

**NETLINK NBN TRUST
AND ITS SUBSIDIARIES**

**INTERIM FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE SIX MONTHS AND FULL YEAR
ENDED 31 MARCH 2023**

Contents

	<u>Page</u>
INTRODUCTION	2
SUMMARY OF THE 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 STATEMENT OF CASH FLOWS.....	9
SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS.....	11
OUTLOOK AND PROSPECT	28
INTERESTED PERSON TRANSACTION ("IPT")	29
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)	29
REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CEO OR SUBSTANTIAL UNITHOLDER	29
INDEPENDENT AUDITOR'S REPORT	30

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NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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 Main Board 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 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 Nationwide Broadband Network (“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 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.

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 the 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.

The NetLink Group is the only telco regulated by IMDA under the Regulatory 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 2023**

SUMMARY OF THE NETLINK GROUP RESULTS

	Half Year Ended 31 Mar			Financial Year Ended 31 Mar		
	2023	2022	Variance	2023	2022	Variance
	("H2 FY23")	("H2 FY22")		("FY23")	("FY22")	
	\$'000	\$'000	%	\$'000	\$'000	%
(Unaudited)	(Unaudited)		(Audited)	(Audited)		
Revenue ⁽¹⁾	203,865	189,681	7.5	403,460	377,611	6.8
EBITDA ⁽²⁾⁽³⁾	149,411	140,350	6.5	294,979	266,941	10.5
EBITDA margin	73.3%	74.0%	(0.7) pp	73.1%	70.7%	2.4 pp
Profit after tax ("PAT")⁽²⁾	54,693	51,180	6.9	109,253	91,262	19.7

Note:

- (1) Revenue for H2 FY23 and FY23 were higher than H2 FY22 and FY22 by 7.5% and 6.8% respectively. These increases were mainly contributed by higher connections and higher ancillary work orders.
- (2) EBITDA and PAT for H2 FY23 was higher than H2 FY22 by 6.5% and 6.9% respectively. The increase in H2 FY23 EBITDA by \$9.1 million was mainly due to higher revenue (net of its related costs), higher other income and lower staff costs. PAT for H2 FY23 was higher than H2 FY22 mainly due to higher EBITDA, offset by higher finance costs and income tax expenses.

EBITDA and PAT for FY23 were higher than FY22 by 10.5% and 19.7% respectively. The increase in FY23 EBITDA by \$28.0 million was mainly due to higher revenue (net of its related costs), higher other income, lower staff costs and operating expenses. Operating expenses for FY23 were significantly lower in comparison to FY22 because of the \$12.4 million remeasurement loss recorded in FY22 due to the reduction in rental rates upon the renewal of the Central Office lease agreements. PAT for FY23 was higher than FY22 mainly due to higher EBITDA, offset by higher finance costs and income tax expenses.

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

- (3) 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.

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NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

DISTRIBUTION STATEMENT

	FY23 \$'000 (Unaudited)	FY22 \$'000 (Unaudited)
Cash Available For Distribution ("CAFD")		
Profit before income tax	109,217	87,078
Add: Depreciation and amortisation	170,617	169,723
Add: Other non-cash item	4,879	17,006
Add/(less): Changes in working capital	10,518	(11,133)
Less: Cash taxes	(9,533)	(3,929)
Less: Purchase of property, plant and equipment	(96,739)	(73,879)
Less: Repayment of lease liabilities	(3,245)	(3,857)
Less: Loan repayment	(156,000)	-
Add: Loan drawdown	225,000	-
Less: Payment of loan arrangement fee	(1,575)	(2,592)
Transfer (into)/from: Cash held in reserves and provisions for capital expenditures	(48,938)	21,497
CAFD	<u>204,201</u>	<u>199,914</u>
Distributions Attributable for the Financial Year⁽¹⁾	<u>204,201</u>	<u>199,914</u>

Note:

(1) Total distributions paid/payable

	FY23 \$'000 (Audited)	FY22 \$'000 (Audited)	Payment Date
1 Apr 2021 – 30 Sep 2021	-	99,762	1 Dec 2021
1 Oct 2021 – 31 Mar 2022	-	100,152	10 Jun 2022
1 Apr 2022 – 30 Sep 2022	102,101	-	30 Nov 2022
1 Oct 2022 – 31 Mar 2023	102,100	-	13 Jun 2023
	<u>204,201</u>	<u>199,914</u>	

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

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 \$102,100,643 or 2.62 Singapore cents per Unit was declared for NetLink Group's distribution period from 1 Apr 2022 to 30 Sep 2022. A distribution in the total amount of \$102,100,643 or 2.62 Singapore cents per Unit is declared for the NetLink Group's distribution period from 1 Oct 2022 to 31 Mar 2023 and will be payable on 13 Jun 2023 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 2023**

INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Group	Note	H2 FY23 \$'000 (Unaudited)	H2 FY22 \$'000 (Unaudited)	Variance (%)	FY23 \$'000 (Audited)	FY22 \$'000 (Audited)	Variance (%)
Revenue		203,865	189,681	7.5	403,460	377,611	6.8
Other income	6.1	3,675	1,920	91.4	5,856	3,195	83.3
Expenses							
Operation and maintenance costs		(10,365)	(10,164)	2.0	(19,827)	(18,892)	4.9
Installation costs		(5,198)	(4,977)	4.4	(10,479)	(10,090)	3.9
Ancillary project direct costs		(10,321)	(3,826)	169.8	(17,794)	(6,753)	163.5
Depreciation and amortisation	6.2	(85,868)	(84,955)	1.1	(170,617)	(169,723)	0.5
Staff costs		(11,427)	(12,973)	(11.9)	(25,544)	(27,455)	(7.0)
Finance costs	6.3	(9,132)	(5,160)	77.0	(16,725)	(10,479)	59.6
Other operating expenses ^(a)	6.4	(19,731)	(19,140)	3.1	(39,113)	(50,336)	(22.3)
Total expenses		(152,042)	(141,195)	7.7	(300,099)	(293,728)	2.2
Profit before income tax		55,498	50,406	10.1	109,217	87,078	25.4
Income tax (expenses)/credit	7	(805)	774	(204.0)	36	4,184	(99.1)
Profit after income tax		54,693	51,180	6.9	109,253	91,262	19.7
Profit attributable to:							
Unitholders of the Trust		54,693	51,180	6.9	109,253	91,262	19.7
Other comprehensive (loss)/income							
Items that may be subsequently reclassified to profit or loss							
Cash flow hedges		(12,721)	17,068	(174.5)	8,385	20,616	(59.3)
Total comprehensive income attributable to:							
Unitholders of the Trust		41,972	68,248	(38.5)	117,638	111,878	5.1
Earnings per unit:							
- basic and diluted		1.40 cents	1.31 cents		2.80 cents	2.34 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	

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

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

INTERIM STATEMENTS OF FINANCIAL POSITION (GROUP AND TRUST)

	Note	Group		Trust	
		As at 31 Mar 2023 \$'000 (Audited)	As at 31 Mar 2022 \$'000 (Audited)	As at 31 Mar 2023 \$'000 (Audited)	As at 31 Mar 2022 \$'000 (Audited)
ASSETS					
Current assets					
Cash and bank deposits		200,704	149,818	59,876	57,774
Trade and other receivables		67,936	66,020	146	117
Contract assets		27,817	29,650	-	-
Finance lease receivables	8	211	201	-	-
Inventories		6,762	4,100	-	-
Other current assets		5,670	5,496	145	173
		309,100	255,285	60,167	58,064
Non-current assets					
Finance lease receivables	8	65,894	66,711	-	-
Property, plant and equipment	9	2,760,040	2,830,678	-	-
Derivative financial instruments	10	29,001	20,616	-	-
Right-of-use assets		30,039	35,658	-	-
Rental deposits		240	240	-	-
Goodwill	11	746,854	746,854	-	-
Licence		71,612	75,850	-	-
Investment in subsidiaries		-	-	2,013,673	2,013,673
Subordinated loan to a subsidiary		-	-	1,100,000	1,100,000
		3,703,680	3,776,607	3,113,673	3,113,673
Total assets		4,012,780	4,031,892	3,173,840	3,171,737
LIABILITIES					
Current liabilities					
Trade and other payables		60,042	55,368	224	247
Deferred revenue		36,921	26,473	-	-
Loans	12	-	155,797	-	-
Lease liabilities		1,635	2,239	-	-
Current tax liabilities		43,312	37,287	20	2
		141,910	277,164	244	249
Non-current liabilities					
Other payables		1,059	1,313	-	-
Deferred revenue		5,530	8,232	-	-
Loans	12	732,016	507,890	-	-
Lease liabilities		31,602	36,209	-	-
Deferred tax liabilities		468,832	484,638	-	-
		1,239,039	1,038,282	-	-
Total liabilities		1,380,949	1,315,446	244	249
Net Assets		2,631,831	2,716,446	3,173,596	3,171,488
UNITHOLDERS' FUNDS					
Units in issue	13	3,117,178	3,117,178	3,117,178	3,117,178
(Accumulated deficits)/Retained earnings		(514,348)	(421,348)	56,418	54,310
Hedging reserves		29,001	20,616	-	-
Total Unitholders' funds		2,631,831	2,716,446	3,173,596	3,171,488

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

INTERIM STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS (GROUP)

