

HALF-YEAR REPORT 2026

For the six months ended 31 December 2025



ABOUT THIS REPORT

NBN Co

NBN Co Limited (NBN Co or the Company) is wholly-owned by the Commonwealth of Australia as a Government Business Enterprise (GBE), incorporated under the *Corporations Act 2001 (Cth)* and operating in accordance with the *Public Governance, performance and Accountability Act 2013 (Cth)* (PGPA Act).

Half-Year Financial Report

This Half-Year Financial Report is for the six months ended 31 December 2025. The Half-Year Financial Report was authorised for issue by the Directors on 3 February 2026. The Directors have the power to amend and reissue the Half-Year Financial Report.

Forward-Looking Statements

This Half-Year Report includes information about NBN Co's performance for the period 1 July 2025 to 31 December 2025. Any forward-looking statements are based on NBN Co's current expectations, best estimates and assumptions as at the date of preparation, many of which are beyond NBN Co's control. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, which may cause actual results to differ materially from those expressed in the Half-Year Report. Such forward-looking statements should not be relied on or considered to be a representation of what will happen by any third party. NBN Co does not give any guarantee or assurance that the results, performance or achievements expressed or implied by such forward-looking statements will actually occur.

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Any request or inquiry to so use the Half-Year Report should be addressed to: The Chief Financial Officer, NBN Co Limited, Tower 5, Level 14, 727 Collins Street, Docklands, Victoria 3008, Australia.

Glossary

Defined terms within this Half-Year Report should be read in conjunction with the Glossary on the NBN Co website: <https://www.nbnco.com.au/utility/glossary-of-terms>.

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In the spirit of reconciliation NBN Co acknowledges Traditional Owners of Country throughout Australia and recognises the continuing connection to lands, waters and communities. We pay our respect to Aboriginal and Torres Strait Islander cultures; and to Elders past and present.

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 2025.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended	Notes	31 December 2025 \$m	31 December 2024 \$m
Revenue	B1	2,940	2,870
Other income		82	88
Direct network costs		(251)	(297)
Employee benefits expenses		(282)	(294)
Other operating expenses		(233)	(230)
Depreciation and amortisation expense	C2 & C3	(1,601)	(1,613)
Finance costs on lease arrangements		(482)	(475)
Net finance costs on borrowings	C5	(513)	(504)
Loss on derivatives measured at fair value	C6	(10)	(2)
Loss before income tax		(350)	(457)
Income tax benefit/(expense)		106	(107)
Loss for the period		(244)	(564)
Loss attributable to the shareholder		(244)	(564)
Other comprehensive gain/(loss)			
<i>Items that may be reclassified to profit or loss</i>			
Changes in the fair value of cash flow hedges, net of tax		250	(204)
Changes in the value of costs of hedging, net of tax		(2)	(46)
Total other comprehensive gain/(loss) for the period, net of tax		248	(250)
Total comprehensive gain/(loss) for the period		4	(814)
Total comprehensive gain/(loss) attributable to the shareholder		4	(814)

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

STATEMENT OF FINANCIAL POSITION

As at	Notes	31 December 2025 \$m	30 June 2025 \$m
Current assets			
Cash and cash equivalents	C1	54	59
Trade and other receivables		605	452
Derivative financial assets	C6	340	283
Other current assets		104	117
Total current assets		1,103	911
Non-current assets			
Property, plant and equipment	C2	36,731	36,269
Intangible assets	C3	1,291	1,322
Derivative financial assets	C6	1,009	1,090
Other non-current assets		24	24
Total non-current assets		39,055	38,705
Total assets		40,158	39,616
Current liabilities			
Trade and other payables		1,038	1,273
Other liabilities		153	147
Provisions		205	204
Derivative financial liabilities	C6	28	25
Lease liabilities	C4	326	330
Borrowings	C5	6,173	6,442
Total current liabilities		7,923	8,421
Non-current liabilities			
Trade and other payables		27	19
Other liabilities		1,555	1,559
Provisions		27	36
Derivative financial liabilities	C6	285	349
Lease liabilities	C4	11,973	11,683
Borrowings	C5	22,248	21,878
Total non-current liabilities		36,115	35,524
Total liabilities		44,038	43,945
Net liabilities		(3,880)	(4,329)
Equity			
Contributed equity	D1	32,207	31,762
Other reserves		366	118
Accumulated losses		(36,453)	(36,209)
Total equity		(3,880)	(4,329)

