



14 March 2024

Singapore Exchange Securities Trading Limited
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Office of the Company Secretary
Level 41, 242 Exhibition Street
MELBOURNE VIC 3000
AUSTRALIA

ELECTRONIC LODGEMENT

- Telstra Corporation Limited (ACN 051 775 556) - ASX: TL1

Telstra Corporation Limited – Financial Results Half Year ended 31 December 2023

In accordance with the Listing Rules, attached for release to the market by Telstra Corporation Limited are its Financial Results for the Half Year ended 31 December 2023.

Telstra Corporation Limited is a wholly owned subsidiary of Telstra Group Limited (ASX: TLS), the head entity of the Telstra Group.

Release of announcement authorised by:

Sue Laver
Company Secretary

Directors' Report

In accordance with a resolution of the Board of Directors of Telstra Corporation Limited (the Board), the Directors present their report on the consolidated entity (Telstra Corporation Group) consisting of Telstra Corporation Limited (Telstra Entity) and the entities it controlled at the end of, or during, the half year ended, 31 December 2023. Financial comparisons used in this report are of results for the half year ended 31 December 2023 compared with the half year ended 31 December 2022 for income statement analysis, and 31 December 2023 compared with 30 June 2023 for statement of financial position analysis.

Principal activity

Our principal activity during the half year was to provide access to passive telecommunication infrastructure and services. The Telstra Entity serves multiple customers, including nbn co, the broader Telstra group comprising Telstra Group Limited and its controlled entities (Telstra Group) and wholesale customers directly or via Telstra Limited or the Telstra Group's international business. Our growing asset portfolio includes fibre, ducts, and fixed network facilities including data centres, cable landing stations and satellite ground stations.

Significant changes in the state of affairs

As outlined in our financial results for the full year ended 30 June 2023 (referred to as our 2023 Annual Report), the Telstra Entity implemented a scheme of arrangement (Scheme) to support the restructure of the Telstra Group (Restructure) with the top hat component of the Scheme implemented on 31 October 2022 and the business restructure component of the Scheme implemented on 1 January 2023. The Restructure was an internal legal reorganisation and did not, by itself, result in any immediate change to the underlying assets or business activities of the Telstra Group. The main Restructure steps involved:

- establishing Telstra Group Limited as the new head entity of the Australian tax consolidated group and as the new parent entity of the Telstra Group
- the transfer of the retail and active wholesale business assets and liabilities and related investments to Telstra Limited
- the transfer of the international business assets and liabilities and related investments to Telstra International Holdings Pty Ltd and its controlled entities
- the transfer of the interest in Telstra Towerco No. 2 Pty Ltd, being the wholly-owned entity which holds an interest in the Amplitel towers business and related investments, to Telstra Group Limited

As a result, Telstra Corporation Limited continues to operate the Telstra Group's passive fixed infrastructure business and services the nbn Definitive Agreements.

From 1 January 2023, Telstra Corporation Limited as a provider of access to passive fixed infrastructure, also recognises revenue and expenses from transactions with related parties, i.e. other entities within the Telstra Group.

Telstra Corporation Limited accounted for the transfer of the assets and liabilities outlined above as disposals and their impact has been reflected in the Telstra Corporation Group financial results as detailed in note 2.6 of our 2023 Annual Report.

Review and results of continuing operations

Our operations relate to the operations of the fixed passive network infrastructure including data centres, fixed network sites, ducts, pits and pipes and fibre network. We also provide nbn co with long-term access to certain components of our infrastructure under the nbn Infrastructure Services Agreement.

Total revenue (excluding finance income) from continuing operations increased by 68 per cent to \$1,162 million. This included growth in recurring payments from the nbn Definitive Agreements reflecting inflation linked price increases. \$533m in revenue was generated from related party agreements with other legal entities within the Telstra Group, which became effective from 1 January 2023. This was offset by a decline in commercial and recoverable works revenue as contracts end.

Other income decreased by 5 per cent to \$105 million. This included a gain on the fibre lease arrangement for \$26 million. This was offset by a decrease in nbn disconnection income receipts from nbn co for disconnecting customers from our legacy network. nbn disconnection income decreased by 83 per cent to \$7 million due to a significant reduction in one-off nbn migrations.

Expenses increased by 101 per cent to \$499 million due to related party service agreements which became effective from 1 January 2023. Based on the movements described above, earnings before interest, income tax expense, depreciation and amortisation increased by 37 per cent to \$764 million.