	Group			
	H2 FY23 \$'000 (Unaudited)	H2 FY22 \$'000 (Unaudited)	FY23 \$'000 (Audited)	FY22 \$'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	(466,940)	(372,766)	(421,348)	(313,475)
Profit for the period/ year	54,693	51,180	109,253	91,262
Distribution paid	(102,101)	(99,762)	(202,253)	(199,135)
Accumulated deficits at the end of period/ year	<u>(514,348)</u>	<u>(421,348)</u>	<u>(514,348)</u>	<u>(421,348)</u>
Hedging reserves at the beginning of period/ year	41,722	3,548	20,616	-
Other comprehensive (loss)/income for the period/ year	(12,721)	17,068	8,385	20,616
Hedging reserves at the end of period/ year	<u>29,001</u>	<u>20,616</u>	<u>29,001</u>	<u>20,616</u>
Total	<u>2,631,831</u>	<u>2,716,446</u>	<u>2,631,831</u>	<u>2,716,446</u>

INTERIM STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS (TRUST)

	Trust			
	H2 FY23 \$'000 (Unaudited)	H2 FY22 \$'000 (Unaudited)	FY23 \$'000 (Audited)	FY22 \$'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	55,674	54,173	54,310	54,997
Profit for the period/ year	102,845	99,899	204,361	198,448
Distribution paid	(102,101)	(99,762)	(202,253)	(199,135)
Retained earnings at the end of period/ year	<u>56,418</u>	<u>54,310</u>	<u>56,418</u>	<u>54,310</u>
Total	<u>3,173,596</u>	<u>3,171,488</u>	<u>3,173,596</u>	<u>3,171,488</u>

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Group	H2 FY23 \$'000 (Unaudited)	H2 FY22 \$'000 (Unaudited)	FY23 \$'000 (Audited)	FY22 \$'000 (Audited)
Operating activities				
Profit before income tax	55,498	50,406	109,217	87,078
Adjustments for:				
- Depreciation and amortisation	85,868	84,955	170,617	169,723
- Amortisation of transaction fees	389	359	859	1,530
- (Write-back of)/ provision for loss allowance for trade receivables	(54)	(186)	2	(78)
- Provision/(write-back of provision) for stock obsolescence	55	35	32	(3)
- Interest expense	8,743	4,801	15,866	8,949
- Interest income	(1,087)	(171)	(1,580)	(339)
- Gain on disposal of property, plant and equipment	-	(14)	(6)	(14)
- Property, plant and equipment written off	1,140	636	2,380	1,221
- Remeasurement (gain)/loss from finance lease receivables	-	(46)	-	12,383
- Share-based payment expenses	45	185	704	592
Operating cash flows before working capital changes	150,597	140,960	298,091	281,042
Changes in working capital:				
- Trade and other receivables	(12,230)	(12,697)	(2,085)	(21,322)
- Contract assets	(1,896)	(4,152)	1,833	(3,756)
- Trade and other payables	11,082	10,198	13,464	12,881
- Inventories	(2,804)	351	(2,694)	1,064
Cash generated from operations	144,749	134,660	308,609	269,909
Interest received	1,094	169	1,560	338
Interest paid	(8,487)	(4,122)	(14,944)	(7,587)
Income tax paid	(9,278)	(10,358)	(9,533)	(3,929)
Net cash generated from operating activities	128,078	120,349	285,692	258,731
Investing activities				
Purchase of property, plant and equipment (Note A)	(58,095)	(41,087)	(96,739)	(73,879)
Proceeds from sale of property, plant and equipment	-	14	6	14
Net cash used in investing activities	(58,095)	(41,073)	(96,733)	(73,865)
Financing activities				
Payment of loan arrangement fee	(360)	(22)	(1,575)	(2,592)
Repayment of lease liabilities	(1,439)	(1,865)	(3,245)	(3,857)
Repayment of bank loan	-	-	(156,000)	-
Distribution paid	(102,101)	(99,762)	(202,253)	(199,135)
Proceeds from bank loan	45,000	-	225,000	-
Net cash used in financing activities	(58,900)	(101,649)	(138,073)	(205,584)
Net increase/(decrease) in cash and cash equivalents	11,083	(22,373)	50,886	(20,718)
Cash and cash equivalents at beginning of financial period/ year	189,621	172,191	149,818	170,536
Cash and cash equivalents at end of financial period/ year	200,704	149,818	200,704	149,818
Cash and cash equivalents consist of:				
Cash and bank balances	198,957	149,818	198,957	149,818
Capital expenditure reserve fund ^(a)	1,747	-	1,747	-
Cash and cash equivalents at end of financial period/ year	200,704	149,818	200,704	149,818

(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 requirements 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 2023, NLT had set aside \$40.0 million for capital expenditure reserve (cumulatively from January 2018 to December 2022), of which approximately \$38.3 million (2022: \$35.3 million) were utilised to improve network resiliency and expand capacity.

