

FINANCIAL REPORT

The Financial Report, comprising the financial statements, Notes to the financial statements and a Directors' declaration, for the year ended 30 June 2026.

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended	Notes	30 June 2026 \$m	30 June 2025 \$m
Revenue	B1	5,917	5,722
Other income	B2	162	183
Direct network costs		(493)	(561)
Employee benefits expenses	D1	(584)	(597)
Other operating expenses	B3	(492)	(463)
Depreciation and amortisation expense	C3 & C4	(3,256)	(3,275)
Finance costs on lease arrangements		(985)	(956)
Net finance costs on borrowings	C9	(1,066)	(1,013)
Loss on derivatives measured at fair value	G7	(14)	(3)
Loss before income tax		(811)	(963)
Income tax benefit/(expense)	H1	91	(237)
Loss for the year		(720)	(1,200)
Loss attributable to the shareholder		(720)	(1,200)
Other comprehensive gain/(loss)			
<i>Items that may be reclassified to profit or loss</i>			
Changes in the fair value of cash flow hedges, net of tax	E2	222	(510)
Changes in the value of costs of hedging, net of tax	E2	(10)	(42)
Total other comprehensive gain/(loss) for the year, net of tax		212	(552)
Total comprehensive loss for the year		(508)	(1,752)
Total comprehensive loss attributable to the shareholder		(508)	(1,752)

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

STATEMENT OF FINANCIAL POSITION

As at	Notes	30 June 2026 \$m	30 June 2025 \$m
Current assets			
Cash and cash equivalents	C1	32	59
Trade and other receivables	C2	448	452
Derivative financial assets	G2	202	283
Other current assets		106	117
Total current assets		788	911
Non-current assets			
Property, plant and equipment	C3	36,772	36,269
Intangible assets	C4	1,287	1,322
Derivative financial assets	G2	569	1,090
Other non-current assets		35	24
Total non-current assets		38,663	38,705
Total assets		39,451	39,616
Current liabilities			
Trade and other payables	C6	1,085	1,273
Other liabilities	C7	156	147
Provisions	C10	228	204
Derivative financial liabilities	G2	21	25
Lease liabilities	C8	575	330
Borrowings	C9	6,920	6,442
Total current liabilities		8,985	8,421
Non-current liabilities			
Trade and other payables	C6	13	19
Other liabilities	C7	1,570	1,559
Provisions	C10	26	36
Derivative financial liabilities	G2	587	349
Lease liabilities	C8	11,934	11,683
Borrowings	C9	20,552	21,878
Total non-current liabilities		34,682	35,524
Total liabilities		43,667	43,945
Net liabilities		(4,216)	(4,329)
Equity			
Contributed equity	E1 & H3	32,383	31,762
Other reserves	E2	330	118
Accumulated losses		(36,929)	(36,209)
Total equity		(4,216)	(4,329)

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

STATEMENT OF CHANGES IN EQUITY

	Notes	Accumulated losses \$m	Contributed equity \$m	Other reserves \$m	Total equity \$m
Balance at 30 June 2024		(35,009)	30,576	670	(3,763)
Loss for the year		(1,200)	–	–	(1,200)
Other comprehensive loss	E2	–	–	(552)	(552)
Total comprehensive loss for the year		(1,200)	–	(552)	(1,752)
Contributions of equity	E1 & H3	–	1,186	–	1,186
Balance at 30 June 2025		(36,209)	31,762	118	(4,329)
Loss for the year		(720)	–	–	(720)
Other comprehensive gain	E2	–	–	212	212
Total comprehensive gain/(loss) for the year		(720)	–	212	(508)
Contributions of equity	E1 & H3	–	621	–	621
Balance at 30 June 2026		(36,929)	32,383	330	(4,216)

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

STATEMENT OF CASH FLOWS

For the year ended	Notes	30 June 2026 \$m	30 June 2025 \$m
Cash flows from operating activities			
Receipts from customers		6,504	6,361
Payments to suppliers and employees		(2,144)	(2,185)
Government grants received		33	58
Interest received		24	8
Net cash provided by operating activities	C1	4,417	4,242
Cash flows from investing activities			
Payments for property, plant and equipment		(2,948)	(3,192)
Payments for intangible assets		(293)	(278)
Proceeds from sale of intangible assets		3	-
Net cash used in investing activities		(3,238)	(3,470)
Cash flows from financing activities			
Principal repayment of lease liabilities		(224)	(248)
Interest paid on lease liabilities		(789)	(933)
Proceeds from borrowings		30,967	40,495
Repayment of borrowings		(30,664)	(40,220)
Proceeds from settlement of derivatives		30	-
Interest and other finance costs paid on borrowings and derivatives		(1,147)	(1,047)
Equity injections for ordinary shares by the Commonwealth of Australia	E1 & H3	621	1,186
Net cash used in financing activities		(1,206)	(767)
Net increase/(decrease) in cash and cash equivalents		(27)	5
Cash and cash equivalents at the beginning of the year		59	54
Cash and cash equivalents at the end of the year	C1	32	59

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

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A. ABOUT THIS REPORT

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

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

The Financial Report is comprised of the financial statements, Notes to the financial statements and a Directors' declaration, for the year ended 30 June 2026. NBN Co is a for-profit entity for the purpose of preparing the Financial Report.

BASIS OF PREPARATION

This general purpose Financial Report has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB).

The financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The Financial Report has been prepared in accordance with the historical cost convention and does not take into account any changes in monetary or fair values of assets and liabilities unless otherwise stated.

The Financial Report was authorised for issue by the Directors on 5 August 2026. The Directors have the power to amend and reissue the Financial Report.

GOING CONCERN

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

As at 30 June 2026, NBN Co's current liabilities exceeded its current assets by \$8,197 million and the Company had net liabilities of \$4,216 million. These metrics are in line with expectations and the significant upfront investment in the nbn[®] network prior to the generation of free cash flows.

As at 30 June 2026, the Company had raised \$38.7 billion from domestic and international capital debt markets (including short-term promissory notes on issue) and bank facilities, and had received \$32.4 billion in equity funding from the Commonwealth of Australia out of committed equity funding of up to \$34.9 billion under the terms of the existing Equity Funding Agreement (EFA). NBN Co expects to fund its business through a combination of cash flows generated from the continuation of operating activities, the expected outcomes from the Company's future debt financing activities in both domestic and global markets, the investment of equity funding received from the Commonwealth of Australia under the terms of the EFA and the utilisation of \$11.2 billion undrawn committed bank facilities. NBN Co expects its financing strategy to be achievable based on its strong investment grade credit rating and the outcomes of recent financing transactions.

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

DIVIDENDS

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

DIRECTORS' INTEREST

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

FUNCTIONAL AND PRESENTATION CURRENCY

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

A. ABOUT THIS REPORT (CONTINUED)

ROUNDING OF AMOUNTS

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183* and in accordance with that Instrument, all financial information presented in Australian dollars has been rounded to the nearest million unless otherwise stated.

COMPARATIVE FIGURES

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

MATERIAL ACCOUNTING POLICIES

Accounting policies are selected and applied in a manner that ensures the resulting financial information satisfies the concepts of relevance and reliability. Except where otherwise stated, the Company has consistently applied the accounting policies to all periods presented in these financial statements.

Material accounting policies are contained in the Notes to the financial statements to which they relate and Note H5.

OPERATING SEGMENT REPORTING

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

NBN Co's Chief Executive Officer (CEO) has been identified as the CODM. NBN Co has determined that it operates in a single segment providing wholesale broadband services across Australia. The CODM assesses the performance of the Company using revenue, EBITDA¹, and net cash flows as presented in the financial statements. NBN Co's EBITDA¹ result was \$4,464 million as at 30 June 2026 (30 June 2025: \$4,233 million).

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

SIGNIFICANT EVENTS OCCURRING AFTER PERIOD END

Refer to Note I for significant events subsequent to reporting date.

MATERIAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Estimates and judgements which are material or have the potential to be material to the Financial Report are found in the following notes. These estimates have been consistently applied to all periods presented, unless otherwise stated.

Accounting estimates and judgements	
Determination of useful lives of property, plant and equipment	C3
Determination of useful lives of intangible assets	C4
Impairment testing	C5
Determination of whether a contract contains a lease	C8
Determination of the net present value of a lease	C8
Determination of the lease term	C8
Determination of the fair value of derivative assets and liabilities	G7

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

B. REVENUE, OTHER INCOME AND OTHER OPERATING EXPENSES

This section provides information that is most relevant to understanding NBN Co's revenue, other income and other operating expenditure during the year.

B1. REVENUE

NBN Co generates revenue primarily from the provision of telecommunications services to its customers. Other sources of revenue include new development fees, technology choice, lease and license fees and network relocation activities.

Revenue from contracts with customers

For the year ended	30 June 2026 \$m	30 June 2025 \$m
Telecommunications revenue	5,745	5,526
Other revenue	172	196
Total revenue	5,917	5,722

Telecommunications revenue

Telecommunications services are facilitated through contracting with Retail Service Providers (RSPs) under the Wholesale Broadband Agreement (WBA). Pricing for the various product offerings is set out in the WBA. The WBA also contains discounts and rebates that are available to all RSPs on an equal basis.

NBN Co recognises revenue for the amount it has the right to invoice and/or when the respective performance obligations have been met. Revenue from the provision of telecommunications services consists of both recurring and non-recurring revenues.

Recurring telecommunications revenues

Broadband network services relate to the provision of NBN Co's wholesale broadband products to RSPs which are then sold to customers. The performance obligations associated with these products are satisfied over time, as well as associated revenue. NBN Co transfers control of these products to the RSPs evenly over the period, during which the RSPs are able to obtain value from NBN Co's products. Applicable credits and rebates are recognised as a reduction to the transaction price during the period to which they relate. The Company invoices RSPs on a monthly basis, with standard short-term payment terms and therefore, no financing component exists.

Non-recurring telecommunications revenues

Telecommunications revenue includes non-recurring, non-refundable upfront fees for connection charges, installation charges, service transfers and RSP end-user contributions to connect new developments. Upfront fees will be recognised at the point in time when these services are provided as there are no further performance obligations associated with these activities.

B. REVENUE, OTHER INCOME AND OTHER OPERATING EXPENSES (CONTINUED)

B1. Revenue (continued)

Other revenue

NBN Co generates other non-telecommunications revenue from construction activities via separate contractual arrangements. The construction contracts include network relocation activities, technology choice, new development fees and co-investment partnerships with federal and state governments. Invoices are on standard short-term payment terms and are based on the nature of the services where no financing component exists.

Network relocation activities are construction-type contracts based on requests from customers for NBN Co to relocate cables and network equipment, while technology choice revenues relate to application, design and construction fees from customers who opt for alternative technologies other than those being offered at their premises. New development fees represent consideration for the deployment of network infrastructure received from property developers. Other revenue from co-investment partnerships with federal and state governments relates to contracts for the design and construction of network infrastructure.

For construction-type contracts, NBN Co recognises revenue at a point in time basis, with the performance obligation considered satisfied when the construction activity is completed.

Further disaggregation of revenue by timing

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

For the year ended	30 June 2026 \$m	30 June 2025 \$m
Timing of revenue recognition		
At a point in time	211	244
Over time	5,706	5,478
Total revenue	5,917	5,722

Significant customers

The Company offers equivalent terms to all its RSPs. NBN Co's top five customers as at 30 June 2026 were Telstra, TPG Group, Optus, Vocus, and Aussie Broadband. These five RSPs contributed approximately 80 per cent of NBN Co's total telecommunications revenue (30 June 2025: 86 per cent).