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 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	F2	-	528	-	528
Balance at 31 December 2024		(35,573)	31,104	420	(4,049)
Balance at 30 June 2025		(36,209)	31,762	118	(4,329)
Loss for the period		(244)	-	-	(244)
Other comprehensive gain		-	-	248	248
Total comprehensive gain/(loss) for the period		(244)	-	248	4
Contributions of equity	D1 & F2	-	445	-	445
Balance at 31 December 2025		(36,453)	32,207	366	(3,880)

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

STATEMENT OF CASH FLOWS

For the six months ended	Notes	31 December 2025 \$m	31 December 2024 \$m
Cash flows from operating activities			
Receipts from customers		3,096	3,129
Payments to suppliers and employees		(1,065)	(1,158)
Government grants received		4	28
Interest received		15	6
Net cash provided by operating activities		2,050	2,005
Cash flows from investing activities			
Payments for property, plant and equipment		(1,579)	(1,754)
Payments for intangible assets		(172)	(156)
Net cash used in investing activities		(1,751)	(1,910)
Cash flows from financing activities			
Principal repayment of lease liabilities		(146)	(131)
Interest paid on lease liabilities		(486)	(479)
Proceeds from borrowings	C5	14,932	23,080
Repayment of borrowings	C5	(14,528)	(22,568)
Proceeds from settlement of derivatives		29	-
Interest and other finance costs paid on borrowings and derivatives	C5	(550)	(520)
Equity injections for ordinary shares by the Commonwealth of Australia	D1 & F2	445	528
Net cash used in financing activities		(304)	(90)
Net increase/(decrease) in cash and cash equivalents		(5)	5
Cash and cash equivalents at the beginning of the period		59	54
Cash and cash equivalents at the end of the period	C1	54	59

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. The registered office of the Company is Tower 5, Level 14, 727 Collins Street, Docklands, Victoria, 3008. It is a company limited by shares and is wholly-owned by the Commonwealth of Australia as a Government Business Enterprise (GBE).

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 2025. 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 2025. 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 monetary values or fair values of assets unless otherwise stated.

The Half-Year Financial Report was authorised for issue by the Directors on 3 February 2026. 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 of Australia 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 2025, NBN Co's current liabilities exceeded its current assets by \$6,820 million and the Company had net liabilities of \$3,880 million. These metrics are in line with expectations and the significant upfront investment in the nbn[®] network prior to the generation of free cash flows.

As at 31 December 2025, the Company had raised in excess of \$36.6 billion from domestic and international capital debt markets (including short-term promissory note issuances) and bank facilities, and had received \$32.2 billion in equity funding from the Commonwealth of Australia out of committed equity funding of up to \$34.9 billion under the terms of the existing Equity Funding Agreement (EFA). 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 equity funding received from the Commonwealth of Australia under the terms of the EFA and the utilisation of \$9,100 million 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.

A. ABOUT THIS REPORT (CONTINUED)

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.

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 Annual Report 2025. 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 financial statements. NBN Co's EBITDA¹ result was \$2,232 million as at 31 December 2025 (31 December 2024: \$2,116 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 168 of NBN Co's Annual Report 2025. 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 losses on derivatives measured at fair value.

B. REVENUE

This section provides information that is most relevant to understanding NBN Co's revenue during the period.

B1. REVENUE

The Company's operations and main revenue streams are consistent with those described in NBN Co's Annual Report 2025.

Revenue from contracts with customers

For the six months ended	31 December 2025 \$m	31 December 2024 \$m
Telecommunications revenue	2,857	2,759
Other revenue	83	111
Total revenue	2,940	2,870

Further disaggregation of revenue by timing

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

For the six months ended	31 December 2025 \$m	31 December 2024 \$m
Timing of revenue recognition		
At a point in time	105	135
Over time	2,835	2,735
Total revenue	2,940	2,870

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

Restricted cash

The cash and cash equivalents disclosed in the Statement of financial position and the Statement of cash flows include \$16 million (30 June 2025: \$18 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 improvements \$m	Furniture and equipment \$m	IT equipment \$m	Network assets \$m	Total \$m
Cost						
Balance at 30 June 2025	36	353	87	140	57,462	58,078
Additions	-	56	10	5	1,454	1,525
Remeasurement of right-of-use assets	-	11	1	-	352	364
Disposals	-	(51)	(6)	(1)	(580)	(638)
Balance at 31 December 2025	36	369	92	144	58,688	59,329
Accumulated depreciation						
Balance at 30 June 2025	(9)	(294)	(41)	(103)	(21,362)	(21,809)
Depreciation	(1)	(17)	(10)	(10)	(1,389)	(1,427)
Disposals	-	51	6	1	580	638
Balance at 31 December 2025	(10)	(260)	(45)	(112)	(22,171)	(22,598)
Net book value at 30 June 2025	27	59	46	37	36,100	36,269
Net book value at 31 December 2025	26	109	47	32	36,517	36,731