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Group	H2 FY23 \$'000 (Unaudited)	H2 FY22 \$'000 (Unaudited)	FY23 \$'000 (Audited)	FY22 \$'000 (Audited)
NOTE A				
Purchase of property, plant and equipment	57,392	34,861	94,650	65,286
Less: Accruals for purchase of property, plant and equipment at end of financial period/ year	(13,053)	(15,142)	(13,053)	(15,142)
Add: Payment of accruals for purchase of property, plant and equipment at beginning of financial period/ year	<u>13,756</u>	<u>21,368</u>	<u>15,142</u>	<u>23,735</u>
	<u>58,095</u>	<u>41,087</u>	<u>96,739</u>	<u>73,879</u>

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

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 2023 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 significant 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 2022.

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. NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

A number of amendments to 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 2023

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 2022.

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 2023

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 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 %
	FY23 \$'000 (Unaudited)	FY22 \$'000 (Unaudited)	
(a) Revenue reported for first half year	199,595	187,930	6.2%
(b) Profit after tax reported for first half year	54,560	40,082	36.1%
(c) Revenue reported for second half year	203,865	189,681	7.5%
(d) Profit after tax reported for second half year	54,693	51,180	6.9%

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 2023 and 31 Mar 2022.

	Group		Trust	
	As at 31 Mar 2023 \$'000 (Audited)	As at 31 Mar 2022 \$'000 (Audited)	As at 31 Mar 2023 \$'000 (Audited)	As at 31 Mar 2022 \$'000 (Audited)
Financial Assets				
Financial assets at amortised cost	362,990	312,736	1,160,022	1,157,891
Derivative instruments:				
Designated in hedge accounting relationships	29,001	20,616	-	-
	391,991	333,352	1,160,022	1,157,891
Financial Liabilities				
Financial liabilities at amortised cost	793,117	720,368	224	247
Lease liabilities	33,237	38,448	-	-
	826,354	758,816	224	247

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

6. PROFIT BEFORE TAXATION

6.1. OTHER INCOME

	H2 FY23	H2 FY22	FY23	FY22
	\$'000	\$'000	\$'000	\$'000
Group	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Net gain on disposal of property, plant and equipment	-	14	6	14
Interest income	1,087	171	1,580	339
Government grants ⁽¹⁾	52	291	71	744
Manhole cover replacement grants ⁽²⁾	638	160	740	160
Third party compensation ⁽³⁾	1,080	155	1,777	243
Others ⁽⁴⁾	818	1,129	1,682	1,695
	<u>3,675</u>	<u>1,920</u>	<u>5,856</u>	<u>3,195</u>

(1) Government grants consists mainly of Wage Credit Scheme for FY 23, and Jobs Support Scheme and Wage Credit Scheme for FY 22.

(2) Grant income received from IMDA for a manhole cover replacement project.

(3) Third party compensation consists mainly of compensation received from third parties for cable cuts incidents and for construction works performed on behalf of Land Transport Authority ("LTA"). In H2 FY23 and FY23, the increase was mainly due to completion of construction works for LTA.

(4) 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 FY23	H2 FY22	FY23	FY22
	\$'000	\$'000	\$'000	\$'000
Group	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Depreciation of property, plant and equipment	82,436	81,152	163,515	162,057
Depreciation of right-of-use assets	1,313	1,684	2,864	3,428
Amortisation of licence	2,119	2,119	4,238	4,238
	<u>85,868</u>	<u>84,955</u>	<u>170,617</u>	<u>169,723</u>

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

6. PROFIT BEFORE TAXATION (CONT'D)

6.3. FINANCE COSTS

	H2 FY23	H2 FY22	FY23	FY22
	\$'000	\$'000	\$'000	\$'000
Group	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Interest expense on:				
- Bank loans	14,020	3,229	20,802	6,565
- Lease liabilities	188	609	786	1,242
- Others	55	60	111	119
Financing related costs	501	427	1,049	1,713
Realised (gain)/loss on interest rate swaps	(5,632)	835	(6,023)	840
	<u>9,132</u>	<u>5,160</u>	<u>16,725</u>	<u>10,479</u>

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

Finance costs	9,132	5,160	16,725	10,479
Amortisation of transaction fees	(389)	(359)	(859)	(1,530)
Interest expense per cash flow statement	<u>8,743</u>	<u>4,801</u>	<u>15,866</u>	<u>8,949</u>

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

6. PROFIT BEFORE TAXATION (CONT'D)

6.4. OTHER OPERATING EXPENSES

Other operating expenses include the following items:

	H2 FY23	H2 FY22	FY23	FY22
	\$'000	\$'000	\$'000	\$'000
Group	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Remeasurement (gain)/loss from finance lease receivables	-	(46)	-	12,383
Property tax	8,887	8,190	17,753	16,809
System operating costs	4,480	5,023	9,075	9,005
Property, plant and equipment written off	1,140	636	2,380	1,221
(Write-back of)/ provision for loss allowance for trade receivables	(54)	(186)	2	(78)
Foreign exchange loss, net	-	2	-	6
Provision/(write-back of provision) for inventory obsolescence	55	35	32	(3)

