Box Holdco Pty Limited and its controlled entities

ABN 91 627 143 042

Interim Report - 30 June 2024

Contents

Box Holdco Pty Limited and its controlled entities
Directors' report
30 June 2024

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'group') consisting of Box Holdco Pty Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2024.

Directors
The following persons were directors of Box Holdco Pty Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Jason Alan Gomersall
Tristan Edward Evans
Craig Collins
Vaughan Alexander Wallace (resigned on 24 May 2024)

Principal activities
During the financial half-year the principal continuing activities of the group consisted of the provision of data centre, cloud and managed connectivity services to Government and Enterprise customers in Australia. The group operates enterprise data centres in Brisbane, Adelaide, Sydney and Townsville, cloud infrastructure platforms housed within its data centres and a national Internet Protocol (IP) connectivity network with points of presence in several capital cities across Australia.

Dividends
There were no dividends paid, recommended or declared during the current financial half-year.

Review of operations
The loss for the group after providing for income tax and non-controlling interest amounted to $4,124,000.

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

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the group during the financial half-year.

Matters subsequent to the end of the financial half-year
The group is in the process of being acquired by DigiCo Infrastructure REIT. The acquisition is expected to be completed in December 2024.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Rounding of amounts
Amounts in this report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

This report is made in accordance with a resolution of directors.

On behalf of the directors

Jason Alan Gomersall
Director

9th December 2024
Brisbane

Box Holdco Pty Limited and its controlled entities
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2024

	Note	Consolidated 30 Jun 2024 $'000
Revenue	4	23,293
Share of profits of associates accounted for using the equity method		188
Interest income		247
Other income		256
Expenses		
Data centre and network expenses		(8,248)
Employee benefits expense		(4,747)
Depreciation and amortisation expense	5	(7,158)
Contractors and agency fees		(137)
Acquisition expenses		(315)
Finance costs	5	(3,028)
Other expenses		(1,186)
Loss before income tax expense		(835)
Income tax expense	6	(3,200)
Loss after income tax expense for the half-year		(4,035)
Other comprehensive income for the half-year, net of tax		-
Total comprehensive loss for the half-year		(4,035)
Loss for the half-year is attributable to:		
Non-controlling interest		89
Owners of Box Holdco Pty Limited		(4,124)
		(4,035)
Total comprehensive loss for the half-year is attributable to:		
Non-controlling interest		89
Owners of Box Holdco Pty Limited		(4,124)
		(4,035)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Box Holdco Pty Limited and its controlled entities
Consolidated statement of financial position
As at 30 June 2024

	Note	Consolidated 30 Jun 2024 $'000
Assets		
Current assets		
Cash and cash equivalents	7	12,216
Trade and other receivables	8	2,361
Contract assets	9	775
Other assets	10	1,247
Total current assets		16,599
Non-current assets		
Contract assets	9	844
Investments accounted for using the equity method	11	862
Property, plant and equipment	12	86,518
Right-of-use assets	13	33,848
Intangibles	14	76,108
Other assets	10	105
Total non-current assets		198,285
Total assets		214,884
Liabilities		
Current liabilities		
Trade and other payables	15	3,992
Contract liabilities	16	2,060
Borrowings	17	341
Lease liabilities	18	819
Income tax payable	6	240
Employee benefits		844
Total current liabilities		8,296
Non-current liabilities		
Contract liabilities	16	217
Borrowings	17	56,703
Lease liabilities	18	39,422
Deferred tax liabilities	6	9,813
Employee benefits		106
Provisions	19	3,036
Total non-current liabilities		109,297
Total liabilities		117,593
Net assets		97,291
Equity		
Contributed equity	20	98,326
Reserve	21	348
Accumulated losses		(12,835)
Equity attributable to the owners of Box Holdco Pty Limited		85,839
Non-controlling interest		11,452
Total equity		97,291

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Box Holdco Pty Limited and its controlled entities
Consolidated statement of changes in equity
For the half-year ended 30 June 2024

Consolidated	Contributed equity $'000	Reserve $'000	Accumulated losses $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2024	98,326	292	(8,711)	11,563	101,470
Loss after income tax expense for the half-year	-	-	(4,124)	89	(4,035)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	(4,124)	89	(4,035)
Transactions with owners in their capacity as owners:					
Share-based payments	-	56	-	-	56
Dividends paid	-	-	-	(200)	(200)
Balance at 30 June 2024	98,326	348	(12,835)	11,452	97,291