Depreciation on assets is calculated using the straight-line method to allocate the cost of assets, 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 to 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 period, 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 net impact on NBN Co's depreciation expense is not material for the six-month period ended 31 December 2025 and is not expected to be material for the year ended 30 June 2026.

C. ASSETS AND LIABILITIES (CONTINUED)

C2. Property, plant and equipment (continued)

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

As at	31 December 2025 \$m	30 June 2025 \$m
Constructed and purchased assets	25,977	25,370
Assets in the course of construction	594	1,006
Right-of-use assets	8,622	8,407
Assets acquired for no consideration and under government grants	1,538	1,486
Property, plant and equipment – net book value	36,731	36,269

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 2025	19	217	75	11,705	12,016
Additions	–	36	10	27	73
Remeasurements	–	11	1	352	364
Disposals	–	(43)	(6)	(1)	(50)
Balance at 31 December 2025	19	221	80	12,083	12,403
Accumulated depreciation					
Balance at 30 June 2025	(9)	(185)	(31)	(3,384)	(3,609)
Depreciation	(1)	(14)	(9)	(198)	(222)
Disposals	–	43	6	1	50
Balance at 31 December 2025	(10)	(156)	(34)	(3,581)	(3,781)
Net book value at 30 June 2025	10	32	44	8,321	8,407
Net book value at 31 December 2025	9	65	46	8,502	8,622

The majority of the remeasurement of right-of-use assets reflects adjustments to the minimum lease payments for contractually linked CPI increases.

Assets acquired for no consideration and under government grants

Included within network assets are assets acquired from developers for no consideration and an infeasible right-of-use arrangement with the Department of Infrastructure, Transport, Regional Development, Communications, Sport 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.

C. ASSETS AND LIABILITIES (CONTINUED)

C3. INTANGIBLE ASSETS

	Software \$m	Licences \$m	Right-of-use assets – Licences \$m	Other \$m	Total \$m
Cost					
Balance at 30 June 2025	4,447	85	62	158	4,752
Additions	140	3	–	–	143
Disposals	(60)	(3)	–	–	(63)
Balance at 31 December 2025	4,527	85	62	158	4,832
Accumulated amortisation					
Balance at 30 June 2025	(3,189)	(53)	(34)	(154)	(3,430)
Amortisation	(162)	(7)	(4)	(1)	(174)
Disposals	60	3	–	–	63
Balance at 31 December 2025	(3,291)	(57)	(38)	(155)	(3,541)
Net book value at 30 June 2025	1,258	32	28	4	1,322
Net book value at 31 December 2025	1,236	28	24	3	1,291

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 \$92 million (30 June 2025: \$80 million).

C4. LEASE LIABILITIES

As at	31 December 2025 \$m	30 June 2025 \$m
Current		
Lease liabilities	326	330
Non-current		
Lease liabilities	11,973	11,683
Total	12,299	12,013

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 Annual Report 2025).

The Company also leases certain commercial properties, commercial vehicles, and wireless sites with various terms that are due to expire within a range of 1 to 40 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 2025 \$m	30 June 2025 \$m
Current		
Borrowings	6,173	6,442
Non-current		
Borrowings	22,248	21,878
Total	28,421	28,320

NBN Co's borrowings consist of unsecured bank facilities, short-term promissory notes, Australian Medium-Term Notes (AMTN) issued under the Company's AMTN Programme, US 144A/Reg S bonds and Euro Medium-Term Notes (EMTN) issued under the Company's Global Medium-Term Note (GMTN) Programme and private placements. All of NBN Co's borrowings are fully drawn unless otherwise stated.

During the six month period ended 31 December 2025, the Company executed the following transactions in relation to its borrowings:

- Issued a United States Dollars (USD) \$650 million US 144A/Reg S bond with a 5-year tenor
- Repaid an Australian Dollar (AUD) \$1,200 million AMTN that matured in December 2025
- Cyclical issuance and repayment of short-term promissory notes in AUD under NBN Co's Promissory Note Programme. As at 31 December 2025, a total of \$3,751 million had been issued by the Company
- \$780 million of existing bank facilities were drawn down during the period, increasing the total drawn balance to \$1,400 million from committed bank facilities of \$10,500 million as at 31 December 2025. As at 30 June 2025, the Company had drawn down \$620 million from committed bank facilities of \$10,500 million.

