

**NETLINK NBN TRUST
AND ITS SUBSIDIARIES**

**FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2021**

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NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

INTRODUCTION

NetLink NBN Trust (the “Trust”) is a business trust constituted in Singapore pursuant to a trust deed dated 19 Jun 2017 under the laws of the Republic of Singapore. The Trust was dormant from the date of its constitution until it acquired all the units of NetLink Trust (“NLT”) on 19 Jul 2017, the date on which the Trust was listed (“Listing Date”) on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”). The Trust and its subsidiaries taken as a whole shall hereinafter be referred to as “NetLink Group” or “Group”.

The NetLink Group’s nationwide network is the foundation of the Next Generation National Broadband Network (“Next Gen NBN”), over which ultra-high speed internet access is delivered throughout mainland Singapore and its connected islands. The NetLink Group designs, builds, owns and operates the passive fibre network infrastructure (comprising ducts, manholes, fibre cables and central offices) of Singapore’s Next Gen NBN. The NetLink Group’s extensive network provides nationwide coverage to residential homes and non-residential premises in mainland Singapore and its connected islands.

The principal services provided by the NetLink Group are as follows: (i) the use of the NetLink Group’s network for the purpose of end-user fibre connections, currently for broadband, internet-protocol TV and voice-over internet protocol services, (ii) the use of the other passive infrastructure to provide fibre connections, and (iii) the provision of other non-fibre ancillary services.

With respect to the use of the NetLink Group’s network for the purpose of end-user fibre connections, the network provides three separate connections: (a) residential end-user connections, (b) non-residential end-user connections, and (c) non-building address points (“NBAP”) connections. The provision of mandated services set forth in its facilities-based operations licence by the NetLink Group is regulated, whereby the NetLink Group must offer such services to all Qualifying Persons in Singapore, with each requesting Qualifying Person being a Requesting Licensee (“RL”), at regulated prices, without preference or discrimination.

The NetLink Group is the only telco regulated by IMDA under the Regulated Asset Base (“RAB”) regime which allows it to recover the cost of investment, operating expenditure and earn a regulated rate of return for its fibre network assets. About 80% of revenue is derived from RAB-regulated assets, while the remaining 20% is contributed by the provision of other services and rental of space either at regulated rates or under long-term contracts.

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

SUMMARY OF THE NETLINK GROUP RESULTS

	Half Year Ended 31 Mar			Financial Year Ended 31 Mar		
	2021 ("H2 FY21") S\$'000 (Unaudited)	2020 ("H2 FY20") S\$'000 (Unaudited)	Variance %	2021 ("FY21") S\$'000 (Audited)	2020 ("FY20") S\$'000 (Audited)	Variance %
Revenue ⁽¹⁾	187,001	184,079	1.6	368,466	370,192	(0.5)
EBITDA ⁽²⁾⁽³⁾	130,503	123,239	5.9	270,237	258,425	4.6
EBITDA margin ⁽⁴⁾	69.8%	66.9%	2.9 pp	73.3%	69.8%	3.5 pp
Profit after tax ("PAT") ⁽²⁾⁽³⁾	50,019	33,995	47.1	94,812	78,113	21.4

Note:

- (1) With contractors' resources back to normal levels in the second half of the financial year, revenue for H2 FY21 was higher than H2 FY20 by 1.6% mainly due to higher residential, NBAP and segment connections revenue and installation-related revenue. This was partially offset by lower non-residential connections revenue and ducts and manholes service revenue. In spite of an operating environment impacted by COVID-19 in the first half of the financial year, revenue for FY21 was only marginally lower than FY20 by 0.5% mainly due to lower installation-related revenue, diversion revenue, ducts and manholes service revenue, co-locations and other revenue. This was partially offset by higher residential, NBAP and segment connections revenue.
- (2) EBITDA and PAT for H2 FY21 were higher than H2 FY20 by 5.9% and 47.1% respectively. The increase in H2 FY21 EBITDA was mainly due to the lower amount of write-off of capitalised project costs in relation to the discontinuation of the contract with a vendor for the replacement of the business and operation support system - \$15.4 million written off in H2 FY20 versus \$7.4 million written off in H2 FY21 as certain project-related IT assets have been further assessed not to be re-usable for the expected future replacement of the business and operation support system. The write-off in FY21 had no cashflow impact as all of the capitalised costs was incurred prior to 31 Mar 2020. PAT for H2 FY21 was higher mainly due to the higher EBITDA and lower finance costs.
- (3) EBITDA and PAT for FY21 were higher than FY20 by 4.6% and 21.4% respectively. The increase in FY21 EBITDA was mainly due to the lower write-off of capitalised project costs mentioned in paragraph 2 above, higher other income arising from government grants, lower operation and maintenance costs, installation costs, partially offset by lower revenue and higher staff costs. PAT for FY21 was higher than FY20 mainly due to the higher EBITDA and lower finance costs, offset by a lower tax credit from higher profits made in FY21 as compared to FY20.
- (4) EBITDA margin for H2 FY21 and FY21 at 69.8% and 73.3% was higher than H2 FY20 and FY20 by 2.9 percentage points and 3.5 percentage points respectively, primarily due to the lower write-off of capitalised project costs mentioned in Note 2 above.

Further details of the NetLink Group's financial performance are provided in Note 15.

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

- (5) EBITDA is a non-SFRS financial measure and represents operating profit before depreciation and amortisation expense, net finance costs and income tax expense. EBITDA and EBITDA margin are supplemental financial measures of the NetLink Group's performance and liquidity, and are not required by, or presented in accordance with SFRS, IFRS, Singapore Financial Reporting Standards (International), U.S. GAAP or any other generally accepted accounting principles.