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Box Holdco Pty Limited and its controlled entities
Consolidated statement of cash flows
For the half-year ended 30 June 2024

	Note	Consolidated 30 Jun 2024 $'000
Cash flows from operating activities		
Receipts from customers		26,239
Payments to suppliers and employees		(18,280)
Interest received		247
Interest paid		(2,967)
Income taxes paid		(339)
Net cash from operating activities		4,900
Cash flows from investing activities		
Payments for property, plant and equipment	12	(1,602)
Payments for security deposits		(5)
Net cash used in investing activities		(1,607)
Cash flows from financing activities		
Repayment of borrowings		(2,065)
Repayment of lease liabilities		(613)
Dividends paid to non-controlling interests		(200)
Net cash used in financing activities		(2,878)
Net increase in cash and cash equivalents		415
Cash and cash equivalents at the beginning of the financial half-year		11,801
Cash and cash equivalents at the end of the financial half-year		12,216

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Box Holdco Pty Limited (the 'company') as a group consisting of Box Holdco Pty Limited and the entities it controlled at the end of, or during, the half-year (referred to hereafter as the 'group'). The financial statements are presented in Australian dollars, which is Box Holdco Pty Limited's functional and presentation currency.

Box Holdco Pty Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 22, 144 Edward Street
Brisbane Queensland 4000

A description of the nature of the group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 9th December 2024.

Note 2. Material accounting policy information

The accounting policies that are material to the group are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the group during the financial half-year ended 30 June 2024 and are not expected to have any significant impact for the full financial year ending 31 December 2024.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

The interim consolidated financial statements have been prepared to assist the Directors of HMC Digital Infrastructure Ltd with their due diligence as part of the Initial Public Offering (IPO) of DigiCo Infrastructure REIT, as required by the Australian Securities Exchange (ASX).

These consolidated financial statements for the interim half-year reporting period ended 30 June 2024 comply with all recognition and measurement requirements in Australian Accounting Standards and have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' as appropriate for for-profit oriented entities, except for the disclosure of comparative information as required by AASB 134.5(ea) after consultation with the financial statement users.

Historical cost convention
The consolidated financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Box Holdco Pty Limited ('company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the half-year then ended. Box Holdco Pty Limited and its subsidiaries together are referred to in these consolidated financial statements as the 'group'.

Subsidiaries are all those entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Note 2. Material accounting policy information (continued)

Intercompany transactions, balances and unrealised gains on transactions between entities in the group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the group. Losses incurred by the group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Revenue recognition

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with the customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the group expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

Revenue from data centre, network and cloud services

Revenue from the provision of data centre services is recognised over time as the services are rendered to the customer, which in most cases is when the group has satisfied the performance obligations under the contract.

Contract assets are amortised on a straight line basis over the average customer contract term.

Interest income

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 2. Material accounting policy information (continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Box Holdco Pty Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Separately, the Your DC entities listed in note 27 have entered into tax consolidation, with Your DC Pty Ltd as head entity of that consolidated group.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 14 to 30 days.

The group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 2. Material accounting policy information (continued)

Contract assets
Contract assets are recognised when the group has transferred goods or services to the customer but where the group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Associates
Associates are entities over which the group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The group discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	30 years
Plant and equipment	3 - 25 years
Furniture, fittings and equipment	4 - 20 years
Motor vehicles	7.5 years

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

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of

Note 2. Material accounting policy information (continued)

the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Brands
Separately acquired brands are shown at historical cost. Brands acquired in a business combination are recognised at fair value at the acquisition date. The brand is deemed to have an indefinite useful life as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. Brands are not amortised but are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired, and are carried at cost less accumulated impairment losses.

Customer contracts
Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 7 years (for iseek acquisition) and 22 years (for Your DC acquisition).

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
Trade and other payables represent liabilities for goods and services provided to the group prior to the end of the financial half-year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities
Contract liabilities represent the group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the group has transferred the goods or services to the customer.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Note 2. Material accounting policy information (continued)

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs
Finance costs are expensed in the period in which they are incurred.

