL STATEMENTS

For the year ended 31 December 2022

GLOBAL SWITCH HOLDINGS LIMITED
COMPANY REGISTRATION NUMBER 1468649

KEY HIGHLIGHTS

£375.8m
Revenue excluding power

10.7%
Revenue growth over 2021 excluding power

£266.6m
EBITDA

6.0%
EBITDA growth over 2021

£6.6bn
CBRE property valuation

1.67%
Weighted average cost of bond debt

503MVA
Utility power supply to the data centres

428,376
Square metres of gross space

Inside front cover image: Global Switch Singapore Woodlands

GLOBAL SWITCH HOLDINGS LIMITED

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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CHIEF EXECUTIVE'S STATEMENT

Overview

Global Switch delivered another strong performance in 2022, with solid growth in revenue and healthy profitability, benefiting from strong customer demand and the continued successful execution of our strategy amidst a volatile geo-political and macro-economic backdrop.

With a world-class portfolio of data centre assets focused on the key Tier 1 markets of Europe and Asia-Pacific, Global Switch remains ideally placed to capture demand from a wide range of customer segments from companies originating from both the East and the West. As a result, we closed the year with 27.4MW of new business signed during 2022 with a further 6.4MW of renewals, which represents one of the strongest years for take-up in our Company's history and a continuation of the trends that emerged during the Covid-19 pandemic.

Global Switch continued to benefit from a buoyant and fast-changing market, with numerous drivers fuelling demand. In particular, the ongoing significant growth in the sector of data and cloud computing, with estimates of total data consumed in 2022 at 94 zettabytes (Source: IDC and Statista) compared to 74 zettabytes in 2021. The growing sophistication and adoption of applications including SaaS, PaaS, IaaS; mobile payments; gaming and video streaming; social media and mobile content has led to the continuing demand for ever increasing volumes of capacity. The growth of data-generating devices, such as smart meters and autonomous vehicles, as part of the Internet of Things, and 5G system deployments, are increasing the need for the processing and storage of vast amounts of data underpinned by the desire from growing majority of organisations for infrastructure to be closer to end users. Regulation also continues apace with many countries now requiring data relating to its citizens remains in that country, which in turn requires cloud providers to process and store data in-country as well. These factors have driven the growth of large-scale data centre capacities across all Global Switch markets.

These powerful macro drivers, combined with our highly differentiated data centres, enabled us to attract a highly diverse set of high-growth customers across a range of sectors due to our scale, super-prime locations and world-class connectivity. Recent data from 451 Research S&P Global Market Intelligence shows that between 2022 and 2027 Europe is forecast to grow at a compound annual growth rate (CAGR) in revenue of 9% and Asia-Pacific (including China) is projected to experience the fastest long-term growth of any of the global data centre markets with a CAGR of 14%, creating exciting new opportunities to accelerate our progress over the coming year.

Our strong performance during 2022 was delivered against a backdrop of high energy prices across Europe and Asia-Pacific, as the fallout from the war in Ukraine contributed to record price rises for energy. We have managed this risk and largely insulated Global Switch from this price volatility both by having clauses in our contracts which pass these costs through to our customers, thereby also increasing our revenues and by the generally strong financial strength of our customer base. Nine out of our top ten customers are investment grade, and, overall, more than 60% of our revenues come from investment grade customers, resulting in a highly stable and secure portfolio.

The energy crisis only serves to underline the critical importance of putting sustainability at the very heart of what we do. Today our customers continually look for improvements in energy efficiency and the purchase of renewable electricity due to their own ESG obligations, as well as their desire to control and manage costs. Where we are building new data centres or improving the energy efficiency of our existing ones, sustainability has been embedded at the very heart of the design process providing clear evidence of our commitment to the environment and to delivering world-class energy efficiency across our portfolio.

Performance highlights and progress against our strategy

Strong customer demand

Since the start of the pandemic, we have concluded 87MW of new business, the strongest period of consistent performance in the company's history, showing the extraordinary resilience of our data centre portfolio in the face of challenging global headwinds. Our performance over this period has highlighted the quality of the strong relationships that we have developed over many years with our customers, as well as continuing to develop and strengthen relationships with new customers joining our business. We remain confident in the strength of our pipeline going forward and look forward to forming exciting partnerships with existing and new customers over the course of 2023.

In London East, following Sungard Availability Services UK entering administration in April 2022, we have successfully resold much of the capacity directly to Sungard's end-customers on terms comparable to the original Sungard position. Both Paris and Frankfurt performed exceptionally well during 2022, with Paris West now almost fully sold following two major transactions with hyperscaler customers. In total, Paris secured over 8.5MW of new business transactions from the growth of existing customers and securing business from new customers. In Frankfurt, the final 2MW of Frankfurt North was sold in Q1 this year to a global telecoms company, while a number of major transactions with new and existing customers in Frankfurt South means that the data centre is expected to be virtually full later this year. Turning to Asia-Pacific, in Hong Kong, we have seen an improvement in market conditions leading to an existing customer taking a 4MW contract with a hyperscale public cloud deployment. Subject to ongoing volatility, related to the Covid-19 pandemic in China, we are optimistic about the prospects for improvement in Hong Kong during 2023.

Customer Focus

Our customers fall into three broad categories: Hyperscale, Enterprise, and Connectivity/Networks. We recognise that within each group there is potential for a wide range of sub-categories, reflecting the extremely diverse activities that our customers carry out and the varied nature of the deployments that they require from us as a service provider. However, we believe that the customers in each of the three main classifications share underlying characteristics as to the nature of their deployments and the drivers that bring them to engage with Global Switch, allowing us to best serve their specific requirements.

Hyperscale is the fastest growing data centre segment, delivering architecture that can be scaled on customer demand. They provide services that include compute, memory, networking, and storage resources to a given node or set of nodes that comprise a larger computing, distributed computing, or grid computing environment. Some of these companies have built their own data centres, or lease build-to-suit solutions from specialist operators in the 15-20MW+ size bracket. They continue, however, to take substantial quantum of capacity in third party data centres, particularly in Europe and Asia-Pacific, in order to access resilient and diverse connectivity through a wide range of Connectivity and Network partners, coupled with the ability to access numerous Enterprise customers and to offer them the low latency they demand for their infrastructure deployments.

The **Enterprise** sector is a very wide-ranging categorisation which encapsulates many organisations from the private and public sectors. Global Switch's ability to attract and grow multiple Hyperscale customers brings with it the ability for Enterprise customers to connect 'directly' into their preferred cloud provider, making Global Switch a very attractive proposition to the Enterprise sector particularly those looking at more hybrid computing solutions. The up-coming EU legislation on reporting power usage and efficiency is expected to see more Enterprise customers moving away from their own inhouse data centres, many of which will be older and less efficient, to purpose built efficient colocation data centres, due to the ESG reporting requirements of the Enterprises. Whilst there has been a huge push over the last decade by the cloud companies to win these Enterprise customers, not all applications are suitable for the cloud, and more and more Enterprises are moving to a 'hybrid' model of both cloud and colocation. There continues to be very strong demand from Finance and Technology companies, who have seen the significant benefits of cloud services, however not as a sole solution.

Connectivity/Networks, our third customer segment, comprises a broad range of customer types across the telecommunication, content delivery and connectivity sub-sectors. Connectivity and Network customers are both extremely attractive and attracted to an environment housing a diverse range of Hyperscale and Enterprise customers. As Connectivity and Networks customers scale up their businesses and introduce new applications and services to their end-users, they become more attractive within a colocation data centre environment, with more of such providers in a particular location, the more attractive that location becomes for both Hyperscale and Enterprise customers.

This year we have maintained a particular focus on Hyperscalers, who continued with their rollout of public cloud deployments in key markets. They are expected to represent around three-quarters of new sales in the near-term with the balance split between Enterprise and Connectivity/Network customers. Due to the strength of our renewals with our existing wide-ranging customer base, however, the portfolio will continue to remain well diversified for many years to come.

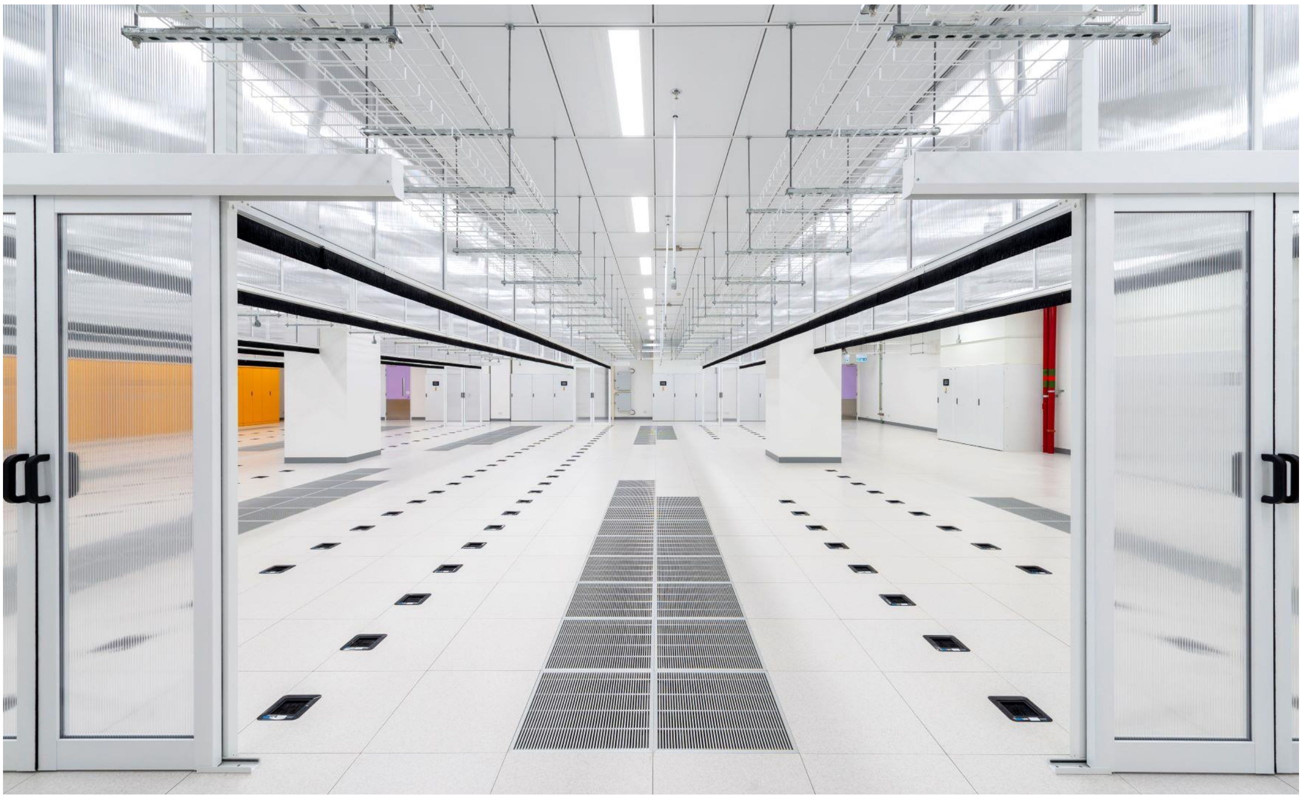
As part of our strategy to further enhance our customer offering, we launched an upgraded Customer Portal in June providing an improved user experience for both customers and colleagues, enabling us to better promote revenue generating Data Centre Services (such as Permits to Work and Remote Hands), Customer Fitouts and Cross Connects; to deliver important security enhancements; and to create a new ticketing system to help manage customer service enquiries.

We have also rolled out a new customer onboarding process, including a bespoke Welcome Guide to provide new customers with everything they need at the start and as they grow with us in the future. Both the Customer Portal, along with the customer onboarding process will ensure a more consistent approach across our global platform.

Growth strategy

New Developments

In Amsterdam East, following a significant pre-commitment with an existing global Enterprise customer, we have proceeded with the fit-out of Phase 1 of the data centre. Through engineering studies and with increasing power densities we have increased the total sellable capacity of Phase 1 from 6MW to 8MW, and this is due to be delivered in Q4 2023. This data centre, which will become the fourteenth in our portfolio, will have direct connections to Amsterdam West and offer direct access to five internet exchanges including AMS-IX and NL-IX, as well as around 100 telecoms, cloud and other service providers. The data centre incorporates many innovative technical solutions to maximise energy efficiency and reduce carbon emissions, with a target annualised Power Usage Effectiveness (PUE) of less than 1.2 and we have a



promising pipeline of customers who have expressed interest.