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

DISTRIBUTION STATEMENT

Cash Available For Distribution (“CAFD”)	FY21 S\$'000 (Unaudited)	FY20 S\$'000 (Unaudited)
Profit before income tax	91,642	71,869
Add: Depreciation and amortisation	167,792	167,782
Add: Other non-cash item	3,577	18,629
Add: Changes in working capital	8,586	4,811
Add: Proceeds from revolving loan facility	-	156,000
Less: Cash taxes	(7,085)	(569)
Less: Repayment of revolving loan facility	-	(126,000)
Less: Purchase of property, plant and equipment	(60,246)	(75,535)
Less: Repayment of lease liabilities	(4,248)	(3,014)
Less: Payment of loan arrangement fee	(920)	(680)
Transfer into: Cash held in reserves and provisions for capital expenditures and working capital including carve-out for Capex Reserve ⁽¹⁾ (see Distribution Policy)	(1,132)	(16,496)
CAFD	<u>197,966</u>	<u>196,797</u>
Distributions Attributable for the Financial Year ⁽²⁾	<u>197,966</u>	<u>196,797</u>

Note:

(1) Capex Reserve comprises monies set aside each year for at least 20% of capital expenditure reserve fund, which cumulates to \$40.0 million over the five-year period from 1 Jan 2018 to 31 Dec 2022, to meet regulatory requirements from Infocomm Media Development Authority (“IMDA”) for any new network infrastructure projects that improve the capacity, technology, capability or resilience of NLT’s network infrastructure. As at 31 Mar 2021, NLT had incurred \$26.3 million of the Capex Reserve to improve network resiliency and expand capacity, which is \$0.3 million more than the prevailing Capex Reserve required of \$26.0 million.

(2) Total distributions paid/payable

	FY21 S\$'000 (Audited)	FY20 S\$'000 (Audited)	Payment Date
1 Apr 2019 – 30 Sep 2019	-	98,204	26 Nov 2019
1 Oct 2019 – 31 Mar 2020	-	98,593	3 Jun 2020
1 Apr 2020 – 30 Sep 2020	98,593	-	4 Dec 2020
1 Oct 2020 – 31 Mar 2021	99,373	-	9 Jun 2021
	<u>197,966</u>	<u>196,797</u>	

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NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

DISTRIBUTION POLICY

NetLink Group's full distribution policy can be found in the prospectus of the Trust dated 10 Jul 2017.

NetLink Group's distribution policy is to distribute 100% of its cash available for distribution ("**CAFD**"), which includes distributions received from its wholly-owned subsidiary NetLink Trust ("**NLT**"). NLT's distribution policy is to distribute at least 90% of its distributable income to the Trust after setting aside reserves and provisions for, amongst others, future capital expenditure (including the funding of a capital expenditure reserve fund pursuant to regulatory requirements), debt repayment and working capital as may be required.

Distributions by NetLink Group will be made on a semi-annual basis, with the amount calculated as at 31 Mar and 30 Sep each year for the 6-month period ending on each of the said dates.

A distribution in the total amount of \$98,593,369 or 2.53 Singapore cents per Unit was declared for NetLink Group's distribution period from 1 Apr 2020 to 30 Sep 2020. A distribution in the total amount of \$99,372,763 or 2.55 Singapore cents per Unit is declared for the NetLink Group's distribution period from 1 Oct 2020 to 31 Mar 2021 and will be payable on 9 Jun 2021 by NetLink NBN Management Pte. Ltd. (in its capacity as the trustee-manager of the Trust) as a distribution in cash to NetLink Group's unitholders.

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Group	Note	H2 FY21 S\$'000 (Unaudited)	H2 FY20 S\$'000 (Unaudited)	Variance (%)	FY21 S\$'000 (Audited)	FY20 S\$'000 (Audited)	Variance (%)
Revenue		187,001	184,079	1.6	368,466	370,192	(0.5)
Other income	2	3,793	5,691	(33.4)	9,968	7,543	32.1
Expenses							
Operation and maintenance costs		(8,614)	(10,176)	(15.3)	(16,699)	(19,787)	(15.6)
Installation costs		(5,616)	(3,695)	52.0	(9,541)	(10,639)	(10.3)
Diversion costs		(3,467)	(2,287)	51.6	(6,652)	(6,318)	5.3
Depreciation and amortisation		(84,332)	(83,961)	0.4	(167,792)	(167,782)	-
Staff costs		(15,598)	(14,135)	10.4	(29,959)	(27,438)	9.2
Finance costs	3	(1,634)	(10,337)	(84.2)	(11,281)	(20,504)	(45.0)
Management fee		(523)	(492)	6.3	(1,024)	(998)	2.6
Other operating expenses	4	(26,298)	(35,006)	(24.9)	(43,844)	(52,400)	(16.3)
Total expenses		(146,082)	(160,089)	(8.7)	(286,792)	(305,866)	(6.2)
Profit before income tax		44,712	29,681	50.6	91,642	71,869	27.5
Income tax credit	5	5,307	4,314	23.0	3,170	6,244	(49.2)
Profit after income tax		50,019	33,995	47.1	94,812	78,113	21.4
Profit attributable to:							
Unitholders of the Trust		50,019	33,995	47.1	94,812	78,113	21.4
Other comprehensive loss							
Items that may be subsequently reclassified to profit or loss							
Cash flow hedges		(3,277)	(4,251)	(22.9)	(861)	(6,165)	(86.0)
Total comprehensive income attributable to:							
Unitholders of the Trust		46,742	29,744	57.1	93,951	71,948	30.6
Earnings per unit:							
- basic and diluted		1.28 cents	0.87 cents		2.43 cents	2.00 cents	
Weighted average number of units ('000) in issue for calculation of basic and diluted earnings per unit		3,896,971	3,896,971		3,896,971	3,896,971	

N.M.: not meaningful

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

STATEMENTS OF FINANCIAL POSITION (GROUP AND TRUST)