6.5. 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/year:

	H2 FY23	H2 FY22	FY23	FY22
	\$'000	\$'000	\$'000	\$'000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Services rendered to a substantial Unitholder	80,709	80,173	161,708	161,783
Services rendered to subsidiaries of a substantial shareholder of the substantial Unitholder	64,764	52,729	129,098	105,781
Purchase of services from a substantial Unitholder	2,784	2,743	5,765	5,393
Purchase of fixed assets from a substantial Unitholder	4,892	3,363	6,701	3,519
Management fee paid or payable to Trustee-Manager of the Trust	516	518	1,010	1,016
Purchase of services from subsidiaries of a substantial shareholder of the substantial Unitholder	1,675	1,905	3,493	3,741
Purchase of fixed assets from subsidiaries of a substantial shareholder of the substantial Unitholder	22	-	163	-
Purchases of goods from subsidiaries of the substantial Unitholder	-	-	75	75

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

7. INCOME TAX (EXPENSES)/CREDIT

The 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 FY23	H2 FY22	FY23	FY22
	\$'000	\$'000	\$'000	\$'000
Group	(Unaudited)	(Unaudited)	(Audited)	(Audited)
<u>Income tax is made up of:</u>				
- Current income tax expense	(3,497)	(5,646)	(15,638)	(16,348)
- Under provision of current income tax in prior year	(403)	(1,634)	(132)	(1,370)
	(3,900)	(7,280)	(15,770)	(17,718)
- Deferred income tax due to origination and reversal of temporary differences	3,095	6,457	15,683	20,250
- Over provision of deferred income tax in prior year	-	1,597	123	1,652
Income tax (expense)/credit recognised in profit or loss	(805)	774	36	4,184

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 FY23	H2 FY22	FY23	FY22
	\$'000	\$'000	\$'000	\$'000
Group	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Profit before income tax	55,498	50,406	109,217	87,078
Income tax expense calculated at a tax rate of 17%	(9,435)	(8,569)	(18,567)	(14,803)
Effect of:				
- Income not subject to taxation	126	-	126	62
- Expenses not deductible for tax purposes	(906)	(519)	(1,231)	(1,040)
- Tax relief and tax rebate	13	-	52	37
- Tax benefit on the tax exempted interest income derived from qualifying project debt securities [^]	9,791	9,791	19,635	19,635
- (Under)/ over provision in prior year	(403)	(37)	(9)	282
- Others	9	108	30	11
Tax (expenses)/credit attributable to current period's profit	(805)	774	36	4,184

[^] – 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 2023**

8. FINANCE LEASE RECEIVABLES

The 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.

During the financial year ended 31 Mar 2023, the substantial Unitholder has surrendered a portion of space in the Central Office buildings which resulted in an amount of \$0.6 million (FY22: \$1.2 million) being reclassified from finance lease receivables to leasehold land and buildings under property, plant and equipment.

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% (31 Mar 2022: 6.2%) per annum.

9. PROPERTY, PLANT AND EQUIPMENT

During the financial year ended 31 Mar 2023, the Group acquired assets amounting to \$94.7 million (FY22: \$65.3 million) and disposed of assets amounting to \$7.6 million (FY22: \$3.8 million).

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

10. 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 2023	Level 1	Level 2	Level 3	Total
(Audited)	\$'000	\$'000	\$'000	\$'000

Financial assets

Derivative financial instruments	-	29,001	-	29,001
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Group				
31 Mar 2022	Level 1	Level 2	Level 3	Total
(Audited)	\$'000	\$'000	\$'000	\$'000

Financial assets

Derivative financial instruments	-	20,616	-	20,616
----------------------------------	---	--------	---	--------

The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings. The Group currently has \$735.0 million (31 Mar 2022: \$666.0 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 \$510.0 million (31 Mar 2022: \$510.0 million). Accordingly, 69.4% (31 Mar 2022: 76.6%) 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 2023

11. GOODWILL

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.

The 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.

The 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 6.46% (2022: 5.92%). The time period used of 11 years (2022: 12 years) is in line with the amortisation of the licence. The terminal growth rates used of 1.5% (2022: 1.5%) do not exceed the long-term average growth rates of the industry in which the Group operates.