In London, I am delighted to report that our planning application for a third data centre, London South, was approved by the planning authorities. The data centre is located on our existing campus in London, adjacent to the financial district in the heart of London Docklands, one of the most network dense locations in the world, adjacent to transatlantic sub-sea cables. The new data centre will span up to 27,000 square metres of gross floor area with 40MVA of utility power supply and can be tailored to individual customers' needs. Once all stages of the data centre are complete the London campus will comprise over 115,000 square metres of gross floor area with in excess of 125MVA of utility power supply capacity.

In Frankfurt, we acquired land adjacent to Frankfurt South, which provides potential for the development of another state-of-the-art data centre on our existing campus. We have progressed the planning for the site during 2022 and the final submission will take place in the first half of 2023.

In Singapore, a Government moratorium on the development of new data centres was lifted in July 2022 and we have responded to a 'Data Centre – Call for Application' (DC-CFA) from Singapore's Infocomm Media Development Authority and Economic Development Board to facilitate the growth of new data centre capacity. The proposed new data centre adjacent to our existing, market leading Tai Seng data centre will help to accelerate the growth of the country's digital economy, strengthening Singapore's international connectivity and position as a regional hub and enhancing their sustainability approach, particularly in relation to energy efficiency and decarbonisation. We see a significant opportunity to partner with the Singaporean Government, based on our deep experience and track record in this growth market, the unique connectivity of our assets, and our best-in-class energy efficiency strategies.

These new data centres, together with a further development opportunity in Paris, adjacent to our existing campus, represent a strong growth pipeline, with the potential for 184MVA utility power capacity, bringing our total from 503MVA to 687MVA, creating significant revenue potential in the medium term, as well as the potential to spread our fixed operational costs across a number of sites on existing campuses, further improving our return on investment.

In addition to these locations, we continue to selectively explore sites in Madrid, where we already have an existing data centre, as well as in multiple Tier 1 Asia-Pacific markets.

Power densification of existing data centres and energy efficiency improvements

As one of the initial entrants into the carrier neutral colocation market over two decades ago, Global Switch's data centre portfolio offers significant redevelopment potential to increase the power available for sale to customers within the physical confines of the existing buildings. Utilising ever-evolving engineering technologies, this increase of sellable IT power to customers results in substantial power densification of up to four times the original watts per square metre. As the data centre industry charges customers on a price per contracted kilowatt rather than per square metre, power densification translates into value-accretive revenue maximisation.

By redeveloping our existing space, we can densify to a power availability of up to 3,000 watts per square metre which is now the norm for many customer requirements, as well as improve on the PUE. The capex involved in redeveloping our existing space is attractive compared to new builds, particularly in Global Switch's super prime locations. This enables us to match the performance requirements of new builds, at a lower carbon footprint, while enabling us to improve our return on capital through increased revenue generation from the same footprint.

Across the entire portfolio of existing data centres we have engineering studies that will enable us to densify the portfolio and create a further 59MW of sellable IT capacity.

During the year we continued to make strong progress with the power densification of technical space while putting in place energy efficiency programmes to improve the PUE of existing power and cooling infrastructures.

While we have experienced some moderate levels of customer churn, this churn has created the opportunity to re-evaluate the space and put it in our densification programme. A prime example of this is in our Frankfurt South data centre, where a legacy customer handed back low-density space at the start of the year. By the end of the year, we had developed plans to redevelop and densify this space to deliver almost three times the amount of sellable IT power, with a pre-commit over a third of this capacity concluded prior to the yearend, and the remainder currently in very advanced stages of contract discussions expecting to complete shortly. This active asset management has allowed Global Switch to repurpose space to deliver high quality modern capacity and maximise the potential revenue from the same

physical real estate. As part of the programme to redevelop this space, we will also be undertaking a wider upgrade of the infrastructure serving the whole building, with the aim to achieve a PUE of less than 1.3 ultimately benefiting all Global Switch customers in the data centre.

In London North, we have successfully secured from a strategic Enterprise customer a 3.85MW transaction for the first phase of newly redeveloped high-density space. This space which saw the increase of power density from 450 W/sqm to 2,200 W/sqm formed the first of three redevelopment phases for London North, whereby we delivered 2.6MW of sellable IT power. We are further creating an additional 3.5MW also with an annualised PUE of under 1.3 as part of London North's redevelopment.

In London East a power intensification project is underway that will see 18MW redeveloped densified space provided in the data centre across multiple existing technical floors. These spaces will be supported from a new cooling quadrant with free-cooling and a new power-station comprising standby generators. The design has been completed for the infrastructure part and relevant planning permission has been granted. The programme commenced with the fit-out of a 2.2MW suite and a further 5MW on the same floor is about to be tendered. In addition a new 132kV substation is to be constructed that will use the 100MVA power supply that enters into London East and this will be used to support the campus as a whole.

In Paris East, following the delivery last year of an initial 5MW, we are underway with the next stage of increasing power density of three further suites across three levels from 800 W/sqm to 2,777 W/sqm to enable us to offer an additional 5MW of high-power density space to a Hyperscale customer, and another 5MW is yet to be redeveloped. While accommodating a Hyperscale customer requirement of a further 6.1MW across both Paris West and Paris East we have densified additional areas of Paris East to deliver 2MW, more than doubling the original capacity, of which 1MW remains available for sale.

Similarly in Madrid, we are underway with the next stage of our redevelopment programme, where we will redevelop more suites to increase power density from 1,000 W/sqm to 2,500 W/sqm to deliver a further 2MW of high-power density technical space to a hyperscale customer, following on from 4MW in the first stage.

In Amsterdam and Singapore, design is underway to put in place a significant plant replacement programmes which will see energy efficiency improvements across the power and cooling systems. Following the vacating of a 2MW customer from Amsterdam West at the end of 2022, the original Hall of this data centre (designed at 500 watts per square metre) is now fully vacant after a long period of full occupation and ready for a wholesale redevelopment and re-densification to deliver large scale contiguous capacity at around 3,000 watts per square metre, resulting in 15MW of new sellable IT power.

Growing ESG profile

Our Environmental, Social and Governance Report covering the 2021 reporting period and which is available on our website, (www.globalswitch.com/data-centres/sustainability), highlights our vision to become one of the leading sustainable data centre operators in the world.

Our key commitments include:

- purchasing 100% renewable electricity across all our data centres by 2030 as part of our goal to be climate-neutral in line with the 2015 Paris Agreement;
- obtaining LEED Gold or BREEAM Very Good ratings;
- achieving annualised PUEs of less than 1.2 in Europe and less than 1.4 in Asia-Pacific for new developments;
- selecting refrigerant gases with a low Global Warming potential;
- avoiding the use of SF6 in switchgear; and
- ensuring in new developments that we have the ability to export heat generated from the cooling process to the local communities.

We were also pleased to have been awarded EcoVadis Silver status in 2022 and we are developing a pathway to achieve Gold. This is an important recognition of the strides we have already made to put ESG at the heart of our business.

During 2022 we were also delighted to obtain the Hong Kong Green Building Council's BEAM Plus Gold certification, which assessed a wide range of sustainability issues relating to the planning, design, construction, commissioning, fitting out, management, operation and maintenance of our Hong Kong data centre, a true achievement which reflects our commitment to sustainability.

In 2022, ten of our thirteen data centres purchased 100% renewable electricity, which demonstrates our commitment to achieve our 100% target by 2030.

In our 2021 ESG report we also committed to conducting an assessment for TCFD (Task Force on Climate-related Financial Disclosures) and I am pleased to report that this is now underway.

I would also like to confirm my support for the Terra Carta under the Sustainable Market Initiative that places Nature, People and Planet at the centre of the organisations' value creation.

This year there is a particular focus on our water conservation and will be putting in place a water conversation strategy, managed under the ISO standard for water management. As part of the conservation strategy we will improve the efficiency on existing water using devices and look to examine during design of our new development other source of water, other than potable water.

Our 2022 Report, which will expand further on our environmental and social commitments, will be published later this year and made available on our website.

World Class Connectivity

The provision of access to networks and connectivity is at the heart of Global Switch data centres, which are the aggregation points for both domestic and international connectivity providers. The presence of essential components of a successful connectivity hub, such as access to submarine cable systems, internet exchanges, connectivity providers and cloud on-ramps, acts as a magnetism not only to Connectivity and Network customers, but also to the full range of Hyperscale and Enterprise customer segments. Increasing connectivity is therefore a fundamental focus of our strategy across all Global Switch data centres.

According to Structure Research, an independent internet infrastructure research firm, Global Switch's Singapore Tai Seng and Sydney data centres are two of the top 10 most interconnected data centres across Tier I markets in Asia-Pacific. In Singapore specifically, which itself is the most connected city market in the Asia-Pacific region, Global Switch's data centre in Tai Seng is the most interconnected data centre. The data centre is home to 14 direct connect platforms and is the only data centre in Singapore that houses the cloud on-ramps for AWS, Azure and Google Cloud, the three largest public cloud platforms globally. Uniquely, Global Switch Tai Seng is the termination point for the largest density of submarine cable systems in Singapore and is the international gateway for data flowing in and out of the city state. The volume of internet exchange participants, at 550, is also around 20% more than the second most connected data centre in Singapore.

Our highly resilient platform with our carrier neutral stance has attracted multiple Carriers, Internet Service Providers, Content Distribution Networks, Internet Exchanges, Cloud Access Nodes and submarine cables into our data centres across our portfolio. Leveraging this world-class connectivity has enabled Global Switch to continue to drive strong performance of new business and renewals with a wide cross section of customers, who are attracted by the connectivity in our data centres.

Corporate activity

During the course of 2022 and on the back of significant inbound investor interest our shareholders launched a formal sale process. Our shareholders mandated four global investment banks (J.P. Morgan, Morgan Stanley, UBS and CITIC Securities) as joint financial advisors to explore options for a potential divestment, thereby creating liquidity for the shareholders' stakes and facilitating an acceleration of the Company's growth strategy at a time of ever-increasing need for data centre capacity.

In the second half of 2022, the global economy experienced significant volatility with higher costs and further disruption to supply chains, together with inflationary pressures, hikes in interest rates following over a decade of low interest rates and the repricing of debt. This has prolonged the sale process, which is still on-going.

Continued Financial Strength

Revenue

Global Switch's reported revenue for 2022 increased by 21.4% to £509.2 million (2021: £419.6 million) with increases across all of the Group's major service lines. New-take up increased, particularly in the Group's newly built data centres in Asia-Pacific. This has driven an increase in net service fee revenue by 8.7% from £292.0 million in 2021 to £317.5 million in 2022.

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). The majority of the remaining increase in 2022 revenue over the prior year results from an increase in power revenue from £80.2 million in 2021 to £133.4 million in 2022 and is reflective of higher electricity tariffs charged by the Group's power suppliers, which in turn resulted in higher power charges to our customers.

Profit before tax

Global Switch's profit before tax for 2022 decreased to £196.7 million (2021: £318.6 million). Reflective of the global macroeconomic environment and an independent valuation performed by CBRE Limited, Global Switch has recognised a revaluation loss on investment properties of £131.7 million (2021: gain of £162.5 million). The revaluation loss or gain on investment property is a non-cash movement, which fluctuates from year to year and in 2022 reflects the impact of rising interest rates on property valuations across all real estate asset classes. Similar to other businesses within the industry, Global Switch's focus when considering financial performance is therefore commonly on an alternative performance metric, as set out below

EBITDA

The Group's definition of EBITDA is profit before interest, tax, depreciation, amortisation, exceptional items, gains on disposal of property, plant & equipment, and revaluation of investment property. This EBITDA measure is considered to reflect the operating performance of the business by eliminating the distortions caused by significant non-cash and/or exceptional elements of operating profit. It is therefore also considered to be useful to the users of the consolidated financial statements in understanding the financial performance of the Group. For a reconciliation of EBITDA to profit before tax, please refer to disclosure note 7 to the consolidated financial statements.