Assets and liabilities related to contracts with customers

NBN Co has recognised the following assets and liabilities related to contracts with customers:

As at	Notes	30 June 2026 \$m	30 June 2025 \$m
Trade receivables	C2	424	418
Contract liabilities	C6	(139)	(153)

Contract liabilities for deferred revenue are recorded for performance obligations under contracts for which payment has been received in advance. Contract liabilities unwind as 'revenue from contracts with customers' upon satisfaction of the performance obligations under the terms of the contract.

NBN Co applies the practical expedient in paragraph 121 of AASB 15 *Revenue from Contracts with Customers* and does not disclose information about remaining performance obligations that have durations of one year or less. NBN Co may have some performance obligations for construction activities that may not be completed within one year, however, these are not considered material.

Significant changes in the contract liabilities balance during the year are as follows:

As at	30 June 2026 \$m	30 June 2025 \$m
Balance at 1 July	(153)	(175)
Revenue recognised that was included in the contract liability balance at the beginning of the year	93	127
Increases due to cash received, excluding amounts recognised as revenue during the year	(79)	(105)
Balance at 30 June	(139)	(153)

Revenue recognition policy

Revenue is measured based upon the consideration specified within a contract with a customer and recognised as the Company transfers control over an asset or service to a customer. The Company follows the five-step approach outlined in AASB 15 *Revenue from Contracts with Customers* for recognising revenue.

B. REVENUE, OTHER INCOME AND OTHER OPERATING EXPENSES (CONTINUED)

B2. OTHER INCOME

	30 June 2026 \$m	30 June 2025 \$m
For the year ended		
Other operating income	116	132
Other non-operating income	46	51
Total other income	162	183

Recognition and measurement

Other operating income

NBN Co recognises other operating income in relation to various government grants. Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises expenditure for which the grants are intended to compensate.

Government grants which are received in advance of NBN Co incurring the related expenditure are recognised in the Statement of financial position as a deferred gain when the grant is received (refer to Note C7).

Other non-operating income

Other non-operating income relates to assets received for no consideration from developers as part of the construction of the nbn[®] network in new development areas and from government entities in the form of a grant. These assets are recorded at their fair value as at the date the assets were transferred to NBN Co and the resulting gain is credited to a deferred gain within other liabilities (refer to Note C7). The deferred gain is released to profit or loss on a straight-line basis, over the period the assets are expected to provide services, which is the estimated useful life of the assets.

B3. OTHER OPERATING EXPENSES

	30 June 2026 \$m	30 June 2025 \$m
For the year ended		
IT and software expenses	(193)	(179)
Communication and public information expenses	(59)	(63)
Other operating expenditure	(240)	(221)
Total	(492)	(463)

C. ASSETS AND LIABILITIES

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

C1. CASH AND CASH EQUIVALENTS

As at	30 June 2026 \$m	30 June 2025 \$m
Cash at bank	32	59
Total	32	59

For the purpose of presentation in the Statement of cash flows, cash and cash equivalents includes cash on hand and bank overdrafts. Any bank overdrafts are shown within current borrowings in the Statement of financial position.

Restricted cash

The cash and cash equivalents disclosed in the Statement of financial position and the Statement of cash flows include \$17 million (30 June 2025: \$18 million) held by the Company which is subject to contractual restrictions and therefore not available for general use.

Reconciliation of loss for the year to net cash provided by operating activities

For the year ended	30 June 2026 \$m	30 June 2025 \$m
Loss for the year	(720)	(1,200)
Add/(less) non-cash/non-operating items		
Depreciation and amortisation	3,256	3,275
Finance costs on lease arrangements	985	956
Finance costs on borrowings	1,090	1,022
Other items	(33)	(49)
Income tax (benefit)/expense	(91)	237
(Increase)/decrease in operating assets		
Decrease in trade and other receivables	4	130
Decrease in other assets	2	-
Increase/(decrease) in operating liabilities		
Increase/(decrease) in trade and other payables	11	(66)
Decrease in other liabilities	(99)	(74)
Increase in provisions	12	11
Net cash provided by operating activities	4,417	4,242

C. ASSETS AND LIABILITIES (CONTINUED)

C2. TRADE AND OTHER RECEIVABLES

As at	30 June 2026 \$m	30 June 2025 \$m
Current		
Trade receivables	424	418
Other receivables	24	34
Total	448	452

Recognition and measurement

Trade and other receivables are considered financial assets. They are initially recorded at the fair value of the amounts to be received and are subsequently measured at amortised cost using the effective interest method. These financial assets are derecognised when cash flows are received or the rights to receive cash flows from the financial assets have expired.

For trade receivables, the Company applies a simplified approach to calculating Expected Credit Losses (ECLs). Therefore, the Company does not track changes in credit risk at an individual counterparty level, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. Further information about the Company's accounting policy for impairment of financial assets, which includes trade and other receivables, is included in Note H5.

There have been no material impairment losses and the Company did not have any material receivables that were past due but not impaired at 30 June 2026 (30 June 2025: nil).

C3. PROPERTY, PLANT AND EQUIPMENT

	Land \$m	Buildings and leasehold improve- ments \$m	Furniture and equipment \$m	IT equipment \$m	Network assets \$m	Total \$m
Cost						
Balance at 30 June 2024	36	330	65	129	54,183	54,743
Additions	–	19	36	14	3,321	3,390
Remeasurement of right-of-use assets	–	4	1	–	305	310
Disposals	–	–	(15)	(3)	(347)	(365)
Balance at 30 June 2025	36	353	87	140	57,462	58,078
Additions	–	42	12	15	2,950	3,019
Remeasurement of right-of-use assets	–	36	1	–	354	391
Disposals	–	(57)	(9)	(1)	(741)	(808)
Balance at 30 June 2026	36	374	91	154	60,025	60,680
Accumulated depreciation						
Balance at 30 June 2024	(8)	(255)	(40)	(83)	(18,905)	(19,291)
Depreciation	(1)	(39)	(16)	(23)	(2,804)	(2,883)
Disposals	–	–	15	3	347	365
Balance at 30 June 2025	(9)	(294)	(41)	(103)	(21,362)	(21,809)
Depreciation	(2)	(35)	(19)	(20)	(2,831)	(2,907)
Disposals	–	57	9	1	741	808
Balance at 30 June 2026	(11)	(272)	(51)	(122)	(23,452)	(23,908)
Net book value at 30 June 2025	27	59	46	37	36,100	36,269
Net book value at 30 June 2026	25	102	40	32	36,573	36,772

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

As at	30 June 2026 \$m	30 June 2025 \$m
Constructed and purchased assets	26,009	25,370
Assets in the course of construction	687	1,006
Right-of-use assets	8,471	8,407
Assets acquired for no consideration and under government grants	1,605	1,486
Property, plant and equipment – net book value	36,772	36,269

Assets in the course of construction

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

C. ASSETS AND LIABILITIES (CONTINUED)

C3. Property, plant and equipment (continued)

Right-of-use assets

	Land \$m	Buildings and leasehold improvements \$m	Furniture and equipment \$m	Network assets \$m	Total \$m
Cost					
Balance at 30 June 2024	19	206	53	11,356	11,634
Additions	–	7	35	45	87
Remeasurements	–	4	1	305	310
Disposals	–	–	(14)	(1)	(15)
Balance at 30 June 2025	19	217	75	11,705	12,016
Additions	–	39	12	78	129
Remeasurements	–	36	1	354	391
Disposals	–	(48)	(9)	(2)	(59)
Balance at 30 June 2026	19	244	79	12,135	12,477
Accumulated depreciation					
Balance at 30 June 2024	(8)	(158)	(30)	(2,997)	(3,193)
Depreciation	(1)	(27)	(15)	(388)	(431)
Disposals	–	–	14	1	15
Balance at 30 June 2025	(9)	(185)	(31)	(3,384)	(3,609)
Depreciation	(2)	(27)	(19)	(408)	(456)
Disposals	–	48	9	2	59
Balance at 30 June 2026	(11)	(164)	(41)	(3,790)	(4,006)
Net book value at 30 June 2025	10	32	44	8,321	8,407
Net book value at 30 June 2026	8	80	38	8,345	8,471

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

Assets acquired for no consideration and under government grant

Included within network assets are assets acquired from developers for no consideration and an indefeasible right-of-use arrangement with the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts to use certain Regional Backbone Blackspots Program assets for no consideration (refer to Note C7).

Non-current assets pledged as security

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

Recognition and measurement

Property, plant and equipment assets are recognised and measured at historical cost less any accumulated depreciation and impairment losses.

NBN Co's costs include expenditures that are directly attributable to the acquisition of the asset, including the costs of materials and direct labour, and initial estimates of the costs of dismantling and removing an asset and restoring the site on which it is located. The Company does not consider that it has any qualifying assets and therefore does not currently capitalise any borrowing costs.

Assets under construction are recorded at cost, based on the estimated percentage of completion. Directly attributable costs are included in the capitalised cost of an asset, only when it is probable that future economic benefits associated with the item will flow through to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All repairs and maintenance costs are charged to profit or loss during the reporting period in which they are incurred. Costs that are not directly attributable are recorded as an expense in profit or loss.

Right-of-use assets are measured at cost and comprise of the following:

- The amount of the initial measurement of the corresponding lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs
- Initial estimates of any restoration costs.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

Depreciation

Depreciation on network and non-network assets commences when they are installed and ready for use, otherwise termed as 'in service'. Buildings are depreciated from the date of acquisition. Land, other than that held by way of right-of-use assets, is not depreciated.

Depreciation on assets is calculated using the straight-line method to allocate the cost, net of any residual values, over their estimated useful lives or, in the case of leasehold improvements and right-of-use assets, the shorter of their lease term or useful life.

In line with its accounting policy, NBN Co reviews the useful lives of its network assets prior to each balance sheet date based on the most recent available information. During the period, NBN Co revised the estimated useful lives of certain network assets, within the existing range of 5 to 40 years, to align their expected period of use with the Company's latest business plans and upgrade strategies. The net impact on NBN Co's depreciation expense is not material for the year ended 30 June 2026.

C. ASSETS AND LIABILITIES (CONTINUED)

C3. Property, plant and equipment (continued)

The Company has assessed the current useful lives of assets as follows:

Asset type	Useful lives
Network assets	Lower of lease term or 5–40 years
Buildings	Lower of lease term or 50 years
Leasehold improvements	Lower of lease term or 5–30 years
Furniture and equipment	3–10 years
IT equipment	3–5 years

Residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date.

Gain or loss on disposal is determined by comparing the proceeds with the carrying amount of the asset. Any gain or loss on disposal is recognised in profit or loss.

KEY ESTIMATES AND JUDGEMENTS

Determination of useful lives of property, plant and equipment

The estimation of useful lives requires significant judgement and are reviewed at each reporting date. If they need to be modified, the depreciation expense is accounted for prospectively from the date of reassessment until the end of the revised useful life (for both the current and future periods). Such revisions are generally required when there are changes in economic circumstances, climate risk impacts, regulatory changes, government policies, business plans and strategies, expected level of usage, and future technological developments, impacting specific assets or groups of assets. It is possible that future results of operations could be materially affected by changes in these estimates.

Significant non-cash components

Acquisition of assets by means of non-cash transactions represents those assets acquired via right-of-use arrangements or contributed for no consideration.