	Note	Group		Trust	
		As at 31 Mar 2021 S\$'000 (Audited)	As at 31 Mar 2020 S\$'000 (Audited)	As at 31 Mar 2021 S\$'000 (Audited)	As at 31 Mar 2020 S\$'000 (Audited)
ASSETS					
Current assets					
Cash and bank deposits		170,536	168,624	58,434	58,786
Trade and other receivables ^(a)		44,554	46,029	93	67
Contract assets		25,894	27,382	-	-
Finance lease receivables		233	234	-	-
Inventories		5,161	4,302	-	-
Other current assets		5,157	4,615	210	252
		251,535	251,186	58,737	59,105
Non-current assets					
Finance lease receivables		80,507	87,425	-	-
Property, plant and equipment		2,927,436	3,026,656	-	-
Right-of-use assets		36,815	12,104	-	-
Rental deposits		220	220	-	-
Goodwill		746,854	746,854	-	-
Licence		80,088	84,326	-	-
Investment in subsidiaries		-	-	2,013,673	2,013,673
Subordinated loan to a subsidiary		-	-	1,100,000	1,100,000
		3,871,920	3,957,585	3,113,673	3,113,673
Total assets		4,123,455	4,208,771	3,172,410	3,172,778
LIABILITIES					
Current liabilities					
Trade and other payables		58,687	58,502	226	680
Deferred revenue		21,405	19,028	-	-
Derivative financial instruments	6	-	6,945	-	-
Loans	7	509,120	509,411	-	-
Lease liabilities		2,279	1,821	-	-
Current tax liabilities		23,285	6,927	9	52
		614,776	602,634	235	732
Non-current liabilities					
Deferred revenue		6,301	6,675	-	-
Loans	7	155,587	155,377	-	-
Lease liabilities		36,548	12,284	-	-
Deferred tax liabilities		506,540	524,863	-	-
		704,976	699,199	-	-
Total liabilities		1,319,752	1,301,833	235	732
Net Assets		2,803,703	2,906,938	3,172,175	3,172,046
UNITHOLDERS' FUNDS					
Units in issue	8	3,117,178	3,117,178	3,117,178	3,117,178
(Accumulated deficits)/ Retained earnings		(313,475)	(211,101)	54,997	54,868
Hedging reserves		-	861	-	-
Total Unitholders' funds		2,803,703	2,906,938	3,172,175	3,172,046

(a) This includes a receivable of \$8.29 million from a substantial Unitholder for additional capital allowances transferred under the group tax relief system pertaining to year of assessment 2016.

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS (GROUP)

	H2 FY21 S\$'000 (Unaudited)	H2 FY20 S\$'000 (Unaudited)	FY21 S\$'000 (Audited)	FY20 S\$'000 (Audited)
Units in issue at the beginning and end of the period/ year	<u>3,117,178</u>	<u>3,117,178</u>	<u>3,117,178</u>	<u>3,117,178</u>
Accumulated deficits at the beginning of period/ year	(264,901)	(147,180)	(211,101)	(94,039)
Adjustment on adoption of SFRS(I) 16 Leases	-	288	-	(1,885)
Restated accumulated deficits at the beginning of period/ year	<u>(264,901)</u>	<u>(146,892)</u>	<u>(211,101)</u>	<u>(95,924)</u>
Profit for the period/ year	50,019	33,995	94,812	78,113
Distribution paid	(98,593)	(98,204)	(197,186)	(193,290)
Accumulated deficits at the end of period/ year	<u>(313,475)</u>	<u>(211,101)</u>	<u>(313,475)</u>	<u>(211,101)</u>
Hedging reserves at the beginning of period/ year	3,277	4,799	861	6,713
Loss arising from discontinuation of cash flow hedge	-	313	-	313
Other comprehensive losses for the period/ year	(3,277)	(4,251)	(861)	(6,165)
Hedging reserves at the end of period/ year	<u>-</u>	<u>861</u>	<u>-</u>	<u>861</u>
Total	<u><u>2,803,703</u></u>	<u><u>2,906,938</u></u>	<u><u>2,803,703</u></u>	<u><u>2,906,938</u></u>

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS (TRUST)

	H2 FY21 S\$'000 (Unaudited)	H2 FY20 S\$'000 (Unaudited)	FY21 S\$'000 (Audited)	FY20 S\$'000 (Audited)
Units in issue at the beginning and end of the period/ year	<u>3,117,178</u>	<u>3,117,178</u>	<u>3,117,178</u>	<u>3,117,178</u>
Retained earnings at the beginning of period/ year	56,276	54,936	54,868	54,131
Profit for the period/ year	97,314	98,136	197,315	194,027
Distribution paid	(98,593)	(98,204)	(197,186)	(193,290)
Retained earnings at the end of period/ year	<u>54,997</u>	<u>54,868</u>	<u>54,997</u>	<u>54,868</u>
Total	<u><u>3,172,175</u></u>	<u><u>3,172,046</u></u>	<u><u>3,172,175</u></u>	<u><u>3,172,046</u></u>

NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

CONSOLIDATED STATEMENT OF CASH FLOWS

Group	H2 FY21 S\$'000 (Unaudited)	H2 FY20 S\$'000 (Unaudited)	FY21 S\$'000 (Audited)	FY20 S\$'000 (Audited)
Operating activities				
Profit before income tax	44,712	29,681	91,642	71,869
Adjustments for:				
- Depreciation and amortisation	84,332	83,961	167,792	167,782
- Amortisation of transaction fees	412	456	819	864
- Provision for/ (write-back of) loss allowance for trade receivables	80	176	(154)	213
- Provision/ (write-back of provision) for stock obsolescence	30	(26)	70	(110)
- Net interest expense	1,222	9,881	10,462	19,640
- Interest income	(175)	(740)	(478)	(1,730)
- Gain on disposal of property, plant and equipment	-	-	-	(4)
- Property, plant and equipment written off	8,699	16,403	9,294	16,746
Operating cash flows before working capital changes	139,312	139,792	279,447	275,270
Changes in working capital:				
- Trade and other receivables	2,917	3,412	9,618	784
- Contract assets	350	481	1,488	1,527
- Trade and other payables	(6,372)	(7,578)	(1,591)	1,954
- Inventories	(792)	929	(929)	546
Cash generated from operations	135,415	137,036	288,033	280,081
Interest received	166	740	469	1,798
Interest paid	(8,038)	(9,265)	(16,905)	(18,792)
Income tax paid	(3,921)	(279)	(7,085)	(569)
Net cash generated from operating activities	123,622	128,232	264,512	262,518
Investing activities				
Purchase of property, plant and equipment	(32,937)	(31,657)	(60,246)	(75,535)
Proceeds from sale of property, plant and equipment	-	-	-	4
Net cash used in investing activities	(32,937)	(31,657)	(60,246)	(75,531)
Financing activities				
Payment of loan arrangement fee	(20)	(672)	(920)	(680)
Repayment of lease liabilities	(2,927)	(1,514)	(4,248)	(3,014)
Distribution paid	(98,593)	(98,204)	(197,186)	(193,290)
Proceeds from bank loans	-	156,000	-	156,000
Payment of bank loans	-	(126,000)	-	(126,000)
Net cash used in financing activities	(101,540)	(70,390)	(202,354)	(166,984)
Net (decrease)/ increase in cash and cash equivalents	(10,855)	26,185	1,912	20,003
Cash and cash equivalents at beginning of financial period/ year	181,391	142,439	168,624	148,621
Cash and cash equivalents at end of financial period/ year	170,536	168,624	170,536	168,624
Cash and cash equivalents consist of:				
Cash and bank balances	170,536	160,353	170,536	160,353
Capital expenditure reserve fund ^(a)	-	8,271	-	8,271
Cash and cash equivalents at end of financial period/ year	170,536	168,624	170,536	168,624