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.

C. ASSETS AND LIABILITIES (CONTINUED)

C5. Borrowings (continued)

Borrowings consist of the following unsecured financial arrangements at 31 December 2025:

As at	31 December 2025		30 June 2025	
	Current \$m	Non-current \$m	Current \$m	Non-current \$m
AMTN ¹	800	4,900	1,200	5,700
US 144A/Reg S ²	968	7,968	968	6,981
EMTN ³	–	5,519	–	5,519
Private placements ⁴	200	2,060	–	2,260
Promissory notes	3,751	–	3,915	–
Bank facilities ⁵	–	1,400	–	620
Total principal amount of borrowings	5,719	21,847	6,083	21,080
Accrued interest	314	–	215	–
Fair value hedge adjustments	(11)	(194)	(31)	(133)
Foreign exchange movements	153	674	177	1,014
Fees and other adjustments	(2)	(79)	(2)	(83)
Total borrowings	6,173	22,248	6,442	21,878

1. Includes \$3,150 million in Green bonds issued under the Company's AMTN Programme and Sustainability Bond Framework (30 June 2025: \$3,150 million).
2. Represents USD denominated US 144A/Reg S notes of USD \$6,300 million issued under the Company's GMTN Programme, measured at the hedged foreign exchange rate on the issuance date (30 June 2025: USD \$5,650 million).
3. Represents Green EMTN of EUR 2,650 million and Sustainability EMTN of EUR 700 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 2025: Green EMTN of EUR 2,650 million and Sustainability EMTN of EUR 700 million).
4. Represents private placement issuances in AUD \$850 million, Norwegian Krone (NOK) 3,750 million, USD \$50 million, EUR 90 million, Hong Kong Dollar (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 2025: 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 2025, which increased the tenor but left the overall facility limit unchanged.

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 2025 is 3.63 per cent (31 December 2024: 3.52 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	31 December 2025 \$m	31 December 2024 \$m
Interest on borrowings	(504)	(478)
Other finance charges ¹	(9)	(26)
Total	(513)	(504)

1. Other finance charges include hedge ineffectiveness.

Fair value of borrowings

At 31 December 2025, the carrying value and fair value of the Company's current and non-current borrowings are as follows:

As at	31 December 2025		30 June 2025	
	Carrying value \$m	Fair value \$m	Carrying value \$m	Fair value \$m
Borrowings	28,421	28,218	28,320	28,173
Total	28,421	28,218	28,320	28,173

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 Note C6).

In accordance with AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2* (AASB 2020-8), NBN Co has transitioned from Interbank Offered Rates (IBORs) to alternate Risk-Free Rates (RFRs) where applicable. During FY25, NBN Co transitioned the measurement of the fair value of its borrowings held in AUD and EUR to reference RFRs as opposed to IBORs. This did not have a material impact on NBN Co's financial statements as at 30 June 2025. 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.

C. ASSETS AND LIABILITIES (CONTINUED)

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 Annual Report 2025. There have been no significant changes to the Company's risk management policies since 30 June 2025.

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 2025 are as follows:

As at	31 December 2025		30 June 2025	
	Current \$m	Non-current \$m	Current \$m	Non-current \$m
Assets				
Foreign exchange options	-	-	1	-
Interest rate options	-	-	-	2
Interest rate swaps	35	424	66	239
Cross-currency interest rate swaps	305	584	216	845
Power purchase agreements	-	1	-	4
Total derivative assets	340	1,009	283	1,090
Liabilities				
Foreign exchange contracts	4	-	1	-
Foreign exchange options	1	-	4	-
Interest rate options	-	-	-	22
Interest rate swaps	7	78	2	245
Cross-currency interest rate swaps	16	199	18	81
Power purchase agreements	-	8	-	1
Total derivative liabilities	28	285	25	349

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 are shown in the table below:

	31 December 2025 \$m	30 June 2025 \$m
For the period ended		
Net derivative financial assets/(liabilities)		
Balance at 1 July	3	6
Change in fair value of PPA	(10)	(3)
Total	(7)	3

In accordance with AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2* (AASB 2020-8), NBN Co has transitioned from Interbank Offered Rates (IBORs) to alternate RFRs where applicable. During FY25, NBN Co transitioned the measurement of the fair value of its derivatives held in AUD and EUR to reference RFRs as opposed to IBORs. This did not have a material impact on NBN Co's financial statements as at 30 June 2025. 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 has been no change 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 fair value of the Company's borrowings has been disclosed in Note C5. The carrying amounts of NBN Co's other financial instruments (excluding lease liabilities), which are not measured at fair value, are materially consistent with their fair value as at the reporting date.