	30 June 2026 \$m	30 June 2025 \$m
For the year ended		
Acquisition of assets by means of right-of-use arrangements	129	87
Acquisition of network infrastructure by means of developer contributions and government grants	166	118
Acquisition of assets by non-cash transactions	295	205

C4. INTANGIBLE ASSETS

	Software \$m	Licences \$m	Right-of-use assets – Licences \$m	Other \$m	Total \$m
Cost					
Balance at 30 June 2024	4,363	75	63	156	4,657
Additions	263	11	–	2	276
Remeasurement	–	–	(1)	–	(1)
Disposals	(179)	(1)	–	–	(180)
Balance at 30 June 2025	4,447	85	62	158	4,752
Additions	298	3	7	–	308
Remeasurement	–	–	8	–	8
Disposals	(128)	(7)	–	(83)	(218)
Balance at 30 June 2026	4,617	81	77	75	4,850
Accumulated amortisation					
Balance at 30 June 2024	(3,000)	(44)	(26)	(148)	(3,218)
Amortisation	(368)	(10)	(8)	(6)	(392)
Disposals	179	1	–	–	180
Balance at 30 June 2025	(3,189)	(53)	(34)	(154)	(3,430)
Amortisation	(326)	(11)	(10)	(2)	(349)
Disposals	128	5	–	83	216
Balance at 30 June 2026	(3,387)	(59)	(44)	(73)	(3,563)
Net book value at 30 June 2025	1,258	32	28	4	1,322
Net book value at 30 June 2026	1,230	22	33	2	1,287

Recognition and measurement

Internally generated intangible assets

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Company can demonstrate the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the development of the asset
- The ability to reliably measure the expenditure attributable to the intangible asset during its development.

Following the initial recognition of development expenditure, the asset is carried at cost less accumulated amortisation. Any expenditure capitalised is amortised over the period of expected benefits from the related asset. The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use or more frequently when an indication of impairment arises during the reporting period.

C. ASSETS AND LIABILITIES (CONTINUED)

C4. Intangible assets (continued)

Software assets

Directly attributable costs associated with the development of business software for internal use are recorded as software assets if the development expenditure satisfies the criteria for capitalisation as outlined above.

Costs included in software assets developed for internal use are:

- External direct costs of materials, contract labour and services consumed
- Payroll and payroll-related costs for employees (including contractors) directly associated with the development project.

Costs that are not directly attributable are expensed as incurred. The Company does not consider that it has any qualifying assets and therefore does not currently capitalise any borrowing costs.

Acquired intangible assets

In addition to internally developed software assets, the Company may also acquire externally generated software. These costs are also capitalised and tend to be of a similar nature to those developed in-house. Intangible assets acquired through separate acquisition are recorded at cost.

Amortisation

Intangible assets are amortised on a straight-line basis over their estimated useful lives. The estimated useful lives of identifiable intangible assets are as follows:

Identifiable intangible asset type	Useful lives
Software assets	3–8 years
Telecommunications licences	Term of licence
Other intangible assets	3–10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate. Amortisation of intangible assets does not commence until the assets are installed and ready for use, as intended by the Company.

Assets in the course of construction

The carrying amount of intangible assets includes expenditure recognised on software assets which are in the course of construction. As these assets have not been installed and are not ready for use, no amortisation is charged on these assets. Total software assets in the course of construction are \$145 million (30 June 2025: \$80 million).

KEY ESTIMATES AND JUDGEMENTS

Determination of useful lives of intangible assets

The estimation of useful lives requires significant judgement and are reviewed at each reporting date. If they require modification, the amortisation expense is accounted for prospectively from the date of reassessment until the end of the revised useful life (for both the current and future years). Such revisions are generally required when there are changes in economic circumstances, climate risk impacts, regulatory changes, government policies, business plans and strategies, expected level of usage, and future technological developments, impacting specific assets or groups of assets. It is possible that future results of operations could be materially affected by changes in these estimates.



C5. IMPAIRMENT OF NON-FINANCIAL ASSETS

Recognition and measurement

Tangible and intangible non-financial assets are measured using the cost basis and are considered to be impaired when their carrying value exceeds their recoverable amount.

Material intangible assets that are not yet subject to amortisation are tested on an annual basis for impairment, or when an indication of impairment exists. Property, plant and equipment and intangible assets subject to amortisation are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The recoverable amount of an asset is the higher of its fair value less costs of disposal or its value in use. An impairment loss is recognised as an expense in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount.

For assets that do not generate largely independent cash inflows, the recoverable amount is determined for the Cash Generating Unit (CGU) to which that asset belongs. The Company's CGU is determined according to the lowest level of aggregation for which the cash inflows are independent of cash inflows from other assets.

KEY ESTIMATES AND JUDGEMENTS

Impairment testing

The Company has determined that assets which form part of the nbn[®] network, work together to achieve the delivery of products and services in order to generate cash inflows. As a result, the Company has determined that the ubiquitous broadband network is a single CGU (the NBN Co CGU).

At the end of the reporting period, the Company performed an impairment test. The recoverable amount of the NBN Co CGU was estimated by adopting a fair value less costs to sell approach using a discounted cash flow methodology. The results of this analysis determined that the recoverable amount of the NBN Co CGU exceeds its carrying amount as at 30 June 2026 and that the NBN Co CGU was not impaired. Based on the impairment assessment, NBN Co does not consider that any reasonable possible changes to the key assumptions would reduce the recoverable amount below the carrying amount of the CGU.

In assessing the recoverable amount of the NBN Co CGU, a number of factors were considered, including changes in economic circumstances, climate risk impacts, regulatory changes, government policies, business plans and strategies, expected level of usage of assets, and future technological developments.



C. ASSETS AND LIABILITIES (CONTINUED)

C6. TRADE AND OTHER PAYABLES

As at	30 June 2026 \$m	30 June 2025 \$m
Current		
Trade and other payables	176	186
Contract liabilities	126	134
Accruals	771	936
GST payable	12	17
Total	1,085	1,273

As at	30 June 2026 \$m	30 June 2025 \$m
Non-current		
Contract liabilities	13	19
Total	13	19

The accruals balance includes \$356 million (30 June 2025: \$543 million) relating to property, plant and equipment and intangible assets.

Recognition and measurement

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the reporting date. The amounts are unsecured. Trade and other payables are initially recognised at their fair value and subsequently carried at amortised cost using the effective interest method.

C7. OTHER LIABILITIES

As at	30 June 2026 \$m	30 June 2025 \$m
Current		
Deferred gain on government grants	109	105
Deferred gain on developer contributions and other liabilities	47	42
Total	156	147

As at	30 June 2026 \$m	30 June 2025 \$m
Non-current		
Deferred gain on government grants	43	147
Deferred gain on developer contributions and other liabilities	1,527	1,412
Total	1,570	1,559

Recognition and measurement

Government grants

NBN Co is the recipient of various government grants, which can be in the form of a cash contribution or the contribution of an asset or assets for no consideration. Grants in the form of cash are recognised as other income in profit or loss on a systematic basis over the periods in which the Company recognises expenditure for which the grants are intended to compensate. Where the cash is received in advance of the recognition of other income, it is recognised in the Statement of financial position as a deferred gain.

When the grant relates to an asset or assets received for no consideration, the asset is recorded at fair value and the resulting gain is credited to deferred gain. The gain is released to profit or loss on a straight-line basis over the expected period of provision of services, which is estimated to be the useful life of the relevant asset or assets.

Developer contributions for no consideration

The Company receives network assets for no consideration from developers as part of the build of the nbn[®] network in new development areas. Assets received for no consideration are recorded at fair value and the resulting gain is recognised as a deferred gain, which is released to profit or loss on a straight-line basis over the expected period of provision of services, which is estimated to be the useful life of the relevant asset or assets.

There are no unfulfilled conditions or contingencies attached to the developer contributions.

C. ASSETS AND LIABILITIES (CONTINUED)

C8. LEASE LIABILITIES

As at	30 June 2026 \$m	30 June 2025 \$m
Current		
Lease liabilities	575	330
Non-current		
Lease liabilities	11,934	11,683
Total	12,509	12,013

The majority of the Company's lease liabilities relate to right-of-use licences to access Telstra's network infrastructure, including ducts, pits, exchange rack space and dark fibre network cables. The terms of these right-of-use licences are governed by the Revised Definitive Agreements (RDAs) with Telstra (refer to Note F1). The Company also leases certain commercial properties, commercial vehicles, and wireless sites with various terms that are due to expire within a range of 1 to 40 years. Lease payments generally comprise a base amount plus an incremental contingent rental amount based on movements in CPI and periodic reviews to market-based levels.

NBN Co has entered into lease agreements that have a commencement date after 30 June 2026, which are therefore not included in the calculation of the Company's lease liabilities. NBN Co has estimated that the unrecognised lease liability for these leases as at 30 June 2026 is \$58 million (30 June 2025: nil).

Recognition and measurement under AASB 16 Leases

The Company recognises leases where the Company has the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases in which the Company is a lessee

Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company, except where the Company applies the practical exemption to not apply AASB 16 for leases of low-value assets.

Management considers low-value assets as those assets valued at less than \$10,000, with this assessment based upon the value of the asset when it is new. The payments for these low-value assets will be recognised as operating expenditure on a straight-line basis (or other systematic basis over the lease term). For the year ended 30 June 2026, \$33 million has been recognised as operating expenditure in profit or loss for lease arrangements that have been classified as low-value assets (30 June 2025: \$30 million).

Right-of-use assets and lease liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate that is known at the reporting date
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.



The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The lease liability is subsequently increased by the interest charged on the lease liability and decreased by lease payments made. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

After initial recognition, the lease liability is remeasured when there is a change in future lease payments. The lessee shall recognise the amount of any remeasurement of the lease liability as an adjustment to the right-of-use asset. The Company is exposed to potential future changes in variable lease payments that are based on an index or rate, such as payments linked to CPI. Changes to these variable lease payments will result in a remeasurement of the lease liability (and corresponding adjustment to the right-of-use asset) using an unchanged discount rate at the date the changes due to the movement in an index or rate become known.

If there is a lease modification, that does not result in a separate lease, then the lease liability is remeasured on the date of the lease modification by discounting the revised lease payments using a revised discount rate.

The Company applies judgement to determine the lease term for some lease contracts in which it is a lessee that include purchase, renewal or termination options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which affects the value of lease liabilities and right-of-use assets recognised.

Leases in which the Company is a lessor

The Company does not have significant leases where it acts as the lessor. Under AASB 16, the Company will continue to classify each lease as either an operating lease or a finance lease.

A lease will be classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset.

Lease income from operating leases where the Company is a lessor is recognised as income on a straight-line basis over the lease term.

C. ASSETS AND LIABILITIES (CONTINUED)

C8. Lease liabilities (continued)

KEY ESTIMATES AND JUDGEMENTS

Determination of whether a contract contains a lease

At the inception of a contract, the Company will assess whether the contract is, or contains a lease. The Company will recognise a lease where a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In making this assessment, the Company primarily considers if there is an identified asset, who has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use, and who can direct how and for what purpose the asset is used throughout the period of use.

Determination of the net present value of a lease

A number of key estimates and judgements have been made in determining the net present value of applicable lease payments. In determining the net present value of a lease, the applicable lease payments are discounted using the interest rate implicit in the lease. Where this cannot be readily determined, a discount rate representing the estimated incremental borrowing rate at the commencement of the lease or at the date of any lease modification is used.

The incremental borrowing rate is the rate of interest the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The Company determines the incremental borrowing rate based upon the rate at which NBN Co, as a stand-alone company, can borrow funds. When determining the incremental borrowing rate for a lease, consideration is given to the term of the lease, recent credit ratings for NBN Co, comparable market transactions and the nature of the assets being leased.

Determination of the lease term

Extension and termination options are included in a number of leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease term is reassessed if an option is exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Company.