(a) Capex Reserve comprises monies set aside each year for at least 20% of capital expenditure reserve fund, which cumulates to \$40.0 million over the five-year period from 1 Jan 2018 to 31 Dec 2022, to meet regulatory requirements from Infocomm Media Development Authority ("IMDA") for any new network infrastructure projects that improve the capacity, technology, capability or resilience of NetLink Group's network infrastructure. As at 31 Mar 2021, NLT had incurred \$26.3 million of the Capex Reserve to improve network resiliency and expand capacity, which is \$0.3 million more than the prevailing Capex Reserve required of \$26.0 million.

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

SELECTED NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for current financial year as those stated in the most recent audited financial statements for the financial year ended 31 Mar 2020. The adoption of all the new and revised SFRS (I) pronouncements that are relevant to the Group and Trust from 1 Apr 2020 does not result in changes to the Group's and the Trust's accounting policies and has no material effect on the amounts reported for the current or prior years.

2. OTHER INCOME

	H2 FY21	H2 FY20	FY21	FY20
	S\$'000	S\$'000	S\$'000	S\$'000
Group	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Interest income	175	740	478	1,730
Government grants ⁽¹⁾	748	1,668	3,651	1,668
Property tax rebates ⁽²⁾	1,311	1,244	3,798	1,244
Rent concessions ⁽³⁾	33	-	52	-
Third party compensation ⁽⁴⁾	533	1,529	592	1,791
Others ⁽⁵⁾	993	510	1,397	1,110
	<u>3,793</u>	<u>5,691</u>	<u>9,968</u>	<u>7,543</u>

(1) Government grants consists mainly Wage Credit Scheme and Jobs Support Scheme.

(2) Property tax rebates granted by Singapore government in response to the COVID-19 pandemic. This was passed on to the tenants and recognised as grant expenses (see Note 4).

(3) Rent concessions pertains to rental rebates provided by landlords. This relates to the changes in lease payments arising from rent concessions to which the Group has applied practical expedient under COVID-19 – Related Rent Concessions – Amendment to SFRS(I) 16.

(4) Third party compensation consists mainly of compensation received from third parties for cable cuts and for construction works performed on behalf of Land Transport Authority ("LTA"). In H2 FY20 and FY20, it also included proceeds from land purchased by Singapore Land Authority ("SLA") for the purpose of the construction of MRT track adjacent to the Group's Jurong West Central Office.

(5) Others consists mainly of income from Fibre Readiness Certification, Notice for Commencement of Earthworks, Plant Route Plans and Penalty Issued to Contractors.

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

3. FINANCE COSTS

	H2 FY21	H2 FY20	FY21	FY20
	S\$'000	S\$'000	S\$'000	S\$'000
Group	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Interest expense on:				
- Bank loans	3,890	8,139	8,722	17,206
- Lease liabilities	624	233	1,255	500
- Others	63	67	126	133
Financing related costs	669	773	1,339	1,489
Loss arising from discontinuation of cash flow hedge	-	313	-	313
Gain arising from maturity of cash flow hedge	(7,493)	-	(7,806)	-
Realised loss on interest rate swaps	3,881	812	7,645	863
	<u>1,634</u>	<u>10,337</u>	<u>11,281</u>	<u>20,504</u>

For cash flow purposes, finance costs do not include amortisation of transaction fees. Reconciliation to cash flow statement is as below:

Finance costs	1,634	10,337	11,281	20,504
Amortisation of transaction fees	(412)	(456)	(819)	(864)
Interest expense	<u>1,222</u>	<u>9,881</u>	<u>10,462</u>	<u>19,640</u>

4. OTHER OPERATING EXPENSES

The other operating expenses include the following items:

	H2 FY21	H2 FY20	FY21	FY20
	S\$'000	S\$'000	S\$'000	S\$'000
Group	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Property tax	8,564	8,233	17,046	16,309
System maintenance costs	3,717	4,352	7,222	8,078
Grant expenses	327	271	987	271
Provision for/ (write-back of) loss allowance for trade receivables	80	176	(154)	213
Property, plant and equipment written off ^(a)	8,699	16,403	9,294	16,746
Provision/ (write-back of provision) for inventory obsolescence	30	(26)	70	(110)
	<u>7,444</u>	<u>15,417</u>	<u>7,444</u>	<u>15,417</u>

(a) Included one-time write-off of capitalised project costs in relation to the discontinuation of the contract with a vendor for the replacement of the business and operation support systems, for the relevant periods:

	<u>7,444</u>	<u>15,417</u>	<u>7,444</u>	<u>15,417</u>
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**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

5. INCOME TAX CREDIT

The reconciliation between tax credit and the product of accounting profit multiplied by the applicable corporate tax rate for the financial period is as follows:

	H2 FY21	H2 FY20	FY21	FY20
	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Profit before income tax	<u>44,712</u>	<u>29,681</u>	<u>91,642</u>	<u>71,869</u>
Income tax expense calculated at a tax rate of 17%	(7,601)	(5,046)	(15,579)	(12,218)
Effect of:				
- Income not subject to taxation	1,801	240	1,801	240
- Expenses not deductible for tax purposes	(487)	(738)	(726)	(1,029)
- Tax relief and tax rebate	4	17	30	52
- Tax benefit on the tax exempted interest income derived from qualifying project debt securities [^]	9,791	9,845	19,635	19,689
- Over/ (under) provision in prior year	1,734	(299)	(1,971)	(460)
- Others	65	295	(20)	(30)
Tax credit attributable to current period's profit	<u>5,307</u>	<u>4,314</u>	<u>3,170</u>	<u>6,244</u>

[^] – Relates to the tax benefit on the tax exempted interest income on the \$1.1 billion in principal amount of subordinated notes due in year 2037 issued by NLT to NetLink Group, which are qualifying project debt securities (“QPDS”).