Whilst total revenue has increased by 21.4%, driven by the revenue associated with take-up and power revenues described above, EBITDA for 2022 has increased by 6.0% to £266.6 million (2021: £251.4 million). EBITDA has increased by a lower percentage due to the predominantly pass through nature of power. Although in aggregate the Group continues to recover power costs from its customers, the accounting treatment whereby costs and revenue are reported gross has the effect of reducing reported EBITDA margins. For the year ended 31 December 2022, the EBITDA margin was 52.4% (2021: 59.9%). When both power costs and power revenue increase, the overall EBITDA margin is diluted, which is demonstrated in the lower 2022 EBITDA margin relative to 2021. If power were accounted for on a net basis, the EBITDA margin would have been 70.9% for the year ended 31 December 2022 (2021: 74.1%), with the reduction being primarily due to increased indirect cost mainly attributed to higher non-exceptional impairment losses on trade and other receivables (see note 9) partially offset by an increase in other revenue.

	Year ended 31 December 2022 £m	**Year ended 31 December 2021 £m**	**Increase / (Decrease)**
Revenue	509.2	419.6	21.4%
Profit before tax	196.7	318.6	(38.3)%
EBITDA*	266.6	251.4	6.0%
EBITDA margin	52.4%	59.9%	
EBITDA margin excluding power revenue	70.9%	74.1%	
Investment property valuation	6,551.4	6,206.4	5.6%

* The Group's definition of EBITDA is profit before interest, tax, depreciation, amortisation, exceptional items, gains on disposal of property, plant & equipment, and revaluation of investment property.

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

Exceptional items

Exceptional items in 2022, amounting to £1.3 million net income, significantly improved from the £54.1 million net loss in 2021, which included impairments in relation to Daily-Tech and Sungard for £46.5 million and £7.4 million respectively. Exceptional items are governed by the accounting policy outlined in note 4.11 to the consolidated financial statements with further information in note 13.

Investment Property

Global Switch's data centres and associated land interests have been independently valued at £6,551.4 million as at 31 December 2022 (2021: £6,206.4 million) by CBRE Limited. This represents an increase of £345.0 million or 5.6% relative to the prior year valuation driven by capital expenditure and favourable foreign exchange movements, partially offset by revaluation losses.

As at 31 December 2022, gross assets were £6,910.5 million (2021: £6,771.0 million) and net assets were £4,072.3 million (2021: £3,725.9 million). Under International Financial Reporting Standards, a company is typically required to recognise a deferred tax liability in respect of changes in 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. Accordingly, Global Switch's consolidated statement of financial position includes deferred tax liabilities associated with the investment properties of £882.6 million (2021: £877.6 million). Excluding the deferred tax liabilities, the Group's adjusted net assets as at 31 December 2022 would be £4,954.9 million (2021: £4,603.5 million).

Net debt and liquidity

In December 2022, Global Switch repaid its £350 million bond on maturity. The repayment was made in cash and refinancing was not required. The £350 million bond had a coupon of 4.375%, higher than that associated with the Group's other bonds. Consequently, the weighted average cost of bond debt fell from 2.2% at 31 December 2021 to 1.7% at 31 December 2022. The Group's remaining bonds, totalling €1,700 million, are one year closer to their respective maturity dates, which has had the effect of maintaining the weighted average bond debt maturity at 4.8 years (2021: 4.8 years), despite the £350 million repayment on maturity. The remaining bonds include a 2017 €500 million bond maturing in January 2024, a 2017 €500 million bond maturing in 2027 and most recently a 2020 €700 million Green Bond with a coupon rate of 1.375% maturing in 2030. The proceeds from the Green Bond have been specifically allocated to eligible projects funding the development of new green data centres and the improvement of energy efficiency at existing data centres as required by the terms of the bond.

Global Switch's low borrowings with predominantly long-dated debt maturities and its proven access to the debt capital markets reflect the strength of the Group's balance sheet and the significant operating cash flows generated by the business. Following the repayment of the £350 million bond, Global Switch's balance sheet and capital structure remains strong with £192.5 million of cash and cash equivalents, a net debt to EBITDA ratio of 5.0:1, interest cover of 5.6 times and a loan to value ratio of 20% respectively, all as at 31 December 2022 (2021: £411.2 million, 5.5:1, 5.0 and 22% respectively).

Global Switch continues to maintain an open and transparent dialogue with the credit rating agencies. The Company remains one of the 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.

The Group's £450 million revolving credit facility was due to mature in April 2022 following a first extension but was further extended by a month to 31 May 2022 with a total commitment of £175 million for that one-month extension period. From 31 May 2022, a new revolving credit facility was agreed with a total commitment of £350 million for 36 months with options to extend beyond 31 May 2025. The Group was pleased to retain its long standing relationships with Deutsche Bank and HSBC as well as welcoming three new banks into the new facility including Banco Santander, BNP Paribas and DBS Bank. The facility banks all share a strategic interest in, and commitment to, the technology infrastructure industry and provide a strong geographic alignment with the Group's operations.

The expectation is that the bond maturing in January 2024 will be refinanced, but the Group nevertheless has significant liquidity in cash reserves and the new revolving credit facility if required, as well as flexibility in relation to its capital expenditure.

Capital expenditure

During the year, Global Switch invested £89.0 million (2021: £121.3 million) in capital expenditure. Over the last three years the Group has invested £527.9 million in expanding the business by delivering new data centres and redeveloping existing data centres. We review the impact our developments will have on the environment and working with our international consultant teams we ensure sustainability is a key part of the design. Fundamental to our strategy is operating our data centres to ensure that we continue to reduce our carbon footprint across our global portfolio. Whilst the Group continues to identify new opportunities, including those outlined earlier in this statement, the primary focus in

2022 has been on the ongoing power densification and replenishment of the existing portfolio aligned with our sustainability commitments as well as continuing to improve the Group's return on capital.

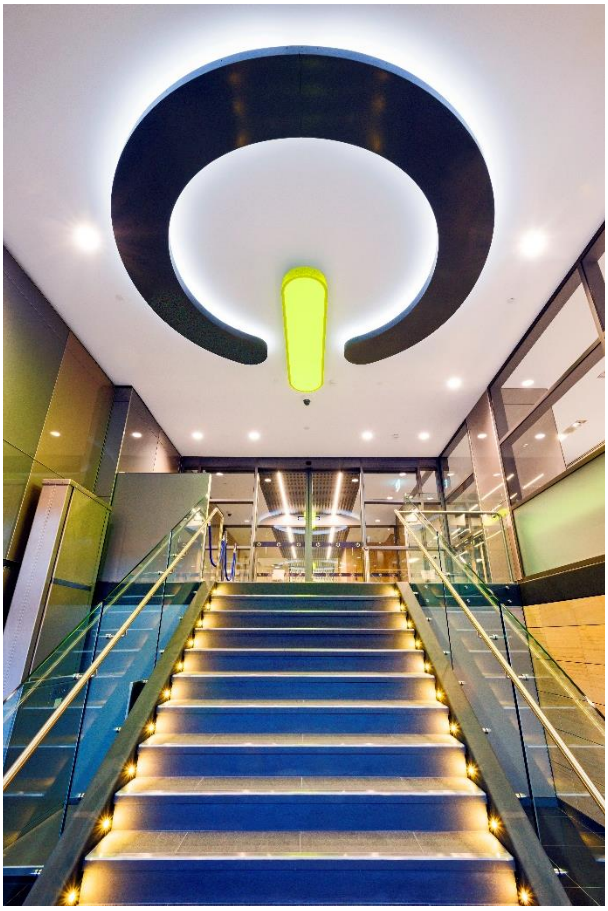
Dividends

No dividends were declared or paid for the year ended 31 December 2022 (2021: £nil).

Outlook

In 2022, despite the macro volatility as a result of the war in Ukraine, the energy crisis and broader geo-political concerns, Global Switch 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.

Particularly pleasing was our ability to attract high-quality, diverse customers, including Hyperscaler customers, which value our Tier 1 locations, premium data centres and strong service offer. This has led to a strengthening of our occupancy base, with many growth customers.



Our strategy of redeveloping and densifying existing data centres and building new data centres in existing Tier 1 markets in particular adjacent to existing data centres is clear. The strength of our relationships with existing Hyperscale customers and the continued demand from Enterprises, attracted by our connectivity, means that our pipeline for future growth remains strong across all customer segments, with good opportunities to expand our existing sites as well as identify new locations in our existing markets.

With increasing scale, the business continues to evolve and we have made important strides with our ESG reporting and engagement with the publication of our first ESG report and our staff survey. These are important first steps as we look to build best in class functions in both sustainability and HR to support our talent acquisition strategy.

We enter 2023, feeling confident about the strengths of Global Switch with a clear strategy for growth through both new data centre developments and the ongoing power densification of existing data centres. These growth strategies are supported by our robust financial position with high quality recurring revenues; Tier 1 locations, world-class connectivity and best-in-class data centres, all underpinned by a commitment to enhanced sustainability. These strengths are increasingly being recognized not only by our ability to attract an enhanced, diverse and global customer base but also externally through benchmarks such as the EcoVadis Silver awards accreditation.

Finally, our continued success could not be achieved without our people, who have worked incredibly hard to ensure we succeeded this year despite a highly volatile market backdrop.

I look forward to working together to create even more ambitious strides for our Company in 2023.

John Corcoran
Chief Executive Officer

31 March 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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, 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 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 2022 and of the group's profit for the year then ended;
- the group financial statements 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 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 matters that we identified in the current year were: - Valuation of Investment Properties Within this report, key audit matters are identified as follows: Similar level of risk
Materiality	The materiality that we used for the group financial statements was £29.7 million (2021: £30.1m) which was determined on the basis of total equity, equating to 0.73% of total equity (2021: 0.80%).
Scoping	The scope of our audit included the group's components in the United Kingdom, Netherlands, Spain, Germany, France, Hong Kong, Singapore, Australia and Corporate Office. All of these components, with the exception of Spain, Germany and France were deemed to be significant components and were subject to a full scope audit. For Spain, Germany and France, the group engagement team performed analytical procedures using component materiality. 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	There are no 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 forecast which was prepared to 31 December 2024;
- Assessment of the arithmetic accuracy of the group forecast;
- Assessment of the historical accuracy of forecasts prepared by the group and key assumptions;
- Assessment of the impact of the risk of the wider economic environment on the group's operations considering the nature of their operations and the credit-worthiness of its customer base;
- Assessment of the group's cash and net debt position alongside the maturity of the group's debt instruments and ability to repay required bonds that mature within the forecast period; 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 period 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 £6,479.9 million (2021: £6,147.9 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 financial statements and the potential fraud risk associated with the exercise of judgement required in making estimates.

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.

Specifically, we have focussed on the following two areas:

- Key assumptions adopted in the valuation, specifically discount rates, exit yields, forecast rental income assumptions (following renewal or filling vacant space) and capital expenditure forecasts; and
- The impact on the valuation of the Hong Kong data centre of the recoverability considerations of amounts due under the Hong Kong 15MW contract with Jiangsu Shagang Materials Trading Co. Ltd.

See note 18 on page 50, note 28 on page 61 and discussion within note 6 critical accounting estimates on page 36.

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 objectivity, competence, and capability. With input from our real estate valuation specialists, we evaluated the valuation methodology applied. We performed an assessment of the reliability and accuracy of the software used by the external valuer to check the accuracy of the valuation model.

We assessed the recoverability of amounts due under the Hong Kong 15MW contract, including consideration of the treatment of these cash flows within the investment property valuation and the carrying value of the associated receivables. Our evaluation included consideration of the uncertainty surrounding future cash flows on renewal or vacancy at the balance sheet date.

We assessed the forecast capital expenditure assumptions included in the investment properties valuation model, by agreeing to third party evidence where available or the group's detailed financial costs projections. We also assessed the capital expenditure against income forecasts.