For network infrastructure right-of-use licences with Telstra, the term of each right-of-use licence, of up to 35 years, does not include possible renewal as the exercise of such options was not considered reasonably certain at inception of the agreements and also at the reporting date. The renewal period being two options, each for ten additional years, which are exercisable by NBN Co.

C9. BORROWINGS AND OTHER FINANCIAL LIABILITIES

As at	30 June 2026 \$m	30 June 2025 \$m
Current		
Borrowings	6,920	6,442
Non-current		
Borrowings	20,552	21,878
Total	27,472	28,320

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

During the year ended 30 June 2026, the Company executed the following transactions in relation to its borrowings:

- Issued a EURO (EUR) 750 million Sustainability EMTN with a 7.5-year tenor and an Australian Dollar (AUD) \$850 million Sustainability AMTN with a 10-year tenor, under the Company's Sustainability Bond Framework
- Issued a United States Dollars (USD) \$650 million US 144A/Reg S bond with a 5-year tenor
- Repaid an AUD \$1,200 million AMTN that matured in December 2025 and a USD \$750 million US 144A/Reg S bond that matured in May 2026
- Cyclical issuance and repayment of short-term promissory notes in AUD under NBN Co's Promissory Note Programme. As at 30 June 2026, a total of \$3,671 million remains issued by the Company
- Renegotiated committed bank facilities for an additional \$1,000 million, increasing the Company's available committed bank facilities to \$11,500 million. \$330 million of existing bank facilities were repaid during the period, decreasing the total drawn balance to \$290 million as at 30 June 2026. As at 30 June 2025, the Company had drawn down \$620 million from committed bank facilities of \$10,500 million.

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

C. ASSETS AND LIABILITIES (CONTINUED)

C9. Borrowings and other financial liabilities (continued)

Borrowings consist of the following unsecured financial arrangements at 30 June 2026:

As at	30 June 2026		30 June 2025	
	Current \$m	Non-current \$m	Current \$m	Non-current \$m
AMTN ¹	1,600	4,950	1,200	5,700
US144A/Reg S ²	959	6,959	971	6,943
EMTN ³	–	6,770	–	5,552
Private placements ⁴	400	1,867	–	2,267
Promissory notes	3,671	–	3,915	–
Bank facilities ⁵	–	290	–	620
Total principal amount of borrowings	6,630	20,836	6,086	21,082
Accrued interest	248	–	215	–
Fair value hedge adjustments	(16)	(275)	(31)	(133)
Foreign exchange movements	60	73	174	1,012
Fees and other adjustments	(2)	(82)	(2)	(83)
Total borrowings	6,920	20,552	6,442	21,878

1. Includes \$4,000 million in Green and Sustainability bonds issued under the Company's AMTN Programme and Sustainability Bond Framework (30 June 2025: \$3,150 million).
2. Represents US 144A/Reg S notes of USD \$5,550 million issued under the Company's GMTN Programme, measured at the spot foreign exchange rate on the settlement date (30 June 2025: USD \$5,650 million).
3. Represents Green EMTN of EUR 2,650 million and Sustainability EMTN of EUR 1,450 million issued under the Company's GMTN Programme and Sustainability Bond Framework, measured at the spot foreign exchange rate on the settlement date (30 June 2025: Green EMTN of EUR 2,650 million and Sustainability EMTN of EUR 700 million).
4. Represents private placement issuances in AUD \$850 million, Norwegian Krone (NOK) 3,750 million, USD \$50 million, EUR 90 million, Hong Kong Dollar (HKD) 1,370 million, GBP 150 million and Japanese Yen (JPY) 5,500 million. Foreign denominated issuances are measured at the spot foreign exchange rate on the settlement date (30 June 2025: AUD \$850 million, NOK 3,750 million, USD \$50 million, EUR 90 million, HKD 1,370 million, GBP 150 million and JPY 5,500 million).
5. The terms of certain bank facilities were modified during the year to 30 June 2026, extending the tenor and increasing the overall facility limit by \$1,000 million.

The Company's nominal weighted average cost of issued and drawn debt, taking into account hedging activities and amortisation of associated fees, for the year ended 30 June 2026 is 3.80 per cent (30 June 2025: 3.54 per cent). All borrowings are repayable in full at the end of the contracted period.

Recognition and measurement

All loans are initially recorded at fair value, which typically reflects the proceeds received, net of directly attributable transaction costs. Establishment fees paid upon entering into loan facilities are recognised as transaction costs related to the loan to the extent that it is probable that some or all of the loan facility will be drawn down. In this case, establishment fees are deferred until the drawdown occurs. If it is not deemed probable that some or all of the loan facility will be drawn down, then the fee is capitalised as a prepayment and amortised over the period of the related loan facility.

After initial recognition, all interest-bearing loans are measured at amortised cost, using the effective interest method. Loans that are in a designated fair value hedge relationship are adjusted for fair value movements attributable to the hedged risk. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Borrowings are derecognised when contractual obligations are discharged, cancelled or expired.

A reconciliation of movements in NBN Co's borrowings arising from financing activities has been shown in the table below.

For the year ended	30 June 2026 \$m	30 June 2025 \$m
Balance at 1 July	28,320	26,912
Movement in principle amount of borrowings	298	275
Accrued interest	33	45
Fair value hedge adjustments	(127)	429
Foreign exchange movements	(1,053)	668
Fees and other adjustments	1	(9)
Balance at 30 June	27,472	28,320

Net finance costs on borrowings

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

For the year ended	Note	30 June 2026 \$m	30 June 2025 \$m
Interest on borrowings		(1,053)	(968)
Other finance charges ¹		(13)	(45)
Total		(1,066)	(1,013)

1. Other finance charges include hedge ineffectiveness.

C. ASSETS AND LIABILITIES (CONTINUED)
C9. Borrowings and other financial liabilities (continued)

Fair value of borrowings

At 30 June 2026, the carrying value and fair value of the Company's current and non-current borrowings are as follows:

As at	30 June 2026		30 June 2025	
	Carrying value \$m	Fair value \$m	Carrying value \$m	Fair value \$m
Borrowings	27,472	27,288	28,320	28,173
Total	27,472	27,288	28,320	28,173

The difference between the carrying value and fair value reflects the movements in underlying market interest rates between settlement date and reporting date for the Company's borrowings. The fair value of the Company's borrowings is measured using Level 2 inputs (refer to Note G7).

C10. PROVISIONS

As at	30 June 2026 \$m	30 June 2025 \$m
Current		
Employee benefits	197	181
Other provisions	31	23
Total	228	204

As at	30 June 2026 \$m	30 June 2025 \$m
Non-current		
Employee benefits	16	19
Other provisions	10	17
Total	26	36

Recognition and measurement

Provisions are recognised when:

- There is a present legal or constructive obligation to make a future sacrifice of economic benefits as a result of past transactions or events
- It is probable that a future sacrifice of economic benefits will arise
- A reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Refer to Note D1 for employee benefits accounting policies.

D. PEOPLE

This section describes employment and post-employment benefit expenses provided to NBN Co's workforce.

D1. EMPLOYEE BENEFITS EXPENSES

For the year ended	30 June 2026 \$m	30 June 2025 \$m
Defined contribution superannuation expense	(83)	(79)
Other employee expenses, net of capitalisation	(501)	(518)
Total	(584)	(597)

Recognition and measurement

Short-term employee benefit obligations

Short-term employee benefits comprise salaries and wages, including non-monetary benefits, short-term incentives and annual and long service leave that is expected to be settled within 12 months of the reporting date. Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long-term employee benefit obligations

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using high-quality corporate bond rates at the reporting date with terms to maturity and currency to match, as closely as possible to, the estimated future cash flows. Remeasurement as a result of experience adjustments and changes in assumptions are recognised in profit or loss.

Post-employment benefits

The Company pays superannuation guarantee contributions into nominated defined contribution plans as advised by employees. Superannuation contributions are recognised as an expense as they become payable.

Termination benefits

Termination benefits are payable when employment is terminated, and an expense is recognised when the Company is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without likelihood of withdrawal.

Capitalisation of employee benefits expenses

Employee benefits expenses are capitalised and included in the cost of property, plant and equipment, and intangible assets upon initial recognition to the extent that they are directly attributable to constructing and bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

D2. KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are set out below:

	30 June 2026 \$	30 June 2025 \$
For the year ended		
Short-term employee benefits	(9,758,319)	(8,917,197)
Post-employment benefits	(711,502)	(287,971)
Long-term employee benefits	(188,217)	(172,769)
Total	(10,658,038)	(9,377,937)

The table above includes the remuneration of key management personnel during the period for which they acted as key management personnel only.

E. EQUITY

The Commonwealth of Australia and NBN Co had previously entered into an Equity Funding Agreement (EFA), whereby the Commonwealth of Australia provided assurances to the Company in relation to the provision of equity funding of \$29.5 billion until 30 June 2021. NBN Co signed a new EFA on 27 June 2023 with the Commonwealth of Australia which was varied on 7 March 2025. Under the terms of the current EFA, the Commonwealth of Australia will provide up to \$2.4 billion to NBN Co to enable an additional 1.5 million homes and businesses previously served by FTTN to be eligible for an upgrade to FTTP technology and up to \$3.0 billion in equity funding to enable the remaining homes and businesses previously served by FTTN technology to be eligible for an upgrade by 31 December 2030. The equity funding will be provided to NBN Co as the programs progress, up to a maximum annual drawdown amount.

E1. CONTRIBUTED EQUITY

As at 30 June 2026, \$32.4 billion of the total available equity funding of up to \$34.9 billion from the Commonwealth of Australia had been provided to NBN Co under the terms of the EFA (30 June 2025: \$31.8 billion). The equity funding provided to the Company for the year ended 30 June 2026 is as follows:

	Number of shares	Ordinary shares fully paid \$m
Balance at 30 June 2024	30,576,000,000	30,576
Equity injections	1,185,973,777	1,186
Balance at 30 June 2025	31,761,973,777	31,762
Equity injections	621,265,813	621
Balance at 30 June 2026	32,383,239,590	32,383

Recognition and measurement

Issued and paid-up capital is recognised at the fair value of the consideration received by the Company. Transactions with the Commonwealth of Australia, as owner, that are designated as equity injections for the reporting period, are recognised directly in contributed equity and do not form part of other comprehensive income in that reporting period.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number and amounts paid on the shares held. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Capital risk management

The Company's objectives when managing capital are to safeguard the ability of the Company to continue as a going concern while maximising the return to the Commonwealth of Australia and maintaining an optimal capital structure. The capital structure of the Company consists of cash and cash equivalents disclosed in Note C1, borrowings disclosed in Note C9 and contributed equity.

Dividends declared

No dividends were declared or paid during the year ended 30 June 2026 (30 June 2025: nil).

E2. OTHER RESERVES

	Cash flow hedging reserve \$m	Cost of hedging reserve \$m	Total reserves \$m
Balance at 30 June 2024	696	(26)	670
Change in fair value of hedging instrument recognised in OCI	431	(68)	363
Reclassified from OCI to profit or loss ¹	(1,150)	7	(1,143)
Reclassified to the cost of property, plant and equipment	(10)	1	(9)
Deferred tax	219	18	237
Balance at 30 June 2025²	186	(68)	118
Change in fair value of hedging instrument recognised in OCI	(485)	(34)	(519)
Reclassified from OCI to profit or loss ¹	793	20	813
Reclassified to the cost of property, plant and equipment	9	–	9
Deferred tax	(95)	4	(91)
Balance at 30 June 2026^{2,3}	408	(78)	330

1. During the period, gains of \$120 million were released from the cash flow hedge reserve for discontinued hedges (30 June 2025: \$132 million).
2. As at 30 June 2026, gains of \$210 million relating to discontinued hedges remain in the cash flow hedge reserve (30 June 2025: \$304 million).
3. During the period, certain cross-currency interest rate swaps were novated and certain interest rate swaps and interest rate options were closed out before their end date, resulting in the de-designation of the related cash flow hedge relationships. A loss of \$6 million was released from the cost of the hedge reserve to profit or loss and a gain of \$26 million was crystallised in the cash flow hedge reserve.

