

Global X Metal Securities Australia Limited

Registered No: ACN 101 465 383

**Annual Report for the
Year ended 31 December 2022**

Global X Metal Securities Australia Limited
Annual Report for the year ended 31 December 2022
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Global X Metal Securities Australia Limited

Management and Administration

Report for the year ended 31 December 2022

Directors

Thomas Park (appointed 15 June 2022)
Young Kim (appointed 15 June 2022)
Evan Metcalf (appointed 15 June 2022)
Kanish Chugh (appointed 15 June 2022)

Registered Office

Level 9, 115 Pitt Street
Sydney, NSW 2000

Trustee

Gold Bullion Nominees Pty Ltd
Level 9, 115 Pitt Street
Sydney, NSW 2000

Legal Advisers

MinterEllison
Governor Macquarie Tower
1 Farrer Place
Sydney, NSW 2000

Auditor

KPMG
Level 30, International Tower 3
300 Barangaroo
Sydney, NSW 2000

Administrator

R&H Fund Services (Jersey) Limited
PO Box 83
Ordnance House
31 Pier Road
St Helier
Jersey, JE4 8PW

Secretary

Evan Metcalf and Chi Ho (Cliff) Man
Level 9, 115 Pitt Street
Sydney, NSW 2000

Registrar

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford, VIC 3067

Custodian

JPMorgan Chase Bank N.A.
60 Victoria Embankment
London, EC4Y 0JP

Manager

Global X Management (AUS) Limited
(formerly ETFs Management (AUS) Limited)
Level 9, 115 Pitt Street
Sydney, NSW 2000

2022 In Review

Palladium

The year started strong for palladium. After Russia invaded Ukraine, some traders expected that the US and its allies would sanction Russian metals, thereby removing Russian palladium from international trade. As Russia is the largest palladium producer in the world, accounting for 40% of mined supply, the palladium price shot up 41% from mid-February to early March.

But contrary to traders' expectations, the US declined to sanction key Russian metals like palladium. (Palladium is crucial in the politically sensitive car industry). The air then came out of the price and palladium ended up down 6.23% for the year.

Platinum

Platinum was the best performing precious metal in 2022, up 5.7% for the year. The reason for the rise was supply constraints. Both mined supply and recycled platinum struggled in 2022, with South African electricity problems and load shedding being the root cause. South Africa produces 75% of global platinum, meaning its political ructions are crucial variables in setting the platinum price. Many people in South Africa believe the power outages and load shedding will continue in 2023, posing an ongoing problem for supply.

Meanwhile, demand for platinum in car catalysts (platinum, like palladium, is used extensively in car catalysts, if to a lesser degree) was robust, rising 25% year-on-year, according to the World Platinum Investment Council.

Silver

Silver gained 3.7% for the year. Demand from "new economy" sectors like clean energy (where silver is used in solar panels) and electric cars (where silver is used in electrodes) offset falling demand from consumer electrics and ETFs. (Flows in and out of silver ETFs can, in some years, help determine silver prices). According to data from the Silver Institute, net demand for silver grew 16% year-on-year in 2022.

Gold

Gold traded sideways throughout the year. However, as the gold price ended 2021 near historic highs, the sideways trading meant gold ended 2022 near historic highs too. In the first half the year, during which the gold price trended down, the primary driver of the gold price was Federal Reserve rate hikes. Gold typically does best when interest rates are low. As gold pays no income, its appeal is greatest when cash and bonds pay no income either.

In the second half of the year, during which gold rallied, it was very much a case of US dollar weakness. Gold usually does best when interest rates are low. Most gold is traded in US dollars. Yet most gold buyers are not American. This means that when the US dollar falls it becomes easier for non-Americans to buy gold.

2023 Outlook

Going forward, the key driver on most precious metals will be the energy transition. Silver and platinum potentially have things to gain here. Silver is used in solar panels. Platinum is used in electrolyzers, which make green hydrogen. For those interested in platinum and silver prices, these will be areas to watch.

Gold for its part seems set to ride the Federal Reserve's real interest rate rollercoaster. While the gold price was moved in large part by the US dollar in the backend of 2022, over the past 15 years interest rates on the

US 10-year treasury have been far more predictive of prices.

Palladium for its part is looking for other use cases. Currently, 80% of palladium is used in petrol car catalysts. Yet these types of cars remain under threat with the rise of electric vehicles.



