

HY26 Financial results speech - Chief Financial Officer – Simon Atkinson

Thanks Ellie and good morning everyone.

As Ellie has mentioned, our financial results for the first half of 2026 reflect NBN's solid financial performance and demonstrate the continued improvement in our key free cash flow.

Headline Results Half Year 2026

Turning to the next slide - you'll see our headline financial results for the six months ended the 31 December 2025.

These results show the Company's performance over the period and demonstrate the ongoing progress we have made as a business.

Ellie has already noted the 2% growth in revenue and 5% increase in EBITDA so I would like to highlight our cashflow – which has seen continued improvement - with Free Cash Flow before financing reaching a net inflow of \$299 million for the half year, a threefold increase on \$95 million last year

Reiterating what Ellie said earlier, these results are on target to meet our FY26 guidance ranges for revenue and EBITDA as set out in our 2026 Statement of Corporate Intent of \$5.8-\$6.0 billion in revenue and \$4.2-\$4.4 billion EBITDA

Revenue and customer base

Moving to Revenue in more detail on the next slide

Our Telecommunications revenue increased by 4% to approximately \$2.9b underpinned by a \$3 dollar increase in monthly Residential Average Revenue Per User (or ARPU) from \$49 to \$52

The \$3 uplift in ARPU can be attributed to both:

- Changes in consumer and business behaviours leading to a greater uptake of higher speed tier services; and
- CPI linked price increases as regulated in accordance with our Special Access Undertaking with the ACCC.

As Ellie mentioned earlier, as consumer and businesses behaviours seek increased connection speeds, we now have over 41% of services on 100 Mbps or above and 31% of services on 500 Mbps or above, leading to an improvement in the quality of our revenue mix.

These are material improvements year on year **and** demonstrate customer demand for greater broadband speeds which has also led to increased volumes of fibre connection upgrades, with approximately 287,000 delivered in the first half.

The nbn network continues to serve the national demand and as at the end of December 2025, there were circa 8.6 million active premises connected to the network.

We are committed to continuing to serve our existing customer base and connect new customers – with approximately 28,000 incremental premises connecting since December 2024.

Turning to other revenue, this declined to \$83 million in line with the timing of completion of network construction activity linked to new developments and co-investment projects.

And finally, on the revenue result, revenues from our business segment also increased 2% on the prior corresponding period - up to \$611 million – and I note that NBN continues to support the diverse and evolving broadband needs of small, medium and large businesses across all parts of Australia.

Operating expenditure

The next slide covers nbn's operating expenses.

And I am pleased to report that operating expenses for the first six months declined 7% on the prior comparative period to \$766 million.

This was achieved through an ongoing focus on cost efficiency initiatives and was partly offset by continuing inflationary cost pressures.

At a category level:

- **Direct network costs** decreased 15% - largely driven by cost efficiency efforts and the Company's ongoing emphasis on enhancing network performance and reliability - which is supported by the growing number of active premises connected via fibre.
- **Employee costs** decreased 4% for the half reflecting ongoing changes in the mix of NBN Co's FTE and extended workforce - partly offset by market linked annual remuneration adjustments.
- **Other operating expenses** increased marginally by 1%. And this is a category that covers a wide range of expenditures with inflationary cost increases across multiple expense areas being largely offset by cost control measures and lower discretionary spending.

Capital expenditure

Now moving to capital expenditure on the next slide

In the first half of FY26 we continued to make significant investments in the nbn network, with three primary objectives:

- First, to meet the evolving needs of our customers and support growing data demand,
- Second, to increase the availability of higher speed tiers to end users, and
- And third, to continue connecting Australia, serving our customers.

It is important to note that as we continue to upgrade the network, the level of capital expenditure will vary from year to year reflecting the timing of capital programs and nbn's application of prudent and efficient investment practices.

Our capex spend in the first six months was just under \$1.5 billion and can be summarised across the following main areas:

- Firstly, we continue to make strategic investments in our fibre network modernisation programs:
 - To deliver fibre deeper into communities;
 - To provide more customers with access to nbn's fastest wholesale speed plans;
 - And to connect premises via new fibre lead ins.

During the first six-months, NBN Co invested \$754 million in this area.

And this was lower than the prior corresponding period primarily due to the wind down of investments required to make 3.5 million FTTN premises eligible for an upgrade to fibre, which was fully delivered by the end of December 2025.