The cash flow hedging reserve represents the effective portion of gains or losses on remeasuring the fair value of qualifying derivative instruments, which have been designated into cash flow hedging relationships. The cost of hedging reserve represents changes in the fair value of the Company's derivative financial instruments attributable to movements in the foreign currency basis spread and time-value of future options.

The amount accumulated in the cash flow hedge reserve and cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the underlying expected future cash flows to which the hedge relates affect profit or loss.

F. SIGNIFICANT CONTRACTUAL ARRANGEMENTS AND COMMITMENTS

NBN Co has entered into a number of contracts that will underpin the delivery and operation of the nbn[®] network. In addition to entering into contractual arrangements with Delivery Partners for the build of the network, NBN Co has entered into strategic agreements with Telstra and Singtel Optus that provide NBN Co with the required infrastructure to deliver fast broadband to the nation.

These strategic agreements are essential to NBN Co in regard to its ability to achieve its short and long-term objectives.

F1. TELSTRA REVISED DEFINITIVE AGREEMENTS

On 23 June 2011, NBN Co and Telstra announced that binding agreements (the Telstra Definitive Agreements or the DAs) had been entered into for the rollout of the nbn[®] network. The DAs became unconditional following the satisfaction of conditions precedent including Telstra shareholder approval in November 2011 and ACCC acceptance of Telstra's Migration Plan and Structural Separation Undertaking in March 2012.

Following the completion of the 2013 Strategic Review, the Government provided NBN Co with a new Statement of Expectations under which the nbn[®] network rollout was to transition from a primarily FTTP model to a Multi-Technology Mix (MTM) model.

On 14 December 2014, NBN Co and Telstra announced they had renegotiated the DAs and entered into a number of new agreements to provide for the shift to a MTM network rollout (the Revised Definitive Agreements or the RDAs). The RDAs came into effect on 26 June 2015 after all conditions precedent were either satisfied or waived.

As with the DAs, the RDAs provide NBN Co access to certain Telstra network infrastructure including ducts, pits, lead-in conduits (ownership of lead-in conduits transfers to NBN Co), exchange rack space and dark fibre to facilitate the efficient rollout of the nbn[®] network. The RDAs also continue to require Telstra to progressively disconnect premises connected to its copper and Hybrid Fibre Coaxial (HFC) networks (subject to exceptions for certain copper-based services and pay-TV services provided over parts of the spectrum on the HFC network) as the nbn[®] network is rolled out.¹ Telstra will continue to be entitled to payments from NBN Co for disconnecting premises from its networks, and NBN Co continues to expense these payments.

In addition, the RDAs allow NBN Co to progressively take ownership of, and the operational and maintenance responsibility for, elements of Telstra's copper and HFC networks and use of those network elements where it represents the fastest and most cost-effective way to deliver fast broadband to homes and businesses. These copper and HFC network elements are being used as access technologies as part of the overall design of the MTM rollout.

The payment structure remains linked to the rollout of the nbn[®] network. Under the RDAs, once NBN Co starts acquiring the assets forming part of Telstra's HFC network, NBN Co has an obligation to continue to acquire all of Telstra's HFC network. In July 2016, NBN Co commenced the acquisition of assets forming part of Telstra's HFC network.

Under the RDAs, NBN Co has also agreed to reimburse Telstra for any direct, reasonable, substantiated and incremental costs incurred as a result of the move from the FTTP rollout to the MTM rollout, subject to certain exceptions. NBN Co is capitalising these costs as they are incurred.

As with the DAs, the estimated value of the RDAs is based on a range of dependencies and assumptions over the long-term life of the agreements. On a like-for-like basis, the estimated net present value payable to Telstra under the RDAs is equivalent to that under the DAs. The RDAs contain an arrangement relating to the nbn[®] network rollout cessation and related consequences for NBN Co. In addition, there are provisions relating to NBN Co's liability for performing work on Telstra's live networks (refer to Note H2).

On 26 March 2024, it was agreed between Telstra and NBN Co that the network rollout has passed certain milestones which removes Telstra's right to trigger the rollout cessation regime in the RDAs. At the same time, it was also agreed between NBN Co and Telstra to modify certain lease payments under the right-of-use arrangements within the RDAs (refer to Note C3).

1. Services provided over the nbn[®] network will replace phone and internet services provided over most of the existing landline networks, including copper and the majority of HFC networks within the fixed-line footprint. Services provided over existing fibre networks (including in-building, health and education networks) and some special and business services may not be affected.

F2. COMMITMENTS

Capital commitments

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

	30 June 2026 \$m	30 June 2025 \$m
Within one year	351	437
Later than one year but not later than five years	6	–
Later than five years	6	1
Total	363	438

G. FINANCIAL RISK MANAGEMENT

As a result of its ongoing business operations, the Company is exposed to a number of financial risks. This section sets out the nature, quantification and management of these financial risks.

The Company's Risk Management Policy is to identify, assess and manage risks which are likely to adversely affect the Company's financial performance, growth and ability to continue as a going concern. In terms of financial risk management, the Company takes a risk-averse approach as it seeks to minimise risk, provided it is cost effective to do so.

The main risks arising from the Company's financial activities are market risks (interest rate risk and foreign currency risk), liquidity risk and credit risk. NBN Co updated its Treasury Policy to ensure alignment with the Company's strategic objectives and risk appetite which did not have a material impact on the Company's current or prior year financial statements.

G1. FINANCIAL ASSETS AND LIABILITIES

All of the financial assets and liabilities below are carried at amortised cost except for derivatives which are measured at fair value. Borrowings that are in a designated fair value hedge relationship are adjusted for fair value movements attributable to the hedged risk.

As at	Note	30 June 2026 \$m	30 June 2025 \$m
Financial assets			
Cash and cash equivalents	C1	32	59
Trade and other receivables	C2	448	452
Derivative financial assets	G2	771	1,373
Carrying amount of financial assets		1,251	1,884
Financial liabilities			
Trade and other payables	C6	947	1,122
Lease liabilities	C8	12,509	12,013
Derivative financial liabilities	G2	608	374
Borrowings	C9	27,472	28,320
Carrying amount of financial liabilities		41,536	41,829

Net interest income or expense from financial assets and liabilities

The net interest expense recognised from financial assets and liabilities for the year ended 30 June 2026 was \$2,047 million (30 June 2025: \$1,966 million).

G2. DERIVATIVES AND HEDGING ACTIVITIES

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

The fair values, including accrued interest, of the Company's derivative instruments at 30 June 2026 are as follows:

As at	30 June 2026		30 June 2025	
	Current \$m	Non-current \$m	Current \$m	Non-current \$m
Assets				
Foreign exchange contracts	9	–	–	–
Foreign exchange options	–	–	1	–
Interest rate options	–	–	–	2
Interest rate swaps	69	394	66	239
Cross-currency interest rate swaps	124	174	216	845
Power purchase agreements	–	1	–	4
Total derivative assets	202	569	283	1,090
Liabilities				
Foreign exchange contracts	–	–	1	–
Foreign exchange options	–	–	4	–
Interest rate options	–	–	–	22
Interest rate swaps	1	63	2	245
Cross-currency interest rate swaps	20	512	18	81
Power purchase agreements	–	12	–	1
Total derivative liabilities	21	587	25	349

Recognition and measurement

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and if so, the nature of the item being hedged. Any derivative instruments that are not designated in a hedging relationship will have the subsequent fair value movement within each reporting period recognised in profit or loss.

Derivatives that are designated in a hedging relationship are designated as either:

- Cash flow hedges, being hedges of a particular risk associated with cash flows of recognised assets and liabilities and highly probable forecast transactions; or
- Fair value hedges, being hedges of the fair value of recognised assets or liabilities or a firm commitment.

At the inception of the hedging transaction, the Company documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, as to whether the derivatives used in hedging transactions have been, and will continue to be effective, in offsetting changes in either the fair value or cash flows of hedged items. When foreign exchange contracts are used to hedge forecast transactions, the Company generally designates the entire fair value of the foreign exchange contract as the hedging instrument. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than twelve months.

G. FINANCIAL RISK MANAGEMENT (CONTINUED)

G2. Derivatives and hedging activities (continued)

Cash flow hedge

Cash flow hedges are used by the Company to manage exposure to variability in expected future cash flows, which could affect profit or loss. Variability in expected future cash flows could arise from fluctuations in foreign exchange rates and interest rates on financial liabilities or highly probable forecast transactions, predominantly associated with NBN Co's foreign and domestic borrowings.

The Company uses interest rate swaps, foreign exchange contracts, interest rate and foreign exchange options, and cross-currency interest rate swaps to hedge against such fluctuations.

The effective portion of changes in the fair value of derivatives that are designated in a cash flow hedge relationship are recognised in other comprehensive income and accumulated in the cash flow hedge reserve within equity. The ineffective portion is recognised immediately in profit or loss within net finance costs.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. When the hedged forecast transaction results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are reclassified from equity and included in the initial measurement of the cost of the asset.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, the hedge relationship is discontinued. Any cumulative gain or loss related to the hedging instrument existing in the cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in the cash flow hedge reserve is immediately reclassified to profit or loss, where applicable.

Fair value hedges

Fair value hedges are used by the Company to manage the variability in the fair value of foreign and domestic borrowings due to fluctuations in interest rates. The Company uses interest rate swaps and cross-currency interest rate swaps to hedge against such fluctuations.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss within net finance costs, together with any changes in the fair value of the hedged liability that are attributable to the hedged risk. Any gain or loss relating to the ineffective portion of a fair value hedge is recognised directly in the profit or loss within net finance costs.

If the hedge no longer meets the criteria for hedge accounting, it is discontinued. The adjustment to the carrying amount of a hedged item for which the effective interest method is used, is amortised to profit or loss within net finance costs over the period to maturity using a recalculated effective interest rate.

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

Hedge ineffectiveness may occur due to:

- The credit value/debit value adjustment on the hedging instrument not being matched by a similar adjustment on the hedged item
- Differences in critical terms between the hedging instrument and hedged item, including hedging instruments with a non-zero fair value at inception of the hedge relationship.

Offsetting financial assets and financial liabilities

Currently there is no right or basis to present any financial assets or financial liabilities on a net basis, other than interest receivable and payable on derivative financial instruments. As such, no financial assets or financial liabilities, other than those mentioned above, have been presented on a net basis in the Company's Statement of financial position.

Power Purchase Agreements

As at 30 June 2026, the Company had entered into the following renewable energy Power Purchase Agreements (PPAs):

- A solar PPA for a solar farm situated in West Wyalong, New South Wales. The solar farm is operational and is contracted for a 10-year period which commenced in December 2023
- A wind PPA for a wind farm situated in Macarthur, Victoria. The wind farm is already operational and NBN Co has contracted to obtain offtake for a 6-year period which commenced in January 2025
- A solar PPA was signed in June 2023, for a solar farm situated in Munna Creek, Queensland. The solar farm is contracted for a 10-year period which commenced in December 2025.