Evan Metcalf

Chairman

3 March 2023

Sydney

Global X Metal Securities Australia Limited

Directors' Report

For the year ended 31 December 2022

The directors of Global X Metal Securities Australia Limited (formerly ETFS Metal Securities Australia Limited) (the "Company"), submit herewith the annual report and financial statements of the Company for the year ended 31 December 2022. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Directors

The names and particulars of the directors of the Company during and since the end of the financial year are:

Vince Fitzgerald (appointed 16 December 2014, resigned 15 June 2022)
Graham Tuckwell (appointed 16 December 2014, resigned 15 June 2022)
Mark Weeks (appointed 25 August 2020, resigned 15 June 2022)
Thomas Park (appointed 15 June 2022)
Young Kim (appointed 15 June 2022)
Evan Metcalf (appointed 15 June 2022)
Kanish Chugh (appointed 15 June 2022)

Directors' Interests

None of the directors hold any interest in the Issued Capital of the Company as at the date of this report. More details of directors' interests in Metal Securities is presented in note 12.

Principal Activities

The Company's principal activities during the course of the financial year was the continuing issue of Global X Physical Gold Securities (formerly ETFS Physical Gold Securities), Global X Physical Palladium Securities (formerly ETFS Physical Palladium Securities), Global X Physical Platinum Securities (formerly ETFS Physical Platinum Securities), Global X Physical Silver Securities (formerly ETFS Physical Silver Securities) and Global X Physical Precious Metals Basket Securities (formerly ETFS Physical PM Basket Securities), allowing investors to own and trade that interest through a listed security traded on the Australian Securities Exchange ("ASX").

A Metal Share is a redeemable preference share with a nominal value of 1/1000th of 1 cent (or 1/10000th of 1 cent for Metal Shares associated with Global X Physical Gold following a 10:1 share split on 8 June 2022) which carries with it a right to the Metal Entitlement applicable to that class of share. Although a Metal Share in itself has no economic value, it exists in order to provide a class of "share" which is tradeable on the ASX.

The metals are held in the name of the Trustee, Gold Bullion Nominees Pty Ltd. The metal, to which the Holder is entitled, is held by the Custodian Bank JPMorgan Chase Bank, N.A. ("JPMorgan") in vaults in London.

The Company has entered into an Administration Services Deed Poll with its related party, Global X Management (AUS) Limited (formerly ETFS Management (AUS) Limited) ("GXMA"), whereby GXMA is responsible for supplying or procuring the supply of all management and administration services required by the Company.

Gold Bullion Nominees Pty Ltd (the "Trustee") has entered into an Overdraft Facility with JPMorgan that allows for the loan of up one bullion bar of Gold, Silver, Platinum and Palladium. The Metal Bullion held through the Overdraft Facility is used by the Trustee to facilitate the movement of Metal Bullion between unallocated and allocated physical stocks to ensure all Metal Securities issued are supported by holdings of Metal Bullion in allocated form.

In consideration of fees earned in managing the Company and its investments, GXMA provides or procures all management and administration services in connection with the issue and management of the Company's Metal Securities, required by the Company. Pursuant to this Deed Poll, all the operating costs relating to the Company including metals storage, insurance, marketing and administration costs, and compensation of directors and executives were incurred and paid by GXMA to enable the continued operation of the Company.

During the financial year there were no significant changes in the nature of those activities.

Global X Metal Securities Australia Limited
Directors' Report (Continued)
For the year ended 31 December 2022

Review of Operations

The most recent rollover Prospectus was issued on 16 September 2022. The Company was incorporated on 17 September 2002 and was admitted to the official list of the ASX on 27 March 2003. Global X Physical Gold Securities commenced trading on the ASX on 28 March 2003. On 2 February 2009 Global X Physical Gold Securities was launched on the AQUA platform and was joined by Global X Physical Platinum Securities, Global X Physical Palladium Securities, Global X Physical Silver Securities and Global X Physical Precious Metals Basket Securities.

The table below show the quantities and fair value of metal securities on issue as at year-end.

| | 31 December 2022 | | 31 December 2021 | |
|--|--------------------|----------------------|-------------------|----------------------|
| | Numbers | Fair value AUD | Numbers | Fair value in AUD |
| Global X Physical Platinum Securities | 142,780 | 20,820,560 | 116,780 | 14,496,135 |
| Global X Physical Palladium Securities | 25,493 | 6,241,140 | 34,493 | 8,581,173 |
| Global X Physical Silver Securities | 7,716,689 | 253,000,401 | 7,566,689 | 225,395,055 |
| Global X Physical Gold Securities | 102,899,150 | 2,537,361,561 | 10,172,815 | 2,371,950,897 |
| Global X Physical Precious Metals Basket Securities | 276,511 | 56,246,664 | 157,511 | 30,394,810 |
| | <u>111,060,623</u> | <u>2,873,670,326</u> | <u>18,048,288</u> | <u>2,650,818,070</u> |

Pursuant to the arrangements under the Deed Poll outlined above, the Company recognised no income or expenses for the year ended 31 December 2022 (2021: AUD Nil).

