

**NETLINK NBN TRUST
AND ITS SUBSIDIARIES**

INTERIM FINANCIAL STATEMENTS ANNOUNCEMENT

FOR THE HALF YEAR AND FULL YEAR

ENDED 31 MARCH 2024

Contents

	<u>Page</u>
INTRODUCTION	2
SUMMARY OF NETLINK GROUP RESULTS	3
DISTRIBUTION STATEMENT	4
DISTRIBUTION POLICY	5
INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	6
INTERIM STATEMENTS OF FINANCIAL POSITION (GROUP AND TRUST)	7
INTERIM STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS (GROUP)	8
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS	9
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS	10
SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS	11
OUTLOOK AND PROSPECT	29
INTERESTED PERSON TRANSACTION ("IPT")	30
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)	30
REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CEO OR SUBSTANTIAL UNITHOLDER	30
INDEPENDENT AUDITOR'S REPORT	31

NetLinkNBN

the fibre of a smart nation

NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

INTRODUCTION

NetLink NBN Trust (the “Trust”) is a business trust constituted in Singapore pursuant to a trust deed under the laws of Republic of Singapore. The Trust was listed on 19 Jul 2017 on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”). NetLink Trust, an unregistered business trust, is wholly owned by the Trust. The Trust and its subsidiaries shall hereinafter be referred to as “NetLink Group” or “Group”.

NetLink Group’s nationwide network is the foundation of the Nationwide Broadband Network (“NBN”), over which ultra-high speed internet access is delivered throughout mainland Singapore and its connected islands. NetLink Group designs, builds, owns and operates the passive fibre network infrastructure (comprising ducts, manholes, fibre cables and central offices) of Singapore’s NBN. 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 NetLink Group are as follows: (i) the use of 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.

NetLink Group uses its network primarily to provide fibre connections meant for residential and enterprise end-users. The network provides (a) residential end-user connections, (b) non-residential end-user connections, (c) non-building address points (“NBAP”) as well as (d) segment and point-to-point connections (with options for diversity.) For mandated services, the provisioning is regulated and set forth in the facilities-based operations licence by NetLink Group. The 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.

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.

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

SUMMARY OF NETLINK GROUP RESULTS

	Half Year Ended 31 Mar			Financial Year Ended 31 Mar		
	2024	2023	Variance	2024	2023	Variance
	("H2 FY24")	("H2 FY23")		("FY24")	("FY23")	
	\$'000	\$'000	%	\$'000	\$'000	%
	(Unaudited)	(Unaudited)		(Audited)	(Audited)	
Revenue ⁽¹⁾	205,960	203,865	1.0	411,276	403,460	1.9
EBITDA ⁽²⁾	143,281	149,411	(4.1)	292,399	294,979	(0.9)
EBITDA margin	69.6%	73.3%	(3.7) pp	71.1%	73.1%	(2.0) pp
Profit after tax ("PAT") ⁽³⁾	50,324	54,693	(8.0)	103,209	109,253	(5.5)

Note:

(1) Revenue for H2 FY24 and FY24 were higher than H2 FY23 and FY23 by 1.0% and 1.9% respectively. These increases were mainly contributed by higher connection revenue, installation related and other revenue, partially offset by lower ancillary work orders.

(2) EBITDA for H2 FY24 was lower than H2 FY23 by 4.1%. In H2 FY24, a one-off non-cash write-off of decommissioned network assets amounting to \$8.8 million was recorded, offset by a one-off refund of \$5.2 million following the resolution of disputed power charges. Excluding the one-off items, the decrease in EBITDA was attributable to higher operating expenses despite higher revenue.

EBITDA for FY24 was lower than FY23 by 0.9%. Other than the one-off items, the FY24 EBITDA declined slightly as a result of higher operating expenses.

(3) PAT for H2 FY24 and FY24 were lower than prior corresponding periods by 8.0% and 5.5% respectively. The decrease was mainly due to a combination of lower EBITDA, higher finance costs, higher depreciation and amortisation, offset by higher income tax credit.

Further details of NetLink Group's financial performance are provided in Note 20.

(4) 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 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.

NetLinkNBN

the fibre of a smart nation

NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

DISTRIBUTION STATEMENT

Cash Available for Distribution ("CAFD")	FY24 \$'000 (Unaudited)	FY23 \$'000 (Unaudited)
Profit before income tax	101,066	109,217
Add: Depreciation and amortisation	172,928	170,617
Add: Other non-cash item	15,313	4,879
Add: Changes in working capital	14,922	10,518
Less: Cash taxes	(10,929)	(9,533)
Less: Purchase of property, plant and equipment	(124,285)	(88,572)
Less: Purchase of intangible assets	(8,033)	(8,167)
Less: Repayment of lease liabilities	(3,326)	(3,245)
Less: Loan repayment	-	(156,000)
Add: Loan drawdown	30,000	225,000
Less: Payment of loan arrangement fee	(75)	(1,575)
Transfer from/(into): Cash held in reserves and provisions for future capital expenditure and working capital	18,959	(48,938)
CAFD	<u>206,540</u>	<u>204,201</u>
Distributions Attributable for the Financial Year⁽¹⁾	<u>206,540</u>	<u>204,201</u>

Note:

(1) Total distributions paid/payable

	FY24 \$'000 (Audited)	FY23 \$'000 (Audited)	Payment Date
1 Apr 2022 – 30 Sep 2022	-	102,100	30 Nov 2022
1 Oct 2022 – 31 Mar 2023	-	102,101	13 Jun 2023
1 Apr 2023 – 30 Sep 2023	103,270	-	1 Dec 2023
1 Oct 2023 – 31 Mar 2024	103,270	-	12 Jun 2024
	<u>206,540</u>	<u>204,201</u>	

NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

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 half-yearly 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 \$103,269,734 or 2.65 Singapore cents per Unit was declared for NetLink Group's distribution period from 1 Apr 2023 to 30 Sep 2023. A distribution in the total amount of \$103,269,734 or 2.65 Singapore cents per Unit is declared for NetLink Group's distribution period from 1 Oct 2023 to 31 Mar 2024 and will be payable on 12 Jun 2024 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 2024**

INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Group	Note	H2 FY24 \$'000 (Unaudited)	H2 FY23 \$'000 (Unaudited)	Variance (%)	FY24 \$'000 (Audited)	FY23 \$'000 (Audited)	Variance (%)
Revenue		205,960	203,865	1.0	411,276	403,460	1.9
Other income	6.1	4,240	3,675	15.4	9,273	5,856	58.4
Expenses							
Operation and maintenance costs		(4,298)	(10,365)	(58.5)	(15,853)	(19,827)	(20.0)
Installation costs		(5,899)	(5,198)	13.5	(11,696)	(10,479)	11.6
Ancillary project direct costs		(8,996)	(10,321)	(12.8)	(17,749)	(17,794)	(0.3)
Depreciation and amortisation	6.2	(86,502)	(85,868)	0.7	(172,928)	(170,617)	1.4
Staff costs		(14,743)	(11,427)	29.0	(27,815)	(25,544)	8.9
Finance costs	6.3	(10,832)	(9,132)	18.6	(21,752)	(16,725)	30.1
Other operating expenses	6.4	(31,312)	(19,731)	58.7	(51,690)	(39,113)	32.2
Total expenses		(162,582)	(152,042)	6.9	(319,483)	(300,099)	6.5
Profit before income tax		47,618	55,498	(14.2)	101,066	109,217	(7.5)
Income tax credit/(expenses)	7	2,706	(805)	N.M.	2,143	36	N.M.
Profit after income tax		50,324	54,693	(8.0)	103,209	109,253	(5.5)
Other comprehensive (loss)/income items that may be subsequently reclassified to profit or loss							
Cash flow hedges		(8,230)	(12,721)	(35.3)	(7,004)	8,385	(183.5)
Other comprehensive (loss)/income for the year		(8,230)	(12,721)	(35.3)	(7,004)	8,385	(183.5)
Total comprehensive (loss)/income for the year		42,094	41,972	0.3	96,205	117,638	(18.2)
Profit attributable to:							
Unitholders of the Trust		50,324	54,693	(8.0)	103,209	109,253	(5.5)
Total comprehensive income attributable to:							
Unitholders of the Trust		42,094	41,972	0.3	96,205	117,638	(18.2)
Earnings per unit:							
- Basic and diluted		1.29 cents	1.40 cents		2.65 cents	2.80 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	

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

INTERIM STATEMENTS OF FINANCIAL POSITION (GROUP AND TRUST)

	Note	Group		Trust	
		As at 31 Mar 2024 \$'000 (Audited)	As at 31 Mar 2023 \$'000 (Audited)	As at 31 Mar 2024 \$'000 (Audited)	As at 31 Mar 2023 \$'000 (Audited)
ASSETS					
Current assets					
Cash and bank deposits		182,914	200,704	59,072	59,876
Trade and other receivables ^(a)	19	36,495	49,953	176	146
Contract assets ^(a)	19	43,983	45,800	-	-
Finance lease receivables	8	224	211	-	-
Inventories		4,331	6,762	-	-
Other current assets		5,827	5,670	156	145
		273,774	309,100	59,404	60,167
Non-current assets					
Finance lease receivables	8	65,670	65,894	-	-
Property, plant and equipment ^(a)	9,19	2,679,088	2,734,283	-	-
Derivative financial instruments	10	21,997	29,001	-	-
Right-of-use assets		29,820	30,039	-	-
Rental deposits		240	240	-	-
Goodwill and other intangible assets ^(a)	11,19	845,978	844,223	-	-
Investment in subsidiaries		-	-	2,013,673	2,013,673
Subordinated loan to a subsidiary		-	-	1,100,000	1,100,000
		3,642,793	3,703,680	3,113,673	3,113,673
Total assets		3,916,567	4,012,780	3,173,077	3,173,840
LIABILITIES					
Current liabilities					
Trade and other payables		54,312	60,042	397	224
Deferred revenue		37,990	36,921	-	-
Lease liabilities		2,273	1,635	-	-
Current tax liabilities		42,828	43,312	69	20
		137,403	141,910	466	244
Non-current liabilities					
Other payables		794	1,059	-	-
Deferred revenue		5,133	5,530	-	-
Loans	12	763,124	732,016	-	-
Lease liabilities		31,204	31,602	-	-
Deferred tax liabilities		456,244	468,832	-	-
		1,256,499	1,239,039	-	-
Total liabilities		1,393,902	1,380,949	466	244
Net Assets		2,522,665	2,631,831	3,172,611	3,173,596
UNITHOLDERS' FUNDS					
Units in issue	13	3,117,178	3,117,178	3,117,178	3,117,178
(Accumulated deficits)/Retained earnings		(616,510)	(514,348)	55,433	56,418
Hedging reserves		21,997	29,001	-	-
Total Unitholders' funds		2,522,665	2,631,831	3,172,611	3,173,596

(a) Further details of the reclassification are provided in Note 19.

NetLinkNBN

the fibre of a smart nation

NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

INTERIM STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS (GROUP)

	Group			
	H2 FY24 \$'000 (Unaudited)	H2 FY23 \$'000 (Unaudited)	FY24 \$'000 (Audited)	FY23 \$'000 (Audited)
Units in issue at the beginning and end of the period/ year	3,117,178	3,117,178	3,117,178	3,117,178
Accumulated deficits at the beginning of period/ year	(563,564)	(466,940)	(514,348)	(421,348)
Profit for the period/ year	50,324	54,693	103,209	109,253
Distribution paid, representing transactions with Unitholders, recognised directly in Unitholders' funds	(103,270)	(102,101)	(205,371)	(202,253)
Accumulated deficits at the end of period/ year	<u>(616,510)</u>	<u>(514,348)</u>	<u>(616,510)</u>	<u>(514,348)</u>
Hedging reserves at the beginning of period/ year	30,227	41,722	29,001	20,616
Other comprehensive (loss)/income for the period/ year	(8,230)	(12,721)	(7,004)	8,385
Hedging reserves at the end of period/ year	<u>21,997</u>	<u>29,001</u>	<u>21,997</u>	<u>29,001</u>
Total	<u>2,522,665</u>	<u>2,631,831</u>	<u>2,522,665</u>	<u>2,631,831</u>