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 varied the terms of the EFA with the Commonwealth of Australia on 27 June 2023 and 7 March 2025. Under the terms of the current EFA, the Commonwealth of Australia will provide up to \$5.4 billion in additional equity funding to NBN Co to enable the remaining homes and businesses previously served by FTTN to be eligible for an upgrade. The equity funding will be provided to NBN Co as the program progresses, up to a maximum annual drawdown amount.

D1. CONTRIBUTED EQUITY

As at 31 December 2025, \$32.2 billion of the total available equity funding of \$34.9 billion from the Commonwealth of Australia had been provided to NBN Co under the terms of the EFA (30 June 2025: \$31.8 billion). The equity funding provided to the Company in the six months ended 31 December 2025 is as follows:

	Number of shares	Ordinary shares fully paid \$m
Balance at 30 June 2025	31,761,973,777	31,762
Equity injections	445,005,590	445
Balance at 31 December 2025	32,206,979,367	32,207

E. SIGNIFICANT CONTRACTUAL ARRANGEMENTS AND COMMITMENTS

NBN Co's significant contractual arrangements and commitments are set out in Note F of its Annual Report 2025 and have not significantly changed from 30 June 2025.

E1. COMMITMENTS

Capital commitments

Total capital expenditure, including network assets and intangible assets, contracted for at the reporting date but not yet recognised in the Statement of financial position is as follows:

As at	31 December 2025 \$m	30 June 2025 \$m
Within one year	270	437
Later than one year but not later than five years	1	-
Later than five years	1	1
Total	272	438

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 Note H2 of its Annual Report 2025. 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

NBN Co is wholly owned by the Commonwealth of Australia and governed by two Shareholder Ministers, the Minister for Finance and the Minister for Communications. The Government Departments for these Shareholder Ministers, being respectively the Department of Finance and the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts, are considered to be related parties of NBN Co and transactions with the Shareholder Departments are disclosed in the related party transaction tables below.

The Shareholder Departments also administer and govern a number of agencies, government business entities and other bodies, which could be considered as related parties of NBN Co. These transactions occur during the course of the Company's ordinary business activities and are on regular commercial terms. They are considered by NBN Co to be individually and collectively not significant to NBN Co and therefore have not been separately disclosed as related party transactions.

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 also hold Director positions with entities that NBN Co enters into contractual relationships with. These contractual relationships are entered into as part of the Company's ordinary business activities and are on regular commercial terms, and include borrowings and derivatives with financial institutions. All transactions were approved in line with the Company's standard procurement and contract approval policies and processes.

The following transactions occurred with related parties:

For the six months ended	Note	31 December 2025 \$	31 December 2024 \$
Equity injections from NBN Co's Shareholder Departments			
Balance at 1 July		31,761,973,777	30,576,000,000
Equity injections during the period	D1	445,005,590	528,131,945
Balance at 31 December		32,206,979,367	31,104,131,945

F. OTHER FINANCIAL INFORMATION (CONTINUED)

F2. Related party transactions (continued)

For the six months ended	31 December 2025 \$	31 December 2024 \$
Significant transactions with NBN Co's Shareholder Departments		
<i>Recognised in the Statement of profit or loss</i>		
Other revenue	-	5,232,540
Other operating income	56,857,106	64,853,108
<i>Recognised in the Statement of cash flows</i>		
Receipts from customers (excl. GST)	-	4,451,773
Government grants received (excl. GST)	3,500,000	24,295,706

As at	31 December 2025 \$	30 June 2025 \$
Significant transactions with NBN Co's Shareholder Departments		
<i>Recognised in the Statement of financial position</i>		
Other receivables	30,711,124	26,988,742
Contract liabilities	(8,179,474)	(8,179,474)
Other liabilities	(165,707,431)	(215,342,156)

During FY22, NBN Co received \$480 million grant funding from the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts as part of the NBN Co Fixed Wireless and Satellite Upgrade 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 2025, NBN Co had recognised \$48 million as other income (31 December 2024: \$48 million) and as at 31 December 2025, \$144 million had been recognised as a deferred gain (30 June 2025: \$192 million).