Provisions
Provisions are recognised when the group has a present (legal or constructive) obligation as a result of a past event, it is probable the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Contributed equity
Ordinary shares, Class A Ratchet shares and redeemable preference shares, which are only redeemable at the option of the company are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends
Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the company, on or before the end of the financial half-year but not distributed at the reporting date.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 2. Material accounting policy information (continued)

Rounding of amounts
Amounts in this report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Goodwill and other indefinite life intangible assets
The group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on a fair value less cost of disposal basis. These calculations require the use of assumptions, including estimated forecast earnings, comparable multiples and disposal costs.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Lease make good provision
A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Note 4. Revenue

	Consolidated 30 Jun 2024 $'000
Revenue from contracts with customers	
Data centre, network and cloud services	23,293

Disaggregation of revenue
Revenue from data centre services is generated in Australia and recognised over time as services are rendered.

Note 5. Expenses

	Consolidated 30 Jun 2024 $'000
Loss before income tax includes the following specific expenses:	
Depreciation	
Leasehold improvements	134
Buildings	127
Plant and equipment	4,190
Fixtures and fittings	15
Motor vehicles	4
Properties right-of-use assets	1,402
Total depreciation	5,872
Amortisation	
Customer contracts	848
Software	7
Other intangible assets	431
Total amortisation	1,286
Total depreciation and amortisation	7,158
Finance costs	
Interest and finance charges paid/payable on borrowings	1,679
Interest and finance charges paid/payable on lease liabilities	1,287
Unwinding of the discount on provisions	62
Finance costs expensed	3,028

Note 6. Income tax

	Consolidated 30 Jun 2024 $'000
Income tax expense	
Current tax	869
Deferred tax - origination and reversal of temporary differences	2,319
Adjustment recognised for prior periods	12
Aggregate income tax expense	3,200
Deferred tax included in income tax expense comprises:	
Increase in deferred tax liabilities	2,319
Numerical reconciliation of income tax expense and tax at the statutory rate	
Loss before income tax expense	(835)
Tax at the statutory tax rate of 30%	(251)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:	
Acquisition tax related adjustments	131
Tax on unfranked dividends received	240
Share of equity accounted profit	(56)
Sundry items	(66)
	(2)
Adjustments to current and deferred tax of prior periods	3,548
Tax losses now recouped to reduce current tax expense	(346)
Income tax expense	3,200

	Consolidated 30 Jun 2024 $'000
Deferred tax liabilities/(assets)	
Deferred tax liabilities/(assets) comprises temporary differences attributable to:	
Right-of-use assets	10,155
Property, plant and equipment	6,837
Intangible assets	5,665
Leasehold improvements	583
Lease liabilities	(12,072)
Accrued expenses	(67)
Provisions	(910)
Employee benefits	(306)
Others	(72)
Deferred tax liability	9,813
Movements:	
Opening balance	7,494
Charged to profit or loss	2,319
Closing balance	9,813

Note 6. Income tax (continued)

	Consolidated 30 Jun 2024 $'000
Provision for income tax	
Provision for income tax	240

Note 7. Cash and cash equivalents

	Consolidated 30 Jun 2024 $'000
Current assets	
Cash at bank and on hand	12,216

Note 8. Trade and other receivables

	Consolidated 30 Jun 2024 $'000
Current assets	
Trade receivables	2,338
Less: Allowance for expected credit losses	(13)
	2,325
Other receivables	36
	2,361

Note 9. Contract assets

	Consolidated 30 Jun 2024 $'000
Current assets	
Contract assets - data centre services	775
Non-current assets	
Contract assets - data centre services	844
	1,619

Note 10. Other assets

	Consolidated 30 Jun 2024 $'000
Current assets	
Prepayments	1,247
Non-current assets	
Security deposits	105
	1,352

Note 11. Investments accounted for using the equity method

	Consolidated 30 Jun 2024 $'000
Non-current assets	
Investment in associates	862

Reconciliation
Reconciliation of the carrying amounts at the beginning and end of the current financial half-year are set out below:

Opening carrying amount	674
Share of profit after income tax	188
Closing carrying amount	862

Interests in associates
Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the group are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest 30 Jun 2024 %
iseek KDC Services Pty Limited	Australia	40.00%