INTERIM STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS (TRUST)

	Trust			
	H2 FY24 \$'000 (Unaudited)	H2 FY23 \$'000 (Unaudited)	FY24 \$'000 (Audited)	FY23 \$'000 (Audited)
Units in issue at the beginning and end of the period/ year	3,117,178	3,117,178	3,117,178	3,117,178
Retained earnings at the beginning of period/ year	55,593	55,674	56,418	54,310
Profit for the period/ year	103,110	102,845	204,386	204,361
Distribution paid, representing transactions with Unitholders, recognised directly in Unitholders' funds	(103,270)	(102,101)	(205,371)	(202,253)
Retained earnings at the end of period/ year	<u>55,433</u>	<u>56,418</u>	<u>55,433</u>	<u>56,418</u>
Total	<u>3,172,611</u>	<u>3,173,596</u>	<u>3,172,611</u>	<u>3,173,596</u>

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Group	H2 FY24 \$'000 (Unaudited)	H2 FY23 \$'000 (Unaudited)	FY24 \$'000 (Audited)	FY23 \$'000 (Audited)
Operating activities				
Profit before income tax	47,618	55,498	101,066	109,217
Adjustments for:				
- Depreciation and amortisation	86,502	85,868	172,928	170,617
- (Reversal of)/ impairment losses on trade receivables	(8)	(54)	3	2
- Provision for stock obsolescence	162	55	254	32
- Interest expense	10,832	9,132	21,752	16,725
- Interest income	(1,671)	(1,087)	(3,347)	(1,580)
- Gain on disposal of property, plant and equipment	-	-	(1,123)	(6)
- Property, plant and equipment written off	8,789	1,140	8,837	2,380
- Share-based payment expenses	168	45	720	704
Operating cash flows before working capital changes	152,392	150,597	301,090	298,091
Changes in working capital:				
- Trade and other receivables	10,386	(14,880)	13,536	1,264
- Contract assets	1,010	754	1,817	(1,516)
- Trade and other payables	(7,651)	10,480	(3,280)	5,718
- Deferred revenue	(274)	602	672	7,746
- Inventories	548	(2,804)	2,177	(2,694)
Cash generated from operations	156,411	144,749	316,012	308,609
Interest received	1,105	1,094	3,320	1,560
Interest paid	(9,915)	(8,487)	(19,791)	(14,944)
Income tax paid	(12,897)	(9,278)	(10,929)	(9,533)
Net cash generated from operating activities	134,704	128,078	288,612	285,692
Investing activities				
Purchase of property, plant and equipment (Note A)	(50,635)	(53,029)	(124,285)	(88,572)
Purchase of intangible assets (Note A)	(4,548)	(5,066)	(8,033)	(8,167)
Proceeds from disposal of property, plant and equipment	-	-	4,688	6
Net cash used in investing activities	(55,183)	(58,095)	(127,630)	(96,733)
Financing activities				
Payment of loan arrangement fee	(15)	(360)	(75)	(1,575)
Repayment of lease liabilities	(1,700)	(1,439)	(3,326)	(3,245)
Repayment of bank loans	-	-	-	(156,000)
Distribution paid	(103,270)	(102,101)	(205,371)	(202,253)
Proceeds from bank loans	30,000	45,000	30,000	225,000
Net cash used in financing activities	(74,985)	(58,900)	(178,772)	(138,073)
Net increase/(decrease) in cash and cash equivalents	4,536	11,083	(17,790)	50,886
Cash and cash equivalents at beginning of financial period/ year	178,378	189,621	200,704	149,818
Cash and cash equivalents at end of financial period/ year	182,914	200,704	182,914	200,704
Cash and cash equivalents consist of:				
Cash and bank balances	182,914	198,957	182,914	198,957
Capital expenditure reserve fund ^(a)	-	1,747	-	1,747
Cash and cash equivalents at end of financial period/ year	182,914	200,704	182,914	200,704

(a) Capital expenditure reserve fund ("Capex Reserve Fund") comprises monies set aside each year for at least 20% of Capex Reserve Fund, which cumulates to \$40.0 million over the five-year period from 1 January 2018 to 31 December 2022, to meet regulatory from IMDA for any new network infrastructure projects that improve the capacity, technology, capability, or resilience of NLT's network infrastructure. As at 31 Mar 2024, NLT had completed the implementation of the network infrastructure projects that improve network resiliency and expand capacity, and had fully utilised the capital expenditure reserve of \$40.0 million for this purpose.

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Group	H2 FY24 \$'000 (Unaudited)	H2 FY23 \$'000 (Unaudited)	FY24 \$'000 (Audited)	FY23 \$'000 (Audited)
NOTE A				
Purchase of property, plant and equipment	53,921	51,077	121,707	85,986
Less: Accruals for purchase of property, plant and equipment at end of financial period/ year	(3,286)	1,952	(9,226)	(11,804)
Add: Payment of accruals for purchase of property, plant and equipment at beginning of financial period/ year	-	-	11,804	14,390
	<u>50,635</u>	<u>53,029</u>	<u>124,285</u>	<u>88,572</u>
Purchase of intangible assets	4,548	6,315	7,385	8,664
Less: Accruals for intangible assets at end of financial period/year	-	(1,249)	(601)	(1,249)
Add: Payment of intangible assets at beginning of financial period/year	-	-	1,249	752
	<u>4,548</u>	<u>5,066</u>	<u>8,033</u>	<u>8,167</u>

NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

NetLink NBN Trust (the “Trust”) was constituted by a trust deed dated 19 Jun 2017 (as amended and restated by the Amending and Restating Deeds dated 25 Jul 2018, 28 Sep 2020, 19 Jul 2021 and 20 July 2022) (collectively, the “Trust Deed”). It was registered as a business trust with the Monetary Authority of Singapore on 29 Jun 2017. The Trust is regulated by the Business Trusts Act 2004 and is domiciled in Singapore. The Trust was listed on the Main Board of the Singapore Exchange Securities Trading Limited on 19 Jul 2017.