NBN Co recognised grant income of \$4 million during the period from the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts on behalf of the Commonwealth Government under the Regional Broadband Scheme (RBS) (31 December 2024: \$15 million). The RBS was established by the 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 2025, NBN Co had accrued income for the RBS Levy of \$31 million (30 June 2025: \$27 million). NBN Co did not receive any cash payments during the six months ended 31 December 2025 (31 December 2024: nil).

NBN Co also received co-investment funding from the Commonwealth's Regional Connectivity Program (RCP) which is initially recognised as deferred income 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 2025, NBN Co did not recognise any other revenue (31 December 2024: \$5 million) and \$8 million had been recognised as a deferred gain as at 31 December 2025 (30 June 2025: \$8 million). NBN Co did not receive any cash payments during the six months ended 31 December 2025 (31 December 2024: \$4 million received).

NBN Co also receives funding via a number of smaller, individual grants from the Commonwealth of Australia. During the six months ended 31 December 2025, NBN Co received a \$4 million strengthening telecommunications against natural disasters (STAND) grant. In the prior period, NBN Co received \$20 million under the Community Wi-Fi Program to enable NBN Co to deliver free community Wi-Fi to remote First Nations communities and \$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 2025, NBN Co had recognised \$5 million as other income (31 December 2024: \$2 million) and as at 31 December 2025, \$22 million had been recognised as a deferred gain (30 June 2025: \$23 million).

F. OTHER FINANCIAL INFORMATION (CONTINUED)

F3. CHANGES IN MATERIAL ACCOUNTING POLICIES

The Company has consistently applied the accounting policies, as outlined in its Annual Report 2025, to all periods presented in these half-year financial statements. A number of standards, amendments and interpretations were applicable for the first time from 1 July 2025 which have not had a material or immediate impact on the Company's financial statements.

New standards, amendments and interpretations are also available for early adoption from 1 July 2025. The new standards, amendments and interpretations are not expected to have a material impact on the Company's financial statements, with the exception of AASB 18 *Presentation and Disclosure in Financial Statements*.

AASB 18 *Presentation and Disclosure in Financial Statements* is effective for NBN Co for the year ended 30 June 2028. AASB 18 will replace AASB 101 *Presentation of Financial Statements*, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though AASB 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the primary financial statements and providing management-defined performance measures within NBN Co's financial statements.

The Company is currently assessing the detailed implications of applying the new standard on NBN Co's financial statements. The adoption of AASB 18 will have no impact on NBN Co's net profit or loss position, however, the standard requires entities to group items of income and expenses in the Statement of profit or loss into new categories being operating, investing, financing and income taxes. NBN Co will also be required to include 'Operating profit or loss' and 'Profit or loss before financing and income tax' as mandatory subtotals in its Statement of profit or loss. From a Statement of cash flow perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from the current presentation as part of operating cash flows.

NBN Co does not expect there to be a significant change in the information that is currently disclosed in the Notes because the requirement to disclose material information remains unchanged. However, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles which focuses on grouping items based on their shared characteristics. Additional disclosure may also be required in respect of management-defined performance measures.

NBN Co will apply the new standard from its mandatory effective date of 1 July 2027. As retrospective application is required, comparative information for the year ending 30 June 2027 will be restated in accordance with AASB 18. In addition, for the year ending 30 June 2028, NBN Co will disclose a reconciliation for each line item in the Statement of profit or loss between the restated amounts presented by applying AASB 18 and the amounts previously presented applying AASB 101.

G. EVENTS OCCURRING AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since 31 December 2025 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 4 to 25 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 2025 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
Chair
3 February 2026



ELLIE SWEENEY
Chief Executive Officer
3 February 2026

SYDNEY

Level 13, 100 Mount Street
North Sydney NSW 2060

MELBOURNE

Tower 5, Level 14
727 Collins Street
Docklands VIC 3008

CANBERRA

Unit 2-3, 16 National Circuit
Barton ACT 2600

BRISBANE

Level 1, 44 Southgate Avenue
Cannon Hill QLD 4170

PERTH

Level 4, 202 Pier Street
Perth WA 6000

ADELAIDE

Level 20, Festival Tower, Station Road
Adelaide SA 5000

DARWIN

Unit 6, Terminal 1 Building,
396 Stuart Highway
Winnellie NT 0820

HOBART

Level 1, 54-60 Victoria Street
Hobart TAS 7000