Note 12. Property, plant and equipment

	Consolidated 30 Jun 2024 $'000
Non-current assets	
Freehold land - at cost	5,975
Buildings - at cost	7,881
Less: Accumulated depreciation	(406)
	7,475
Leasehold improvements - at cost	2,752
Less: Accumulated depreciation	(808)
	1,944
Plant and equipment - at cost	101,881
Less: Accumulated depreciation	(37,614)
	64,267
Furniture, fittings and equipment - at cost	1,469
Less: Accumulated depreciation	(1,270)
	199
Motor vehicles - at cost	52
Less: Accumulated depreciation	(7)
	45
Assets under construction - at cost	6,613
	86,518

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Land $'000	Buildings $'000	Leasehold improve-ments $'000	Plant and equipment $'000	Furniture, fittings and equipment $'000	Motor vehicles $'000	Assets under construction $'000	Total $'000
Balance at 1 January 2024	5,975	7,600	2,078	66,481	163	49	7,040	89,386
Additions	-	2	-	802	-	-	798	1,602
Transfers in/(out)	-	-	-	1,174	51	-	(1,225)	-
Depreciation expense	-	(127)	(134)	(4,190)	(15)	(4)	-	(4,470)
Balance at 30 June 2024	5,975	7,475	1,944	64,267	199	45	6,613	86,518

Note 13. Right-of-use assets

	Consolidated 30 Jun 2024 $'000
Non-current assets	
Properties - right-of-use	42,267
Less: Accumulated depreciation	(8,419)
	33,848

Additions to the right-of-use assets during the half-year were $Nil.

The group leases land and buildings for its offices under agreements expiring between 1 to 25 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Properties $'000
Balance at 1 January 2024	35,250
Depreciation expense	(1,402)
Balance at 30 June 2024	33,848

Note 14. Intangibles

	Consolidated 30 Jun 2024 $'000
Non-current assets	
Goodwill - at cost	57,224
Customer contracts - at cost	24,004
Less: Accumulated amortisation	(7,486)
	16,518
Software - at cost	1,701
Less: Accumulated amortisation	(1,674)
	27
Other intangible assets - at cost	2,583
Less: Accumulated amortisation	(1,435)
	1,148
Brands - at cost	1,191
	76,108

Note 14. Intangibles (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Goodwill $'000	Customer contracts $'000	Software $'000	Other intangible assets $'000	Brands $'000	Total $'000
Balance at 1 January 2024	57,224	17,366	34	1,579	1,191	77,394
Amortisation expense	-	(848)	(7)	(431)	-	(1,286)
Balance at 30 June 2024	57,224	16,518	27	1,148	1,191	76,108

Impairment testing of goodwill and indefinite life intangible assets:
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The group's goodwill and indefinite life intangible assets (Brand) have been allocated to two cash-generating units ('CGU') being 'iSeek' and 'YourDC'.

The annual impairment test was completed at 31 December 2023, with the recoverable amount of each CGU based on its fair value less cost of disposal, which was determined using a multiple of earnings approach.

Each CGU's earning multiple was based on forecast earnings before interest tax depreciation and amortisation ('EBITDA') to determine the enterprise value. Based on this impairment test the recoverable amount of each CGU exceeded the carrying amount and therefore, goodwill and indefinite life intangible assets was not impaired.

As at 30 June 2024, management concluded that there were no indicators of impairment.

Note 15. Trade and other payables

	Consolidated 30 Jun 2024 $'000
Current liabilities	
Trade payables	1,959
Accrued expenses	1,233
Interest payable	11
GST payable	398
Other payables	391
	3,992

Note 16. Contract liabilities

	Consolidated 30 Jun 2024 $'000
Current liabilities	
Contract liabilities - data centre services	74
Contract liabilities - revenue received in advance	1,976
Contract liabilities - customer security deposits	10
	2,060
Non-current liabilities	
Contract liabilities - data centre services	217
	2,277

Note 17. Borrowings

	Consolidated 30 Jun 2024 $'000
Current liabilities	
Chattel mortgage	235
Insurance premium funding	71
Other loans	35
	341
Non-current liabilities	
Bank loans	57,263
Debt issue costs	(725)
Chattel mortgage	78
Other loans	87
	56,703
	57,044

Total secured liabilities
The total secured liabilities are as follows:

	Consolidated 30 Jun 2024 $'000
Bank loans	57,263
Chattel mortgage	313
Other loans	122
	57,698

Note 17. Borrowings (continued)

Assets pledged as security

Bank loans
Bank loans are secured by a General Security Deed which has the effect of granting a fixed and floating charge over the group and all of its subsidiaries and their assets. Interest rates vary between 6.2% and 8.4% with interest repayments made quarterly. Bank loans mature in August 2026.

