

HALF-YEAR FINANCIAL REPORT

The Half-Year Financial Report, comprising the financial statements, Notes to the financial statements and a Directors' declaration, for the six months ended 31 December 2024.



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended	Notes	31 December 2024 \$m	31 December 2023 \$m
Revenue	B	2,870	2,750
Other income		88	92
Direct network costs		(297)	(293)
Employee benefits expenses		(294)	(297)
Other operating expenses		(230)	(244)
Depreciation and amortisation expense	C2 & C3	(1,613)	(1,638)
Finance costs on lease arrangements		(475)	(464)
Net finance costs on borrowings	C5	(504)	(453)
Loss on derivatives measured at fair value	C6	(2)	(2)
Loss before income tax		(457)	(549)
Income tax expense		(107)	(147)
Loss for the period		(564)	(696)
Loss attributable to the shareholder		(564)	(696)
Other comprehensive loss			
<i>Items that may be reclassified to profit or loss</i>			
Changes in the fair value of cash flow hedges, net of tax		(204)	(295)
Changes in the value of costs of hedging, net of tax		(46)	(48)
Total other comprehensive loss for the period, net of tax		(250)	(343)
Total comprehensive loss for the period		(814)	(1,039)
Total comprehensive loss attributable to the shareholder		(814)	(1,039)

The above statement should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

As at	Notes	31 December 2024 \$m	30 June 2024 \$m
Current assets			
Cash and cash equivalents	C1	59	54
Trade and other receivables		610	583
Derivative financial assets	C6	192	194
Other current assets		93	113
Total current assets		954	944
Non-current assets			
Property, plant and equipment	C2	36,203	35,452
Intangible assets	C3	1,368	1,439
Derivative financial assets	C6	1,357	922
Other non-current assets		19	20
Total non-current assets		38,947	37,833
Total assets		39,901	38,777
Current liabilities			
Trade and other payables		1,242	1,362
Other liabilities		147	138
Provisions		186	192
Derivative financial liabilities	C6	20	25
Lease liabilities	C4	549	476
Borrowings	C5	5,391	5,302
Total current liabilities		7,535	7,495
Non-current liabilities			
Trade and other payables		3	1
Other liabilities		1,586	1,568
Provisions		36	36
Derivative financial liabilities	C6	219	460
Lease liabilities	C4	11,513	11,370
Borrowings	C5	23,058	21,610
Total non-current liabilities		36,415	35,045
Total liabilities		43,950	42,540
Net liabilities		(4,049)	(3,763)
Equity			
Contributed equity	D1	31,104	30,576
Other reserves		420	670
Accumulated losses		(35,573)	(35,009)
Total equity		(4,049)	(3,763)

The above statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

	Notes	Accumulated losses \$m	Contributed equity \$m	Other reserves \$m	Total equity \$m
Balance at 30 June 2023		(33,833)	29,805	914	(3,114)
Loss for the period		(696)	–	–	(696)
Other comprehensive loss		–	–	(343)	(343)
Total comprehensive loss for the period		(696)	–	(343)	(1,039)
Contributions of equity		–	546	–	546
Balance at 31 December 2023		(34,529)	30,351	571	(3,607)
Balance at 30 June 2024		(35,009)	30,576	670	(3,763)
Loss for the period		(564)	–	–	(564)
Other comprehensive loss		–	–	(250)	(250)
Total comprehensive loss for the period		(564)	–	(250)	(814)
Contributions of equity	D1	–	528	–	528
Balance at 31 December 2024		(35,573)	31,104	420	(4,049)

The above statement should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

For the six months ended	Notes	31 December 2024 \$m	31 December 2023 \$m
Cash flows from operating activities			
Receipts from customers		3,129	2,993
Payments to suppliers and employees		(1,158)	(1,152)
Government grants received		28	1
Interest received		6	3
Net cash provided by operating activities		2,005	1,845
Cash flows from investing activities			
Payments for property, plant and equipment		(1,754)	(1,758)
Payments for intangible assets		(156)	(163)
Net cash used in investing activities		(1,910)	(1,921)
Cash flows from financing activities			
Principal repayment of lease liabilities		(131)	(114)
Interest paid on lease liabilities		(479)	(461)
Proceeds from borrowings	C5	23,080	10,532
Repayment of borrowings	C5	(22,568)	(9,980)
Interest and other finance costs paid on borrowings and derivatives	C5	(520)	(299)
Interest paid on related party borrowings	F2	–	(110)
Equity injections for ordinary shares by the Commonwealth of Australia	D1 & F2	528	546
Net cash (used in)/provided by financing activities		(90)	114
Net increase in cash and cash equivalents		5	38
Cash and cash equivalents at the beginning of the period		54	41
Cash and cash equivalents at the end of the period	C1	59	79

The above statement should be read in conjunction with the accompanying notes.