Global X Physical Gold Securities – Share Split

On 8 June 2022, the Company conducted a 10:1 share split with respect to Global X Physical Gold Securities in order to reduce the per share price from approximately \$230 to approximately \$23 to be more in line with other ASX quoted exchange traded products. As a result all holders of Global X Physical Gold Securities on 8 June 2022 received 9 new shares per pre split share held. Furthermore, as a result of the share split, the entitlement was reduced from approximately 1/10th of one fine troy ounce of gold to 1/100th of one fine troy ounce of gold.

Change in Control

On 15 June 2022, Mirae Asset Global ETFs Holdings Ltd (55%) and Global X Management Company, Inc. (45%) purchased all the shares in Global X (AUS) Pty Limited (formerly ETFs (AUS) Pty Limited) (the immediate parent entity of the Company) ("GXAPL"). Both companies are ultimately owned by Mirae Asset Global Investments Co., Ltd (together with its subsidiaries, the "Mirae Asset Global Investments Group"). GXAPL was previously indirectly owned by ETFs Capital Limited ("ETFsCL" and together with its subsidiaries, the "ETFs Capital Group"). The acquisition has not had an impact on the operations of the Company.

Future Developments

The directors are not aware of any other developments that might have a significant effect on the operations of the Company in subsequent financial periods not already disclosed in this report or the attached financial statements.

Dividends

The directors do not recommend the provision or payment of a dividend to holders of Ordinary Shares for the year (2021: AUD Nil).

Share Options Granted to Directors

No share options were granted or issued to directors or executives during the year (2021: Nil).

Global X Metal Securities Australia Limited
Directors' Report (Continued)
For the year ended 31 December 2022

Directors' remuneration

No director has a service contract with the Company.

The directors of the Company who were employees within the ETFS Capital Group did not receive separate remuneration in their capacity as directors of the Company.

The directors of the Company who are employees within the Mirae Asset Global Investments Group did not receive separate remuneration in their capacity as directors of the Company.

Indemnification of Officers and Auditors

The Company provided a written indemnity to the directors of the Company, the company secretary and all executive officers of the Company against any liability incurred while performing the duties of a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*.

The Company has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer or auditor of the Company against a liability incurred as such an officer or auditor.

Auditor's Independence Declaration

The auditor's independence declaration is included on page 7.

Matters subsequent to the end of the year

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect:

- (i) the operations of the Company in future financial periods, or
- (ii) the results of those operations in future financial periods, or
- (iii) the state of affairs of the Company in future financial periods.

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the directors



Evan Metcalf
Director

Sydney

3 March 2023

Global X Metal Securities Australia Limited


Directors' Declaration

For the year ended 31 December 2022

1. In the opinion of the directors of Global X Metal Securities Australia Limited (the "Company"):
 - (a) the financial statements and notes set out on pages 12 to 24 are in accordance with the *Corporations Act 2001*, including:
 - (i). giving a true and fair view of the Company's financial position as at 31 December 2022 and of its performance, for the financial year ended on that date; and
 - (ii). complying with Australian Accounting Standards and the Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 for the financial year ended 31 December 2022.
3. The directors draw attention to Note 2 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

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

On behalf of the directors



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Evan Metcalf
Director

Sydney

3 March 2023



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Global X Metal Securities Australia Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Global X Metal Securities Australia Limited for the financial year ended 31 December 2022 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

K Hopkins

Karen Hopkins
Partner

Sydney
3 March 2023



Independent Auditor's Report

To the shareholders of Global X Metal Securities Australia Limited

Opinion

We have audited the **Financial Report** of Global X Metal Australia Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 31 December 2022 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 31 December 2022
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended
- Notes 1 to 16 including a summary of significant accounting policies
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.



| Accounting for Redeemable Preference Shares | |
|---|--|
| <p>As at 31 December 2022, the redeemable preference shares had a fair value of \$184 billion. Refer to Note 7 to the Financial Report for further details.</p> | |
| The key audit matter | How the matter was addressed in our audit |
| <p>The accounting treatment the redeemable preference shares (Metal Shares) as they form part of the Metal Securities issued by the Company is considered a Key Audit Matter, and therefore a focus of our audit team, due to the complexity of the instruments.</p> <p>A Metal Security comprises of a Metal Share of nominal value (a redeemable preference share) plus a beneficial interest in Bullion (the Metal Entitlement). The issuance of these Metal Shares, which are publicly traded on the Australian Stock Exchange, is the principal activity of the Company.</p> | <p>Our procedures included:</p> <ul style="list-style-type: none"> • Assessed the accounting treatment of the redeemable preference shares, Metal Securities and Metal Entitlements against the requirements of the Australian Accounting Standards. • Checked the quantities of the Metal Securities and Metal Securities issued as disclosed in the Financial Report to the external registry reports to test the existence of the Metal Securities. • Checked the quantities of Metal Bullion held as disclosed in the Financial Report to the external custody reports to test the existence of the Metal Bullion. • Obtained and read the independent audit controls reports prepared in relation to the external registry provider’s processes and access controls relevant to registry services for Metal Securities and assessed the impact on our procedures. • Assessed the reputation, professional competence and independence of the auditors of the independent audit controls reports. • Evaluated and tested the Company’s disclosures of redeemable preference shares, Metal Securities and metal Entitlements, based on our understanding, against the requirements of these accounting standards. |