	We assessed the capital expenditure forecasts which include capital expenditure on various projects which contribute towards sustainability objectives of the group. We worked with our real-estate valuation specialists to challenge the judgement exercised over the key assumptions used and assess these assumptions for evidence of bias. 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 "stand back" assessment of the overall appropriateness of the key components of the valuation.
Key observations	We concluded that the key assumptions adopted in the valuation of investment properties are within a reasonable range. We concluded that the data used in the year end investment properties valuation is complete. We are satisfied with the treatment of the cash flows in the investment property valuation in relation to the Hong Kong 15MW contract with Jiangsu Shagang Materials Trading Co. Ltd. We note that the real estate market is currently turbulent due to the macroeconomic environment following on from commodity price and global inflation linked to the conflict between Russia and Ukraine. For real estate groups, this can result in changes in the key assumptions in a short amount of time, impacting the valuation. The group has set out sensitivity analysis in note 18 on page 50 to capture this estimation uncertainty which we have concluded is an appropriate disclosure.

6. Our application of materiality

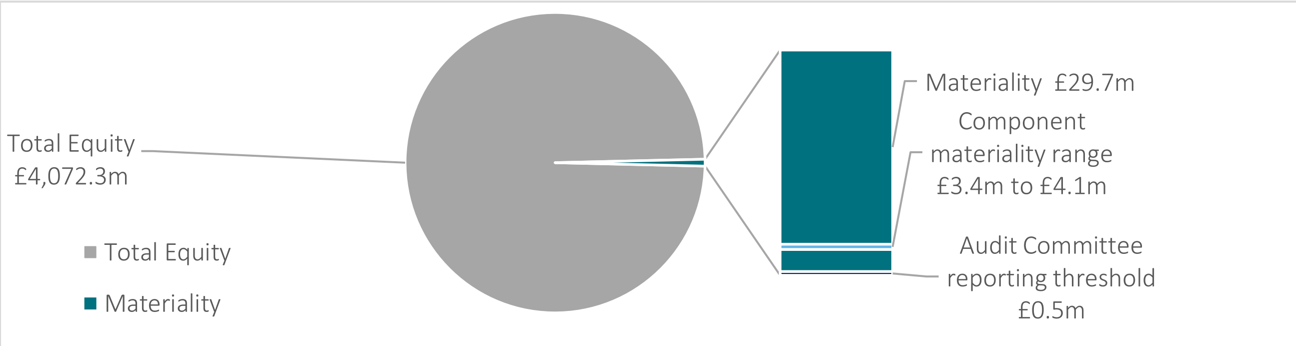
6.1 Materiality

We define materiality as the magnitude of misstatement in the consolidated 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.

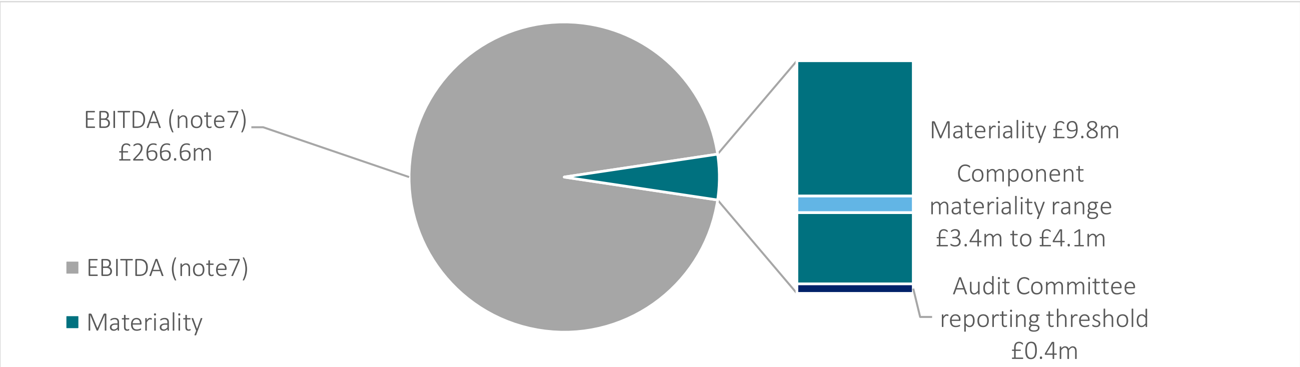
Based on our professional judgement, we determined materiality for the consolidated financial statements as a whole as follows:

	Group financial statements
Materiality	£29.7m (2021: £30.1m)
Basis for determining materiality	0.73% (2021: 0.80%) of total equity.
Rationale for the benchmark applied	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 £9.8m (2021: £9.8m) to all balances other than investment property (and associated deferred tax), borrowings, intercompany and foreign exchange. This threshold is based on 4.0% of EBITDA as defined by the group in note 7.



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 financial statements as a whole.

	Group financial statements
Performance Materiality	70% (2021: 70%) of group materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: **a.** the quality of the control environment **b.** the Group's history of misstatements; and **c.** the presence of accounting complexities that require significant judgement and estimation.

6.3 Error reporting threshold

For the investment properties valuation (including the associated deferred tax), borrowings, intercompany 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 £0.5m (2021: £0.6m).

For all other balances, we agreed with the Audit Committee that we would report to the Committee all audit errors in excess of £0.4m (2021: £0.5m).

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 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, Australia and Corporate Office components which were subject to full scope audit. Spain, Germany and France were in scope for analytical procedures at the group level. This is consistent with the prior year.

The group audit team has performed the audit work on the United Kingdom and Corporate Office components 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 concluding 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 Spain, Germany and France, the group engagement team performed analytical procedures using component materiality.

The materiality range used by components is outlined in section 6.1 above. By performing full scope audits over significant components, we have covered 81% (2021: 81%) of revenue, 84% of EBITDA as defined by the group in note 7 (excluding investment properties gain/ loss, which has been subject to full scope audit) (2021: 89% of profit before tax) and 89% (2021: 94%) of net assets.

7.2 Working with other auditors

- Our audit approach was fully substantive with no reliance placed on the relevant controls over any account balances. However, we obtained an understanding and tested relevant controls through a combination of inquiry, observation, inspection and re-performance for the risk of valuation of investment properties and management override of controls.
- We also involved our IT specialists in assessing relevant controls over the group's IT systems. Working with IT specialists we obtained an understanding of the IT environment to assess the relevant risks of material misstatement arising from relevant IT systems.

7.3 Our consideration of climate-related risks

As a part of our risk assessment procedures, we held discussions with management and reviewed internal and external sources of information to understand the potential impact of climate change on the group and its environment and the group's response thereon.

The group's sustainability strategy is considered in the capital expenditure forecast that are amongst the estimates relevant to the valuation of investment properties. Our response to this is set out in section 5 "Key audit matters" of this report. We have not identified any further risks in addition to those assessed by the group.

7.4 Working with other auditors

We directed and supervised our component auditors by taking 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 assessed the independence and objectivity of the component teams.
- We updated our knowledge of business and developments across the different components.
- We held an all parties call with all component teams and Global Switch where we discussed the group's business, its core strategy, the significant risks and the planned audit approach.
- We 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 calls to discuss content.
- Throughout the substantive phase of our audit, we held frequent calls with component teams, to provide continued direction and supervision.
- We attended the close meetings of all components either via conference calls or in person and reviewed component work papers remotely using screen share technologies or in person.
- 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 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 financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 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. 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, operations, legal 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 real estate valuations specialists 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 properties. 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 of the Irish Stock Exchange and 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 properties 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 and reviewing correspondence with tax authorities; 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 15 February 2023 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.

Sara Tubridy, FCA
For and on behalf of Deloitte LLP
London, United Kingdom
31 March 2023

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2022

	Note	2022 £m	2021 £m
Revenue	10	**509.2**	**419.6**
Cost of sales		(227.0)	(162.6)
Administrative expenses		(14.2)	(9.3)
Operating profit before other gains and losses		**268.0**	**247.7**
Revaluation (losses) gains on investment properties, net	18	(131.7)	162.5
Exceptional impairment gains (losses) on trade and other receivables, net	13	4.7	(53.9)
Other impairment (losses) gains on trade and other receivables, net		(3.0)	1.9
Impairment gains (losses) on trade and other receivables, net	9	1.7	(52.0)
Other exceptional items	13	(3.4)	(0.2)
Operating profit		**134.6**	**358.0**
Gain on disposal of property, plant and equipment	19	-	0.4
Finance income		2.6	0.7
Finance costs		(51.9)	(52.6)
Foreign exchange gains		111.4	12.1
Net finance income (costs)	14	62.1	(39.8)
Profit before tax	11	**196.7**	**318.6**
Income tax	15	(24.8)	(130.4)
Profit for the year		**171.9**	**188.2**
Earnings per share – basic	16	**0.02**	**0.02**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022 £m	2021 £m
Profit for the year	**171.9**	**188.2**
Other comprehensive income (expense)		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign exchange differences on translation of foreign operations	174.5	(63.7)
Other comprehensive income (expense) for the year	**174.5**	**(63.7)**
Total comprehensive income for the year	**346.4**	**124.5**

The notes on pages 27 to 65 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 £m	2021 £m
Non-current assets			
Investment properties	18	6,479.9	6,147.9
Intangible assets		0.1	0.2
Property, plant and equipment	19	8.2	9.1
Other receivables	20	5.8	6.3
		6,494.0	**6,163.5**
Current assets			
Inventories		2.5	2.7
Trade and other receivables	20	209.1	183.6
Current tax asset		12.4	10.0
Cash and cash equivalents	21	192.5	411.2
		416.5	**607.5**
Current liabilities			
Borrowings	23	(2.2)	(351.2)
Trade and other payables	22	(144.0)	(148.4)
Current tax liability		(23.8)	(13.1)
		(170.0)	**(512.7)**
Net current assets		**246.5**	**94.8**
Total assets less current liabilities		**6,740.5**	**6,258.3**
Non-current liabilities			
Borrowings	23	(1,524.0)	(1,444.7)
Deferred tax liabilities	15	(1,144.2)	(1,087.7)
		(2,668.2)	**(2,532.4)**
Net assets		**4,072.3**	**3,725.9**
Capital and reserves			
Share capital	24	-	-
Retained earnings		3,397.0	3,225.1
Translation reserve		41.8	(132.7)
Hedging reserve	30	(91.8)	(91.8)
Other reserves		725.3	725.3
Total equity		**4,072.3**	**3,725.9**

John Corcoran
Director
31 March 2023

CONSOLIDATED STATEMENT OF CHANGES OF EQUITY

For the year 31 December 2022

	Share capital £m	Retained earnings £m	Translation reserve £m	Hedging reserve £m	Other reserves £m	Total £m
As at 1 January 2021	**-**	**3,036.9**	**(69.0)**	**(91.8)**	**725.3**	**3,601.4**
Profit for the year	-	188.2	-	-	-	188.2
Other comprehensive expense	-	-	(63.7)	-	-	(63.7)
Total comprehensive income	-	188.2	(63.7)	-	-	124.5
As at 31 December 2021	**-**	**3,225.1**	**(132.7)**	**(91.8)**	**725.3**	**3,725.9**
As at 1 January 2022	**-**	**3,225.1**	**(132.7)**	**(91.8)**	**725.3**	**3,725.9**
Profit for the year	-	171.9	-	-	-	171.9
Other comprehensive income	-	-	174.5	-	-	174.5
Total comprehensive income	-	171.9	174.5	-	-	346.4
As at 31 December 2022	**-**	**3,397.0**	**41.8**	**(91.8)**	**725.3**	**4,072.3**
Notes	24		(i)	(ii)	(iii)	

Notes:

i. The translation reserve represents cumulative gains or losses recognised on retranslating the net assets of overseas operations into Pounds Sterling.

ii. The hedging reserve represents the cumulative amount of gains and losses on net investment hedges. See also note 30.

iii. 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.