A. ABOUT THIS REPORT

NBN Co Limited (NBN Co or the Company) is an unlisted public company incorporated and domiciled in Australia. It is a company limited by shares and is wholly-owned by the Commonwealth of Australia.

The Company is incorporated under the *Corporations Act 2001* (Cth) and is subject to (inter alia) the *National Broadband Network Companies Act 2011* (Cth) and the *Public Governance, Performance and Accountability Act 2013* (Cth) (PGPA Act).

The Half-Year Financial Report is comprised of the financial statements, selected explanatory Notes to the financial statements and a Directors' declaration, for the six months ended 31 December 2024. NBN Co is a for-profit entity for the purpose of preparing the Half-Year Financial Report.

BASIS OF PREPARATION

This non-statutory Half-Year Financial Report has been prepared in accordance with Australian Accounting Standards Board (AASB) 134 *Interim Financial Reporting* (which complies with International Accounting Standards (IAS) 34 *Interim Financial Reporting*).

The Half-Year Financial Report does not include all explanatory notes of the type normally included in an Annual Financial Report and should be read in conjunction with the most recent Annual Financial Report for the year ended 30 June 2024. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of changes in the Company's financial position and performance since the most recent Annual Financial Report.

The Half-Year Financial Report has been prepared in accordance with the historical cost convention and does not take into account changing money values or fair values of assets unless otherwise stated.

The Half-Year Financial Report was authorised for issue by the Directors on 6 February 2025. The Directors have the power to amend and reissue the Half-Year Financial Report.

GOING CONCERN

The Half-Year Financial Report has been prepared on a going concern basis. This reflects the Directors' view that the Commonwealth Government will continue to direct NBN Co to operate in accordance with the policy objectives as set out in the current Statement of Expectations issued by the Shareholder Ministers to NBN Co on 19 December 2022.

As at 31 December 2024, NBN Co's current liabilities exceeded its current assets by \$6,581 million and the Company had net liabilities of \$4,049 million. These metrics are in line with expectations and the significant upfront investment in the network prior to the generation of free cash flows.

The Company has raised in excess of \$35.3 billion from domestic and capital debt markets (including short-term promissory note issuances) and bank facilities, and as at 31 December 2024 had received \$31.1 billion in equity funding from the Commonwealth Government out of committed equity funding of up to \$31.9 billion under the terms of the existing Equity Funding Agreement. Additionally on 13 January 2025, the Commonwealth Government indicated that it will provide the Company with up to an additional \$3.0 billion in equity funding, providing new upgrade paths for an additional 622,000 homes and businesses currently served by Fibre to the Node (FTTN) by the end of 2030.

NBN Co expects to fund its business through a combination of cash flows generated from the continuation of operating activities, the expected outcomes from the Company's future debt financing activities in both domestic and global markets, the investment of the equity funding from the Commonwealth Government and the utilisation of \$7.9 billion undrawn committed bank facilities. NBN Co expects its financing strategy to be achievable based on its strong investment grade credit rating and the outcomes of recent financing transactions.

At the date of signing the Half-Year Financial Report, the Directors expect that NBN Co will be able to meet all of its obligations as and when they fall due for at least twelve months from the date of this report.

DIVIDENDS

No dividends have been paid or declared since the Company was established in April 2009.

DIRECTORS' INTERESTS

The Directors of NBN Co have no interests in the shares of NBN Co.

FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Australian dollars, which is the Company's functional currency.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that Instrument, all financial information presented in Australian dollars has been rounded to the nearest million unless otherwise stated.

COMPARATIVE FIGURES

Certain reclassifications have been made to comparative balances to conform with the current period presentation.

MATERIAL ACCOUNTING POLICIES

Accounting policies are selected and applied in a manner that ensures the resulting financial information satisfies the concepts of relevance and reliability. The Company's material accounting policies are outlined in NBN Co's 2024 Annual Financial Report. Except where otherwise stated, the Company has consistently applied the accounting policies to all periods presented in these financial statements.

OPERATING SEGMENT REPORTING

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, for which discrete financial information is available and whose operating results are regularly reviewed by the entity's chief operating decision maker (CODM) to allocate resources and assess the entity's performance.

NBN Co's Chief Executive Officer (CEO) has been identified as the CODM. NBN Co has determined that it operates in a single segment providing wholesale broadband services across Australia. The CODM assesses the performance of the Company using revenue, EBITDA¹, and net cash flows as presented in the primary financial statements. NBN Co's EBITDA¹ result was \$2,116 million as at 31 December 2024 (31 December 2023: \$1,985 million).