Under the Trust Deed, NetLink NBN Management Pte. Ltd. (the “Trustee-Manager”) has declared that it shall hold the authorised business on trust for the Unitholders as the Trustee-Manager of the Trust. The registered address of the Trustee-Manager is at 750E Chai Chee Road, #07-03, ESR BizPark @ Chai Chee, Singapore 469005.

The principal activities of the Trust are that of investment holding.

2. BASIS OF PREPARATION

The interim financial statements for the six months ended 31 Mar 2024 have been prepared in accordance with Singapore Financial Reporting Standard (International) (“SFRS(I)”) *1-34 Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are material to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 Mar 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The consolidated financial statements are presented in Singapore dollar which is the Group’s functional currency. All financial information presented in Singapore dollar have been rounded to the nearest thousand, unless otherwise stated.

2.1. ADOPTION OF NEW AND REVISED STANDARDS BY THE GROUP

A number of amendments to the Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

2. BASIS OF PREPARATION (CONT'D)

2.2. USE OF JUDGEMENTS AND ESTIMATES

In preparing the consolidated interim financial statements, the Trustee-Manager has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by the Trustee-Manager in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 Mar 2023.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements and key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are:

(a) Impairment reviews on goodwill and investment in subsidiaries

During an impairment review, the Group assesses whether the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Recoverable amount is defined as the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. In making this judgement, the Group evaluates the value in use which is supported by the net present value of future cash flows derived from such assets or cash-generating units using cash flow projections which have been discounted at an appropriate rate. Forecasts of future cash flows are based on the Group's estimates using historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

(b) Estimated useful life of property, plant and equipment

The Group reviews annually the estimated useful life of property, plant and equipment based on factors such as business plans and strategies, expected level of usage and future technological developments. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful life of property, plant and equipment would decrease the net profit and decrease the carrying value of property, plant and equipment.

3. SEASONAL OPERATIONS

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

4. 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 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 NetLink Group operates in one single business and geographical segment.

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

	Financial Year		Variance
	FY24	FY23	
	\$'000	\$'000	%
	(Unaudited)	(Unaudited)	
(a) Revenue reported for first half year	<u>205,316</u>	<u>199,595</u>	2.9%
(b) Profit after tax reported for first half year	<u>52,885</u>	<u>54,560</u>	(3.1%)
(c) Revenue reported for second half year	<u>205,960</u>	<u>203,865</u>	1.0%
(d) Profit after tax reported for second half year	<u>50,324</u>	<u>54,693</u>	(8.0%)

5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 Mar 2024 and 31 Mar 2023.

	Group		Trust	
	As at 31 Mar 2024	As at 31 Mar 2023	As at 31 Mar 2024	As at 31 Mar 2023
	\$'000	\$'000	\$'000	\$'000
	(Audited)	(Audited)	(Audited)	(Audited)
Financial Assets				
Financial assets at amortised cost	313,728	345,006	1,159,248	1,160,022
Derivative instruments:				
Designated in hedge accounting relationships	21,997	29,001	-	-
	<u>335,725</u>	<u>374,007</u>	<u>1,159,248</u>	<u>1,160,022</u>
Financial Liabilities				
Financial liabilities at amortised cost	818,230	793,117	397	224
Lease liabilities	33,477	33,237	-	-
	<u>851,707</u>	<u>826,354</u>	<u>397</u>	<u>224</u>

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

6. PROFIT BEFORE TAXATION

6.1. OTHER INCOME

	H2 FY24	H2 FY23	FY24	FY23
	\$'000	\$'000	\$'000	\$'000
Group	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Net gain on disposal of property, plant and equipment	-	-	1,123	6
Interest income	1,671	1,087	3,347	1,580
Grant income ⁽¹⁾	985	638	1,832	740
Third party compensation	482	1,080	870	1,777
Others ⁽²⁾	1,102	870	2,101	1,753
	<u>4,240</u>	<u>3,675</u>	<u>9,273</u>	<u>5,856</u>

(1) Grant income receivable from IMDA for a manhole cover replacement project.

(2) Others consists mainly of income from Fibre Readiness Certification, Notice for Commencement of Earthworks and Plant Route Plans.

6.2. TOTAL DEPRECIATION AND AMORTISATION

	H2 FY24	H2 FY23	FY24	FY23
	\$'000	\$'000	\$'000	\$'000
Group	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Depreciation of property, plant and equipment	82,199	81,987	164,500	162,563
Depreciation of right-of-use assets	1,471	1,313	2,798	2,864
Amortisation of intangible assets	2,832	2,568	5,630	5,190
	<u>86,502</u>	<u>85,868</u>	<u>172,928</u>	<u>170,617</u>

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

6. PROFIT BEFORE TAXATION (CONT'D)

6.3. FINANCE COSTS

	H2 FY24	H2 FY23	FY24	FY23
	\$'000	\$'000	\$'000	\$'000
Group	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Interest expense on:				
- Bank loans	16,465	14,020	32,869	20,802
- Lease liabilities	495	188	987	786
Financing related costs*	616	556	1,326	1,160
Realised gain on interest rate swaps designated in hedge accounting relationship, reclassified from hedging reserves	(6,744)	(5,632)	(13,430)	(6,023)
	<u>10,832</u>	<u>9,132</u>	<u>21,752</u>	<u>16,725</u>

* Includes amortisation of transaction fees amounting to \$809,000 (2023: \$859,000).