Other Information

Other Information is financial and non-financial information in Global X Metal Securities Australia Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf
This description forms part of our Auditor's Report.

KPMG

Karen Hopkins
Partner

Sydney
3 March 2023

Global X Metal Securities Australia Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2022

| | Notes | Year ended 31 December | |
|--|-------|------------------------|-------------|
| | | 2022 AUD | 2021 AUD |
| Revenue | | | |
| Net Gains/(Losses) on Financial Instruments | 3 | - | - |
| Expenses | | | |
| | | - | - |
| Profit Before Income Tax Expense | | | |
| Income Tax | 4 | - | - |
| Profit for the Year Attributable to Equity Holders of the Company | | | |
| | | - | - |
| Other Comprehensive Income | | - | - |
| Total Comprehensive Income for the Year | | | |
| | | - | - |

The above Statement of Profit or Loss and Other Comprehensive Income are to be read in conjunction with the accompanying notes.

Global X Metal Securities Australia Limited
Statement of Financial Position
As at 31 December 2022

| | Notes | As at 31 December | |
|----------------------------------|-------|-------------------|----------------|
| | | 2022 AUD | 2021 AUD |
| Assets | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | | - | - |
| Receivable from Related Parties | 6 | 407,944 | 407,940 |
| Total Current Assets | | 407,944 | 407,940 |
| Total Assets | | 407,944 | 407,940 |
| Liabilities | | | |
| Current Liabilities | | | |
| Redeemable Preference Shares | 7 | 184 | 180 |
| Total Current Liabilities | | 184 | 180 |
| Total Liabilities | | 184 | 180 |
| Net Assets | | 407,760 | 407,760 |
| Equity | | | |
| Issued Capital | 8 | 250,100 | 250,100 |
| Equity Contributions | 9 | 360,000 | 360,000 |
| Retained Earnings | | (202,340) | (202,340) |
| Total Equity | | 407,760 | 407,760 |

The above Statement of Financial Position are to be read in conjunction with the accompanying notes.

Global X Metal Securities Australia Limited
Statement of Cash Flows
For the year ended 31 December 2022

| | Note | Year ended 31 December | |
|---|------|------------------------|-------------|
| | | 2022 AUD | 2021 AUD |
| Cash Flows Used In Operating Activities | | | |
| Payments to Related Parties | | (4) | (21) |
| Net Cash Used in Operating Activities | 14 | (4) | (21) |
| Cash Flows generated from Financing Activities | | | |
| Movement on Trading of Metal Securities | | 4 | 21 |
| Net Cash generated from Financing Activities | | 4 | 21 |
| Net Decrease in Cash and Cash Equivalents | | - | - |
| Cash and Cash Equivalents at the Beginning of the Year | | - | - |
| Cash and Cash Equivalents at the End of the Year | | - | - |

The above Statement of Cash Flows are to be read in conjunction with the accompanying notes.

Global X Metal Securities Australia Limited

Statement of Changes in Equity

For the year ended 31 December 2022

| | Issued Capital AUD | Retained Earnings AUD | Other Reserves AUD | Total Equity AUD |
|--|--------------------------|-----------------------------|--------------------------|------------------------|
| Opening Balance at 1 January 2021 | 250,100 | (202,340) | 360,000 | 407,760 |
| Total Comprehensive Income for the Year | - | - | - | - |
| Balance at 31 December 2021 | 250,100 | (202,340) | 360,000 | 407,760 |
| Opening Balance at 1 January 2022 | 250,100 | (202,340) | 360,000 | 407,760 |
| Total Comprehensive Income for the Year | - | - | - | - |
| Balance at 31 December 2022 | 250,100 | (202,340) | 360,000 | 407,760 |

The above Statement of Changes in Equity are to be read in conjunction with the accompanying notes.