All NBN Co's operations are provided in Australia, therefore no geographic information is disclosed.

MATERIAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Company's accounting policies, management has made a number of judgements and applied estimates and assumptions to future events.

In determining material accounting estimates and judgements, the Company has considered changes in economic circumstances, climate change impacts, regulatory changes, government policies, business plans and strategies, expected level of network usage, and future technological developments impacting specific assets or groups of assets.

Estimates and judgements which are material or have the potential to be material to the Half-Year Financial Report are consistent with those referred to on page 7 of NBN Co's 2024 Annual Financial Report. These estimates have been consistently applied to all periods presented, unless otherwise stated.

1. EBITDA is defined as earnings before interest, tax, other non-operating income, depreciation, amortisation and gains or losses on derivatives measured at fair value.

B. REVENUE

This section provides information that is most relevant to understanding revenue during the period.

B1. REVENUE

The Company's operations and main revenue streams are consistent with those described in NBN Co's 2024 Annual Financial Report.

Revenue from contracts with customers

	31 December 2024 \$m	31 December 2023 \$m
For the six months ended		
Telecommunications revenue	2,759	2,625
Other revenue	111	125
Total revenue	2,870	2,750

Further disaggregation of revenue by timing

The Company has provided further disaggregation of revenue based upon the timing of recognition (i.e. whether products are transferred at a point in time or over time):

	31 December 2024 \$m	31 December 2023 \$m
For the six months ended		
Timing of revenue recognition		
At a point in time	135	150
Over time	2,735	2,600
Total revenue	2,870	2,750

C. ASSETS AND LIABILITIES

This section provides information relating to NBN Co's financial, tangible and intangible assets and their related liabilities. NBN Co's tangible assets are primarily constructed assets or items of infrastructure acquired through finance lease arrangements.

C1. CASH AND CASH EQUIVALENTS

The cash and cash equivalents disclosed in the Statement of financial position and the Statement of cash flows include \$36 million (30 June 2024: \$43 million) held by the Company which is subject to contractual restrictions and therefore not available for general use.

C2. PROPERTY, PLANT AND EQUIPMENT

	Land \$m	Buildings and leasehold improve- ments \$m	Furniture and equipment \$m	IT equipment \$m	Network assets \$m	Total \$m
Cost						
Balance at 30 June 2024	36	330	65	129	54,183	54,743
Additions	–	5	21	9	1,816	1,851
Remeasurement of right-of-use assets	–	1	1	–	304	306
Disposals	–	–	(5)	(3)	(195)	(203)
Balance at 31 December 2024	36	336	82	135	56,108	56,697
Accumulated depreciation						
Balance at 30 June 2024	(8)	(255)	(40)	(83)	(18,905)	(19,291)
Depreciation	–	(17)	(8)	(10)	(1,371)	(1,406)
Disposals	–	–	5	3	195	203
Balance at 31 December 2024	(8)	(272)	(43)	(90)	(20,081)	(20,494)
Net book value at 30 June 2024	28	75	25	46	35,278	35,452
Net book value at 31 December 2024	28	64	39	45	36,027	36,203

Depreciation on assets is calculated using the straight-line method to allocate the cost, net of any residual values, over their estimated useful lives or, in the case of leasehold improvements and right-of-use assets, the shorter of the lease term or useful life. The majority of the remeasurement of right-of-use assets reflects adjustments in the minimum lease payments for contractually linked Consumer Price Index (CPI) increases.

In line with its accounting policy, NBN Co reviews the useful lives of its network assets prior to each balance sheet date based on the most recent available information.

During the year ended 30 June 2024, NBN Co revised the estimated useful lives of certain network assets, within the existing range of 5 to 40 years, to align their expected period of use with the Company's latest business plans and upgrade strategies. The financial impact of the revised estimated useful lives was an increase in depreciation expense of \$129 million for the six month period ended 31 December 2023 as disclosed in the Half-Year Financial Report for the six months ended 31 December 2023.

C. ASSETS AND LIABILITIES (CONTINUED)

C2. Property, plant and equipment (continued)

Property, plant and equipment at net book value is analysed as follows:

As at	31 December 2024 \$m	30 June 2024 \$m
Constructed and purchased assets	25,163	24,305
Assets in the course of construction	997	1,288
Right-of-use assets	8,581	8,441
Assets acquired for no consideration and under government grants	1,462	1,418
Property, plant and equipment – net book value	36,203	35,452

Assets in the course of construction

The majority of assets in the course of construction are network assets. As these assets have not been installed and are not ready for use, no depreciation is charged on these assets.