The PPAs are not physical electricity supply contracts. They operate as a 'contract for difference' (CfD), whereby the parties have agreed to a 'strike price'. If the electricity spot price is higher than the strike price, then the solar farm will pay the difference to NBN Co and vice versa if the spot price is lower than the strike price. The CfD is a derivative financial instrument and is required to be measured at fair value at each reporting date.

As at 30 June 2026, the net derivative liability relating to the Company's PPAs was \$11 million (30 June 2025: net derivative asset \$3 million).

The PPAs are not designated into hedging relationships and therefore the fair value movements on the Company's PPAs are recognised in profit or loss as a gain/(loss) on derivatives measured at fair value through profit or loss.

G. FINANCIAL RISK MANAGEMENT (CONTINUED)

G2. Derivatives and hedging activities (continued)

Hedge accounting

The impact of derivatives and hedging activities on the Company's financial position and performance is as follows:

Fair Value Hedges As at	30 June 2026		30 June 2025	
	Interest rate \$m	Total \$m	Interest rate \$m	Total \$m
Carrying amount of hedging instruments^{1,2}				
Derivative assets	128	128	266	266
Derivative liabilities	(474)	(474)	(493)	(493)
Fair value hedge adjustment				
Carrying amount of hedged item recognised in the Statement of financial position	(16,841)	(16,841)	(15,898)	(15,898)
Cumulative fair value adjustment on hedged item	291	291	164	164
Hedge effectiveness				
Change in value of hedging instrument used for calculating hedge effectiveness	130	130	(418)	(418)
Change in value of hedged item used for calculating hedge effectiveness	(127)	(127)	429	429
Hedge ineffectiveness recorded in profit or loss	3	3	11	11

Cash Flow Hedges As at	30 June 2026			30 June 2025		
	Foreign exchange \$m	Interest rate \$m	Total \$m	Foreign exchange \$m	Interest rate \$m	Total \$m
Carrying amount of hedging instruments^{1,2}						
Derivative asset	429	429	858	1,220	284	1,504
Derivative liabilities	(404)	(9)	(413)	(119)	(218)	(337)
Hedge effectiveness						
Change in value of hedging instrument used for calculating hedge effectiveness	1,049	(394)	655	(722)	312	(410)
Change in value of hedged item used for calculating hedge effectiveness	(1,047)	390	(657)	720	(306)	414
Hedge ineffectiveness recorded in profit or loss	2	(4)	(2)	(2)	6	4
Change in hedge reserves						
Change in value of hedging instrument recognised in cash flow hedge reserves	1,059	(574)	485	(716)	285	(431)
Change in value of the hedging instrument recognised in cost of hedge reserves	47	(13)	34	66	2	68
Amount reclassified from cost of hedge reserve to property, plant and equipment	–	–	–	(1)	–	(1)
Amount reclassified from cash flow hedge reserve to property, plant and equipment	(9)	–	(9)	10	–	10
Amount reclassified from cost of hedge reserve to net finance costs for continued and discontinued hedges	(21)	1	(20)	(6)	(1)	(7)
Amount reclassified from cash flow hedge reserve to net finance costs for continued and discontinued hedges	(1,076)	283	(793)	712	438	1,150
Change in reserves for continued or discontinued hedges	–	(303)	(303)	65	724	789

1. Excluding accrued interest.

2. The carrying amount of the hedging instruments are grossed up to allow for the hedge designation methodology the Company applies when designating cross-currency interest rate swaps in fair value and cash flow hedges.

G3. FOREIGN CURRENCY RISK MANAGEMENT

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk due to fluctuations in foreign exchange rates for certain transactions.

The carrying amount of monetary assets and liabilities for foreign exchange risk denominated in foreign currencies and notional cash outflows for derivatives that hedge foreign exchange risk, as expressed in Australian dollars, is as follows:

As at	30 June 2026 \$m						30 June 2025 \$m					
	USD	EUR	NOK	JPY	HKD	GBP	USD	EUR	NOK	JPY	HKD	GBP
Foreign exchange risk												
Trade payables	36	-	-	-	-	-	38	-	-	-	-	-
Borrowings – Principle value	7,986	6,922	583	61	264	289	7,982	5,704	583	61	264	289
Borrowings – Accounting adjustments	(144)	142	(37)	(18)	(1)	12	382	665	(12)	(6)	23	45
Total foreign exchange risk	7,878	7,064	546	43	263	301	8,402	6,369	571	55	287	334
Derivatives												
Foreign exchange options ¹	-	-	-	-	-	-	339	-	-	-	-	-
Foreign exchange contracts	341	-	-	-	-	-	153	-	-	-	-	-
Cross-currency interest rate swaps	7,986	6,922	583	61	264	289	7,982	5,704	583	61	264	289
Total derivatives hedging foreign exchange risk	8,327	6,922	583	61	264	289	8,474	5,704	583	61	264	289

1. Includes foreign exchange option collars hedging notional exposure of USD \$215 million as at 30 June 2025.

The Company has entered into foreign exchange contracts and options to hedge its exposure to currency risk in relation to highly probable forecast transactions which are denominated in foreign currency. The Company's strategy is to fully hedge all material contractually certain foreign currency exposures and to hedge highly probable material foreign exchange exposures on a sliding scale dependent upon the period of time until expected settlement.

In accordance with its risk management strategy, the Company enters into cross-currency interest rate swaps to mitigate the foreign currency exposure on all of its foreign currency denominated borrowings.

G. FINANCIAL RISK MANAGEMENT (CONTINUED)

G3. Foreign currency risk management (continued)

The notional maturity profile of the Company's derivatives that hedge foreign exchange risk are as follows:

As at	30 June 2026			30 June 2025		
	Within 1 year \$m	1 to 5 years \$m	Greater than 5 years \$m	Within 1 year \$m	1 to 5 years \$m	Greater than 5 years \$m
Cash flow hedges	1,300	7,648	7,498	1,124	6,014	7,898
Cash flow hedges - Foreign exchange options ¹	–	–	–	339	–	–

1. Includes foreign exchange option collars hedging notional exposure of USD \$215 million as at 30 June 2025.

As at 30 June 2026, the material currency pairs of cross-currency interest rate swaps designated in hedge relationships are receive USD/pay AUD, receive EUR/pay AUD and receive NOK/pay AUD with weighted average foreign currency rates of USD/AUD 0.70, EUR/AUD 0.61 and NOK/AUD 6.43 (30 June 2025: USD/AUD 0.71, EUR/AUD 0.61 and NOK/AUD 6.43).

The Company has not entered into foreign currency positions that are not supported by underlying purchasing transactions that are either certain or highly probable as to timing, quantum and currency.

Sensitivity analysis

Sensitivity analysis to exchange rate movements based on the valuation of material financial instruments at the end of the period is outlined in the table below. As a result of the Company's policy to fully hedge the foreign exchange risk on its foreign currency borrowings, NBN Co excludes its foreign currency borrowings and associated cross-currency interest rate swaps from its sensitivity analysis.

	30 June 2026		30 June 2025	
	Post-tax impact on profit \$m	Post-tax impact on equity \$m	Post-tax impact on profit \$m	Post-tax impact on equity \$m
Exchange rates (AUD/USD)				
+ 10 cents	3	(31)	3	(37)
– 10 cents	(4)	42	(5)	43

A sensitivity range of plus 10 cents and minus 10 cents has been selected as a reasonably possible shift in exchange rate movements based on the current and historical level of volatility.

G4. INTEREST RATE RISK MANAGEMENT

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk due to changes in market interest rates associated with interest-bearing cash and cash equivalents and long-term borrowings. Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until maturity of the instrument.

The Company manages its risk by entering into a mix of fixed and floating rate borrowings and by entering into cross-currency interest rate swaps, interest rate swaps, and interest rate options to manage the interest rate exposure, in accordance with NBN Co's Treasury Policy.

	Notional Amount \$m	Notional swapped from fixed to floating \$m	Notional swapped from floating to fixed \$m	Net exposure to floating interest rate risk \$m
As at 30 June 2025				
Floating rate debt portfolio ¹	5,535	14,784	(16,674)	3,645
As at 30 June 2026				
Floating rate debt portfolio	4,961	16,257	(16,374)	4,844

1. Excludes unexercised interest rate collar options.

The proportion of debt exposed to floating rates prior to any hedging is 18.06 per cent (30 June 2025: 20.38 per cent). Following consideration of the effect of hedging, the proportion of debt exposed to floating rates is 17.64 per cent (30 June 2025: 13.42 per cent).

The notional maturity profile of the Company's derivatives that hedge interest rate risk are as follows:

	30 June 2026			30 June 2025		
As at	Within 1 year	1 to 5 years	Greater than 5 years	Within 1 year	1 to 5 years	Greater than 5 years
Cash flow hedges	2,363	14,141	1,555	2,103	14,624	3,651
Cash flow hedges – Interest rate options ¹	–	–	–	–	1,300	500
Fair value hedges	959	7,981	7,317	971	5,947	7,866

1. Includes NBN Co's notional exposure hedged by interest rate option collars as at 30 June 2025. These were closed out before their end date during the period to 30 June 2026.

As at 30 June 2026, the weighted average fixed interest rate on interest rate swaps and fixed cross-currency interest rate swaps designated in hedge relationships is 3.15 per cent (30 June 2025: 2.86 per cent).

Sensitivity analysis

Sensitivity analysis to interest rate movements, based on the valuation of financial instruments at the end of the period is as outlined in the table below. As a result of the Company's policy to fully hedge the interest rate risk on its foreign currency borrowings, NBN Co excludes its foreign currency borrowings and associated cross-currency interest rate swaps from its sensitivity analysis.

	30 June 2026		30 June 2025	
	Post-tax impact on profit \$m	Post-tax impact on equity \$m	Post-tax impact on profit \$m	Post-tax impact on equity \$m
Interest rates +100 basis points	(34)	251	(25)	411
Interest rates –100 basis points	34	(260)	25	(444)

A sensitivity range of plus 100 basis points and minus 100 basis points has been selected as a reasonably possible shift in interest rates based on the current level of interest rates and historical volatility.

G. FINANCIAL RISK MANAGEMENT (CONTINUED)

G5. CREDIT RISK EXPOSURE

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Company. Counterparty exposure is measured as the total value of the exposures to all obligations of any single legal or economic entity (e.g. a group of companies). Credit risk is managed on a group basis. The Company manages its credit risk via Board approved policies that require a formal approval of new counterparties, credit limit monitoring by counterparty and ongoing monitoring and reporting to manage credit risk exposure. Credit risk arises from cash and cash equivalents and the net favourable position of derivative financial instruments, as well as credit exposures to RSPs. The Company does not expect any significant losses from non-performance by any of these counterparties.

The Company's maximum exposure to credit risk at the end of the reporting period is the carrying amount of the financial assets as recorded in the Statement of financial position.

The credit quality of financial assets can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

As at	30 June 2026 \$m	30 June 2025 \$m
Trade receivables		
<i>Counterparties with an external credit rating</i>		
AAA	1	2
A-	127	131
B+	–	3
B	4	–
<i>Counterparties without an external credit rating¹</i>		
Group 1	4	14
Group 2	280	231
Group 3	8	37
Total	424	418
Cash at bank and short-term bank deposits		
AA-	32	59
Total	32	59
Derivative financial assets		
AA-	401	596
A+	281	588
A	23	47
A-	65	138
BBB ²	1	4
Total	771	1,373

- Group 1 – new customers (less than six months).
Group 2 – existing customers (more than six months) with no defaults in the past.
Group 3 – existing customers (more than six months) with defaults in the past, subsequently remediated.
- Relates to the fair value of NBN Co's PPAs.