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

6. FAIR VALUE MEASUREMENTS

The Group classifies financial assets and liabilities measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities **(Level 1)**;
- (b) inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) **(Level 2)**; and
- (c) inputs for the asset or liability which are not based on observable market data (unobservable inputs) **(Level 3)**.

The following tables present the assets and liabilities measured at fair value as at the following balance sheet dates:

Group				
31 Mar 2020	Level 1	Level 2	Level 3	Total
(Audited)	S\$'000	S\$'000	S\$'000	S\$'000
Financial liabilities				
Derivative financial instruments	-	6,945	-	6,945

The interest rate swaps for the existing loans have expired on 24 Mar 2021. The Group intends to hedge its interest rate exposure after it refinances the Term Loan Facility.

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

7. GROUP'S BORROWINGS AND DEBT SECURITY

	Group			
	Effective Average Interest rate ⁽¹⁾ (%)	As at 31 Mar 2021 S\$'000 (Audited)	Effective Average Interest rate ⁽¹⁾ (%)	As at 31 Mar 2020 S\$'000 (Audited)
	Unsecured borrowings			
Repayable within one year				
- Bank loans (unsecured)	2.87	509,120	2.88	509,411
Repayable after one year				
- Bank loans (unsecured)	1.20	155,587	2.43	155,377
		664,707		664,788

Committed revolving credit facility ("RCF") and term loan

Commencement Date	Terms	Utilised As at 31 Mar 2021 S\$'000 (Audited)	Utilised As at 31 Mar 2020 S\$'000 (Audited)
		- 24 Mar 2016 ⁽²⁾	\$510 million Five-Year Term Loan
- 24 Mar 2016 ⁽²⁾	\$90 million Five-Year RCF	-	-
- 19 Mar 2020	\$210 million Three-Year RCF	156,000	156,000
		666,000	666,000
	Transaction costs	(1,293)	(1,212)
		664,707	664,788

- (1) The interest expenses used in the computation of effective average interest rate included realised loss on interest rate swaps.
- (2) The \$510 million Five-Year Term Loan and \$90 million Five-Year RCF which commenced on 24 Mar 2016 were extended on 21 Jul 2020 to mature on 24 Mar 2022. The Trustee-Manager is in advanced discussions with the lenders on the refinancing of the \$510 million bank borrowings and is of the view that the bank borrowings would be successfully refinanced before the maturity date. As at the date of this report, the Trustee-Manager has initiated the process to terminate the \$90 million RCF, which it has not utilised and this has no impact to the liquidity of the Group.

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

8. UNITS IN ISSUE

Group and Trust	Number of units			
	H2 FY21 (Unaudited)	H2 FY20 (Unaudited)	FY21 (Audited)	FY20 (Audited)
Balance as at beginning of year and at end of period/ year	3,896,971,100	3,896,971,100	3,896,971,100	3,896,971,100

9. NET ASSET VALUE

	Group		Trust	
	As at 31 Mar 2021 Units (Audited)	As at 31 Mar 2020 Units (Audited)	As at 31 Mar 2021 Units (Audited)	As at 31 Mar 2020 Units (Audited)
NAV per unit based on issued units at the end of period/ year (cents)	71.9	74.6	81.4	81.4
Number of units in issue at end of period/ year	3,896,971,100	3,896,971,100	3,896,971,100	3,896,971,100

10. COMMITMENTS

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements are as follow:

	Group		Trust	
	As at 31 Mar 2021 S\$'000 (Audited)	As at 31 Mar 2020 S\$'000 (Audited)	As at 31 Mar 2021 S\$'000 (Audited)	As at 31 Mar 2020 S\$'000 (Audited)
Property, plant and equipment	48,761	36,290	-	-

NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

11. SEGMENT INFORMATION

The chief operating decision maker has been determined as the Chief Executive Officer of the NetLink Group. The Chief Executive Officer reviews the internal management reports in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

As the NetLink Group is principally engaged in the provision of ducts and manholes, central offices and space in central offices and fibre related services in Singapore, management considers that the NetLink Group operates in one single business and geographical segment.

Breakdown of Revenue & Operating Profit for the first and second half periods were as follows:

	Financial Year		Variance %
	FY21 S\$'000 (Unaudited)	FY20 S\$'000 (Unaudited)	
(a) Revenue reported for first half year	<u>181,465</u>	<u>186,113</u>	(2.5)
(b) Operating profit after tax reported for first half year	<u>44,793</u>	<u>44,118</u>	1.5
(c) Revenue reported for second half year	<u>187,001</u>	<u>184,079</u>	1.6
(d) Operating profit after tax reported for second half year	<u>50,019</u>	<u>33,995</u>	47.1

12. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the unaudited financial statements, the following transactions took place between the NetLink Group and related parties at terms agreed between the parties during the financial period:

	H2 FY21 S\$'000 (Unaudited)	H2 FY20 S\$'000 (Unaudited)	FY21 S\$'000 (Audited)	FY20 S\$'000 (Audited)
Services rendered to a substantial Unitholder	80,653	80,490	161,917	161,479
Services rendered to subsidiaries of a substantial shareholder of the substantial Unitholder	52,366	55,183	107,890	112,470
Purchase of services from a substantial Unitholder	4,143	2,632	6,762	5,448
Purchase of fixed assets from a substantial Unitholder	1,805	-	1,809	2,239
Management fee paid or payable to Trustee-Manager of the Trust	523	492	1,024	998
Purchase of services from subsidiaries of a substantial shareholder of the substantial Unitholder	1,825	1,655	3,821	3,669
Purchases of goods from subsidiaries of the substantial Unitholder	11	127	256	430

NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

13. DISTRIBUTIONS

(a) Current Financial Period Reported on

Amount	:	\$99,372,763
Distribution Period	:	1 Oct 2020 to 31 Mar 2021
Distribution Rate	:	2.55 Singapore cents per unit
Tax Rate	:	Cash distributions to Unitholders are exempt from Singapore income tax.