Right-of-use assets

	Land \$m	Buildings and leasehold improvements \$m	Furniture and equipment \$m	Network assets \$m	Total \$m
Cost					
Balance at 30 June 2024	19	206	53	11,356	11,634
Additions	–	3	21	22	46
Remeasurements	–	1	1	304	306
Disposals	–	–	(5)	–	(5)
Balance at 31 December 2024	19	210	70	11,682	11,981
Accumulated depreciation					
Balance at 30 June 2024	(8)	(158)	(30)	(2,997)	(3,193)
Depreciation	–	(14)	(7)	(191)	(212)
Disposals	–	–	5	–	5
Balance at 31 December 2024	(8)	(172)	(32)	(3,188)	(3,400)
Net book value at 30 June 2024	11	48	23	8,359	8,441
Net book value at 31 December 2024	11	38	38	8,494	8,581

Assets acquired for no consideration and under government grants

Included within network assets are assets acquired from developers for no consideration and an indefeasible right-of-use arrangement with the Department of Infrastructure, Transport, Regional Development, Communications and the Arts to use certain Regional Backbone Blackspots Program assets for no consideration.

Non-current assets pledged as security

None of the non-current assets have been pledged as security by the Company.

C3. INTANGIBLE ASSETS

	Software \$m	Licences \$m	Right-of- use assets – Licences \$m	Other \$m	Total \$m
Cost					
Balance at 30 June 2024	4,363	75	63	156	4,657
Additions	130	5	–	1	136
Disposals	(110)	–	–	–	(110)
Balance at 31 December 2024	4,383	80	63	157	4,683
Accumulated amortisation					
Balance at 30 June 2024	(3,000)	(44)	(26)	(148)	(3,218)
Amortisation	(195)	(4)	(4)	(4)	(207)
Disposals	110	–	–	–	110
Balance at 31 December 2024	(3,085)	(48)	(30)	(152)	(3,315)
Net book value at 30 June 2024	1,363	31	37	8	1,439
Net book value at 31 December 2024	1,298	32	33	5	1,368

Assets in the course of construction

The carrying amount of intangible assets includes expenditure recognised on software assets which are in the course of construction. As these assets have not been installed and are not ready for use, no amortisation is charged on these assets. Total software assets in the course of construction are \$80 million (30 June 2024: \$83 million).

C4. LEASE LIABILITIES

As at	31 December 2024 \$m	30 June 2024 \$m
Current		
Lease liabilities	549	476
Non-current		
Lease liabilities	11,513	11,370
Total	12,062	11,846

The majority of the Company's lease liabilities relate to right-of-use licences to access Telstra's network infrastructure, including ducts, pits, exchange rack space and dark fibre network cables. The terms of these right-of-use licences are governed by the Revised Definitive Agreements (RDAs) with Telstra (refer to Note F1 of NBN Co's 2024 Annual Financial Report).

The Company also leases certain commercial properties, commercial vehicles, and wireless sites with various terms that are due to expire within a range of between one and thirty years.

Lease payments generally comprise a base amount plus an incremental contingent rental amount based on movements in the CPI and periodic reviews to market-based levels.

C. ASSETS AND LIABILITIES (CONTINUED)

C5. BORROWINGS

As at	31 December 2024 \$m	30 June 2024 \$m
Current		
Borrowings	5,391	5,302
Non-current		
Borrowings	23,058	21,610
Total	28,449	26,912

NBN Co's borrowings consist of unsecured bank facilities, short-term promissory notes, Australian Medium-Term Note (AMTN) issuances, US 144A/Reg S bond issuances, Euro Medium-Term Note (EMTN) issuances and private placements. All of NBN Co's borrowings are fully drawn unless otherwise stated.

During the six month period ended 31 December 2024, the Company executed the following transactions in relation to its borrowings:

- Issued United States Dollars (USD) \$1,000 million US 144A/Reg S bonds, comprised of USD \$500 million with a 3-year tenor and USD \$500 million with a 5-year tenor, under the Company's Global Medium-Term Note (GMTN) Programme and repaid a USD \$600 million US 144A/Reg S bond that matured in October 2024
- Issued an Australian Dollar (AUD) \$1,000 million bond, with a 3-year tenor, under the Company's AMTN Programme and repaid \$825 million of AMTNs that matured in September 2024
- Issued an AUD \$750 million Green bond, with a 7-year tenor, under the Company's AMTN Programme and Sustainability Bond Framework
- Cyclical issuance and repayment of short-term promissory notes in AUD under NBN Co's Promissory Note Programme. As at 31 December 2024, a total of \$3,905 million had been issued by the Company
- Renegotiated committed bank facilities which reduced the Company's available committed bank facilities by \$150 million, to \$10,750 million. \$1,735 million of existing drawn bank facilities were repaid during the period, reducing the total drawn balance of bank facilities to \$2,850 million as at 31 December 2024.