The additional notes on pages 27 to 65 form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2022

	Note	2022 £m	2021 £m
Cash flows from operating activities			
Profit before tax		196.7	318.6
Adjustments for:			
Finance income	14	(2.6)	(0.7)
Finance costs	14	51.9	52.6
Foreign exchange gains	14	(111.4)	(12.1)
Depreciation	11	1.5	1.7
Amortisation of intangibles	11	0.1	0.1
Gain on disposal of property, plant and equipment	19	-	(0.4)
Revaluation loss (gain) on investment properties, net	18	131.7	(162.5)
Changes in:			
-Inventories		0.2	(0.1)
-Trade and other receivables		4.0	45.3
-Trade and other payables		14.8	(1.5)
Cash generated from operating activities		**286.9**	**241.0**
Interest received		2.6	0.2
Income taxes paid		(15.6)	(18.1)
Net cash from operating activities		**273.9**	**223.1**
Cash flows from investing activities			
Purchase of property, plant and equipment		(0.7)	(0.8)
Construction of and improvements to investment properties		(123.6)	(166.8)
Net cash used in investing activities		**(124.3)**	**(167.6)**
Cash flows from financing activities			
Revolving credit facility fees	23	(1.1)	(0.9)
Payment of issue costs in relation to euro denominated guaranteed notes	23	-	(0.7)
Repayment of pound sterling denominated guaranteed notes	23	(350.0)	-
Interest paid		(48.2)	(46.9)
Net cash used in financing activities		**(399.3)**	**(48.5)**
Net (decrease) increase in cash and cash equivalents		**(249.7)**	**7.0**
Cash and cash equivalents at beginning of the year		411.2	423.8
Effect of movements in exchange rates on cash held		31.0	(19.6)
Cash and cash equivalents at end of the year	21	**192.5**	**411.2**

The notes on pages 27 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 2nd 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-customer data centres in Europe and Asia-Pacific. Our data centres provide rich ecosystems and offer reliability, security and flexibility that our customers require to house their IT infrastructure.

As at 31 December 2022 (and as at 31 December 2021), 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 and Strategic IDC Limited are each ultimately owned by consortia of corporate and institutional investors. Tough Expert Limited is an indirect, wholly owned investment vehicle of Jiangsu Shagang Group Co., Limited ("Shagang Group").

Shagang Group 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 subsequent investment by Shagang Group, through Tough Expert Limited together with other subsequent share purchases, resulted in an aggregate indirect equity stake in the Company of 51.8%. Accordingly, 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

The Directors have set out their assessment of the Group's ability to continue to operate as a going concern. The Directors confirm they have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of issuance of these consolidated financial statements.

The going concern expectations were made having considered the undrawn credit facilities and headroom in respect of the covenants under the Group's revolving credit facility and guaranteed programmes and the significant cash balance held on 31 December 2022 of £192.5 million (31 December 2021: £411.2 million). That cash balance, together with the rest of the balance sheet, was then projected forwards to 31 December 2024. These projections reflect trading assumptions based on the existing shareholding structure, committed and discretionary capital expenditure and debt requirements. These projections result in continuing compliance with respective covenants.

The forecast assumes the settlement of the 1.5% €500 million guaranteed notes on or before their maturity in January 2024. It indicates that the Group has sufficient headroom to repay the guaranteed notes and to services its working capital requirements for at least twelve months from the date of issuance of these consolidated financial statements. This is after considering the forecast liquidity, including the available £350 million revolving credit facility and the ability to defer uncommitted capital expenditure.

The £350 million revolving credit facility is available beyond the projection period to 31 May 2025 with the option to extend further. At 31 December 2022 and as at the date of the authorisation of the consolidated financial statements, the revolving credit facility was undrawn.

The Directors also considered potential risks and uncertainties relating to market, credit, and liquidity risks.

The nature of the Group's operations and their importance to the customers' businesses mitigates the risks on our forecast trading performance. 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.

Service agreements, from which the vast majority of the Group's revenue was derived, had a weighted average unexpired contract duration of 3.7 years at 31 December 2022, protecting the Group's income from the volatility experienced by businesses in certain other sectors.

While the forecast assumes settlement of the 1.5% €500 million guaranteed notes, based on current debt capital market trading conditions it is the Group's intention to refinance the notes prior to maturity. In the situation that market conditions would render this not possible, we expect that alternate debt funding sources including secured debt will be available to the Group.

Based on the above, the Directors continue to adopt the going concern basis of accounting in preparing the consolidated financial statements for the year ended 31 December 2022.

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.

Conceptual Framework	*Amendments to References to the Conceptual Framework in IFRS Standards*
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*
Amendments to IFRS standards	*Annual Improvements to IFRS standards 2018-2020*
Amendments to IFRS 3	*Business Combinations*

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 pounds 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)

Where the Group is a lessee, it recognises a right-of-use asset and a lease liability at the commencement of the 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 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, Madrid and Paris
Asia-Pacific	The Group's operations in Hong Kong, Singapore and Sydney
Corporate and other	The Group's corporate office 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.

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. Associated electricity costs are recognised in cost of sales.

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

Certain items of income or expenditure are classified as exceptional in order to aid the users of the consolidated financial statements in understanding the financial performance of the Group. In classifying items as exceptional, the Group considers the significance of their nature and/or quantum.

'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.

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.

The effective cumulative gain or loss on hedging instruments is reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

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 2022.

Amendments to IAS 1	*Classification of Liabilities as Current or Non-Current*[1]
Amendments to IFRS 4	*Insurance Contracts*[1]
IFRS 17 and amendments thereto	*Insurance Contracts*[1]
Amendments to IAS 1 and IFRS Practice Statement	*Disclosure of Accounting Policies*[1]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]
Amendments to IAS 8	*Definition of Accounting Estimates*[1]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[2]
Amendments to IFRS 1	*Non-Current liabilities with Covenants*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]

1. Effective for annual periods beginning on or after 1 January 2023
2. Effective for annual periods beginning on or after 1 January 2024
3. 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 disclosures 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.

The Group's definition of EBITDA is: profit before interest (note 14), tax (note 15), depreciation (note 19), amortisation, exceptional items (note 13) and, gain on disposal of property, plant and equipment, revaluation of investment property (note 18). This definition of EBITDA is considered to be a relevant performance measure by the chief operating decision maker because he considers that it reflects the operating performance of the business by eliminating the distortions caused by significant non-cash and/or exceptional elements of operating profit. It is therefore also considered to be useful to the users of the consolidated financial statements in understanding the financial performance of the Group. The Group's EBITDA metric is reconciled to the IFRS profit before tax below by presenting the adjustments made between the IFRS profit measure and the adjusted performance measure.

Items below EBITDA are not allocated to reportable segments, as the central Group finance and commercial teams manage this activity. Inter-segment transactions are charged at prevailing market rates.

Segment revenue and profit

Year ended 31 December 2022	Europe	Asia-Pacific	Corporate and other	Total
	£m	£m	£m	£m
Revenue	232.7	270.2	6.3	509.2
EBITDA*	127.9	160.2	(21.5)	266.6
Depreciation and amortisation				(1.6)
Exceptional items				1.3
Revaluation of investment property				(131.7)
Operating profit				**134.6**
Net finance income				62.1
Profit before tax				**196.7**

Year ended 31 December 2021	Europe	Asia-Pacific	Corporate and other	Total
	£m	£m	£m	£m
Revenue	222.3	199.6	(2.3)	419.6
EBITDA*	132.4	133.7	(14.7)	251.4
Depreciation and amortisation				(1.8)
Exceptional items				(54.1)
Revaluation of investment property				162.5
Operating profit				**358.0**
Gain on disposal of property, plant and equipment				0.4
Net finance costs				(39.8)
Profit before tax				**318.6**

*As defined above

Segment non-current assets and capital expenditure

31 December 2022	Europe £m	Asia-Pacific £m	Corporate and other £m	Total £m
Non-current assets	3,101.3	3,379.5	13.2	6,494.0
Capital expenditure	70.5	18.5	-	89.0

31 December 2021	Europe £m	Asia-Pacific £m	Corporate and other £m	Total £m
Non-current assets	3,108.1	3,041.0	14.4	6,163.5
Capital expenditure	103.7	17.6	-	121.3

8. Financial instruments

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

Financial assets measured at amortised cost

	Note	Carrying amounts 2022 £m	2021 £m
Trade receivables	20	62.6	77.1
Other receivables	20	31.3	20.9
Cash and cash equivalents	21	192.5	411.2
		286.4	**509.2**

Financial liabilities measured at amortised cost

	Note	Carrying amounts 2022 £m	2021 £m
Trade payables	22	21.5	18.1
Other payables	22	16.6	8.0
Accruals	22	74.0	63.7
Borrowings, excluding lease obligations	23	1,496.1	1,767.5
		1,608.2	**1,857.3**

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 over recent years, 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 have remained 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, though one customer was particularly impacted during 2021 and has a specific loss allowance against their trade and other receivables (see also note 13 Exceptional items). Service agreements, from which the vast majority of the Group's revenue is derived, have a weighted average unexpired contract duration of 3.7 years as at 31 December 2022, 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.

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 2022, 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 €500 million (equivalent to approximately £443 million) guaranteed notes due 2024, €500 million (equivalent to approximately £443 million) guaranteed notes due 2027 or €700 million (equivalent to approximately £621 million) guaranteed notes due 2030. As at 31 December 2021, 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, €500 million (equivalent to approximately £420 million) guaranteed notes due 2024, €500 million (equivalent to approximately £420 million) guaranteed notes due 2027 or €700 million (equivalent to approximately £588 million) guaranteed notes due 2030. The Group has historically hedged the risk of changes in relevant spot exchange rates to the extent that they were 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 were entered into with counterparties who are considered to be of acceptable creditworthiness.

The Group's most significant financial instrument foreign exchange risk relates to its Euro-denominated guaranteed notes, totalling €1,700 million (approximately equal to £1,507.6 million). Had the relevant pound sterling exchange rate been 5% stronger/weaker, then the Euro-denominated guaranteed notes would instead have been approximately equivalent to £1,432.3 million / £1,582.9 million respectively, resulting in a £75.3 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. 5% was used as a reasonably possible benchmark in the context of the extent of annual exchange rate fluctuations between these currencies in recent years.

The period end and average exchange rates used when translating the results to pounds sterling were as follows:

	2022		2021	
	Year end	Average	Year end	Average
EUR	0.8869	0.8524	0.8405	0.8600
SGD	0.6166	0.5867	0.5478	0.5410
AUD	0.5630	0.5617	0.5396	0.5460
HKD	0.1058	0.1032	0.0947	0.0935

The consolidated income statement (but not consolidated total equity) is also exposed to foreign exchange in relation to intragroup transactions and balances between subsidiaries with different functional currencies. All such intragroup transactions and balances themselves eliminate on consolidation. However, only the counterparty with a functional currency that differs from the currency in which the financial instrument is denominated will record a foreign exchange gain or loss on the balance; hence there will be no equal and opposite gains or losses to eliminate in the consolidated income statement. These gains and losses are offset by equal and opposite losses and gains in other comprehensive income on retranslation of the results and financial position of overseas subsidiaries. For example, had the pound sterling exchange rate been 5% stronger/weaker, then the foreign exchange gain in the consolidated income statement would have decreased/increased by £104.6 million, but there would be no net impact on equity, as there would be a corresponding increase/decrease to other comprehensive income.

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. During 2022 interest rates have risen globally. However, the Group's guaranteed notes of £1,498.6 million (31 December 2021: £1,767.8 million) are at fixed interest rates. The Group had limited borrowings at the year-end date that were 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. With respect to power, which is impacted by globally increasing energy prices, the Group's contracts with customers have resulted in the rising costs continuing to be recovered in revenue.

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, and trade and other receivables. 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 is generally assessed as low. 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, though one customer has been particularly impacted and has a specific loss allowance against their trade and other receivables (see also note 13 Exceptional items).

Expected credit loss assessment for customers under IFRS 9 Financial Instruments

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. 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. For 31 December 2022, loss rates have been retained at prior year levels in acknowledgement of the wider macroeconomic environment.

For other receivables that are financial assets, the Group determines expected credit losses separately, applying a probability-weighted estimate. Such an approach may also be taken for trade receivables where the factors are such that the application of the allowance matrix is not appropriate.

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. The following table provides information about the exposure to credit risk and expected credit losses for trade and relevant other receivables. 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 that are financial instruments, and to accrued income as described above. Jiangsu Shagang Materials Trading Co., Ltd ("Shagang Materials"), a related party, is presented separately for 31 December 2022. At 31 December 2021, the Group had a contract with Daily-Tech Hong Kong Co. Limited ("Daily-Tech"), which was subject to a corporate guarantee from Shagang Group, but which was terminated in 2022. See note 28.