6.4. OTHER OPERATING EXPENSES

Other operating expenses include the following items:

	H2 FY24	H2 FY23	FY24	FY23
	\$'000	\$'000	\$'000	\$'000
Group	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Property tax	9,048	8,887	18,025	17,753
System operating costs	6,231	4,480	12,279	9,075
Property, plant and equipment written off	8,789	1,140	8,837	2,380
(Reversal of)/ impairment losses on trade receivables	(8)	(54)	3	2
Provision for inventory obsolescence	162	55	254	32
	<u>162</u>	<u>55</u>	<u>254</u>	<u>32</u>

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

6. PROFIT BEFORE TAXATION (CONT'D)

6.5. RELATED PARTY TRANSACTIONS

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

	H2 FY24	H2 FY23	FY24	FY23
	\$'000	\$'000	\$'000	\$'000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Services rendered to a substantial Unitholder	82,071	80,709	164,532	161,708
Services rendered to subsidiaries of a substantial shareholder of the substantial Unitholder	65,622	64,764	130,438	129,098
Refund received from purchase of services from a substantial Unitholder	5,172	-	5,172	-
Sales of fixed assets to a substantial Unitholder	-	-	4,688	-
Purchase of services from a substantial Unitholder	1,227	2,784	4,217	5,765
Purchase of fixed assets from a substantial Unitholder	2,033	4,892	33,525	6,701
Management fee paid or payable to Trustee-Manager of the Trust	521	516	1,031	1,010
Purchase of services from subsidiaries of a substantial shareholder of the substantial Unitholder	1,644	1,675	3,340	3,493
Purchase of fixed assets from subsidiaries of a substantial shareholder of the substantial Unitholder	13	22	96	163
Purchases of goods from subsidiaries of the substantial Unitholder	11	-	11	75

NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

7. INCOME TAX CREDIT/(EXPENSES)

NetLink Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim consolidated statement of profit or loss are:

	H2 FY24	H2 FY23	FY24	FY23
	\$'000	\$'000	\$'000	\$'000
Group	(Unaudited)	(Unaudited)	(Audited)	(Audited)
<u>Income tax is made up of:</u>				
- Current income tax expense	(3,673)	(3,497)	(11,807)	(15,638)
- Over/(under) provision of current income tax in prior year	1,521	(403)	1,362	(132)
	(2,152)	(3,900)	(10,445)	(15,770)
- Deferred income tax due to origination and reversal of temporary differences	4,622	3,095	13,151	15,683
- Over/(under) provision of deferred income tax in prior year	236	-	(563)	123
Income tax credit/(expense) recognised in profit or loss	2,706	(805)	2,143	36

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 FY24	H2 FY23	FY24	FY23
	\$'000	\$'000	\$'000	\$'000
Group	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Profit before income tax	47,618	55,498	101,066	109,217
Income tax expense calculated at a tax rate of 17%	(8,095)	(9,435)	(17,181)	(18,567)
Effect of:				
- Income not subject to taxation	(815)	126	310	126
- Expenses not deductible for tax purposes	167	(906)	(1,357)	(1,231)
- Tax relief and tax rebate	(17)	13	35	52
- Tax benefit on the tax exempted interest income derived from qualifying project debt securities [^]	9,817	9,791	19,635	19,635
- Over/(under) provision in prior period/year	1,757	(403)	799	(9)
- Others	(108)	9	(98)	30
Tax credit/(expenses) attributable to current period's profit	2,706	(805)	2,143	36

[^] – 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 2024

8. FINANCE LEASE RECEIVABLES

NetLink Group's finance lease arrangements do not include variable payments.

The finance lease receivables relate to the lease agreements on the land and building between a subsidiary and the substantial Unitholder in relation to the space occupied by the substantial Unitholder in the Central Office buildings owned by the subsidiary.

The interest rate inherent in the leases is fixed at the contract date for the duration of the lease terms. The average effective interest rate contracted is approximately 6.2% (FY23: 6.2%) per annum.

9. PROPERTY, PLANT AND EQUIPMENT

During the financial year ended 31 Mar 2024, the Group acquired assets amounting to \$121.7 million (FY23: \$86.0 million) and disposed of assets with carrying value amounting to \$12.4 million (FY23: \$2.4 million).

NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

10. FAIR VALUE MEASUREMENTS

NetLink 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 2024	Level 1	Level 2	Level 3	Total
(Audited)	\$'000	\$'000	\$'000	\$'000

Financial assets

Derivative financial instruments	-	21,997	-	21,997
----------------------------------	---	--------	---	--------

Group				
31 Mar 2023	Level 1	Level 2	Level 3	Total
(Audited)	\$'000	\$'000	\$'000	\$'000

Financial assets

Derivative financial instruments	-	29,001	-	29,001
----------------------------------	---	--------	---	--------

NetLink Group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings. NetLink Group currently has \$765.0 million (31 Mar 2023: \$735.0 million) bank loans outstanding and has entered into a series of SORA-based interest rate swaps to convert the variable interest rates on its bank loans into fixed interest rates, for a total notional principal amount of \$600.0 million (31 Mar 2023: \$510.0 million). Accordingly, 78.4% (31 Mar 2023: 69.4%) of the interest in respect of the outstanding amounts under the Group's existing bank loans has been hedged.

NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

11. GOODWILL AND OTHER INTANGIBLE ASSETS

Intangible assets comprise goodwill, licence and software development costs.

The Trustee-Manager has reviewed for indicators of impairment on goodwill for the financial year ended 31 Mar 2024 and determined that no such indicators were noted as at 31 Mar 2024.

	31 Mar 2024	31 Mar 2023
	\$'000	\$'000
Group	(Audited)	(Audited)
Goodwill	746,854	746,854
Licence	67,374	71,612
Software development costs	31,750	25,757
	<u>845,978</u>	<u>844,223</u>

Goodwill arose in the acquisition of NLT because the consideration paid effectively included amounts in relation to the benefits of expected revenue growth which do not meet the recognition criteria for separate intangible assets.

NetLink Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. There is only one cash-generating unit and management considers that the Group operates in one single business unit.

The recoverable amount of the cash-generating unit is determined from value in use calculations. The key assumptions for the value in use calculations are the discount rate and the expected cash flows. The long-term cash flow forecasts are based on revenue, operating and capital expenditure assumptions which are mainly driven by growth rates and operating margins.

NetLink Group prepares cash flow forecasts which are derived from the most recent financial budget approved by the Board. The discount rates applied to the cash flow projections are based on Weighted Average Cost of Capital ("WACC") where the cost of a company's debt and equity capital are weighted to reflect its capital structure.