All of NBN Co's bonds issued under both the AMTN Programme and GMTN Programme contain a dual-trigger change of control clause. In the event that a change of control of NBN Co occurs, which results in the credit ratings of NBN Co's bonds being downgraded to below investment grade or withdrawn, investors will have the right to require NBN Co to redeem all or a portion of their bonds at a redemption amount as specified in the applicable Pricing Supplement for that bond. If this redemption is not taken up then the bonds include a coupon step-up mechanism, which adjusts the rate of interest to reflect any downgrade or withdrawal of the credit ratings assigned to NBN Co's bonds as a result of the change of control.

Borrowings consist of the following unsecured financial arrangements at 31 December 2024:

As at	31 December 2024		30 June 2024	
	Current \$m	Non-current \$m	Current \$m	Non-current \$m
AMTN ¹	1,200	4,950	825	4,400
US 144A/Reg S ²	–	7,949	824	6,494
EMTN ³	–	4,287	–	4,287
Private placements ⁴	–	2,260	–	2,260
Promissory notes	3,905	–	3,213	–
Bank facilities ⁵	–	2,850	200	4,385
Total principal amount of borrowings	5,105	22,296	5,062	21,826
Accrued interest	287	–	170	–
Fair value hedge adjustments	–	(430)	(12)	(581)
Foreign exchange movements	–	1,285	82	456
Fees and other adjustments	(1)	(93)	–	(91)
Total borrowings	5,391	23,058	5,302	21,610

1. Includes \$2,400 million in Green Bonds issued under the Company's AMTN Programme and Sustainability Bond Framework (30 June 2024: \$1,650 million).
2. Represents USD denominated US 144A/Reg S notes of USD \$5,650 million issued under the Company's GMTN Programme, measured at the hedged foreign exchange rate on the issuance date (30 June 2024: USD \$5,250 million).
3. Represents EUR denominated Green EMTN of EUR 2,650 million issued under the Company's GMTN Programme and Sustainability Bond Framework, measured at the hedged foreign exchange rate on the issuance date (30 June 2024: EUR 2,650 million).
4. Represents private placement issuances in AUD \$850 million, Norwegian Krone (NOK) 3,750 million, USD \$50 million, EUR 90 million, HKD 1,370 million, GBP 150 million and Japanese Yen (JPY) 5,500 million. Foreign denominated issuances are measured at the hedged rate on the issuance date (30 June 2024: AUD \$850 million, NOK 3,750 million, USD \$50 million, EUR 90 million, HKD 1,370 million, GBP 150 million and JPY 5,500 million).
5. The terms of certain bank facilities were modified during the six month period to 31 December 2024, increasing the tenor and decreasing the overall facility limit by \$150 million.

The Company's nominal weighted average cost of issued and drawn debt, taking into account hedging activities and amortisation of associated fees, for the six months ended 31 December 2024 is 3.52 per cent (31 December 2023: 3.20 per cent). All borrowings are repayable in full at the end of the contracted period.

C. ASSETS AND LIABILITIES (CONTINUED)

C5. Borrowings (continued)

Net finance costs on borrowings

Net finance costs on borrowings primarily relate to interest charged on borrowings.

For the six months ended	Note	31 December 2024 \$m	31 December 2023 \$m
Interest on related party borrowings	F2	–	(110)
Interest on borrowings		(478)	(309)
Other finance charges ¹		(26)	(34)
Total		(504)	(453)

1. Other finance charges includes hedge ineffectiveness.

Fair value of borrowings

At 31 December 2024, the carrying value and fair value of the Company's current and non-current borrowings are as follows:

As at	31 December 2024		30 June 2024	
	Carrying value \$m	Fair value \$m	Carrying value \$m	Fair value \$m
Borrowings	28,449	28,121	26,912	26,644
Total	28,449	28,121	26,912	26,644

The difference between the carrying value and fair value reflects the movements in underlying market interest rates between settlement date and reporting date for the Company's borrowings. The fair value of the Company's borrowings are measured using Level 2 inputs (refer to page 15).

In accordance with AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2* (AASB 2020-8), NBN Co is transitioning from Interbank Offered Rates (IBORs) to alternate Risk-Free Rates (RFRs). During the period, NBN Co transitioned the measurement of the fair value of its borrowings held in AUD and EUR to reference RFRs as opposed to IBORs (30 June 2024: NBN Co transitioned USD and GBP to reference RFRs). This did not have a material impact on NBN Co's financial statements as at 31 December 2024. NBN Co will seek to transition to using RFRs for borrowings held in remaining currencies as the RFRs are considered to be a reliable market reference input.