Global X Metal Securities Australia Limited

Notes to the Financial Statements

For the year ended 31 December 2022

1. General Information

Global X Metal Securities Australia Limited (formerly ETFs Metal Securities Australia Limited) (the “Company”) is a public company incorporated and operating in Australia and admitted to the official list of the Australian Securities Exchange (“ASX”) under the AQUA rules. The Company’s Metal Securities are quoted on the ASX under the following codes:

| | |
|---|--------|
| Global X Physical Gold (formerly ETFs Physical Gold) | GOLD |
| Global X Physical Silver (formerly ETFs Physical Silver) | ETPMAG |
| Global X Physical Platinum (formerly ETFs Physical Platinum) | ETPMPT |
| Global X Physical Palladium (formerly ETFs Physical Palladium) | ETPMPD |
| Global X Physical Precious Metals Basket (formerly ETFs Physical PM Basket) | ETPMPM |

The address of the registered office and principal place of business is Level 9, 115 Pitt Street, Sydney, NSW 2000. The Company is domiciled in Australia and is a for-profit entity.

On 15 June 2022, Mirae Asset Global ETFs Holdings Ltd (55%) and Global X Management Company, Inc. (45%) purchased all the shares in Global X (AUS) Pty Limited (formerly ETFs (AUS) Pty Limited) (the immediate parent entity of the Company) (“GXAPL”). Both companies are ultimately owned by Mirae Asset Global Investments Co., Ltd (together with its subsidiaries, the “Mirae Asset Global Investments Group”). GXAPL was previously indirectly owned by ETFs Capital Limited (“ETFsCL” and together with its subsidiaries, the “ETFs Capital Group”).

Mirae Asset Global ETFs Holdings Limited and its subsidiaries (which include the Company), specialises in the development and issuance of Exchange Traded Products (“ETPs”). ETPs are transparent securities designed to track the value (before fees and expenses) of the underlying commodity, index or currency while providing market liquidity for the investor. ETPs typically are not actively managed, are significantly lower in cost when compared to actively managed mutual funds and are easily accessible to investors.

The purpose of the Company is to provide a vehicle that permits trading of the Metal Securities, not to make gains from trading in the underlying Metal Bullion assets themselves. The Metal Securities are issued under limited recourse arrangements whereby the Company has no residual exposure to price movements of the underlying assets, therefore from a commercial perspective gains and losses in respect of Metal Bullion will always be offset by an equal and opposite loss or gain on the Metal Securities. Further details regarding the risks of the Company are disclosed in note 13.

The financial report was authorised for issue by the directors on 3 March 2023. The directors of the Company have the power to amend and reissue the financial statements. The financial statements are presented in Australian Dollars, which is the Company’s functional currency.

Administrative Services and Economic Support

The Company has entered into an Administration Services Deed Poll with its related party, Global X Management (AUS) Limited (formerly ETFs Management (AUS) Limited) (“GXMA”), whereby GXMA is responsible for supplying or procuring the supply of all management and administration services required by the Company.

Under the Administration Service Deed Poll, GXMA is entitled to:

- i) A Management Fee which is calculated by applying a fixed percentage to the contractual value of Metal Securities in issue on a daily basis; and
- ii) Creation and Redemption Fees on the issue and redemption of the Metal Securities.

No Creation or Redemption Fees are payable when investors trade in the Metal Securities on a listed market such as the Australian Securities Exchange.

In consideration of fees earned in managing the Company and its investments, GXMA provides or procures all management and administration services in connection with the issue and management of the Company’s Metal Securities, required by the Company. Pursuant to this Deed Poll all the operating costs relating to the Company including gold storage, gold insurance, marketing and administration costs, and compensation of directors and executives were incurred and paid by GXMA to enable the continued operation of the Company.

Global X Metal Securities Australia Limited
Notes to the Financial Statements (Continued)
For the year ended 31 December 2022

2. Accounting Policies

Statement of Compliance

These financial statements are a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and interpretations and comply with other requirements of the law. Accounting standards include Australian equivalents to International Financial Reporting standards ("AASBs"). The financial statements and notes of the Company comply with International Financial Reporting Standards ("IFRS").

Basis of Preparation

These financial statements have been prepared under the historical cost convention, except for the revaluation of the gold bar and gold overdraft facility. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian Dollars, unless otherwise stated.

In the application of AASBs management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

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

Judgments made by management in the application of AASBs that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

New and amended accounting standards adopted by the Company

Various amendments to current accounting standards are effective from 1 January 2022, none of which have any material impact on the Company.

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2022 reporting period and have not been early adopted by the Company. There are no standards that are not yet effective and that are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Redeemable Preference Shares

Global X Metal Securities are redeemable preference shares and are recorded at their nominal value of 1/1,000th of one cent each (or 1/10,000th of 1 cent for Metal Shares associated with Global X Physical Gold following a 10:1 share split on 8 June 2022).