(b) Date Payable : 9 Jun 2021

(c) Corresponding Period of the Immediately Preceding Financial Year

Amount	:	\$98,593,369
Distribution Period	:	1 Oct 2019 to 31 Mar 2020
Distribution Rate	:	2.53 Singapore cents per unit
Tax Rate	:	Cash distributions to Unitholders are exempt from Singapore income tax.

Notice is hereby given that the Unit Transfer Books and Register of Unitholders of the Trust will be closed at 5.00 p.m. on 25 May 2021 for the purposes of determining each Unitholder's entitlement to the distribution. Duly completed registrable transfers in respect of Units in the capital of the Trust received by the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623, up to 5.00 p.m. on 25 May 2021 will be registered to determine Unitholders' entitlement to the distribution. Unitholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with Units at 5.00 p.m. on 25 May 2021 will be entitled to the distribution to be paid on 9 Jun 2021. \$98,593,369 or 2.53 Singapore cents per Unit was declared for the Trust's distribution period for the half year ended 30 Sep 2020, which was paid on 4 Dec 2020. The Distribution to Unitholders is exempted from Singapore income tax.

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

14. OTHER INFORMATION

The statements of financial position as at 31 Mar 2021 and the consolidated statement of profit or loss and other comprehensive income, statements of changes in Unitholders' fund and consolidated statement of cash flows for the financial year ended 31 Mar 2021 presented in this announcement have been audited in accordance with the Singapore Standard on Auditing (see auditor's report on Page 28 to Page 32 of this announcement).

NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

15. REVIEW OF PERFORMANCE VARIANCE

	H2 FY21	H2 FY20	Variance	FY21	FY20	Variance
	S\$'000	S\$'000	(%)	S\$'000	S\$'000	(%)
	(Unaudited)	(Unaudited)		(Audited)	(Audited)	
Fibre business revenue:						
Residential connections	119,489	117,677	1.5	237,963	231,496	2.8
Non-residential connections	15,141	15,759	(3.9)	30,395	31,204	(2.6)
NBAP and Segment connections	4,924	3,664	34.4	8,876	7,246	22.5
Installation-related revenue	9,732	8,144	19.5	16,624	20,513	(19.0)
Diversion revenue	5,291	4,929	7.3	8,550	11,127	(23.2)
Co-location and Other revenue	9,698	10,196	(4.9)	19,249	20,465	(5.9)
Total Fibre Business Revenue	164,275	160,369	2.4	321,657	322,051	(0.1)
Ducts, manholes and Central Office revenue:						
Ducts and manholes service revenue	14,136	14,771	(4.3)	28,721	30,282	(5.2)
Central Office revenue	8,590	8,939	(3.9)	18,088	17,859	1.3
Total Ducts, Manholes and Central Office Revenue	22,726	23,710	(4.2)	46,809	48,141	(2.8)
Total Revenue	187,001	184,079	1.6	368,466	370,192	(0.5)

H2 FY21 vs H2 FY20

With contractors' resources back to normal levels in the second half, revenue of \$187.0 million for H2 FY21 was 1.6% higher as compared to that of H2 FY20 mainly due to higher residential, NBAP and segment connections revenue and installation-related revenue. This was partially offset by non-residential connections revenue and ducts and manholes service revenue. Residential connections revenue increased by \$1.8 million as a result of a higher number of connections. As at 31 Mar 2021, there were 1,446,784 connections as compared to 1,427,445 connections as at 31 Mar 2020. NBAP and segment connections revenue increased by \$1.3 million as a result of higher demand for point-to-point connections and Central Office-diversity connections to support mobile network rollout and other projects requiring high resiliency. Higher installation-related revenue of \$1.6 million was mainly due to higher segment installation orders and residential service activations as compared to H2 FY20. In spite of an increase in the number of non-residential connections during the year (48,108 as at 31 Mar 2021 as compared to 47,681 as at 31 Mar 2020), non-residential connections revenue decreased by \$0.6 million mainly due to the provision of rebates expected to be given to RLs. This rebate accrual arises from customised agreements where volume-tiered rebates will be given to RLs to incentivise RLs to achieve a certain number of connections within a 24-month period. Ducts and manholes service revenue decreased by \$0.6 million mainly due to a reduction in service revenue from the leasing of NetLink Group's ducts and fewer joint-build projects as they were substantially completed in H2 FY20.

Total expenses for H2 FY21 were \$14.0 million lower mainly due to lower other operating expenses, finance costs and operation and maintenance costs, partially offset by higher installation costs, diversion costs and staff costs. Other operating expenses were \$8.7 million lower mainly due to lower amount of write-off of capitalised project costs in relation to the discontinuation of the contract with a vendor for the replacement of the business and operation support system in Feb 2020 - \$15.4 million written off in H2 FY20 versus \$7.4 million written off in H2 FY21 as certain project-related IT assets have been further assessed not to be re-usable for the expected future replacement of the business and operation support system. Finance costs declined by \$8.7 million mainly due to lower

NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

average interest rate in H2 FY21 at 2.39%⁽¹⁾ as compared to 2.81%⁽¹⁾ in H2 FY20 and net realised gains from the maturity of interest rate swaps on 24 Mar 2021. Operation and maintenance costs was lower by \$1.6 million mainly due to COVID-19 related issues affecting contractor resources which resulted in lower expenses. Installation costs were \$1.9 million higher due to higher installation-related revenue in H2 FY21 and the reclassification of certain fibre splicing works previously classified as installation costs to operation and maintenance costs in H2 FY20. Diversion costs were \$1.2 million higher due to higher diversion revenue in H2 FY21 and the under-accrual of diversion costs \$0.9 million in H2 FY20 which was recognised this year. Staff costs for H2 FY21 were \$1.5 million higher mainly due to a higher average number of headcounts as compared to the prior period, which included the hiring of a number of more senior staff to form new departments such as internal audit and IT project management.

Higher income tax credit of \$1.0 million despite higher profit before tax of \$44.7 million in H2 FY21 as compared to \$29.7 million in H2 FY20 due mainly to realised gain on interest rate swaps which are not subject to tax.