C6. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

As a result of its ongoing business operations, the Company is exposed to a number of financial risks including market risks (interest rate risk and foreign currency risk), liquidity risk and credit risk. The Half-Year Financial Report does not include all financial risk management information and disclosures required in the Annual Financial Report and as such, should be read in conjunction with Note G of NBN Co's 2024 Annual Financial Report. There have been no significant changes to the Company's risk management policies since 30 June 2024.

Derivatives and hedging activities

The Company uses derivative financial instruments in the normal course of business in order to hedge exposures to fluctuations in interest rates and foreign exchange rates in accordance with the Company's financial risk management policies. The Company's policies allow derivative transactions to be undertaken for the purpose of managing risk and not for speculative trading.

The fair values, including accrued interest, of the Company's derivative financial instruments at 31 December 2024 are as follows:

As at	31 December 2024		30 June 2024	
	Current \$m	Non-current \$m	Current \$m	Non-current \$m
Assets				
Forward exchange contracts	9	–	–	–
Interest rate options	–	4	–	8
Interest rate swaps	40	503	65	747
Cross-currency interest rate swaps	143	846	129	161
Power purchase agreements	–	4	–	6
Total derivative assets	192	1,357	194	922
Liabilities				
Interest rate options	–	8	–	8
Interest rate swaps	–	112	1	93
Cross-currency interest rate swaps	20	99	24	359
Total derivative liabilities	20	219	25	460

Fair value measurement of financial instruments

The Company uses the following fair value hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2
- Level 3: If one or more of the significant inputs for the asset or liability are not based on observable market data (unobservable inputs).

C. ASSETS AND LIABILITIES (CONTINUED)

C6. Derivative financial assets and liabilities (continued)

Fair value of derivative assets and liabilities

The Company's derivative financial assets and liabilities are the only assets and liabilities carried at fair value in the Statement of financial position. The Company's derivative assets and liabilities are considered to be Level 2 financial instruments, as their fair value is determined by calculating the present value of the estimated future cash flows based upon observable interest rate yield curves and forward exchange rates at the reporting date (where applicable). The only exception to this categorisation relates to 'contract for difference' (CfD) derivatives within Power Purchase Agreements (PPAs), which are categorised as Level 3, as one of the key inputs, being the electricity forward prices, cannot be forecast (using observable market data) for the duration of the contract.

The changes in Level 3 derivative financial instruments for the six months ending 31 December 2024 are shown in the table below:

	31 December 2024 \$m	30 June 2024 \$m
For the period ended		
Derivative financial assets		
Opening balance	6	3
Change in fair value of PPA	(2)	3
Total	4	6

In accordance with AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2* (AASB 2020-8), NBN Co is transitioning from Interbank Offered Rates (IBORs) to alternate Risk-Free Rates (RFRs). During the period, NBN Co transitioned the measurement of the fair value of its derivatives held in AUD and EUR to reference RFRs as opposed to IBORs (30 June 2024: NBN Co transitioned USD and GBP to reference RFRs). This did not have a material impact on NBN Co's financial statements as at 31 December 2024. NBN Co will seek to transition to using RFRs for derivatives held in remaining currencies as the RFRs are considered to be a reliable market reference input.

There were no other changes in the valuation techniques applied and there were no transfers between hierarchy levels during the period.

Fair value of other financial instruments (excluding lease liabilities)

The carrying amounts of NBN Co's other financial instruments, which are not measured at fair value, are materially consistent with their fair value as at the reporting date.

The fair value of the Company's borrowings has been disclosed in Note C5.

D. EQUITY

The Commonwealth of Australia and NBN Co had previously entered into an Equity Funding Agreement (EFA), whereby the Commonwealth of Australia provided assurances to the Company in relation to the provision of equity funding of \$29.5 billion until 30 June 2021. NBN Co entered into a subsequent EFA with the Commonwealth of Australia on 27 June 2023. Under the terms of the EFA, the Commonwealth of Australia will provide up to \$2.4 billion in equity funding to NBN Co by 30 June 2026. The equity funding is to be used to enable an additional 1.5 million homes and businesses previously served by FTTN to be eligible for an upgrade to FTTP technology and will be provided to NBN Co as the program progresses, up to a maximum annual drawdown amount.

D1. CONTRIBUTED EQUITY

As at 31 December 2024, \$31.1 billion of the total available equity funding of \$31.9 billion from the Commonwealth of Australia had been provided to NBN Co under the terms of the EFAs (30 June 2024: \$30.6 billion). The equity funding provided to the Company in the six months ending 31 December 2024 is as follows:

	Number of shares	Ordinary shares fully paid \$m
Balance at 30 June 2024	30,576,000,000	30,576
Equity injections	528,131,945	528
Balance at 31 December 2024	31,104,131,945	31,104

E. SIGNIFICANT CONTRACTUAL ARRANGEMENTS AND COMMITMENTS

NBN Co's significant contractual arrangements and commitments are set out on pages 35 and 36 of its 2024 Annual Financial Report and have not significantly changed from 30 June 2024.