The Company did not have any material receivables that were past due or impaired at 30 June 2026 (30 June 2025: nil).

G6. LIQUIDITY RISK MANAGEMENT

Liquidity risk refers to the risk of encountering difficulties in meeting obligations associated with financial liabilities. Liquidity risk management is associated with ensuring sufficient funds are available to meet financial commitments in a timely manner and planning for unforeseen events which may curtail cash flows and cause pressure on liquidity. The Company's financial liabilities are trade and other payables, finance lease liabilities, borrowings and derivative financial liabilities.

The Company measures and manages liquidity risk by forecasting liquidity and funding requirements for the next four years as a minimum, which is reviewed annually by the Board. In addition, the Company prepares and reviews a rolling monthly cash forecast. The risk of refinancing is reduced by ensuring that the Company's borrowings mature across different periods.

The total drawn and undrawn amounts across all available borrowings are included in Note C9.

Contractual maturities of financial assets and liabilities

Amounts shown in the table below illustrate the undiscounted cash flows for the remaining contractual maturities of financial assets and liabilities and the carrying value recorded in the Statement of financial position for NBN Co's financial assets and liabilities.

	Within 1 year \$m	1 to 5 years \$m	Greater than 5 years \$m	Total contractual cash in/(out) flows \$m	Carrying amount assets/ (liabilities) \$m
As at 30 June 2025					
Non-derivatives					
Cash and cash equivalents	59	–	–	59	59
Trade and other receivables	452	–	–	452	452
Trade and other payables	(1,122)	–	–	(1,122)	(1,122)
Borrowings	(7,118)	(14,225)	(11,638)	(32,981)	(28,320)
Lease liabilities	(1,517)	(4,802)	(19,597)	(25,916)	(12,013)
Total	(9,246)	(19,027)	(31,235)	(59,508)	(40,944)
Derivatives					
Derivative financial assets ¹	1,327	1,787	4,884	7,998	1,373
Derivative financial liabilities ¹	88	(951)	(1,194)	(2,057)	(374)
Total	1,415	836	3,690	5,941	999
As at 30 June 2026					
Non-derivatives					
Cash and cash equivalents	32	–	–	32	32
Trade and other receivables	448	–	–	448	448
Trade and other payables	(947)	–	–	(947)	(947)
Borrowings	(7,597)	(13,633)	(10,964)	(32,194)	(27,472)
Lease liabilities	(1,565)	(5,016)	(19,121)	(25,702)	(12,509)
Total	(9,629)	(18,649)	(30,085)	(58,363)	(40,448)
Derivatives					
Derivative financial assets	(668)	(1,676)	4,747	2,403	771
Derivative financial liabilities	(4,441)	(9,276)	575	(13,142)	(608)
Total	(5,109)	(10,952)	5,322	(10,739)	163

1. Total contracted cash in/(out) flows exclude foreign exchange options and interest rate options.

G. FINANCIAL RISK MANAGEMENT (CONTINUED)

G7. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

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

Fair value of derivative assets and liabilities

The Company's derivative financial assets and liabilities are the only assets and liabilities carried at fair value in the Statement of financial position. The Company's derivative assets and liabilities are considered to be Level 2 financial instruments, as their fair value is determined by calculating the present value of the estimated future cash flows based upon observable interest yield curves and forward exchange rates at the reporting date (where applicable).

The only exception to this categorisation relates to CfD derivatives within PPAs, which are categorised as Level 3 as one of the key inputs, being the electricity forward prices, cannot be forecast using observable market data for the duration of the contract. The fair value of CfD derivatives with PPAs is determined using an electricity price forecasting model and inputs used include forecast electricity volumes, the electricity forward spot price, the contract period, the discount rate and the net position of the long-term generation certificates.

The changes in Level 3 derivative financial instruments are shown in the table below:

	30 June 2026 \$m	30 June 2025 \$m
For the year ended		
Net derivative financial assets		
Balance at 1 July	3	6
Change in fair value of PPA	(14)	(3)
Balance at 30 June	(11)	3

There has been no change in the valuation techniques applied and there were no transfers between hierarchy levels during the year.



KEY ESTIMATES AND JUDGEMENTS

Determination of the fair value of derivative assets and liabilities

There are several assumptions used in the determination of the fair value of the Company's derivative assets and liabilities, particularly in relation to the accounting for cross-currency interest rate swaps.

The Company's cross-currency interest rate swaps use a trifurcation methodology between fair value and cash flow hedges. The fair value of derivatives used for hedging is determined using forward exchange rates at the reporting date and the present value of the estimated future cash flows based on observable yield curves, which if move significantly can cause material movements in the fair value of derivatives recorded in the Statement of financial position.



Fair value of other financial instruments (excluding lease liabilities)

The fair value of the Company's borrowings has been disclosed in Note C9. The carrying amounts of NBN Co's other financial instruments (excluding lease liabilities), which are not measured at fair value, are materially consistent with their fair value as at the reporting date.

H. OTHER FINANCIAL INFORMATION

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

H1. INCOME TAX BENEFIT/(EXPENSE)

For the year ended	30 June 2026 \$m	30 June 2025 \$m
Income tax benefit/(expense)		
Deferred tax	91	(237)
Total	91	(237)
Reconciliation of income tax benefit/(expense) to accounting loss		
Loss before income tax	(811)	(963)
Tax at the Australian tax rate of 30% (2025: 30%)	243	289
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Current year tax losses not recognised	(102)	(223)
Temporary differences not recognised	(50)	(303)
Income tax benefit/(expense)	91	(237)
Tax Losses		
Unused tax losses for which no deferred tax asset has been recognised	31,496	31,164
Potential tax benefit at 30%	9,449	9,349

Total temporary differences for which no deferred tax asset is recognised is primarily comprised of lease arrangements, provisions and accruals and deferred gains.

The cumulative amount of unrecognised tax losses of \$31,496 million (30 June 2025: \$31,164 million) may be available to offset against future income tax assessments when the Company generates taxable income.

The Company has recognised a deferred tax benefit of \$91 million for the year ended 30 June 2026 (30 June 2025: deferred tax expense of \$237 million). This relates to the recognition of previously unrecognised deductible temporary differences as a deferred tax asset to offset a deferred tax liability created as a result of the movement in the cash flow hedge reserve and cost of hedging reserve, which is recognised directly in the reserves to which it relates (refer to Note E2).

Effective tax rate

The non-recognition of deferred tax assets for deductible temporary differences and tax losses has led to NBN Co having an Australian accounting effective tax rate (ETR) of 0 per cent (30 June 2025: 0 per cent). If deferred tax assets had been fully recognised for deductible temporary differences and tax losses, NBN Co's Australian ETR would have been approximately 30 per cent.

The above ETR has been calculated on the basis of income tax benefit or expense divided by accounting profit or loss, in accordance with the requirements of the Board of Taxation's Voluntary Tax Transparency Code.

Recognition and measurement

The income tax benefit or expense for the period is the tax payable or receivable on the current period's taxable income or loss based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax benefit or expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

H2. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Recognition and measurement

Contingent assets and contingent liabilities are not recognised in the Statement of financial position but are reported in this note. They may arise from uncertainty as to the existence of an asset or liability or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable, but not virtually certain and contingent liabilities are disclosed when the likelihood of settlement is greater than remote but not probable. The details of NBN Co's significant contingent assets and liabilities are set out below:

Telstra Revised Definitive Agreements

Under the Telstra Revised Definitive Agreements, NBN Co has a right to undertake copper, HFC and associated passive infrastructure pre-construction and construction works on Telstra's networks pre-asset transfer. NBN Co has indemnified Telstra against any loss or claim for death, personal injury or damage as well as contractual liabilities of Telstra to its customers arising as a result of NBN Co undertaking such works on Telstra's networks pre-asset transfer. To the extent that claims or damages could be reliably measured, adequate allowance has been made for resultant liabilities at the reporting date.

Legal action

As at 30 June 2026, NBN Co had no outstanding legal action that would materially impact the 30 June 2026 financial statements. However, from time to time, the Company may be subject to lawsuits or proceedings for which it may be required, either by law or based on its business judgement, to make payments to settle or otherwise resolve matters.

Contractual related claims and disputes

Various claims and disputes arise from time to time in the ordinary course of business. Where the resolution (if any) cannot be measured with sufficient reliability, no asset or liability for these claims or disputes is recognised.

To the extent a resolution for claims or disputes is probable and could be reliably measured, and in the case of an asset the resolution is virtually certain, adequate recognition in the Statement of financial position has been made at the reporting date. The disclosure of any further information about claims or disputes would be prejudicial to the interests of the Company.

H. OTHER FINANCIAL INFORMATION (CONTINUED)

H3. RELATED PARTY TRANSACTIONS

Parent entity

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

Acquisitions

There were no acquisitions in the year.

Key management personnel

Disclosures relating to key management personnel are presented in Note D2.

Transactions with related parties

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

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

As per AASB 124 *Related Parties*, an entity is not considered a related party simply because they have a Director in common with NBN Co. There are instances where Non-Executive Directors of NBN Co also hold Director positions with entities that NBN Co enters into contractual relationships with. These contractual relationships are entered into as part of the Company's ordinary business activities and are on regular commercial terms, and include borrowings and derivatives with financial institutions. All transactions were approved in line with the Company's standard procurement and contract approval policies and processes.

The following transactions occurred with related parties:

For the year ended	Note	30 June 2026 \$	30 June 2025 \$
Equity injections from NBN Co's Shareholder Departments			
Balance at 1 July		31,761,973,777	30,576,000,000
Equity injections during the year	E1	621,265,813	1,185,973,777
Balance at 30 June		32,383,239,590	31,761,973,777

For the year ended	30 June 2026 \$	30 June 2025 \$
Significant transactions with NBN Co's Shareholder Departments		
<i>Recognised in the Statement of profit or loss</i>		
Other revenue	811,981	4,611,222
Other operating income	111,401,380	127,636,929
<i>Recognised in the Statement of financial position</i>		
Trade and other receivables	7,620,678	26,988,742
Contract liabilities	(11,845,461)	(8,179,474)
Other liabilities	(115,662,979)	(215,342,156)
<i>Recognised in the Statement of cash flows</i>		
Net receipts from customers (excl. GST)	3,845,289	(1,177,638)
Government grants received (excl. GST)	31,722,946	54,400,656

During FY22, NBN Co received \$480 million grant funding from the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts as part of the NBN Co Fixed Wireless and Satellite Upgrade Program, with NBN Co also contributing an estimated \$270 million of investment into the Program. NBN Co recognises grant income in profit or loss on a basis aligned to the expenditure incurred by the Company for which the grant is intended to compensate. For the year ended 30 June 2026, NBN Co had recognised \$96 million as other income (30 June 2025: \$96 million) and as at 30 June 2026, \$96 million had been recognised as a deferred gain (30 June 2025: \$192 million).

NBN Co had recognised grant income of \$5 million from the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts on behalf of the Commonwealth Government under the Regional Broadband Scheme (RBS) (30 June 2025: \$25 million). The RBS was established by Government to ensure there are long-term sustainable funding arrangements in place to provide essential broadband services to regional, rural and remote Australians. As at 30 June 2026, NBN Co had accrued income for the RBS Levy of \$7 million (30 June 2025: \$27 million). NBN Co received \$25 million in cash payments during the year ended 30 June 2026 (30 June 2025: \$25 million).