The WACC used to discount the cash flows is 4.89% (2023: 5.69%). The time period used of 10 years (2023: 11 years) is in line with the license period granted by IMDA. The terminal growth rates used of 1.5% (2023: 1.5%) does not exceed the long-term average growth rates of the industry in which the Group operates.

As at 31 Mar 2024, any reasonably possible change to the key assumptions applied are not likely to cause the recoverable amounts to be below the carrying amounts of the cash-generating unit.

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

12. GROUP'S BORROWINGS AND DEBT SECURITY

	Group			
	Effective Average Interest rate ⁽¹⁾	As at 31 Mar 2024	Effective Average Interest rate ⁽¹⁾	As at 31 Mar 2023
	(%)	\$'000 (Audited)	(%)	\$'000 (Audited)
Unsecured borrowings				
Repayable after one year				
- Bank loans (unsecured)	2.75	763,124	2.32	732,016

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

Commencement Date	Terms	Utilised As at 31 Mar 2024	Utilised As at 31 Mar 2023
		\$'000 (Audited)	\$'000 (Audited)
- 21 May 2021	\$510 million Five-Year Term Loan	510,000	510,000
- 15 Sep 2022 ⁽³⁾	\$180 million Five-Year Term Loan	180,000	180,000
- 15 Sep 2022 ⁽³⁾	\$90 million Three-Year RCF	45,000	45,000
- 31 Mar 2023 ^{(2) (3)}	\$120 million Three-Year RCF	30,000	-
		<u>765,000</u>	<u>735,000</u>
	Transaction costs	(1,876)	(2,984)
		<u>763,124</u>	<u>732,016</u>

(1) The interest expenses used in the computation of effective average interest rate included realised gain on interest rate swaps and the front-end fees which is equivalent to interest. The comparative figure has been restated to conform with the current year basis.

(2) \$30.0 million was drawn on 28 Mar 2024 from the \$120.0 million Sustainability-Linked Three-Year RCF to fund near term capital expenditure.

(3) These are sustainability-linked facilities where the margin of the facilities will be reduced if the sustainability performance targets are met during the observation period.

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

13. UNITS IN ISSUE

	Number of units			
	H2 FY24	H2 FY23	As at 31 Mar 2024	As at 31 Mar 2023
Group and Trust	(Unaudited)	(Unaudited)	(Audited)	(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

All issued units are fully paid and rank *pari passu* in all respects.

14. NET ASSET VALUE

	Group		Trust	
	As at 31 Mar 2024 (Audited)	As at 31 Mar 2023 (Audited)	As at 31 Mar 2024 (Audited)	As at 31 Mar 2023 (Audited)
NAV per unit based on issued units at the end of period (cents)	64.7	67.5	81.4	81.4
Number of units in issue at end of period	3,896,971,100	3,896,971,100	3,896,971,100	3,896,971,100

NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

15. DISTRIBUTION

(a) Current Financial Period Reported on

Amount : \$103,269,734

Distribution Period : 1 Oct 2023 to 31 Mar 2024

Distribution Rate : 2.65 Singapore cents per unit

Tax Rate : Cash distributions to Unitholders are exempt from Singapore income tax.

(b) Date Payable : 12 Jun 2024

(c) Corresponding Period of the Immediately Preceding Financial Year

Amount : \$102,100,643

Distribution Period : 1 Oct 2022 to 31 Mar 2023

Distribution Rate : 2.62 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 30 May 2024 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., 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632, up to 5.00 p.m. on 30 May 2024 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 30 May 2024 will be entitled to the distribution to be paid on 12 Jun 2024. \$103,269,734 or 2.65 Singapore cents per Unit was declared for the Trust's distribution period for the half year ended 30 Sep 2023, which was paid on 1 Dec 2023. The Distribution to Unitholders is exempted from Singapore income tax.

NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

16. SUBSEQUENT EVENT

Subsequent to the end of reporting year, the Trustee-Manager approved a distribution of \$103,269,734 or 2.65 Singapore cents per unit in respect of financial period from 1 Oct 2023 to 31 Mar 2024.

17. 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 2024	As at 31 Mar 2023	As at 31 Mar 2024	As at 31 Mar 2023
	\$'000	\$'000	\$'000	\$'000
	(Audited)	(Audited)	(Audited)	(Audited)
Property, plant and equipment	91,045	121,153	-	-
Intangible assets	18,575	17,729	-	-

The committed capital expenditure pertains mainly to the new Seletar Central Office, and software development costs.

18. OTHER INFORMATION

The statements of financial position as at 31 Mar 2024 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 2024 presented in this announcement have been audited in accordance with the Singapore Standard on Auditing (see auditor's report on Page 31 to Page 35 of this announcement).

19. RECLASSIFICATION AND COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements announcement to enhance comparability with the current year's financial statements announcement.

Software development costs have been reclassified from property, plant and equipment to intangible assets to reflect the nature of the assets. Goodwill and Licence, which are shown separately on the interim statements of financial position are combined into intangible assets to streamline presentation of assets of similar nature.

Cost of ancillary projects in progress have been reclassified from trade and other receivables to contract assets to better reflect the nature of the assets.

The impact of the reclassification is not material to the opening statement of financial position of the comparable period.

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

19. RECLASSIFICATION AND COMPARATIVE FIGURES (CONT'D)

As a result, the items below have been amended in the statements of financial position, and consolidated statement of cashflows. Comparative figures have been adjusted to conform to the current year's presentation.