31 December 2022	**Weighted average loss rate %**	**Gross carrying amount £m**	**Loss allowance £m**	**Net carrying amount £m**
Current (not past due) trade receivables	0.55	22.2	0.1	22.1
Trade receivables 1-30 days past due	8.83	13.7	1.2	12.5
Trade receivables 31-60 days past due	10.48	8.5	0.9	7.6
Trade receivables more than 60 days past due	11.38	20.4	2.3	18.1
Trade receivables with a specific allowance	N/A	7.9	7.9	-
Total trade receivables (excluding Shagang Materials)		*72.7*	*12.4*	*60.3*
Accrued income excluding Shagang Materials (without specific allowance)	0.55	108.6	0.6	108.0
Accrued income excluding Shagang Materials (with specific allowance)	N/A	-	-	-
Total accrued income excluding Shagang Materials		*108.6*	*0.6*	*108.0*
Other receivables	7.67	33.9	2.6	31.3
Total in-scope excluding Shagang Materials		**215.2**	**15.6**	**199.6**
Shagang Materials accrued income	0.55	2.2	-	2.2
Shagang Materials trade receivables	11.38	2.6	0.3	2.3
Total in-scope Shagang Materials		**4.8**	**0.3**	**4.5**
Total in-scope		**220.0**	**15.9**	**204.1**
Total out of scope		**10.8**	**-**	**10.8**
Total trade and other receivables		**230.8**	**15.9**	**214.9**

31 December 2021	Weighted average loss rate %	Gross carrying amount £m	Loss allowance £m	Net carrying amount £m
Current (not past due) trade receivables	0.55	41.0	0.2	40.8
Trade receivables 1-30 days past due	8.83	16.2	1.4	14.8
Trade receivables 31-60 days past due	10.48	5.9	0.6	5.3
Trade receivables more than 60 days past due	11.38	9.9	1.1	8.8
Trade receivables with a specific allowance	N/A	4.9	1.0	3.9
Total trade receivables excluding Daily-Tech		*77.9*	*4.3*	*73.6*
Accrued income excluding Daily-Tech (without specific allowance)	0.55	90.2	0.5	89.7
Accrued income excluding Daily-Tech (with specific allowance)	N/A	6.4	6.4	-
Total accrued income excluding Daily-Tech		*96.6*	*6.9*	*89.7*
Other receivables	5.43	22.1	1.2	20.9
Total in-scope excluding Daily-Tech		**196.6**	**12.4**	**184.2**
Daily-Tech accrued income	99.00	44.5	44.1	0.4
Daily-Tech trade receivables	54.47	7.9	4.4	3.5
Total in-scope Daily-Tech		**52.4**	**48.5**	**3.9**
Total in-scope		**249.0**	**60.9**	**188.1**
Total out of scope		**1.8**	**-**	**1.8**
Total trade and other receivables		**250.8**	**60.9**	**189.9**

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
Balance at 31 December 2021	**60.9**
Net amounts written off**	(43.6)
Net remeasurement gain recognised in the consolidated income statement*	(1.7)
Net remeasurement loss recognised in other comprehensive income	0.3
Balance at 31 December 2022	**15.9**

*£4.7 million of exceptional impairment gains were included within the £1.7 million net remeasurement gain recognised in the consolidated income statement (see note 13).

**Net amounts written off were £43.6 million, primarily in relation to Daily-Tech (see note 28).

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 2022 and 31 December 2021 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:

	2022 £m	2021 £m
Revenue recognised under IFRS 16:		
- Rental income from investment properties	317.5	292.0
Revenue from contracts with customers recognised under IFRS 15:		
- Provision of power	133.4	80.2
- Provision of additional services	58.3	47.4
Sub-total	**191.7**	**127.6**
	509.2	**419.6**

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 2022, the customer accounted for revenue of £67.0 million, which is reported with the Asia-Pacific operating segment (note 7). For the year ended 31 December 2021, no customer accounted for more than 10% of the Group's total revenue.

Negligible revenue was recognised in the years ended 31 December 2022 and 31 December 2021 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 were 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 before tax

Profit before tax has been stated after charging:

	Note	2022 £m	2021 £m
Depreciation of property, plant and equipment	19	1.5	1.7
Amortisation of intangibles		0.1	0.1
Direct operating expenses – property generating rental income		194.6	135.2
Auditor's remuneration		1.0	0.9
Employee benefit expense		30.7	26.1
Defined contribution plan expense		1.7	1.6

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:

	2022 £m	2021 £m
Salaries, allowance, benefits in kind and performance related bonuses	9.4	8.8
Retirement benefit scheme contributions	0.1	0.1
	9.5	**8.9**

13. Exceptional items

Exceptional items critical judgments

Certain items of income or expenditure are classified as exceptional in order to aid the users of the consolidated financial statements in understanding the financial performance of the Group. In classifying items as exceptional, the Group considers the significance of their nature and/or quantum. Judgment may be required in excluding a transaction from exceptional items, as much as in determining that it is appropriate to include a transaction.

Exceptional items are excluded from the Group's definition of EBITDA, which is an alternative performance measure and defined in note 7. 'Exceptional items' does not have a standardised meaning under IFRS.

	2022 £m	2021 £m
Impairment gains (losses) on trade and other receivables: Daily-Tech	4.5	(46.5)
Impairment gains (losses) on trade and other receivables: Sungard	0.2	(7.4)
Total exceptional trade and other receivables impairments gains (losses)	**4.7**	**(53.9)**
Costs of a potential shareholder transaction	(2.5)	-
Other Daily-Tech costs	(0.8)	-
Other COVID-19 costs	(0.1)	(0.2)
	1.3	**(54.1)**

Impairment: Daily-Tech

As described in note 28, significant expected credit loss ("ECL") allowances were required at 31 December 2021 in relation to trade and other receivables associated with a contract with Daily-Tech Hong Kong Co. Limited ("Daily-Tech"). Despite being subject to a Corporate Guarantee from a 56% majority owned subsidiary of an indirect shareholder in the Group, Jiangsu Shagang Materials Trading Co. Ltd ("Shagang Materials"), a lack of settlement of outstanding trade receivables from either Daily-Tech or Shagang Materials, together with certain assertions made by Shagang Materials created significant uncertainty as to the recoverability of trade and other receivables at 31 December 2021. This resulted in an impairment charge being recorded in the prior year. The impairment charge was classified as exceptional with consideration for IAS 1 *Presentation of Financial Statements*, including the requirement to present information in a manner that provides relevant, reliable, comparable and understandable information. The following factors were considered in making the classification under IAS 1: the quantum, the related party nature, and the fact that the majority of the charge relates to accrued income assets, which accumulated over a number of years under the IFRS 16 *Leases* requirement to straight-line lease revenue and which are therefore 'non-cash'.

During the year ended 31 December 2022, as a result of further cash receipts, a partial reversal of the 31 December 2021 expected credit loss allowance was recognised, resulting in an exceptional gain in the 2022 consolidated income statement of £4.5 million. For further information on expected credit losses see note 9.

Impairment: Sungard

The Group has incurred costs resulting from the ongoing COVID-19 pandemic. Most significantly, these include costs associated with the appointment of administrators by a customer, Sungard Availability Services (UK) Limited, whose financial position deteriorated as a result of the pandemic. As a result of the administration, the Group recognised a specific expected credit loss allowance against trade and other receivables of £7.4 million at 31 December 2021, again considering the requirements of IAS 1. During 2022, the movements in the expected credit loss allowance include a £0.2 million gain through the consolidated income statement.

Costs of a potential shareholder transaction

On 8 June 2022 the Group publicly confirmed that shareholders were exploring a potential divestment transaction. Investment banks were appointed and a formal process commenced to explore options to introduce international investors to create liquidity for shareholders' stakes. Costs associated with the process, including legal and professional fees, were classified as exceptional items.

Other Daily-Tech costs

The Group has incurred other costs associated with the exceptional termination of the Daily-Tech contract in 2022, including legal and professional fees.

Other COVID-19 costs

The Group has incurred other costs resulting from the ongoing COVID-19 pandemic. Other COVID-19 related exceptional items of £0.1 million (2021: £0.2 million) included: Personal Protective Equipment (PPE) for employees, office disinfectant products and various IT equipment costs to enable employees to work from home.

14. Net finance costs

	2022 £m	2021 £m
Finance income		
Bank and other interest	2.4	0.2
Other finance income	0.2	0.5
	2.6	**0.7**
Finance costs		
Interest payable on guaranteed notes	(38.6)	(40.2)
Bank revolving credit facility fee	(1.2)	(1.2)
Amortisation of issue costs	(2.0)	(2.0)
Other finance costs and bank charges*	(10.1)	(9.2)
	(51.9)	**(52.6)**
Foreign exchange gains	111.4	12.1
Net finance income (costs)	**62.1**	**(39.8)**

**Other finance costs and bank charges include individually immaterial items, not further disaggregated, including a fee to a former shareholder of £2.9 million (2021: £2.3 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 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 tax charge for the year

	2022 £m	2021 £m
Current tax expense		
On net income before revaluations	21.4	15.2
Adjustments in respect of earlier periods	2.8	0.9
	24.2	**16.1**
Deferred tax expense		
Origination and reversal of temporary differences	0.6	45.7
Adjustments in respect of earlier periods	-	1.4
Change in tax rate	-	67.2
	0.6	**114.3**
Income tax charge	**24.8**	**130.4**

Factors affecting tax charge for the year

	2022 £m	2021 £m
Profit before tax	**196.7**	**318.6**
Tax calculated at the domestic rate applicable to the profits in each country concerned	15.4	62.2
Adjustment in respect of earlier periods	2.8	2.3
Change in tax rate	-	67.2
Utilisation of previously unrecognised deferred tax assets	(3.8)	-
Derecognition of previously recognised deferred tax assets	8.5	-
Other	1.9	(1.3)
Tax charge	**24.8**	**130.4**

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.

Deferred tax

Analysis of Group deferred tax assets and (liabilities):

	Losses £m	Interest restriction £m	Capital allowances £m	Investment properties £m	Accrued income £m	Total £m
At 31 December 2021	**32.6**	**32.2**	**(266.2)**	**(877.6)**	**(8.7)**	**(1,087.7)**
Movement recognised in the profit or loss	(11.6)	(6.2)	(18.2)	37.2	(1.8)	(0.6)
Exchange differences	1.8	-	(15.0)	(42.2)	(0.5)	(55.9)
At 31 December 2022	**22.8**	**26.0**	**(299.4)**	**(882.6)**	**(11.0)**	**(1,144.2)**

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

At 31 December 2022, 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 per share – basic

The calculation of the basic earnings per share of £0.02 million (31 December 2021: £0.02 million) attributable to owners of the Company was based on the following data.

	2022 £m	2021 £m
Earnings for the purpose of calculating basic earnings per share (profit for the year)	**171.9**	188.2
Number of shares		
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

No dividends were declared or paid for the year ended 31 December 2022 (2021: £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 2022 and 31 December 2021 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 were stated at market value as at 31 December 2022 and 31 December 2021, 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 were 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 (see also note 23 for the use of borrowings proceeds), operational expenditure and other relevant cash flow assumptions. There have been no changes in the valuation techniques used by CBRE between 31 December 2021 and 31 December 2022.

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 £275.3 million to £6,276.2 million and £263.8 million to £5,942.6 million at 31 December 2022 and at 31 December 2021 respectively. A corresponding decrease would result in a net increase in the investment properties valuation of £298.9 million to £6,850.4 million and £286.8 million to £6,493.2 million at 31 December 2022 and at 31 December 2021 respectively. A 25 basis point sensitivity reasonably reflects a potential impact of estimation uncertainty, considering the extent of the changes in these inputs in 2022, albeit within a relatively volatile global macroeconomic environment.

	Completed £m	Development £m	Total £m
Balance at 1 January 2021	**5,967.6**	**60.7**	**6,028.3**
Additions	98.1	22.3	120.4
Revaluation	170.4	(7.9)	162.5
Foreign exchange movement	(159.9)	(3.4)	(163.3)
Balance at 31 December 2021	**6,076.2**	**71.7**	**6,147.9**
Additions	86.2	2.2	88.4
Revaluation	(129.5)	(2.2)	(131.7)
Foreign exchange movement	372.1	3.2	375.3
Balance at 31 December 2022	**6,405.0**	**74.9**	**6,479.9**

Valuation inputs – completed investment properties: 31 December 2022				
Asset type	*Initial yield range*	*Exit yield range*	*IRR range*	*Rental value range £m*
Data centres	2.43 – 6.34%	5.35 – 6.75%*	6.53% – 8.90%	9.2 – 47.7

Valuation inputs – completed investment properties: 31 December 2021				
Asset type	*Initial yield range*	*Exit yield range*	*IRR range*	*Rental value range £m*
Data centres	0.15 – 5.24%	5.35 – 6.75%	6.15 – 10.25%	2.4 – 49.3

*The exit yield range is unchanged from 31 December 2021; however the exit yields that relate to individual investment properties may vary from those at that date, albeit remaining within the same range.