The Group achieved a Profit After Tax of \$50.0 million for H2 FY21, which was 47.1% higher than H2 FY20.

FY21 vs FY20

In spite of an operating environment impacted by COVID-19, revenue of \$368.5 million for FY21 was marginally lower by 0.5% as compared to that of FY20 mainly due to lower installation-related revenue, diversion revenue, ducts and manholes service revenue, co-locations and other revenue. This was partially offset by higher residential, NBAP and segment connections revenue. Installation-related revenue was \$3.9 million lower mainly due to lower installation charges from fewer installation orders and service activations as compared to FY20 when StarHub was migrating its subscribers on coaxial cable onto the fibre platform. In addition, COVID-19 related issues contributed to lower availability of contractor resources and deferred access to home and buildings which affected the completion of installation works from Apr to Aug 2020. Diversion revenue was \$2.6 million lower due to a fewer number of projects scheduled to be completed for the year as well as stoppages of construction work nationwide from Apr to Aug 2020 which also affected cable diversion work. Ducts and manholes service revenue decreased by \$1.6 million mainly due to reduction in service revenue from the leasing of NetLink Group's ducts and fewer joint-build projects as they were substantially completed in FY20. Co-location and other revenue decreased by \$1.2 million was contributed mainly by lower fibre splicing revenue and lower charges for power cost charged to RLs in co-location rooms. Residential connections revenue increased by \$6.5 million mainly due to the higher number of connections. As at 31 Mar 2021, there were 1,446,784 connections as compared to 1,427,445 connections as at 31 Mar 2020. NBAP and segment connections revenue increased by \$1.6 million as a result of higher demand for point-to-point connections and Central Office-diversity connections to support mobile network rollout and other projects requiring high resiliency.

Other income was higher by \$2.4 million mainly due to government COVID-19 relief grants and property tax rebates. This was offset by lower interest income for the year contributed by lower time-deposit rates as compared to the rates collected in FY20 and compensation received from government authorities for the purchase of a parcel of land and compensation for construction works

(1) The interest expenses used in the computation of effective average interest rate included realised loss on interest rate swaps.

NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

performed for the purpose of the construction of an MRT track adjacent to the Jurong West Central Office in FY20.

Total expenses for FY21 were \$19.1 million lower mainly due to lower other operating expenses, finance costs, operation and maintenance costs and installation costs, partially offset by higher staff costs. Other operating expenses were \$8.6 million lower mainly due to a lower amount of write-off of capitalised project costs in relation to the discontinuation of the contract with a vendor for the replacement of the business and operation support system in Feb 2020 - \$15.4 million written off in H2 FY20 versus \$7.4 million written off in H2 FY21 as certain project-related IT assets have been further assessed not to be re-usable for the expected future replacement of the business and operation support system. The write-off in FY21 had no cashflow impact as all of the capitalised project costs was incurred prior to 31 Mar 2020. Finance costs were lower by \$9.2 million mainly due to lower average interest rate in FY21 at 2.48%⁽¹⁾ as compared to 2.83%⁽¹⁾ in FY20. Operation and maintenance costs were lower by \$3.1 million mainly due to COVID-19 related issues affecting contractor resources and fewer joint-build projects. Installation costs were \$1.1 million lower in line with lower installation-related revenue. Staff costs for FY21 were \$2.5 million higher mainly due to a higher average number of headcounts as compared to the prior period, which included the hiring of a number of more senior staff to form new departments such as internal audit and IT project management. In addition, there was a lower capitalisation of staff costs due to fewer capitalisable projects this year as compared to prior year.

Lower income tax credit of \$3.1 million mainly from higher profit before tax of \$91.6 million in FY21 as compared to \$71.9 million in FY20.

The Group achieved a profit after tax of \$94.8 million for FY21, which was 21.4% higher than FY20.

(1) The interest expenses used in the computation of effective average interest rate included realised loss on interest rate swaps.

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

REVIEW OF PERFORMANCE - STATEMENTS OF CASH FLOWS

The Group's net cash from operating activities of \$123.6 million in H2 FY21 was \$4.6 million lower than H2 FY20. The decrease was mainly due to payment of prior years' income tax during H2 FY21. Net cash from operating activities of \$264.5 million in FY21 was \$2.0 million higher than FY20. The increase was largely due to improved operating performance in FY21 and government grants received, partially offset by payment of prior years' income tax.

Net cash used in investing activities of \$32.9 million in H2 FY21 was \$1.3 million higher than H2 FY20 due to higher capital expenditures incurred for property, plant and equipment. Net cash used in investing activities in FY21 of \$60.2 million was \$15.3 million lower than that in FY20 due mainly to lower capital expenditures incurred for property, plant and equipment as a result of stoppages of fibre installation work amid safety measures to contain COVID-19 transmission in FY21.

Net cash used in financing activities of \$101.5 million in H2 FY21 and \$202.4 million in FY21 was \$31.2 million and \$35.4 million higher than H2 FY20 and FY20 respectively due mainly to net proceeds received from bank loans of \$30.0 million in H2 FY20 and FY20.

The resultant cash and cash equivalents balance for the Group as at 31 Mar 2021 was \$170.5 million.

NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

REVIEW OF PERFORMANCE - STATEMENTS OF FINANCIAL POSITION

The Group reported total assets as at 31 Mar 2021 of \$4,123.5 million, \$85.3 million lower than total assets of \$4,208.8 million as at 31 Mar 2020. This was mainly due to lower finance lease receivables and property, plant and equipment, partially offset by higher right-of-use (“ROU”) assets. Finance lease receivables were lower by \$6.9 million due to reclassification made to leasehold land and buildings because the main lessee has surrendered spaces in Central office buildings. Property, plant and equipment decreased \$99.2 million mainly due to depreciation partially offset by additions. The ROU assets increased \$24.7 million as a result of the Group entering into new lease agreements for additional space in Central Offices to house and operate the Group’s fibre termination and distribution points, and related equipment during FY21.