Cash and Cash Equivalents

Cash and cash equivalents may comprise of cash in hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

Global X Metal Securities Australia Limited
Notes to the Financial Statements (Continued)
For the year ended 31 December 2022

2. Accounting Policies (Continued)

Impairment of Assets

At each reporting date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

Loans and Receivables

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

Payables

Trade payables and other accounts payable are recognised when the parent company becomes obliged to make future payments resulting from the purchase of goods and services.

3. Revenue and costs

Pursuant to the arrangements under the Administration Services Deed Poll with GXMA as outlined above in note 1, the Company recognised no income or expenses for the year to 31 December 2022 (2021: AUD Nil). In accordance with this Deed Poll, GXMA earned management fees of:

| | Year ended 31 December | |
|-------------------------|-------------------------------|------------------|
| | 2022 | 2021 |
| | AUD | AUD |
| Management fees | 11,305,550 | 9,389,982 |
| Total fee income | 11,305,550 | 9,389,982 |

No director has a service contract with the Company. The directors of the Company who were employees within the ETFs Capital Group (up to 15 June 2022) did not receive separate remuneration in their capacity as directors of the Company. The directors of the Company who are employees within the Mirae Asset Global Investments Group (from 15 June 2022) did not receive separate remuneration in their capacity as directors of the Company.

4. Income Tax

Under the terms of the Administration Services Deed Poll between the Company and GXMA:

- the creation and redemption fees are paid by holders transacting in Metal Securities directly with the Company to the management company (GXMA);
- the monthly bullion sales charge is paid directly to the management company; and
- the management company pays all expenses required to facilitate the investment in the Metal Securities, including income taxes.

This arrangement means the Company has received no income and incurred no liabilities or expenses, and therefore no income tax expense is recorded for the year ended 31 December 2022 (2021: AUD Nil).

Global X Metal Securities Australia Limited
Notes to the Financial Statements (Continued)
For the year ended 31 December 2022

5. Auditors' Remuneration

| | Year ended 31 December | |
|--|------------------------|---------------|
| | 2022 | 2021 |
| | AUD | AUD |
| Amount received or due and receivable by KPMG: | | |
| Review of the Interim Financial Statements | 10,250 | 10,100 |
| Audit of the Financial Statements | 19,500 | 18,640 |
| Total Auditor's remuneration | 29,750 | 28,740 |

The auditor's remuneration is paid or payable by GXMA, which is wholly owned by GXAPL, the immediate parent of the Company.

6. Receivable from Related Parties

| | As at 31 December | |
|---|-------------------|----------------|
| | 2022 | 2021 |
| | AUD | AUD |
| Amount Receivable from ETFSCL | - | 407,940 |
| Amount Receivable from Global X Management (AUS) Limited ("GXML") | 407,944 | - |
| | 407,944 | 407,940 |

The receivable from ETFSCL of AUD 407,940 as at 31 December 2021 was transferred between ETFSCL and GXML as part of the change in ownership on 15 June 2022.

The amounts receivable from related parties are receivable upon demand. The fair value of these receivables is equal to the carrying value. Refer to note 12 (Related Party Disclosures).

7. Redeemable Preference Shares

| | As at 31 December | |
|---|-------------------|------------|
| | 2022 | 2021 |
| | AUD | AUD |
| Redeemable Preference Shares (Metal Shares) | 184 | 180 |

A Metal Security comprises of a Metal Share of nominal value plus a Beneficial Interest in the relevant amount of bullion (the "Metal Entitlement"), which is held in a Separate Trust for each Holder. A Metal Share is a redeemable preference share with a nominal value of 1/1,000th of one cent (or 1/10,000th of 1 cent for Metal Shares associated with Global X Physical Gold following a 10:1 share split on 8 June 2022) which carries with it a right to the Metal Entitlement applicable to that class of share. The Metal Share exists in order to provide a class of "share" which is tradable on the Australian Stock Exchange. The economic value of each Metal Security lies in the Metal Entitlement which is carried around with each Metal Share.

Whenever there is a transfer in ownership of a Metal Share, there is a corresponding transfer in the ownership of the Metal Entitlement applicable to that Metal Share. The Trustee of the metals is Gold Bullion Nominees Pty Ltd, a special purpose company established to facilitate the offer of Metal Securities. The owners and directors of the Trustee are the same as that of the Company.