As at 31 Mar 2023, 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 2023**

12. GROUP'S BORROWINGS AND DEBT SECURITY

Group				
	Effective Average Interest rate ⁽¹⁾ (%)	As at 31 Mar 2023 \$'000 (Audited)	Effective Average Interest rate ⁽¹⁾ (%)	As at 31 Mar 2022 \$'000 (Audited)
Unsecured borrowings				
Repayable within one year				
- Bank loans (unsecured)	-	-	0.83	155,797
Repayable after one year				
- Bank loans (unsecured)	2.14	732,016	1.29	507,890
		<u>732,016</u>		<u>663,687</u>
Committed revolving credit facility ("RCF") and term loan				
Commencement Date	Terms	Utilised As at 31 Mar 2023 \$'000 (Audited)	Utilised As at 31 Mar 2022 \$'000 (Audited)	
-19 Mar 2020 ⁽²⁾	\$210 million Three-Year RCF	-	156,000	
-15 Sep 2022 ⁽³⁾	\$180 million Five-Year Term Loan	180,000	-	
-15 Sep 2022 ⁽³⁾	\$90 million Three-Year RCF	45,000	-	
-21 May 2021	\$510 million Five-Year Term Loan	510,000	510,000	
-31 Mar 2023 ⁽⁴⁾	\$120 million Three-Year RCF	-	-	
		<u>735,000</u>	<u>666,000</u>	
	Transaction costs	(2,984)	(2,313)	
		<u>732,016</u>	<u>663,687</u>	

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

(2) \$156.0 million was repaid and the \$210.0 million Three-Year RCF was cancelled on 30 Sep 2022.

(3) A new \$270.0 million facility agreement was entered into on 15 Sep 2022 comprising of a \$180.0 million Sustainability-Linked Five-Year Term Loan which will mature on 15 Sep 2027, and a \$90.0 million Sustainability-Linked Three-Year RCF which will mature on 15 Sep 2025. The \$180.0 million term loan was fully drawn on 30 Sep 2022, to repay the \$156.0 million Three-Year RCF (Note (2)). The balance of \$24.0 million was used to fund capital expenditure. \$45.0 million was drawn on 31 Mar 2023 from the \$90.0 million Sustainability-Linked Three-Year RCF to fund near term capital expenditure.

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

12. GROUP'S BORROWINGS AND DEBT SECURITY (CONT'D)

(4) A new \$120.0 million Sustainability-Linked Three-Year RCF was established on the same terms and conditions specified in the \$270.0 million facility agreement entered into on 15 Sep 2022 mentioned in footnote (3) above.

13. UNITS IN ISSUE

	Number of units			
	As at H2 FY23	As at H2 FY22	As at 31 Mar 2023	As at 31 Mar 2022
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 2023 Units (Audited)	As at 31 Mar 2022 Units (Audited)	As at 31 Mar 2023 Units (Audited)	As at 31 Mar 2022 Units (Audited)
NAV per unit based on issued units at the end of period (cents)	67.5	69.7	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 2023**

15. DISTRIBUTIONS

(a) Current Financial Period Reported on

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.

(b) Date Payable : 13 Jun 2023

(c) Corresponding Period of the Immediately Preceding Financial Year

Amount	:	\$100,152,157
Distribution Period	:	1 Oct 2021 to 31 Mar 2022
Distribution Rate	:	2.57 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 31 May 2023 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 31 May 2023 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 31 May 2023 will be entitled to the distribution to be paid on 13 Jun 2023. \$102,100,643 or 2.62 Singapore cents per Unit was declared for the Trust's distribution period for the half year ended 30 Sep 2022, which was paid on 30 Nov 2022. The Distribution to Unitholders is exempted from Singapore income tax.

16. SUBSEQUENT EVENTS

Subsequent to the end of reporting year, the Trustee-Manager approved a distribution of \$102,100,643 or 2.62 Singapore cents per unit in respect of financial period from 1 Oct 2022 to 31 Mar 2023 and it has not been adjusted for the current financial year in accordance with SFRS(I) 1-10 *Events After the Reporting Period*.

NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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 2023	As at 31 Mar 2022	As at 31 Mar 2023	As at 31 Mar 2022
	\$'000	\$'000	\$'000	\$'000
	(Audited)	(Audited)	(Audited)	(Audited)
Property, plant and equipment	138,882	52,011	-	-

The committed capital expenditure pertains mainly to the new Seletar Central Office.

18. OTHER INFORMATION

The statements of financial position as at 31 Mar 2023 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 2023 presented in this announcement have been audited in accordance with the Singapore Standard on Auditing (see auditor's report on Page 30 to Page 34 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. Management fee have been reclassified to other operating expenses. The reclassification is to better reflect and to consolidate the other operating expenses derived activities of the Trust.

As a result, the items below have been amended in the statement of profit or loss and other comprehensive income. Comparative figures have been adjusted to conform to the current year's presentation.