Other loans
Other loans represents loan from a finance company for solar PV installation that is secured against the property under council legislation.

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated 30 Jun 2024 $'000
Total facilities	
Bank loans	58,748
Used at the reporting date	
Bank loans	57,263
Unused at the reporting date	
Bank loans	1,485

Compliance with loan covenants
The group has complied with the financial covenants of its debt facilities during the period.

Note 18. Lease liabilities

	Consolidated 30 Jun 2024 $'000
Current liabilities	
Lease liability	819
Non-current liabilities	
Lease liability	39,422
	40,241

Note 19. Provisions

	Consolidated 30 Jun 2024 $'000
Non-current liabilities	
Lease make good	3,036

Lease make good
The provision represents the present value of the estimated costs to make good the premises leased by the group at the end of the respective lease terms.

Note 19. Provisions (continued)

Movements in provisions
Movements in each class of provision during the current financial half-year, other than employee benefits, are set out below:

Consolidated - 30 Jun 2024	Lease make good $'000
Carrying amount at the start of the half-year	2,974
Unwinding of discount	62
Carrying amount at the end of the half-year	3,036

Note 20. Contributed equity

	Consolidated	
	30 Jun 2024 Shares	30 Jun 2024 $'000
Ordinary shares	42,505,734	91,487
Preference shares	8,387,806	5,452
Class A ratchet shares	4,193,903	358
Management shares	1,029,332	1,029
	56,116,775	98,326

Ordinary shares and preference shares
Ordinary and redeemable preference shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Preference shares have ceased to be redeemable from 13 July 2021 as a result of a transaction during the year ended 31 December 2021, and have rights equivalent to Ordinary Shares from this date onwards, aside from a liquidation preference of $1 in aggregate in respect of all preference shares.

Class A ratchet shares
Class A ratchet shares entitle the holder to a corresponding number of shares based on the share split on 13 July 2021 as a result of a transaction during the year ended 31 December 2021. Class A ratchet shares have ceased to be redeemable as a result of a transaction during the year ended 31 December 2021 and have the same voting rights and rights to participate in dividends as ordinary shareholders. Liquidation preference of $1 in aggregate in respect of all Class A ratchet shares after payment of the Redeemable Preference Shares liquidation, but before any other class of shares.

Management shares
Management shares have the same voting rights and rights to participate in dividends as ordinary shares.

Note 21. Reserve

	Consolidated 30 Jun 2024 $'000
Share-based payments reserve	348

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves
Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Share-based payments $'000
Balance at 1 January 2024	292
Share-based payments	56
Balance at 30 June 2024	348

Note 22. Dividends

There were no dividends paid, recommended or declared during the current financial half-year.

Note 23. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Note 24. Contingent liabilities

The group has a bank guarantee and indemnity facility under its Syndicated Facility agreement, under which bank guarantees to the value of $1,484,000 have been issued to various lessors in respect of the group's obligations under operating leases for property.

Note 25. Commitments

	Consolidated 30 Jun 2024 $'000
Capital commitments	
Committed at the reporting date but not recognised as liabilities, payable:	
Property, plant and equipment	3,178

Note 26. Related party transactions

Parent entity
Box Holdco Pty Limited is the parent entity of the group.

Subsidiaries
Interests in subsidiaries are set out in note 27.

Associates
Interests in associates are set out in note 11.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated 30 Jun 2024 $
Sale of goods and services:	
Sale of goods to directors related entities	441,148
Payment for goods and services:	
Purchase of goods from directors related entities	611,525

The group has purchasing and sales agreements with Vonex Limited. Jason Gomersall, CEO and executive director, is a shareholder and director of Vonex Limited.

Terms and conditions
The terms of the agreements with Vonex Limited (and its subsidiary Vonex Wholesale Limited) were agreed prior to the acquisition of iseek Pty Ltd by the group and are in force on an ongoing basis. Under these terms, various services are provided (i) on a reimbursement of fees incurred basis and (ii) on a pre-agreed margin.