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. Only the elements of the relevant asset and liability categories that relate to investment property are included in the reconciliation.

	2022 £m	2021 £m
Investment properties carrying amount	**6,479.9**	**6,147.9**
Accrued income included in trade and other receivables	89.8	74.8
Lease obligations included in current borrowings	(1.4)	(0.9)
Lease obligations included in non-current borrowings	(16.9)	(15.4)
Investment properties at valuation	**6,551.4**	**6,206.4**

The investment property details for each location are as follows:

Location	Ownership
Completed	
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
Development	
Amsterdam East	Leasehold (50 year term expiring 2045)
Frankfurt Gunther	Freehold
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. Where relevant, the Group complies with obligations under leaseholds, which may include repairs, maintenance or enhancements to the investment properties.

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
Cost			
At 1 January 2021	**13.5**	**8.4**	**21.9**
Additions	-	0.9	0.9
Disposals	(4.6)	-	(4.6)
At 31 December 2021	**8.9**	**9.3**	**18.2**
Additions	-	0.6	0.6
At 31 December 2022	**8.9**	**9.9**	**18.8**
Accumulated depreciation			
At 1 January 2021	**1.2**	**6.8**	**8.0**
Disposals	(0.6)	-	(0.6)
Charge for the year	0.9	0.8	1.7
At 31 December 2021	**1.5**	**7.6**	**9.1**
Charge for the year	0.7	0.8	1.5
At 31 December 2022	**2.2**	**8.4**	**10.6**
Carrying amount			
At 31 December 2022	**6.7**	**1.5**	**8.2**
At 31 December 2021	**7.4**	**1.7**	**9.1**

2021 disposals related to non-revenue-generating assets within the Group's *Corporate and Other* operating segment and resulted in a £0.4 million gain on disposal, recognised in the 2021 consolidated income statement.

20. Trade and other receivables

	2022 £m	2021 £m
Trade receivables	62.6	77.1
Accrued income	110.2	90.1
Other receivables	25.5	14.6
Prepayments	10.8	1.8
Current trade and other receivables	**209.1**	**183.6**
Other receivables – non-current	5.8	6.3
Total trade and other receivables	**214.9**	**189.9**

The Directors consider the carrying amount of those trade and other receivables that were 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	
	2022 £m	**2021 £m**	**2022 £m**	**2021 £m**	**2022 £m**	**2021 £m**
Gross carrying amount	75.3	85.8	33.9	22.1	110.8	141.1
Allowance for impairment	(12.7)	(8.7)	(2.6)	(1.2)	(0.6)	(51.0)
Net carrying amount	**62.6**	**77.1**	**31.3**	**20.9**	**110.2**	**90.1**

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.

	2022 £m	**2021 £m**
Within 60 days	34.9	58.7
61 to 90 days	8.0	5.4
91 to 120 days	7.9	2.5
Over 120 days	11.8	10.5
	62.6	**77.1**

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

21. Cash and cash equivalents

	2022 £m	**2021 £m**
Cash at bank and in hand	191.5	409.8
Restricted cash	1.0	1.4
	192.5	**411.2**

Restricted cash at 31 December 2022 represents an Australian bank security deposit. Restricted cash at 31 December 2021 additionally 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

	2022 £m	2021 £m
Trade payables	21.5	18.1
Accruals	74.0	63.7
Deferred income	16.6	41.2
Provisions	10.0	11.6
Social security and other taxation	5.3	5.8
Other payables	16.6	8.0
Total trade and other payables	**144.0**	**148.4**

The credit period offered by the Group's suppliers ranged from 30 to 60 days from the invoice date. The following is an aged analysis of trade payables, presented based on invoice date at the end of the reporting periods.

	2022 £m	2021 £m
Within 60 days	20.5	16.5
61 to 90 days	0.4	1.3
Over 90 days	0.6	0.3
	21.5	**18.1**

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

During the year ended 31 December 2022, the Group recognised revenue of £9.1 million that was included in the contract liability balance within deferred income at 1 January 2022 (2021: £6.5 million within the balance at 1 January 2021).

Within other payables were 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

	2022 £m	2021 £m
Current borrowings		
Bank loans*	-	(0.3)
Lease obligations	2.2	1.8
Guaranteed notes	-	349.7
	2.2	**351.2**
Non-current borrowings		
Bank loans*	(2.5)	-
Lease obligations	27.9	26.6
Guaranteed notes	1,498.6	1,418.1
	1,524.0	**1,444.7**
Total borrowings	**1,526.2**	**1,795.9**

**Bank loans include £2.5 million unamortised debt issue costs on the revolving credit facility (31 December 2021: £0.3 million).*

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

	2022 £m	2021 £m
Within one year	2.2	351.2
Within a period of more than one year but not exceeding two years	445.3	2.0
Within a period of more than two years but not exceeding five years	446.4	426.2
Within a period of more than five years	632.3	1,016.5
	1,526.2	**1,795.9**
Less: amounts due within one year shown under current liabilities	(2.2)	(351.2)
Amounts shown under non-current liabilities	**1,524.0**	**1,444.7**

At 31 December 2022 and 31 December 2021, 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 bid price, the fair value of the guaranteed notes were as follows.

At 31 December 2022

- 1.50% guaranteed notes €500.0 million: fair value of £430.2 million (31 December 2021: £425.9 million fair value) maturing January 2024.
- 2.25% guaranteed notes €500.0 million: fair value of £413.4 million (31 December 2021: £432.5 million fair value) maturing May 2027.
- 1.38% guaranteed notes €700.0 million: fair value of £519.3 million (31 December 2021: £582.1 million fair value) maturing October 2030.

The Group aims to embed its sustainability strategy into every aspect of the business, including design, delivery and operational practices. The Group's guaranteed notes include a €700 million Green Bond issued in October 2020 with a coupon rate of 1.375%. Net proceeds were allocated to eligible projects that will help fund the Group's expansion plans by developing new green data centres and improving energy efficiency at existing facilities. At its data centres, the Group is making progress with its life cycle replacement programme and energy efficiency improvement initiatives. The Group's sustainability strategy is considered in the capital expenditure forecasts that are amongst the estimates relevant to the valuation of the investment properties (note 18).

Following the October 2020 Green Bond issuance, the Group's borrowings under its £425 million revolving credit facility were repaid. However, the revolving credit facility remained available to the Group. The facility was due to mature in April 2022 following a first extension, but was further extended by a month to 31 May 2022 with a total commitment of £175 million for that one-month extension. From 31 May 2022, a new revolving credit facility was agreed with a total commitment of £350 million for 36 months with options to extend beyond 31 May 2025.

The revolving credit facility was undrawn at 31 December 2022 (31 December 2021: undrawn).

In December 2022, guaranteed notes of £350 million were repaid on maturity.

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 were denominated in the following currencies:

2022	**Bank loans***	**Lease obligations**	**Guaranteed notes**	**Total**
	£m	**£m**	**£m**	**£m**
GBP	(2.5)	11.8	-	9.3
SGD	-	8.8	-	8.8
HKD	-	2.9	-	2.9
EUR	-	6.6	1,498.6	1,505.2
	(2.5)	**30.1**	**1,498.6**	**1,526.2**

2021	**Bank loans***	**Lease obligations**	**Guaranteed notes**	**Total**
	£m	**£m**	**£m**	**£m**
GBP	(0.3)	12.2	349.7	361.6
SGD	-	7.6	-	7.6
HKD	-	2.6	-	2.6
EUR	-	6.0	1,418.1	1,424.1
	(0.3)	**28.4**	**1,767.8**	**1,795.9**

**Bank loans include £2.5 million unamortised debt issue costs on the revolving credit facility (31 December 2021: £0.3 million).*

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

	2022 £m	2021 £m
Less than one year	2.3	2.2
Between one and two years	2.6	2.2
Between two and five years	9.6	8.6
More than five years	49.7	48.7
	64.2	61.7
Future finance charges	(34.1)	(33.3)
	30.1	**28.4**
Less than one year	2.2	1.8
Between one and five years	10.3	9.0
More than five years	17.6	17.6
Present value	**30.1**	**28.4**

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its 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.

31 December 2022	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
Trade and other payables		112.1	-	-	-	112.1	112.1
Bank loans and borrowings- - Fixed interest rate instruments	1.50%	6.7	450.1	-	-	456.8	442.9
Bank loans and borrowings- - Fixed interest rate instruments	2.25%	10.0	10.0	473.4	-	493.4	441.0
Bank loans and borrowings- - Fixed interest rate instruments	1.38%	8.5	8.5	25.6	646.5	689.1	614.7
		137.3	**468.6**	**499.0**	**646.5**	**1,751.4**	**1,610.7**

31 December 2021	Weighted average effective interest rate	Within one year	Between one and two years	Between two and five years	More than five years	Total	Carrying amount
		£m	£m	£m	£m	£m	£m
Trade and other payables		89.8	-	-	-	89.8	89.8
Bank loans and borrowings- - Fixed interest rate instruments	4.38%	365.3	-	-	-	365.3	349.7
Bank loans and borrowings- - Fixed interest rate instruments	1.50%	6.3	6.3	426.5	-	439.1	419.2
Bank loans and borrowings- - Fixed interest rate instruments	2.25%	9.5	9.5	28.4	429.7	477.1	417.4
Bank loans and borrowings- - Fixed interest rate instruments	1.38%	8.1	8.1	24.3	620.6	661.1	581.5
		479.0	**23.9**	**479.2**	**1,050.3**	**2,032.4**	**1,857.6**

24. Share capital

	Authorised ordinary shares		Issued, allotted and fully paid ordinary shares	
	Number	£m	Number	£m
At 31 December 2022 and 31 December 2021	5,000,000	-*	10,000	-*

**Less than £0.1 million*

The Company has one class of ordinary shares which carry no right to fixed income. The par value per share is USD 0.01.

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.

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

	2022 £m	2021 £m
Less than one year	2.3	2.2
Between one and two years	2.6	2.2
Between two and five years	9.6	8.6
More than five years	49.7	48.7
	64.2	61.7
Future finance charges	(34.1)	(33.3)
	30.1	**28.4**
Less than one year	2.2	1.8
Between one and five years	10.3	9.0
More than five years	17.6	17.6
Present value	**30.1**	**28.4**

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its 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.

31 December 2022	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
Trade and other payables		112.1	-	-	-	112.1	112.1
Bank loans and borrowings- - Fixed interest rate instruments	1.50%	6.7	450.1	-	-	456.8	442.9
Bank loans and borrowings- - Fixed interest rate instruments	2.25%	10.0	10.0	473.4	-	493.4	441.0
Bank loans and borrowings- - Fixed interest rate instruments	1.38%	8.5	8.5	25.6	646.5	689.1	614.7
		137.3	**468.6**	**499.0**	**646.5**	**1,751.4**	**1,610.7**

31 December 2021	Weighted average effective interest rate	Within one year	Between one and two years	Between two and five years	More than five years	Total	Carrying amount
		£m	£m	£m	£m	£m	£m
Trade and other payables		89.8	-	-	-	89.8	89.8
Bank loans and borrowings- - Fixed interest rate instruments	4.38%	365.3	-	-	-	365.3	349.7
Bank loans and borrowings- - Fixed interest rate instruments	1.50%	6.3	6.3	426.5	-	439.1	419.2
Bank loans and borrowings- - Fixed interest rate instruments	2.25%	9.5	9.5	28.4	429.7	477.1	417.4
Bank loans and borrowings- - Fixed interest rate instruments	1.38%	8.1	8.1	24.3	620.6	661.1	581.5
		479.0	**23.9**	**479.2**	**1,050.3**	**2,032.4**	**1,857.6**

24. Share capital

	Authorised ordinary shares		Issued, allotted and fully paid ordinary shares	
	Number	£m	Number	£m
At 31 December 2022 and 31 December 2021	5,000,000	-*	10,000	-*

**Less than £0.1 million*

The Company has one class of ordinary shares which carry no right to fixed income. The par value per share is USD 0.01.