NBN Co also received co-investment funding from the Commonwealth's Regional Connectivity Program (RCP) which is initially recognised as deferred income and released to other revenue as NBN Co completes the construction activity and satisfies the performance obligation under the contract. The funding arrangements for the RCP contain financial acquittal clauses which may result in the return of a proportionate amount of the original funding received to reflect overall savings to deliver the construction activity. For the year ended 30 June 2026, NBN Co had recognised other revenue of \$1 million (30 June 2025: \$5 million) and \$12 million had been recognised as a deferred gain as at 30 June 2026 (30 June 2025: \$8 million). During FY26, NBN Co received \$4 million in cash payments under the RCP (30 June 2025: net \$1 million cash paid).

NBN Co also received funding via a number of smaller, individual grants from the Commonwealth of Australia. During the year ended 30 June 2026, NBN Co received a \$6 million Strengthening Telecommunications Against Natural Disasters (STAND) grant and \$1 million from various smaller grants. In the prior period, NBN Co received \$20 million under the Community Wi-Fi Program to enable NBN Co to deliver free community Wi-Fi to remote First Nations communities and \$9 million under the School Student Broadband Initiative to help provide free home internet to families and carers with school aged children that otherwise would not have access to an nbn® service. For the year ended 30 June 2026, NBN Co had recognised \$10 million (30 June 2025: \$7 million) as other income and as at 30 June 2026, \$20 million had been recognised as a deferred gain (30 June 2025: \$23 million).

H. OTHER FINANCIAL INFORMATION (CONTINUED)

H4. REMUNERATION OF AUDITORS

For the year ended 30 June 2026 and 2025, PwC was engaged as subcontract auditors on behalf of the ANAO for the audit of the financial statements of NBN Co. The fees paid to PwC for these engagements is included in the remuneration to the ANAO. In addition to the work performed by the ANAO and PwC during the year, PwC has been engaged by NBN Co to audit this non-statutory Financial Report for the year ended 30 June 2026 for a fee of \$171,810 (30 June 2025: \$208,313).

For the year ended	30 June 2026 \$	30 June 2025 \$
Australian National Audit Office		
Audit of annual financial statements	(2,476,323)	(2,517,025)
Review of half-year financial statements	(847,301)	(992,405)
Other statutory assurance services	(210,000)	–
Audit of NBN Co reporting for Whole of Government financial statements	(367,464)	(370,764)
Total remuneration for audit and other assurance services	(3,901,088)	(3,880,194)
PwC Australia		
Other assurance related services		
– <i>Environmental, Social, and Governance (ESG) assurance</i>	(341,250)	(415,070)
– <i>Regulatory audit and reviews</i>	(692,300)	(321,000)
– <i>Non-statutory audit and review in connection with the US debt raising</i>	(171,810)	(208,313)
– <i>Comfort letters issued in connection with the US debt raising</i>	(465,832)	(66,651)
– <i>Other services</i>	(165,000)	(226,900)
Total remuneration for other assurance related services	(1,836,192)	(1,237,934)
Total auditor's remuneration	(5,737,280)	(5,118,128)

H5. OTHER MATERIAL ACCOUNTING POLICIES

Impairment of financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Significant financial assets are tested for impairment individually. The remaining financial assets are assessed in groups that share similar credit risk characteristics.

The Company recognises loss allowances for ECLs on financial assets measured at amortised cost. Loss allowances are deducted from the gross carrying amount of the financial asset and recognised in profit or loss. ECLs are based on the difference between contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the effective interest rate of the financial asset.

NBN Co has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The provision rates are based on days past due for groupings of various customers with similar loss patterns (i.e. by geographic region, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions.

Foreign currency translation

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included within other receivables or payables in the Statement of financial position.

The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

H. OTHER FINANCIAL INFORMATION (CONTINUED)

H5. Other material accounting policies (continued)

Interest income

The Company records interest income on an accrual basis. For financial assets, interest revenue is determined by the effective yield on the instrument.

Changes in material accounting policies

The Company has consistently applied the accounting policies to all periods presented in these financial statements.

New standards and interpretations available for early adoption

A number of other standards, amendments and interpretations were applicable for the first time from 1 July 2025 which have not had a significant or immediate impact on the Company's financial statements.

New standards, amendments and interpretations are also available for early adoption from 1 July 2026. The new standards, amendments and interpretations are not expected to have a material impact on the Company's financial statements, with the exception of AASB 18 *Presentation and Disclosure in Financial Statements*.

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

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

NBN Co does not expect there to be a significant change in the information that is currently disclosed in the Notes because the requirement to disclose material information remains unchanged. However, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles which focus on grouping items based on their shared characteristics.

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



I. EVENTS OCCURRING AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since 30 June 2026 to the date of signing of this report that has significantly affected, or may affect:

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

DIRECTORS' DECLARATION

In the Directors' opinion:

- (1) The financial statements and Notes set out on pages 1 to 56, including:
 - (i) Complying with Australian Accounting Standards and other mandatory professional reporting requirements; and
 - (ii) Giving a true and fair view of the Company's financial position as at 30 June 2026 and of its performance for the financial year ended on that date.
- (2) There are reasonable grounds to believe that NBN Co will be able to pay its debts as and when they become due and payable.

Note A confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

Signed in accordance with a resolution of the Directors.



KEVIN RUSSELL
Chair
5 August 2026



ELLIE SWEENEY
Chief Executive Officer
5 August 2026

INDEPENDENT AUDITOR'S REPORT



Independent auditor's report

To the Board of Directors of NBN Co Limited

Our opinion

In our opinion the accompanying financial report gives a true and fair view of the financial position of NBN Co Limited (the Company) as at 30 June 2026 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2026;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended;
- the notes to the financial statements, including material accounting policy information and other explanatory information; and
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independence

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

Emphasis of matter – basis of accounting and restriction on use

We draw attention to Note A in the financial report, which describes the basis of accounting. The financial report has been prepared by management to meet the information needs of the Company and its directors. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for NBN Co Limited and its directors and should not be used by parties other than NBN Co Limited and its directors. Our opinion is not modified in respect of this matter.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Company, its accounting processes and controls and the industry in which it operates.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.



Key audit matter

How our audit addressed the key audit matter

Accuracy and occurrence of telecommunications revenue

Refer to Note B1 'Revenue and other income'

NBN Co Limited reported telecommunications revenue of \$5,745 million for the year ended 30 June 2026.

We consider that the recognition of telecommunications revenue is a key audit matter due to:

- the high volume of transactions; and
- multiple information technology (IT) systems and tools utilised in the initiation, processing and recording of transactions, including the application of product pricing, credits, and rebates.

To audit the accuracy and occurrence of telecommunications revenue, we performed the following procedures:

- obtained an understanding and evaluated the design, implementation and operating effectiveness of relevant manual, automated and IT general controls over NBN Co Limited's revenue processes. These include controls testing over selected interfaces between the key revenue systems and sample testing of key controls over pricing; and
- traced a sample of telecommunications revenue transactions to supporting documents, such as evidence of ordering, billing and cash collection. As part of this sample test, we recalculated the price charged for each transaction and agreed it to the Wholesale Broadband Agreement that was in effect at the time of the transaction, including relevant credits and rebates.

Accuracy of property, plant and equipment capitalisation and depreciation expense

Refer to the Note C3 'Property, plant and equipment'

Property, plant and equipment was NBN Co Limited's most significant asset balance as at 30 June 2026, with a carrying amount of \$36,772 million. Depreciation expense for the year ended 30 June 2026 was \$2,907 million. Network assets represented the majority of property, plant and equipment, with a carrying amount of \$36,573 million.

We consider the capitalisation of property, plant and equipment and the related depreciation expense to be a key audit matter due to:

To audit the accuracy of property, plant and equipment capitalisation and depreciation expense, we performed the following procedures, amongst others:

- obtained an understanding of NBN Co Limited's accounting policies and methodologies for capitalising costs, recognising property, plant and equipment and assessing useful lives, and evaluated whether these were consistent with the requirements of the Australian Accounting Standards;



Key audit matter

How our audit addressed the key audit matter

- the judgements involved which impact the carrying value of the assets, from the decision on whether to capitalise, determining when the assets are 'in service' and assessment of useful lives; and
- the financial significance of property, plant and equipment to the NBN Co Limited's financial position.

- traced a sample of costs capitalised during the year to supporting documentation and evaluated whether the underlying activities met the criteria for capitalisation;
- tested a sample of 'in service' dates used to commence depreciation by agreeing them to source documentation evidencing when the related assets were installed and available for use;
- evaluated the reasonableness of NBN Co Limited's assessment of useful lives for property, plant and equipment, including consideration of expected economic use and technological obsolescence, with a particular focus on network assets;
- re-performed the mathematical calculation of the depreciation expense using the applicable useful lives for a sample of property, plant and equipment; and
- evaluated the reasonableness of the disclosures made in the financial report, in light of the requirements of the Australian Accounting Standards.

Valuation and hedge accounting of derivatives financial instruments

Refer to Note G 'Our financial risk management'

As at 30 June 2026, NBN Co Limited recognised derivative financial instruments comprising assets of \$771 million and liabilities of \$608 million. These instruments included interest rate swaps and cross-currency interest rate swaps used to hedge exposures movements in interest rates and foreign exchange rates.

We consider that the accounting for derivative financial instruments is a key audit matter due to:

- the judgements involved in determining the fair value of the derivative financial instruments, including the application of

To audit the valuation of derivative financial instruments, we performed the following procedures:

- obtained an understanding of NBN Co Limited's accounting policies and methodology in applying hedge accounting and assessed the appropriateness of the methodology and policies against the requirements of the Australian Accounting Standards;
- obtained confirmations from third parties or performed alternative procedures to obtain evidence for the key terms of a sample of derivatives as at 30 June 2026;
- assessed the appropriateness of the methodology, data and assumptions used by NBN Co Limited for a sample of derivatives



Key audit matter

- appropriate models, data and assumptions, such as the forward exchange rates and interest rate yield curves; and
- the significant value of the hedged items and their corresponding derivative financial instruments and the complexity in applying hedge accounting (including the disclosure requirements) under the Australian Accounting Standards.

How our audit addressed the key audit matter

- to assess whether there was any evidence of error or bias in NBN Co Limited's calculation of the fair value of derivatives;
- evaluated the hedge accounting designations and hedge relationship documentation considering the requirements of the Australian Accounting Standards for a sample of derivatives;
- examined NBN Co Limited's assessment of the effectiveness of hedging instruments in offsetting changes in cash flows of hedged items, and assessed whether any ineffective portions were appropriately recognised in the statement of profit or loss and other comprehensive income; and
- evaluated the reasonableness of the disclosures made in the financial report, in light of the requirements of the Australian Accounting Standards.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if,

INDEPENDENT AUDITOR’S REPORT (CONTINUED)



individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://auasb.gov.au/media/5fkcysek/ar5_2024.pdf. This description forms part of our auditor’s report.

A stylized, handwritten signature of the PricewaterhouseCoopers firm, rendered in a dark blue or black ink.

PricewaterhouseCoopers

A handwritten signature of Jason Hayes, written in a dark blue or black ink.

Jason Hayes
Partner

Sydney
5 August 2026

SYDNEY

Level 8, 155 Miller Street
North Sydney NSW 2060

MELBOURNE

Tower 5, Level 14
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Docklands VIC 3008

CANBERRA

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Barton ACT 2600

BRISBANE

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Brisbane QLD 4170

PERTH

Level 4, 202 Pier Street
Perth WA 6000

ADELAIDE

Level 20, Festival Tower, Station Road
Adelaide SA 5000

DARWIN

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

HOBART

Level 1, 54-60 Victoria Street Hobart
TAS 7000



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