Global X Metal Securities Australia Limited
Notes to the Financial Statements (Continued)
For the year ended 31 December 2022

7. Redeemable Preference Shares (continued)

The quantities of Metal Securities on issue at the year end are as follows:

| | As at 31 December | |
|---|--------------------------|-------------------|
| | 2022 | 2021 |
| Global X Physical Gold (formerly ETFS Physical Gold) | 102,899,150 | 10,172,815 |
| Global X Physical Silver (formerly ETFS Physical Silver) | 7,716,689 | 7,566,689 |
| Global X Physical Platinum (formerly ETFS Physical Platinum) | 142,780 | 116,780 |
| Global X Physical Palladium (formerly ETFS Physical Palladium) | 25,493 | 34,493 |
| Global X Physical Precious Metals Basket (formerly ETFS Physical PM Basket) | 276,511 | 157,511 |
| | 111,060,623 | 18,048,288 |

The Trustee holds the below metals on behalf of holders of the respective class of Metal Security (Global X Physical Platinum, Global X Physical Palladium, Global X Physical Gold and Global X Physical Silver and Global X Physical Precious Metals Basket) (the "Holders"). The metals were not brought to account by the Trustee or the Company as the Holders each class of Metal Security have the direct beneficial interest in the metal.

| | 31 December 2022 | | 31 December 2021 | |
|-----------|-------------------------|-----------------------------|-------------------------|-----------------------------|
| | Troy Ounces | Market Value AUD | Troy Ounces | Market Value AUD |
| Platinum | 15,910.656 | 24,852,670 | 12,433.421 | 16,451,332 |
| Palladium | 7,542.696 | 19,780,145 | 6,191.360 | 16,418,310 |
| Gold | 965,020.922 | 2,565,158,238 | 953,471.772 | 2,386,923,085 |
| Silver | 7,513,721.242 | 263,879,273 | 7,276,028.818 | 231,025,343 |
| | | 2,873,670,326 | | 2,650,818,070 |

The market value of each metal is determined based on the last available price on 31 December 2022.

Holders of Metal Securities have the right to vote:

- on any proposal that affects rights attached to a Metal Security (except the issue of new Metal Securities, or the redemption of Metal Securities on issue);
- on any proposal to wind up the Company; and
- during the winding up of the Company.

Holders of Metal Securities are not entitled to:

- any right to the payment of any dividends;
- any rights of participation in any surplus assets and profits of the Company; or
- priority of payment of capital or dividends in relation to other classes of shares, except on the winding up of the Company.

Metal Securities are redeemable at any time (in accordance with the terms of Redemption) by the Holders. Metal Securities can also be compulsorily redeemed by the Company on provision of 30 days' notice or in the case of insolvency. Therefore, an investment in Metal Securities may be redeemed earlier than desired by the Holders.

Global X Metal Securities Australia Limited
Notes to the Financial Statements (Continued)
For the year ended 31 December 2022

8. Issued Capital

| | As at 31 December | |
|--|--------------------------|----------------|
| | 2022 | 2021 |
| | AUD | AUD |
| 250,100 Fully Paid Ordinary Shares (2021: 250,100) | 250,100 | 250,100 |

All ordinary shares issued by the Company carry one vote per share without restriction and carry the right to dividends. All Ordinary Shares are held by GXAPL. There was no movement in the fully paid ordinary shares during the year (2021: nil).

It is intended the capital reserve remain at AUD 250,100 (2021: AUD 250,100); the directors consider this is sufficient to maintain on-going operations and the continuing issue of the Company's Metal Securities.

9. Equity Contribution

| | As at 31 December | |
|---------------------|--------------------------|----------------|
| | 2022 | 2021 |
| | AUD | AUD |
| Equity Contribution | 360,000 | 360,000 |

The equity contribution was received in 2006 from the parent entities of the Company at that time.

10. Contingent Liabilities and Contingent Assets

The Company does not have material contingent liabilities, contingent assets or commitments at 31 December 2022 (2021: AUD Nil).

11. Economic Support

Pursuant to the Administration Services Deed Poll between the Company and GXMA, all the operating costs relating to the Company, including gold storage, gold insurance, marketing and administration costs, are incurred and paid by GXMA to enable the continued operation of the Company.

12. Related Party Disclosures

GXAPL is the immediate parent entity. Up until 15 June 2022 ETFS Capital Limited ("ETFSCSCL") was the ultimate parent entity of both GXAPL and the Company.

On 15 June 2022, Mirae Asset Global ETFs Holdings Ltd (55%) and Global X Management Company, Inc. (45%) purchased all the shares in GXAPL (the immediate parent entity of the Company). On 15 June 2022 the directors considered that GXAPL's immediate holding company was Mirae Asset Global ETFs Holdings Limited and the Company's ultimate holding company was Mirae Asset Global Investments Co., Ltd (the "Ultimate Holding Company").

Refer to note 5 Amount Receivable from Related Parties.

As at 31 December 2022, Directors held 2,360 (2021: 2,360) Global X Physical Gold Securities and 46 (2021: 46) Global X Physical Palladium Securities.

There was no change to their holdings from appointment date to 31 December 2022.