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's operating leases as a lessee have been treated in accordance with the accounting policy described in note 4.6. Right-of-use assets for land associated with data centres are included in investment properties (note 18). Right-of-use assets for leased office space 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.

	2022 £m	**2021 £m**
Less than one year	290.8	274.0
Between one and two years	246.4	244.8
Between two and three years	187.0	198.4
Between three and four years	156.0	146.9
Between four and five years	134.7	123.9
After more than five years	218.7	331.9
	1,233.6	**1,319.9**

The undiscounted lease payments at 31 December 2021 included a total of £251.5 million in relation to a 15MW contract with Daily-Tech and which was subject to a Corporate Guarantee at that date from Shagang Materials. In April 2022, notice was served of the Group's intention to terminate this contract. A new services agreement for 15MW in the Hong Kong data centre was agreed with Shagang Materials, resulting in undiscounted commitments of £134.8 million at 31 December 2022 (see note 28).

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:

	2022 £m	**2021 £m**
Capital commitments in relation to investment properties	**112.6**	41.3

The Group did not have any material capital commitments in respect of property, plant and equipment at 31 December 2022 (2021: £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.

As at 31 December 2022, the Group had a contingent liability totalling £30.3 million in relation to open tax enquiries relating to certain of its companies. No provision was recorded because an economic outflow is not considered probable. Additionally, there is uncertainty over the application of tax law and the Group would vigorously defend its historic positions, creating significant uncertainty as to the timing and ultimate outcome of any resolution of these preliminary enquiries.

The Group has a contingent liability in relation to indemnities provided to its shareholders' financial advisors with respect to a potential shareholder transaction. The Group also has a back-to-back contingent asset with its direct shareholders. See note 28.

28. Related party transactions

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

Jiangsu Shagang Materials Trading Co. Ltd ("Shagang Materials")

Shagang Materials is a 56% majority owned subsidiary of an indirect shareholder in the Group and was a guarantor for financial assets due under a 15MW Hong Kong customer agreement with Daily-Tech Hong Kong Co. Limited ("Daily-Tech") ("Corporate Guarantee").

Daily-Tech is a former related party of the Group with whom all other service agreements were terminated in 2020.

Year ended 31 December 2022

In 2022:

- The 15MW Hong Kong customer agreement with Daily-Tech was terminated.
- £7.9 million was received under the Corporate Guarantee.
- Shagang Materials were released from any further liability under the Corporate Guarantee.
- A new 15MW direct service agreement was entered into with Shagang Materials in the Hong Kong data centre with a term until 31 December 2027.
- The Group granted Shagang Materials an option to acquire additional capacity in the Hong Kong data centre for an option fee of HKD 80 million (approximately £8.3 million).

Rights and obligations associated with the new 15MW direct service agreement are reflected in the investment property valuation (note 18).

Revenue totaling £30.6 million was recognised in relation to transactions under the new 15MW direct service agreement with Shagang Materials. A further £8.3 million was recognised in relation to the option to acquire additional capacity, which was not exercised prior to its expiry on 31 December 2022.

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

31 December 2022	Gross carrying amount £m	ECL allowance if applicable £m	Net carrying amount £m
Trade receivables	2.6	(0.3)	2.3
Accrued income	2.2	-	2.2
	4.8	**(0.3)**	**4.5**

Relating to the direct service agreement and option agreement, the Group received payments totaling £34.2 million from an entity, who is not considered a related party of the Group, on behalf of Shagang Materials.

As a result of the termination of the agreement with Daily-Tech, significant expected credit loss ("ECL") allowances that existed at 31 December 2021 relating to that contract were derecognised along with the assets to which they pertained. Consistent with the accounting treatment in 2021, all 2022 movements in the ECL allowance that pertained to Daily-Tech and that were recognised in the consolidated income statement were classified as exceptional items – see note 13. For further information on movements in the Group's ECL allowance, see note 9.

Year ended 31 December 2021

Revenue totaling £26.1 million was recognised in relation to transactions under the 15MW service agreement with Daily-Tech.

Significant ECL allowances were required at 31 December 2021 to reflect the risks that existed in relation to the recoverability of trade receivables and accrued income under the 15MW service agreement with Daily-Tech at that date. The ECL allowances are presented as part of the table below.

Amounts recognised in the Group's consolidated statement of financial position in relation to the Daily-Tech contract subject to the Corporate Guarantee were as follows:

	Gross carrying amount £m	ECL allowance if applicable £m	Net carrying amount £m
Trade receivables	7.9	(4.4)	3.5
Accrued income	44.5	(44.1)	0.4
Accruals	(0.1)	-	(0.1)
	52.3	**(48.5)**	**3.8**

The additional ECL allowance reflected in the consolidated statement of financial position at 31 December 2021 relative to 31 December 2020 was £47.2 million (i.e. the ECL allowance in excess of the £1.3 million allowance brought forward at 1 January 2021). The consolidated income statement charge was £46.5 million (£0.7 million lower) due to the respective treatments of foreign exchange translation for the consolidated income statement and the consolidated statement of financial position. The £46.5 million was included within exceptional items (see note 13).

During the year ended 31 December 2021 the Group received payments totaling £27.2 million under the Corporate Guarantee by an entity who is not considered to be a related party of the Group, on behalf of Shagang Materials.

Interest of £0.5 million on receivables due from Daily-Tech was recognised within other finance income. See note 14.

Elegant Jubilee Limited (“EJ”)

Elegant Jubilee Limited is a direct shareholder in the Group. In the year ended 31 December 2022, £nil (2021: £0.5 million) of administrative expense were recharged by the Group. At 31 December 2022, £nil (2021: £nil) was due from EJ.

Jiangsu Shagang Co., Ltd. (“JSC”)

JSC is an entity over which Jiangsu Shagang Group Co., Limited (see note 1) has significant influence. In the year ended 31 December 2022, £0.1 million (2021: £nil) of administrative expense were recharged by the Group. At 31 December 2022, £nil (2021: £nil) was due from JSC.

Shanghai Huanbang Technology Ltd. (“SHT”)

SHT is a wholly owned subsidiary of Jiangsu Shagang Group Co., Limited (see note 1). In the year ended 31 December 2022, £0.3 million (2021: £nil) of administrative expense were charged to the Group. At 31 December 2022, £nil (2021: £nil) was due to SHT.

Financial advisor indemnity with respect to potential shareholder transaction

On 8 June 2022 the Group publicly confirmed that its shareholders were exploring a potential divestment transaction. Investment banks were appointed by the shareholders as their financial advisors and a formal process commenced to explore options to introduce international investors to create liquidity for shareholders’ stakes. In relation to the potential liquidity transaction, the Group entered into an indemnity letter in 2022 with several of the appointed financial advisors, together with a back-to-back indemnity arrangement with its direct shareholders. For the year ended 31 December 2022, there was no financial impact for the Group. The future financial impact, if any, cannot practicably be estimated due to the nature of the contingencies associated with such an indemnity. For information on the Group’s direct shareholders, see note 1.

29. Particulars of principal subsidiaries of the Company

As at 31 December 2022 and 31 December 2021 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 footnote 6 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 ordinary share capital		Nature of business
Global Switch Limited (1,2,3,4)	England and Wales	GBP	4	Acting as an administration company, a holding company and a Group financing company
Global Switch Group Limited (2,3,4,5)	British Virgin Islands	USD	50,000	Holding company
Global Switch Estates 1 Limited (2,3,4)	England and Wales	GBP	1	Ownership and operation of real estate
Global Switch Estates 2 Limited (2,3,4)	England and Wales	GBP	1	Ownership and operation of real estate
Global Switch Amsterdam Property B.V. (2,3,4)	Netherlands	EUR	20,000	Operating company
Global Switch Amsterdam B.V. (2,3,4)	Netherlands	EUR	20,000	Ownership and operation of real estate
Global Switch PropertyHolding B.V. (2,3,4)	Netherlands	EUR	50,020,000	Holding company
Global Switch FM GmbH (3)	Germany	EUR	25,100	Ownership and operation of real estate
CarrierHaus GmbH (3)	Germany	EUR	25,565	Ownership of real estate
Global Switch Germany (Haftungsbeschrankt) (3)	Germany	EUR	1,000	Holding company
Global Switch Property Germany GmbH(3)	Germany	EUR	25,000	Holding company
Global Switch Paris SAS (2,3,4)	France	EUR	14,000,000	Ownership and operation of real estate
Global Switch France Holdings SAS (2,3,4)	France	EUR	2,000,000	Holding company
Global Switch Property Madrid S.L. (3)	Spain	EUR	611,575	Ownership and operation of real estate
Global Switch Spain Holdings S.L. (3)	Spain	EUR	3,010	Holding company
Global Switch (Property) Singapore Pte Limited (2,3,4)	Singapore	SGD	91,178,875	Ownership and operation of real estate
Global Switch Singapore Holdings Pte Limited (2,3,4)	Singapore	SGD	1	Holding company
Global Switch Property (Australia) Pty Limited (2,3,4,6)	Australia	AUD	1	Ownership and operation of real estate
Global Switch Australia Pty Limited (2,3,4,6)	Australia	AUD	1	Ownership and operation of real estate
Global Switch Australia Holdings Pty Limited (2,3,4,6)	Australia	AUD	1	Holding company
Global Switch Property Pty Limited (2,3,4,6)	Australia	AUD	1	Non-operating company
Global Switch Hong Kong Limited (2,3,4)	Hong Kong	HKD	356,908,000	Ownership and operation of real estate
ICT Centre Holding B.V. (2,3,4)	Netherlands	EUR	2,020,050	Holding company
Global Switch Finance B.V. (3)	Netherlands	EUR	1	Group financing company
Global Switch Finance Limited (1)	Jersey	GBP	1	Group financing company
Brookset 20 Limited (1,3,4)	British Virgin Islands	USD	35,343	Holding company
ICT Centre France B.V. (2,3,4)	Netherlands	EUR	4,950	Holding company
Global Switch Coöperatief U.A. Limited (3,4)	Netherlands	EUR	100	Holding company

(1) Owned directly by Global Switch Holdings Limited.
(2) Guarantor under the €500 million guaranteed notes due 2024 and €500 million guaranteed notes due 2027.
(3) Guarantor under the new £350 million multicurrency revolving credit facility, entered into on 31 May 2022.
(4) Guarantor under the €700 million guaranteed notes due 2030.
(5) 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.
(6) 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 hedging reserve represents the cumulative amount of gains and losses on net investment hedges.

As at 31 December 2022 and 31 December 2021, 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.

	Bank loans £m	Lease obligations £m	Guaranteed notes £m	Total £m
As at 1 January 2021	**(1.3)**	**28.3**	**1,858.5**	**1,885.5**
Net financing cash flows	-	(2.2)	-	(2.2)
Lease additions	-	1.6	-	1.6
Amortisation of bank loan / bond costs	1.0	-	2.0	(3.0)
Lease interest	-	1.7	-	1.7
Foreign exchange translation	-	(1.0)	(92.7)	(93.7)
As at 31 December 2021	**(0.3)**	**28.4**	**1,767.8**	**1,795.9**

	Bank loans £m	Lease obligations £m	Guaranteed notes £m	Total £m
As at 1 January 2022	**(0.3)**	**28.4**	**1,767.8**	**1,795.9**
Net financing cash flows	-	(2.2)	(350.0)	(352.2)
Lease additions	-	0.4	-	0.4
Amortisation of bank loan / bond costs	0.9	-	2.0	2.9
Capitalisation of bank loan issue costs	(3.1)	-	-	(3.1)
Lease interest	-	1.8	-	1.8
Foreign exchange translation	-	1.7	78.8	80.5
As at 31 December 2022	**(2.5)**	**30.1**	**1,498.6**	**1,526.2**

RECONCILIATIONS OF ALTERNATIVE PERFORMANCE MEASURES

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Reported IFRS revenue	**509.2**	**419.6**
Less power revenue	(133.4)	(80.2)
Revenue excluding power	**375.8**	**339.4**

GLOBAL SWITCH

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Liew Fui Kiang (INED)
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