The Group reported total liabilities as at 31 Mar 2021 of \$1,319.8 million, \$17.9 million higher than total liabilities of \$1,301.8 million as at 31 Mar 2020 mainly from higher lease liabilities and higher current tax liabilities, partially offset by lower deferred tax liabilities and derivative financial instruments. Higher lease liabilities were from the Group entering into new lease agreements for additional space in Central Offices during FY21. Higher current tax liabilities were due to higher taxable profits. Lower deferred tax liabilities were from the reduction of temporary timing differences from property, plant and equipment. The remaining interest rate swaps had matured in Mar 2021 and hence there was no liability recorded for the derivative financial instruments.

Total Unitholders’ funds stood at \$2,803.7 million as at 31 Mar 2021, lower than \$2,906.9 million as at 31 Mar 2020 mainly due to the distribution paid, partially offset by profit generated from financial year ended 31 Mar 2021.

NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

16. OUTLOOK AND PROSPECT

The COVID-19 pandemic is still ongoing and its eventual impact is uncertain. NetLink remains mindful of this uncertainty and the potential impact it might have on the Group's operations. NetLink has put in place measures to minimise this impact should there be any adverse development.

Nevertheless, NetLink Group's business model is resilient and is well-supported by predictable revenue streams from: (a) fibre connections to residential and non-residential premises, NBAP locations, network segments and other point-to-point connections and (b) contracted revenues. The Group's balance sheet and liquidity remains strong, underpinned by stable cashflows and access to financial resources to support future capital expenditure. The Group expects to maintain its distributions to Unitholders.

NetLink Group is continuing to expand its network in new housing estates. In support of Singapore's digital inclusion effort, NetLink will continue its focus in connecting the low-income households to the Nationwide Broadband Network via initiatives such as the Home Access Programme. The Group will also continue to work proactively with the RLs and Retail Service Providers in their efforts to acquire new non-residential and NBAP customers. In this regard, NetLink will (a) extend customised pricings to support RLs participating in projects involving multi-site and/or nation-wide connectivity; and (b) make available customised offerings tailored for SMEs. NetLink will continue improving its presence at major data centres and support mobile operators by deploying fibres to support their mobile network infrastructure. NetLink will also be exploring opportunities to invest in telecommunication infrastructure businesses overseas.

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

17. INTERESTED PERSON TRANSACTION (“IPT”)

The Group has not obtained a general mandate from Unitholders of the Trust for IPTs. During the financial period, the following IPTs were entered into by the Group: -

Name of Interested Person	Aggregate value of all IPTs during the financial period under review (excluding transactions of less than S\$100,0000)	
	H2 FY21 S\$'000 (Unaudited)	FY21 S\$'000 (Unaudited)
NetLink NBN Management Pte. Ltd.		
- Management fees	450	900
- Reimbursement of expenses	73	124
	<hr/>	<hr/>

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

18. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS (IN THE FORMAT SET OUT IN APPENDIX 7.7) UNDER RULE 720(1)

The Trustee-Manager has received undertakings from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

19. REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CEO OR SUBSTANTIAL UNITHOLDER

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that none of the persons occupying managerial positions in the Trust or any of its subsidiaries is a relative of a director or chief executive officer or substantial unitholder of the Trust.

NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

The auditor's report on the full financial statements of NetLink NBN Trust for the financial year ended 31 March 2021 is as follows: -

“INDEPENDENT AUDITOR’S REPORT TO THE UNITHOLDERS OF NETLINK NBN TRUST

For the financial year ended 31 March 2021

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of NetLink NBN Trust (the “Trust”) and its subsidiaries (the “NetLink Group”) which comprises the consolidated statement of financial position of the NetLink Group and the statement of financial position of the Trust as at 31 March 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in Unitholders’ funds and consolidated statement of cash flows of the NetLink Group and the statement of changes in Unitholders’ funds of the Trust for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the NetLink Group and the statement of financial position and statement of changes in Unitholders’ funds of the Trust are properly drawn up in accordance with the provisions of the Business Trusts Act, Chapter 31A of Singapore (the “Act”) and Singapore Financial Reporting Standards (International) (“SFRS(I)s”) so as to give a true and fair view of the consolidated financial position of the NetLink Group and the financial position of the Trust as at 31 March 2021, and of the consolidated financial performance, consolidated changes in Unitholders’ funds and consolidated cash flows of the NetLink Group and changes in Unitholders’ funds of the Trust for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (“SSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (“ACRA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion of these matters.

NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

Key Audit Matters

Our audit performed and responses thereon

Goodwill Impairment Review

Under SFRS(I) 1-36 *Impairment of Assets*, the Group is required to test goodwill for impairment at least annually or earlier when there is indication of impairment. This assessment requires the exercise of significant judgement about future market conditions, including discount and long-term growth rates.

As at 31 March 2021, goodwill recorded on acquisition of NetLink Trust amounted to \$746.9 million, constituting approximately 18% of the Group's total assets.

The key assumptions to the impairment test and the sensitivity of changes in these assumptions to the risk of impairment are disclosed in Note 21 to the financial statements.

We involved our valuation specialists to develop an independent view of the key assumptions driving the value in use calculation, in particular the discount and long-term growth rates, and compare the independent expectations to those used by management.

We challenged the cash flow forecasts used by management, with comparison to recent performance and trend analysis.

We also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements.

Based on our procedures, we noted management's key assumptions to be within a reasonable range of our expectations, and the disclosures made in the financial statements are adequate and appropriate.

NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

Information other than the financial statements and auditor's report thereon

The Trustee-Manager is responsible for the other information. The other information comprises all the information included in the Annual Report, excluding the financial statements and our auditor's report thereon. The other information is expected to be made available after the date of our auditor's report on the financial statements.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action in accordance with SSAs.

Responsibilities of the Trustee-Manager and Directors of the Trustee-Manager for the Financial Statements

The Trustee-Manager is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, the Trustee-Manager is responsible for assessing the NetLink Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the NetLink Group or to cease operations, or has no realistic alternative but to do so.

The directors of the Trustee-Manager's responsibilities include overseeing the NetLink Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the NetLink Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Trustee-Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the NetLink Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the NetLink Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the NetLink Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors of the Trustee-Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors of the Trustee-Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors of the Trustee-Manager, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Trustee-Manager of the Trust have been properly kept in accordance with provisions of the Act.

The engagement partner on the audit resulting in this Independent Auditor's Report is Mr Yang Chi Chih.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

Date: 11 May 2021"