E1. COMMITMENTS

Capital commitments

Total capital expenditure contracted for at the reporting date but not yet recognised in the Statement of financial position is as follows:

	31 December 2024 \$m	30 June 2024 \$m
Within one year	398	524
Later than one year but not later than five years	11	7
Later than five years	3	4
Total	412	535

Capital commitments include committed right-of-use and infrastructure ownership payments under the RDAs with Telstra, fixed-term commercial contracts and other contractually committed capital expenditure.

F. OTHER FINANCIAL INFORMATION

This section provides information on further disclosures required by the Australian Accounting Standards.

F1. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

NBN Co's accounting policy in relation to contingent assets and contingent liabilities is set out on pages 50 and 51 of its 2024 Annual Financial Report. There have been no material changes to these contingent assets and contingent liabilities during the period.

F2. RELATED PARTY TRANSACTIONS

Parent entity

The Company's ultimate parent entity and ultimate controlling entity is the Commonwealth of Australia.

Transactions with related parties

The following transactions occurred with related parties:

For the six months ended	Note	31 December 2024 \$	31 December 2023 \$
Equity injections from NBN Co's Shareholder Departments			
Balance at 1 July		30,576,000,000	29,804,692,179
Equity injections during the period	D1	528,131,945	546,587,184
Balance at 31 December		31,104,131,945	30,351,279,363

For the six months ended	31 December 2024 \$	31 December 2023 \$
Loans from NBN Co's Shareholder Departments		
Balance at 1 July ¹	–	5,500,000,000
Loans paid during the period	–	–
Interest charged on Commonwealth loan	–	109,795,068
Interest paid on Commonwealth loan	–	(109,795,068)
Balance at 31 December	–	5,500,000,000

1. NBN Co fully repaid the Commonwealth loan during the period to 30 June 2024.

For the six months ended	31 December 2024 \$	31 December 2023 \$
Significant transactions with NBN Co's Shareholder Departments		
<i>Recognised in the Statement of profit or loss</i>		
Other revenue	5,232,540	10,886,913
Other operating income	64,853,108	61,805,314
<i>Recognised in the Statement of cash flows</i>		
Receipts from customers	4,451,773	5,663,475
Government grants received	24,295,706	–

F. OTHER FINANCIAL INFORMATION

As at	31 December 2024 \$	30 June 2024 \$
Significant transactions with NBN Co's Shareholder Departments		
<i>Recognised in the Statement of financial position</i>		
Other receivables	42,063,015	28,237,989
Contract liabilities	(13,187,566)	(15,796,009)
Other liabilities	(263,095,299)	(288,000,000)

During FY22, NBN Co received \$480 million grant funding from the Department of Infrastructure, Transport, Regional Development, Communications and the Arts as part of the NBN Co Fixed Wireless and Satellite Upgrade Program, with NBN Co also contributing an estimated \$270 million of investment into the Program. NBN Co recognises grant income in profit or loss on a basis aligned to the expenditure incurred by the Company for which the grant is intended to compensate. For the six months ended 31 December 2024, NBN Co had recognised \$48 million (31 December 2023: \$48 million) as other operating income and as at 31 December 2024, \$240 million had been recognised as a deferred gain (30 June 2024: \$288 million).

NBN Co had recognised grant income of \$15 million (31 December 2023: \$14 million) from the Department of Infrastructure, Transport, Regional Development, Communications and the Arts on behalf of the Commonwealth Government under the Regional Broadband Scheme (RBS). The RBS was established by Government to ensure there are long-term sustainable funding arrangements in place to provide essential broadband services to regional, rural and remote Australians. As at 31 December 2024, NBN Co had accrued income for the RBS Levy of \$42 million (30 June 2024: \$27 million). NBN Co received no cash payments during the six months ended 31 December 2024 (31 December 2023: nil).

NBN Co also received co-investment funding from the Commonwealth Government's Regional Connectivity Program (RCP) which is initially recognised as deferred revenue and released to other revenue as NBN Co completes the construction activity and satisfies the performance obligation under the contract. For the six months ended 31 December 2024, NBN Co had recognised other revenue of \$5 million (31 December 2023: \$11 million) and \$13 million had been recognised as a deferred gain as at 31 December 2024 (30 June 2024: \$15 million). NBN Co received \$4 million in cash payments under the RCP during the six months ended 31 December 2024 (31 December 2023: \$6 million).