The items were reclassified as follows:

	Previously reported	After reclassification	Previously reported	After reclassification
	H2 FY22	H2 FY22	FY22	FY22
Management fee	518	-	1,016	-
Other operating expenses	18,622	19,140	49,320	50,336
Total	19,140	19,140	50,336	50,336

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

20. REVIEW OF PERFORMANCE VARIANCE

	H2 FY23	H2 FY22	Variance	FY23	FY22	Variance
	\$'000	\$'000	(%)	\$'000	\$'000	(%)
	(Unaudited)	(Unaudited)		(Audited)	(Audited)	
RAB revenue:						
Residential connections	122,584	120,727	1.5	244,271	240,730	1.5
Non-residential connections	16,265	15,657	3.9	32,142	30,923	3.9
NBAP and Segment connections	9,154	7,024	30.3	16,871	12,994	29.8
Ducts and manholes service revenue	13,560	13,891	(2.4)	27,615	27,978	(1.3)
Total RAB Revenue	161,563	157,299	2.7	320,899	312,625	2.6
Non-RAB revenue:						
Installation related revenue	10,070	9,674	4.1	20,269	19,277	5.1
Ancillary project revenue	13,895	5,485	153.3	25,654	10,059	155.0
Co-location and Other revenue	10,831	9,815	10.4	21,417	19,376	10.5
Central Office revenue	7,506	7,408	1.3	15,221	16,274	(6.5)
Total Non-RAB Revenue	42,302	32,382	30.6	82,561	64,986	27.0
Total Revenue	203,865	189,681	7.5	403,460	377,611	6.8

H2 FY23 vs H2 FY22

Revenue of \$203.9 million for H2 FY23 was 7.5% higher as compared to that of H2 FY22 mainly due to higher revenue from ancillary projects, NBAP and segment connections, residential connections, and colocation orders. This was partially offset by lower ducts and manholes revenue due to decreased cable length chargeable. Ancillary project revenue increased by \$8.4 million due to more projects completed. NBAP and segment connections revenue increased by \$2.1 million from higher demand for point-to-point connections to support mobile network rollout and other projects requiring high resiliency. Residential connections revenue increased by \$1.9 million from higher number of connections. As at 31 Mar 2023, there were 1,485,271 connections as compared to 1,464,217 connections as at 31 Mar 2022. Co-location revenue was \$1.0 million higher from higher power charges.

Other income was higher by \$1.8 million mainly due to the recovery of costs from LTA for work done to accommodate the construction of Jurong Regional Line and higher interest income from fixed deposit.

Total expenses for H2 FY23 were \$10.8 million higher mainly due to higher ancillary project costs and finance costs. The increase was partially offset by \$1.5 million lower staff costs as a result of higher capitalisation of labour costs for IT and fibre projects. Higher ancillary project costs of \$6.5 million were incurred alongside higher ancillary project revenue. Finance cost was higher by \$4.0 million as a result of higher interest rate and borrowing (average interest rate of 2.44% in H2 FY23 as compared to 1.22% in H2 FY22).

The tax expense was \$1.6 million higher, in line with higher profit before tax of \$55.5 million for H2 FY23.

The Group achieved profit after tax of \$54.7 million for H2 FY23.

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

FY23 vs FY22

Revenue of \$403.5 million for FY23 was 6.8% higher as compared to that of FY22 mainly due to higher revenue from ancillary projects, NBAP and segment connections, residential connections, co-location and installation orders. This was partially offset by lower Central Office revenue. Ancillary project revenue was \$15.6 million higher with more projects completed during FY23. NBAP and segment connections revenue increased by \$3.9 million because of higher demand for point-to-point connections to support mobile network rollout and other projects requiring high resiliency. Residential connections revenue increased by \$3.5 million from higher number of connections. As at 31 Mar 2023, there were 1,485,271 connections, 1.4% increase as compared to 31 Mar 2022. Co-location revenue was \$2.0 million higher from higher power charges. Higher installation-related revenue of \$1.0 million was mainly contributed by higher NBAP installation and higher residential service activation. Central Office revenue decreased by \$1.1 million mainly due to spaces surrendered by the main lessee in NetLink's 7 Central Offices and reduction in rental rates effective from Sep 2021.

Other income was higher by \$2.7 million mainly due to the recovery of costs from LTA for work done to accommodate the construction of Jurong Regional Line and higher interest income from fixed deposit.

Total expenses for FY23 were \$6.4 million higher mainly due to higher ancillary project costs and finance costs. The increase was partially offset by lower other operating expenses as there was a remeasurement loss of \$12.4 million recorded in FY22 due to the reduction in rental rates upon the renewal of the Central Office lease agreements from Sep 2021 and staff costs as a result of higher capitalisation of labour costs for IT and fibre projects. Higher ancillary project costs of \$11.0 million were incurred alongside higher ancillary project revenue. Finance cost was higher by \$6.2 million, due to higher interest rate and borrowing (average interest rate of 2.14% in FY23 as compared to 1.11% in FY22).