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated 30 Jun 2024 $
Current receivables	
Trade and other receivables	5,940
Current payables:	
Trade and other payables	66,195

Loans to/from related party
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated 30 Jun 2024 $
Current borrowings:	
Loan from related parties (opening balance of $1,884,413 was fully repaid during the half-year ended 30 June 2024)	-

Note 27. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 30 Jun 2024 %
Box Finco Pty Limited	Australia	100%
iseek Pty Ltd	Australia	100%
LDR2 Pty Ltd	Australia	100%
KDCR Australia Trust No.1*	Australia	100%
KDCR Australia No.1 Pty Ltd	Australia	100%
iseek Facilities Pty Ltd	Australia	100%
Your DC Pty Ltd	Australia	80%
Your Fibre Pty Ltd	Australia	80%
Your DC Investment Pty Ltd (as trustee)	Australia	80%
Your DC Investment Trust	Australia	80%

* This entity is a unit trust established under a Unit Trust Deed. The group has acquired all units in the Trust.

Note 28. Events after the reporting period

The group is in the process of being acquired by DigiCo Infrastructure REIT. The acquisition is expected to be completed in December 2024.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

In the directors' opinion:

- the attached consolidated financial statements and notes comply with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and other mandatory professional reporting requirements, except for the disclosure of comparative information as required by AASB 134.5(ea);

- the attached financial statements and notes presents fairly, in all material respects the group's financial position as at 30 June 2024 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.

On behalf of the directors

Jason Alan Gomersall
Director

9th December 2024
Brisbane

Independent Assurance Practitioner's Review Report

To the Directors of HMC Digital Infrastructure Ltd

Qualified Conclusion

We have reviewed the accompanying ***Interim Financial Report*** of the Box Holdco ***Group***.

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Report of the Box Holdco Group does not present fairly, in all material respects, the financial position of the Group as at 30 June 2024, and of its financial performance and cash flows for the six month period then ended, in accordance with *Australian Accounting Standard AASB 134 Interim Financial Reporting.*

The ***Interim Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2024;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the six-month period then ended; and
- Notes 1 to 28 comprising material accounting policies.

The ***Group*** consists of Box Holdco Pty Limited (the Company) and the entities it controlled at the period end, being 30 June 2024, or from time to time during the six-month financial period.

Basis for Qualified Conclusion

As set out in Note 2 - Basis of Preparation the Group has prepared the Interim Financial Report in accordance with AASB 134 *Interim Financial Reporting* except for the disclosure of comparative information as required by AASB 134.5(ea). The financial effects on the Interim Financial Report of not disclosing the comparative information have not been determined because it is impracticable.

Restriction on use and distribution

The Interim Financial Report has been prepared to assist the Directors of HMC Infrastructure Ltd, for the purpose of providing historical financial information on the Box Holdco Group in relation to their due diligence for the Initial Public Offering of DigiCo REIT.

As a result, the Interim Financial Report and this Assurance Practitioner's Review Report may not be suitable for another purpose. Our conclusion is not modified in respect of this matter.

Our report is intended solely for the Directors of HMC Digital Infrastructure Ltd, and should not be used by or distributed to parties other than the Directors of HMC Digital Infrastructure Ltd. We disclaim any assumption of responsibility for any reliance on this report, or on the Interim Financial Report to which it relates, to any person other than the Directors of HMC Digital Infrastructure Ltd for any other purpose than that for which it was prepared.

Responsibilities of the Directors for the Interim Financial Report

The Directors of Box Holdco Pty Limited are responsible for:

- the preparation and fair presentation of the Interim Financial Report in accordance with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and have determined that the financial reporting framework is appropriate to meet the needs of the Directors of HMC Infrastructure Ltd, for the purpose of providing historical financial information on the Box Holdco Group in relation to their due diligence for the Initial Public Offering of DigiCo REIT; and
- such internal control as the Directors of Box Holdco Pty Limited determine is necessary to enable the preparation and fair presentation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.

Assurance Practitioner's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the accompanying Interim Financial Report.

We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2400 Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity*. *ASRE 2400* requires us to conclude whether anything has come to our attention that causes us to believe that the Interim Financial Report, taken as a whole, is not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of the Interim Financial Report in accordance with *ASRE 2400* is a limited assurance engagement. The assurance practitioner performs procedures, primarily consisting of making enquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted with *Australian Auditing Standards*. Accordingly, we do not express an audit opinion on the Interim Financial Report.

KPMG

KPMG

Sydney

9 December 2024