During the six months ended 31 December 2024, NBN Co received a number of smaller, individual grants from the Commonwealth. NBN Co received \$20 million under the Community Wi-Fi to Remote Communities program to enable NBN Co to deliver free community Wi-Fi to remote First Nations communities. NBN Co also received \$4 million under the School Student Broadband Initiative to help provide free home internet to families with school-aged children that otherwise would not have access to an nbn® service. For the six months ended 31 December 2024, NBN Co had recognised \$2 million (31 December 2023: \$nil) as other income and as at 31 December 2024, \$23 million had been recognised as a deferred gain (30 June 2024: \$1 million).

NBN Co has an agreement with the Digital Transformation Agency, which enables NBN Co to access cloud computing and IT services via the Amazon Web Services (AWS) Whole of Government Arrangement. NBN Co has committed to a minimum spend by way of an upfront prepaid balance, which is then recognised as an operating expense as the services are provided.

As per AASB 124 *Related Parties*, an entity is not considered a related party simply because they have a Director in common with NBN Co. There are instances where Non-Executive Directors of NBN Co hold Director positions with entities that NBN Co enters into contractual relationships with on standard commercial terms.

F3. CHANGES IN MATERIAL ACCOUNTING POLICIES

The Company has consistently applied the accounting policies, as outlined in its 2024 Annual Report, to all periods presented in these half-year financial statements, except for new standards, amendments to standards and interpretations effective from 1 July 2024.

A number of standards, amendments and interpretations were applicable for the first time from 1 July 2024. These have not had a significant or immediate impact on the Company's half-year financial statements. New standards and interpretations are also available for early adoption from 1 July 2024. The amendments to these standards are not expected to have a material impact on the Company's half-year financial statements.

G. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 13 January 2025, NBN Co and the Commonwealth Government announced new upgrade paths for the remaining 622,000 homes and businesses served by FTTN technology, which are not expected to be made eligible for fibre upgrades as part of the previously announced 3.5 million FTTN premises. The Commonwealth Government has indicated that it will provide the Company equity funding of up to \$3.0 billion to deliver these upgrades, with NBN Co providing more than \$800 million in additional funding. This does not have any impact on the financial results or the financial position of the Company as at 31 December 2024.

No other matter or circumstance has arisen since 31 December 2024 to the date of signing of this report that has significantly affected, or may affect:

- the Company's operations in future financial years
- the results of those operations in future financial years
- the Company's state of affairs in future financial years.

DIRECTORS' DECLARATION

In the Directors' opinion:

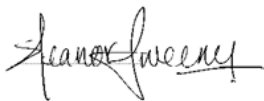
- (1) These non-statutory half-year financial statements and notes set out on pages 1 to 19 are in accordance with AASB 134 *Interim Financial Reporting* (which complies with IAS 34 *Interim Financial Reporting*), giving a true and fair view of NBN Co's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- (2) There are reasonable grounds to believe that NBN Co will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Signed in accordance with a resolution of the Directors.



Kevin Russell
Interim Chair
6 February 2025



Ellie Sweeney
Chief Executive Officer
6 February 2025

INDEPENDENT AUDITOR'S REVIEW REPORT



Independent auditor's review report to the Board of Directors of NBN Co Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of NBN Co Limited (the Company) which comprises the statement of financial position as at 31 December 2024, the statement of changes in equity, statement of cash flows and statement of profit or loss and other comprehensive income for the half-year ended on that date, selected explanatory notes and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying half-year financial report of NBN Co Limited does not present fairly, in all material respects, the Company's financial position as at 31 December 2024 and its financial performance and its cash flows for the half-year ended on that date, in accordance with the accounting policies as described in Note A to the financial statements.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Company in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of matter - basis of accounting and restriction on use

We draw attention to Note A in the half-year financial report, which describes the basis of accounting. The half-year financial report has been prepared by management to meet the information needs of the Company and its directors. As a result, the half-year financial report may not be suitable for another purpose. Our report is intended solely for the Company and its directors. Our conclusion is not modified in respect of this matter.

Responsibilities of management for the half-year financial report

Management of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with the accounting policies as described in Note A to the financial statements and for such internal control as the management determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the half-year financial report does not present fairly, in all material respects, the financial position of the Company as at 31 December 2024 and of its financial performance and its cash flows for the half-year ended on that date in accordance with the accounting policies as described in Note A to the financial statements.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

PricewaterhouseCoopers

Rosalie Wilkie

Rosalie Wilkie
Partner

Sydney
6 February 2025

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Any request or inquiry to so use the Half-Year Financial Report should be addressed to:
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