Higher tax expense of \$4.1 million in FY23 was in line with higher profit before tax of \$22.1 million.

The Group achieved profit after tax of \$109.3 million for FY23.

NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

REVIEW OF PERFORMANCE – INTERIM STATEMENTS OF CASH FLOWS

The Group's net cash from operating activities of \$128.1 million in H2 FY23 and \$285.7 million in FY23 was \$7.7 million and \$27.0 million higher than H2 FY22 and FY22 respectively. Net cash generated from operating activities in H2 FY23 increased due to higher operating profits partially offset by higher interest paid. Net cash generated from operating activities in FY23 was higher mainly due to higher operating profits, positive working capital movement and offset by higher interest and tax paid.

Net cash used in investing activities of \$58.1 million in H2 FY23 and \$96.7 million in FY23 were \$17.0 million and \$22.9 million higher than H2 FY22 and FY22 respectively. The increase was due to higher capital expenditures incurred on network assets and new Central Office.

Net cash used in financing activities of \$58.9 million in H2 FY23 was \$42.7 million lower due to \$45.0 million proceeds from revolving credit facility. Net cash used in financing activities of \$138.1 million in FY23 was \$67.5 million lower mainly due to \$225.0 million drawdown from bank loan and revolving credit facilities, offset by \$156.0 million repayment of bank loan.

The resultant cash and cash equivalents balance for the Group as at 31 Mar 2023 was \$200.7 million.

REVIEW OF PERFORMANCE – INTERIM STATEMENTS OF FINANCIAL POSITION

The Group reported total assets as at 31 Mar 2023 of \$4,012.8 million, \$19.1 million lower than total assets of \$4,031.9 million as at 31 Mar 2022. This was mainly due to lower property, plant and equipment, partially offset by higher cash and cash equivalents. Property, Plant and Equipment decreased \$70.6 million mainly due to depreciation, partially offset by additions to property, plant and equipment. Cash and bank deposits increased \$50.9 million mainly due to loan drawdown.

The Group reported total liabilities as at 31 Mar 2023 of \$1,380.9 million, \$65.5 million higher than 31 Mar 2022, mainly from \$68.3 million increased in bank loans, \$7.7 million increased in deferred revenue and partially offset by \$15.8 million lower deferred tax liabilities. Deferred revenue increased due to increase in ancillary project billings. Deferred tax liabilities were lower due to the reduction of temporary timing differences from property, plant and equipment.

Total Unitholders' funds stood at \$2,631.8 million as at 31 Mar 2023, lower than \$2,716.4 million as at 31 Mar 2022 mainly due to the distribution paid, partially offset by profit generated from financial year ended 31 Mar 2023.

NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

21. OUTLOOK AND PROSPECT

The global growth outlook remains uncertain. NetLink will continue to keep a watchful eye on the evolving macro environment and take necessary mitigating measures.

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 future capital expenditure. Notwithstanding the increased funding and operation costs, the Group expects to maintain its distributions to Unitholders.

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 Regulatory Asset Base.

The Singapore Government recently announced an initiative to develop a new digital connectivity blueprint. The plan includes the development of future-ready broadband, mobile and Wi-Fi infrastructure. With this, Singapore's digital infrastructure will be bolstered to meet current and future requirements for speed, capacity and reliability. In this respect, NetLink is well positioned to chart the next phase of growth for the Nationwide Broadband Network (NBN). We will provide our expertise and infrastructure to support the upgrade of the NBN that will deliver internet speeds of up to 10Gbps. We remain committed to collaborating with all key stakeholders to contribute towards Singapore's digital transformation into a world-class Smart Nation.

NetLink will continue to explore opportunities to invest in telecommunication infrastructure businesses overseas to broaden our portfolio.

The ongoing review of the terms and conditions (including prices) of NetLink Trust's services offered under its Interconnection Offer by the IMDA is expected to be completed this calendar year.

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 2023**

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 FY23 \$’000 (Unaudited)	FY23 \$’000 (Audited)	H2 FY23 \$’000 (Unaudited)	FY23 \$’000 (Audited)
NetLink NBN Management Pte. Ltd.	Trustee-Manager of NetLink NBN Trust				
- Management fees ⁽¹⁾		450	900	-	-
- Reimbursement of expenses		66	110	-	-

Note 1: Management fees payable to Trustee-Manager of NetLink NBN Trust pertains 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 2023

The auditor's report on the full financial statements of NetLink NBN Trust for the financial year ended 31 March 2023 is as follows: -

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

For the financial year ended 31 March 2023

REPORT ON THE AUDIT OF THE CONSOLIDATED 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 2023 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 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 2023, 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.

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 2023, goodwill recorded on acquisition of NetLink Trust amounted to \$746.9 million, constituting approximately 18.6% 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 20 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 2023

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.

NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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.

**NETLINK NBN TRUST AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

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: 18 May 2023"