The items were reclassified as follows:

Statements of financial position	Group	
	Previously reported As at 31 Mar 2023	After reclassification As at 31 Mar 2023
Property, plant and equipment	2,760,040	2,734,283
Goodwill	746,854	-
Licence	71,612	-
Goodwill and other intangible assets	-	844,223
	<u>3,578,506</u>	<u>3,578,506</u>
Trade and other receivables	67,936	49,953
Contract assets	27,817	45,800
	<u>95,753</u>	<u>95,753</u>

Interim consolidation statements of cashflows	Group Previously reported	Group After reclassification	Group Previously reported	Group After reclassification
	H2 FY23	H2 FY23	FY23	FY23
Operating activities				
Trade and other receivables	(12,230)	(14,880)	(2,085)	1,264
Contract assets	(1,896)	754	1,833	(1,516)
Investing activities				
Purchase of property, plant and equipment	58,095	53,029	96,739	88,572
Purchase of intangible assets	-	5,066	-	8,167

NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

20. REVIEW OF PERFORMANCE VARIANCE

	H2 FY24	H2 FY23	Variance	FY24	FY23	Variance
	\$'000	\$'000	(%)	\$'000	\$'000	(%)
	(Unaudited)	(Unaudited)		(Audited)	(Audited)	
Residential connections	124,232	122,584	1.3	247,542	244,271	1.3
Non-residential connections	16,946	16,265	4.2	33,452	32,142	4.1
NBAP and Segment connections	10,061	9,154	9.9	19,582	16,871	16.1
Ducts and manholes service revenue	13,451	13,560	(0.8)	27,007	27,615	(2.2)
Co-location revenue	10,044	9,556	5.1	19,896	18,833	5.6
Total RAB Revenue⁽¹⁾	174,734	171,119	2.1	347,479	339,732	2.3
Installation related and other revenue	12,278	11,345	8.2	25,142	22,853	10.0
Ancillary project revenue	11,617	13,895	(16.4)	22,881	25,654	(10.8)
Central Office revenue	7,331	7,506	(2.3)	15,774	15,221	3.6
Total Non-RAB Revenue	31,226	32,746	(4.6)	63,797	63,728	0.1
Total Revenue	205,960	203,865	1.0	411,276	403,460	1.9

(1) These services are subject to IMDA's price review framework.

H2 FY24 vs H2 FY23

Revenue of \$206.0 million for H2 FY24 was 1.0% higher as compared to that of H2 FY23 mainly due to higher revenue from residential, non-residential, NBAP and segment connections as well as installation related and other revenue. This was partially offset by lower ancillary project revenue. Residential and non-residential connections revenue increased by \$1.6 million and \$0.7 million respectively due to higher number of connections. As at 31 Mar 2024, there were 1,506,997 residential connections and 53,482 non-residential connections as compared to 1,485,271 residential connections and 52,120 non-residential connections as at 31 Mar 2023. Installation related and other revenue increased by \$0.9 million was mainly contributed by more outdoor NBAP installation and more residential service activation. NBAP and segment connections revenue increased by \$0.9 million from higher demand for point-to-point connections to support mobile network rollout. Ancillary project revenue decreased by \$2.3 million as the availability of project opportunities fluctuate from year to year.

Total expenses for H2 FY24 were \$10.5 million higher. Operations and maintenance costs were lower by \$6.1 million mainly due to a one-off refund of \$5.2 million following the resolution of disputed power charges. Staff costs were higher by \$3.3 million as a result of annual increment and lower labour capitalisation in network assets and IT projects. Finance costs were higher by \$1.7 million mainly from higher interest rate (average interest rate of 2.75% in H2 FY24 as compared to 2.55% in H2 FY23). Other operating expenses were \$11.6 million higher attributable mainly to a one-off write-off of decommissioned network assets amounting to \$8.8 million. Other than the one-off write-off, IT maintenance costs were higher with a new billing system go-live, and more applications were being hosted in cloud.

The tax credit was \$3.5 million higher, in line with lower profit before tax of \$47.6 million for H2 FY24 coupled with reversal of over provision of current and deferred tax.

The Group achieved profit after tax of \$50.3 million for H2 FY24.

NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

20. REVIEW OF PERFORMANCE VARIANCE (CONT'D)

FY24 vs FY23

Revenue of \$411.3 million for FY24 was 1.9% higher as compared to that of FY23 mainly due to higher revenue from residential, non-residential, NBAP and segment connections revenue, installation related and other revenue, and co-location revenue. This was partially offset by lower ancillary project revenue. Residential connections and non-residential revenue increased by \$3.3 million and \$1.3 million respectively from higher number of connections. As at 31 Mar 2024, there were 1,506,997 residential connections and 53,482 non-residential connections as compared to 1,485,271 residential connections and 52,120 non-residential connections as at 31 Mar 2023. NBAP and segment connections revenue increased by \$2.7 million from higher demand for point-to-point connections to support mobile network rollout. Higher installation related and other revenue of \$2.3 million was mainly contributed by more outdoor NBAP installation, more residential service activation and non-residential Termination Points ("TP") installation. Co-location revenue increased by \$1.1 million from higher demand for fibre splicing works. Ancillary project revenue was \$2.8 million lower as the availability of project opportunities fluctuate from year to year.

Other income was higher by \$3.4 million mainly due to higher interest income and the recovery of costs from IMDA for manhole cover replacement project.

Total expenses for FY24 were \$19.4 million higher. Operations and maintenance costs were \$4.0 million lower mainly due to a one-off refund of \$5.2 million following the resolution of disputed power charges, offset by higher ducts, manholes and fibre maintenance costs. Higher installation costs of \$1.2 million was due to more installation orders. Higher depreciation & amortisation of \$2.3 million was recorded with larger network assets. Staff costs was higher by \$2.3 million as a result of annual increment partially offset by higher labour capitalisation in network asset and IT projects completed. Finance cost was higher by \$5.0 million, mainly due to higher interest rate (average interest rate of 2.75% in FY24 as compared to 2.32% in FY23). Other operating expenses were \$12.6 million higher attributable mainly to a one-off write-off of decommissioned network assets amounting to \$8.8 million. Other than the one-off write-off, IT maintenance costs were higher with a new billing system go-live, and more applications were being hosted in cloud.

Higher tax credit of \$2.1 million in FY24 was in line with lower profit before tax of \$101.1 million and coupled with reversal of over provision of current and deferred tax.

The Group achieved profit after tax of \$103.2 million for FY24.

NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

20. REVIEW OF PERFORMANCE VARIANCE (CONT'D)

REVIEW OF PERFORMANCE – INTERIM STATEMENTS OF CASH FLOWS

The Group's net cash from operating activities of \$134.7 million in H2 FY24 and \$288.6 million in FY24 was \$6.6 million and \$2.9 million higher than H2 FY23 and FY23 respectively, contributed mainly by positive working capital movement, offset by higher interest and tax paid.