13. Financial Risk Management

Financial Risk Factors

The Company undertakes transactions in a limited range of financial instruments including cash assets and receivables. These transactions and activities result in exposure to a number of financial risks, including market risk (foreign currency risk, fair value risk), liquidity risk and credit risk.

These financial risks are managed such as to mitigate inappropriate volatility of financial performance and maintain an optimal capital structure that enables the continued issue of the Metal Securities, allowing investors to own and trade physical metals through listed securities traded on the ASX.

Significant accounting policies, terms and conditions of financial instruments are disclosed in note 2. Details of foreign currency risk, interest rate risk, credit risk and fair values are detailed below.

a) Credit Risk

Credit risk primarily refers to the risk that a client will default on its contractual obligations resulting in financial loss to the Company. All related party receivables are deemed to be readily available for collection so the credit risk associated to them is considered to be low.

The carrying amount of financial assets recorded in the financial report represents the Company's maximum exposure to credit risk. There have been no changes to the Company's exposure to credit risk from the prior year.

b) Liquidity Risk

Liquidity risk includes the risk that, as a result of deficiencies in managing operational liquidity, the Company has insufficient funds to settle a transaction; or it is forced to sell financial assets at a value less than what they are worth.

The Company has a limited liquidity risk exposure. As detailed in notes 1 and 3, all of the operating costs relating to the Company, including gold storage, gold insurance, and marketing and administration costs, are incurred and paid by GXMA and all amounts receivable from Holders in respect of creations and redemptions of Metal Securities and Holders gold interests are earned by GXMA.

The liquidity risk of the Company is managed by determining, in cooperation with the ultimate parent company, the optimal timing of settlement of net receivables from the ultimate parent company. There have been no changes to the Company's exposure to liquidity risk from the prior year.

c) Fair Value and Foreign Currency Risk

The carrying amount of assets and liabilities recorded in the financial statements are recorded at their fair values.

As disclosed in notes 3 and 4, the Company's exposure to movements in the fair value of platinum, palladium, silver and gold bullion ("Metal Bullion") on Loan under the Overdraft Facility due to changes in the market prices of metals and changes in the AUD to USD exchange rate would be offset as the Overdraft Facility is settled in the relevant Metal Bullion. Therefore, the Company has no net exposure to fair value changes in respect of any Metal Bullion drawn under the Overdraft Facility. There have been no changes to the Company's exposure to fair value and foreign currency risk from the prior year.

The valuation technique for Redeemable Preference Shares are disclosed in note 7.

Global X Metal Securities Australia Limited
Notes to the Financial Statements (Continued)
For the year ended 31 December 2022

13. Financial Risk Management (continued)

d) *Three tier hierarchy of fair value*

The following table provides an analysis of financial assets and liabilities that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

| All amounts in AUD | As at 31 December 2022 | | |
|------------------------------|------------------------|---------|---------|
| | Level 1 | Level 2 | Level 3 |
| Liabilities | | | |
| Redeemable Preference Shares | (184) | - | - |
| | | | |
| All amounts in AUD | As at 31 December 2021 | | |
| | Level 1 | Level 2 | Level 3 |
| Liabilities | | | |
| Redeemable Preference Shares | (180) | - | - |

There were no transfers of financial instruments between Levels during the year (2021: nil).

14. Notes to Cash Flow Statement

| | Year ended 31 December | |
|---|------------------------|-------------|
| | 2022 AUD | 2021 AUD |
| Reconciliation of Profit/(Loss) for the Year to Net Cash Flows from Operating Activities: | | |
| Profit/(Loss) for the Year | - | - |
| Changes in Net Assets and Liabilities: | | |
| Increase in Current Receivables | (4) | (21) |
| Net Cash Used in Operating Activities | <u>(4)</u> | <u>(21)</u> |

15. Ultimate Controlling Party

Up until 15 June 2022 the ultimate controlling party of the Company was Graham J Tuckwell, through his majority shareholding in ETFSCL, the parent entity of GXAPL (formerly ETFS (AUS) Pty Limited).

On 15 June 2022, Mirae Asset Global ETFS Holding Ltd and Global X Management Company Inc. purchased all the shares in GXAPL (the immediate parent entity of the Company) from ETFSCL.

Global X Metal Securities Australia Limited
Notes to the Financial Statements (Continued)
For the year ended 31 December 2022

15. Ultimate Controlling Party (continued)

On 15 June 2022 the directors considered that GXAPL's immediate holding company was Mirae Asset Global ETFs Holdings Limited and the Company's ultimate holding company was Mirae Asset Global Investments Co., Ltd (the "Ultimate Holding Company").

16. Subsequent Events

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years that is not already disclosed in these financial statements.