This was partly offset by an increase in investment in the initial upgrade work undertaken on the 622,000 remaining FTTN premises that have not already been made eligible to upgrade, combined with, higher costs associated with delivering increased volume of fibre connection upgrades during the period.

- Second, we invested \$266 million in network infrastructure to support fibre deployment to new developments and enterprise customers, as well as delivering capacity upgrades across the network to meet increasing customer data traffic demands.
- Thirdly, our connect and assure capital expenditure was \$244 million during the first six months of fiscal 2026.
- This expenditure relates to first time connections, re-connections and required assurance work for premises on the nbn network but excludes fibre connection upgrades I mentioned earlier.
- Fourthly, we continue to invest in our software and system development, network security and resilience, and other operational support activities with expenditure in the first half totalling \$165 million.
- Finally, we have invested a further \$58 million in our Fixed Wireless and Satellite network. And this has substantially reduced compared to the prior period - following the successful completion of the Fixed Wireless and Satellite Upgrade Programs in December 2024.

Cash flow summary

On the next slide we have provided an outline of our cash flow position....

And pleasingly, for the first half:

- cash from operating activities has increased 2% compared to the prior corresponding period to just over \$2 billion with Operating cash flows continuing to grow in line with our improving EBITDA performance, partly offset by the timing of working capital movements
- Cash flow before financing activities has continued to improve with \$299 million generated in the half, up from \$95 million a year ago, as I mentioned earlier, a three-fold increase year on year. This together with our capital program, has been and will continue to be a key focus area as we continue to upgrade the network

- At this stage of our evolution free cash flow continues to be negative - with an outflow of \$854m for the period – given our financing obligations. However, free cash flow continues to improve, with the 17% improvement on the prior year driven by operating growth and lower capex investments

Our first half cashflows were funded through an increase in the Company's debt position of \$409 million and Commonwealth equity injections of \$445 million associated with both the 3.5 million and 622,000 upgrade programs.

Capital summary

Turning to the next slide - where we can see a summary of our debt and equity funding.

Our capital strategy remains focused on both:

- maintaining a strong liquidity position, and
- funding network investments through sustainable debt financing

As we pursue our GBE future ambition of an investment grade credit rating

As at December 2025, the Company had access to more than \$36.6 billion of funding through global debt capital markets and committed bank facilities.

As Ellie mentioned earlier, the A\$8.7 billion in Green and Sustainability bonds we have raised to date represents 32% of the Company's total borrowings and reflects our commitment to sustainable financing.

During the six-month period ended 31 December 2025, we had several key transactions including:

- Issuing a USD\$650 million US 144A/Reg S bond with a 5-year tenor – which was pleasingly 7x oversubscribed and materially narrowed the spread
- We also repaid the A\$1.2 billion AMTN issuance that matured in December 2025

The weighted average cost of drawn debt in the period was 3.63% which is higher than the comparative period due to the impact of favourable long-term debt and interest rate hedges reaching maturity and being replaced at prevailing market rates.

Importantly, we continue to be shielded from the full effect of the current market interest rates as a significant portion of our floating debt portfolio is hedged.

Our committed liquidity decreased to \$5.4 billion as at December 2025, down from \$6.0 billion as at 30 June 2025, mainly driven by the additional utilisation of bank debt facilities as we balanced our issuances and repayments during the period.

Finally, consistent with our operating metric improvements - our net debt to EBITDA ratio improved slightly from 9.3x to 9.2x and Interest cover also improved marginally from 2.1x to 2.2x

HY26 Statutory Results

On the following slide you can see the Statutory Profit and Loss statement for the six months ended 31 December 2025.

I have already covered revenue, expenses and EBITDA – but I would like to highlight some other aspects of the results.

Our Earnings Before Interest and Tax reached \$655 million, which was a 25% improvement compared to the prior period.

This is a direct result of the EBITDA growth and small improvements in depreciation and amortisation expense and other income.

NBN's statutory loss before tax for the period was \$350 million, a \$107 million or 23% improvement compared to the previous half year.

Our improved EBIT result was partially offset by an increase in financing costs from both CPI linked lease arrangements and the combined impact of higher average borrowing levels and weighted average cost of debt for the period.

The financial results for the first half of FY26 demonstrate we have continued to drive commercial decision making, operating efficiency and capital discipline as we move towards our goal **to deliver sustainable cash flow to fund improvements in the network and debt reduction.**

Thank you for your interest in our financial performance and with that, I'll now hand back to the moderator for questions.