Net cash used in investing activities of \$55.2 million in H2 FY24 was \$2.9 million lower than H2 FY23. However, net cash used in investing activities of \$127.6 million for FY24 was \$30.9 million higher than FY23 as a result of higher capital expenditures incurred on network assets and the construction of new Central Office.

Net cash used in financing activities of \$75.0 million in H2 FY24 and \$178.8 million in FY24 were \$16.1 million and \$40.7 million higher than H2 FY23 and FY23 respectively due to lower drawdown from loan facilities.

Cash and cash equivalents for the Group as at 31 Mar 2024 was \$182.9 million.

REVIEW OF PERFORMANCE – INTERIM STATEMENTS OF FINANCIAL POSITION

The Group reported total assets as at 31 Mar 2024 of \$3,916.6 million were \$96.2 million lower than total assets of \$4,012.8 million as at 31 Mar 2023. This was mainly due to depreciation of property, plant and equipment and lower cash and bank deposits and trade and other receivables. Trade and other receivables decreased by \$13.5 million due to overdue payment received from a customer and decrease in ancillary projects billing.

The Group reported \$13.0 million total liabilities higher than 31 Mar 2023, mainly from \$30.0 million increased in bank loans, partially offset by \$12.6 million lower deferred tax liabilities. Deferred tax liabilities were lower due to the reduction of temporary timing differences from property, plant and equipment.

Total Unitholders' funds stood at \$2,522.7 million as at 31 Mar 2024, lower than \$2,631.8 million as at 31 Mar 2023 mainly due to the distribution paid, partially offset by profit generated.

NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

21. OUTLOOK AND PROSPECTS

The global political and economic outlook remains uncertain. NetLink Group will continue to monitor the evolving macro environment and take the appropriate mitigating measures, as necessary.

NetLink Group's business model is resilient and is well supported by predictable revenue streams. The Group's balance sheet and liquidity remain strong, underpinned by stable cashflows and access to financial resources to support ongoing and future capital expenditure.

The Infocomm Media Development Authority ("IMDA") completed its review of the wholesale prices, terms, and conditions of NetLink Interconnection Offer ("ICO") in November 2023. The revised wholesale prices, regulated using the Regulated Asset Base framework, took effect from 1 April 2024. The revised prices are not expected to have any material impact on the Trust's distribution to its unitholders for FY25.

NetLink has been investing in its network assets to cater to the growing end-user demand across residential, non-residential, NBAP and Segment connections. These investments, in turn, increase its Regulated Asset Base.

The IMDA announced on 21 February 2024 its initiative to upgrade the Nationwide Broadband Network ("NBN") to ensure that the NBN continues to be future-ready. The upgrade will enable fibre broadband speeds of up to 10Gbps for consumers. As the appointed Network Company ("NetCo") of the NBN, NetLink is well positioned to support IMDA and its customers in their technology upgrade to deliver a 10Gbps-enabled NBN. Leveraging on its expertise and infrastructure, NetLink Group will continue to collaborate closely with its industry partners and stakeholders to ensure that Singapore remains at the forefront of digital infrastructure development.

NetLink will continue to explore opportunities to invest in telecommunication and infrastructure-related businesses within Singapore and internationally to broaden its portfolio businesses.

Certain statements in this document constitute "forward-looking statements." All statements other than statements of historical facts, including those regarding future financial position and results, business strategy, plans and objectives for future operations (including development plans and distributions) and statements on future growth, are forward-looking statements. As these forward-looking statements concern future events, they necessarily involve risks, uncertainties and assumptions, including assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate, and involve known and unknown risks, uncertainties and other factors – including without limitation developments in the economic environment, changes in market conditions, laws or regulations and the regulatory environment in which the Group operates, regulatory review of the prices for services provided by the Group, changes in interest rates or rates of inflation, other factors beyond the Group's control, and other matters not yet known to the Group. Actual results, performance or achievements of the Group could differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. You should not place undue reliance on these forward-looking statements.

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

22. 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	Nature of Relationship	Aggregate value of all IPTs during the financial period under review (excluding transactions of less than \$100,000)		Aggregate value of all IPTs conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions of less than \$100,000)	
		H2 FY24 \$’000 (Unaudited)	FY24 \$’000 (Audited)	H2 FY24 \$’000 (Unaudited)	FY24 \$’000 (Audited)
NetLink NBN Management Pte. Ltd.	Trustee-Manager of NetLink NBN Trust				
- Management fees ⁽¹⁾		450	900	-	-
- Reimbursement of expenses		71	131	-	-

Note 1: Management fees payable to Trustee-Manager of NetLink NBN Trust pertain to Directors’ fees.

23. 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.

24. 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 2024

The auditor's report on the full financial statements of NetLink NBN Trust for the financial year ended 31 March 2024 is as follows: -

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the 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 2024 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in Unitholders’ funds and consolidated cash flow statement of the NetLink Group and the statement of changes in Unitholders’ funds of the Trust for the year then ended, and notes to the financial statements, including a summary of material 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 2004 (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 2024, 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 NetLink 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 2024

Key Audit Matters

How the matter was addressed in the audit

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 Mar 2024, the carrying amount of the goodwill recorded on acquisition of NetLink Trust amounted to \$746.9 million, constituting approximately 19.1% 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 15 to the financial statements.

We obtained an understanding of the design and tested the implementation of the NetLink Group's relevant key controls relating to the assessment of impairment for goodwill.

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 reasonableness of the cash flow forecasts used by management, with comparison to historical actual performance and accuracy of management forecast in prior years and performed sensitivity analysis of the key inputs and assumptions.

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 2024

Information Other than the Financial Statements and Auditor's Report Thereon

The Trustee-Manager is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will 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 the directors of the Trustee-Manager 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 that are part of the property of the Trust are safeguarded against loss from unauthorised use or disposition; and transactions by the Trustee-Manager entered into on behalf of or purported to be entered into on behalf of the Trust 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 financial statements.

NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

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.

NetLinkNBN

the fibre of a smart nation

NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

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 Shariq Barmaky.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

Date: 16 May 2024"