Business strategies and prospects

Our focus remains on delivering long-term, sustainable growth from our fixed passive network infrastructure from ongoing demand. This is being shaped by the shift to the cloud and rapid AI adoption driving data centre and edge requirements, along with needs for domestic fibre. Operating and maintenance costs are also expected to increase to FY25 as we improve asset quality and efficiency in the medium term.

The decline in commercial and recoverable works revenue will continue as contracts end, while legacy network disposals will arise on a contract-by-contract basis.

Overall, we are focused on delivering low-single digit compound annual growth in earnings before interest, taxes, depreciation, amortisation and after leases (EBITDAaL) from our fixed passive network infrastructure to FY25 under the Telstra Group's T25 strategy.

Investments in strategic infrastructure projects began during FY23. The Telstra Entity already has the largest fibre and duct network in Australia with 250,000km of fibre optic cable. The intercity fibre network will extend this even further and is designed to provide high-speed and high-capacity connectivity between large population centers in Australia. There are 10 routes and almost 14,000 kilometers of fibre that will be delivered by the end of FY27. It is foundational infrastructure for the country and it will help deliver demand for the coming decades.

Directors

Directors who held office during the half year ended 31 December 2023 and (unless otherwise stated) until the date of this report were:

Director	Period of directorship
Brendon Riley	CEO, Telstra InfraCo since 1 October 2018, Chairman and Director since 1 January 2023
Douglas Rogerson	Director since 1 January 2023
Kathryn Jones	Director since 1 January 2023
Rachel Johnson-Kelly	Director from 1 January 2023 to 27 September 2023

Events occurring after reporting date

Directors have not become aware of any material events occurring after the reporting date.

Likely developments and expected results of operations

The Directors expect that the Telstra Entity will continue to carry out its principal activities as detailed above. Details about other likely developments in the Telstra Entity's operations and the expected results of those operations in future financial years that is commercially sensitive, confidential or could give a third party a commercial advantage have not been included.

Auditor's independence declaration

A copy of the auditor's independence declaration, as required under section 307C of the Corporations Act 2001, is set out on page A4.

Rounding of amounts

The Telstra Entity is a company of the kind referred to in the Australian Securities and Investments Commission Corporations (Rounding in the Financial/Directors' Reports) Instrument 2016/191, as amended from time to time and issued pursuant to section 341(1) of the Corporations Act 2001 (Cth).

Except where otherwise indicated, the amounts in this Directors' Report and the accompanying Financial Report have been rounded to the nearest million dollars (\$m).

This report is made on 14 March 2024 in accordance with a resolution of the Board and is signed for and on behalf of the Directors.



Brendon Riley
Chairman and CEO, Telstra Corporation Limited
14 March 2024



Douglas Rogerson
Director
14 March 2024

Auditor's independence declaration to the directors of Telstra Corporation Limited

As lead auditor for the review of the half-year financial report of Telstra Corporation Limited for the half-year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Telstra Corporation Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young



Matthew Honey
Partner
14 March 2024

Telstra Corporation Limited and controlled entities

Australian Business Number (ABN): 33 051 775 556

Financial report: introduction and contents

As at 31 December 2023

About this report

This is the half-year financial report for Telstra Corporation Limited (referred to as the Company or Telstra Entity) and its controlled entities (together referred to as we, us, Telstra, or the Telstra Corporation Group) for the half-year ended 31 December 2023.

Telstra Corporation Limited is a 'for profit' company limited by shares and incorporated in Australia, whose shares ceased to be publicly traded on the Australia Securities Exchange (ASX) from 31 October 2022 as it became a wholly-owned controlled entity of Telstra Group Limited. The changes in ownership of Telstra Corporation Limited resulted from the Telstra Group Restructure steps described in note 1.2 and as disclosed in our financial results for the full year ended 30 June 2023 (referred to as our 2023 Annual Report).

As an issuer of listed debt instruments (including on the ASX and Singapore Stock Exchange), Telstra Corporation Limited is a disclosing entity required to prepare bi-annual financial reports.

Our half-year financial report does not include all the information required for the annual financial report. It should be read in conjunction with our 2023 Annual Report and together with any public announcements made by us and Telstra Group Limited in accordance with the continuous disclosure obligations arising under the ASX listing rules and the *Corporations Act 2001*, up to the date of the Directors' Declaration.

Reading the financials

Section introduction

Introduction at the start of each section outlines the focus of the section and explains the purpose and content of that section.

Note and topic summary

A summary at the start of certain notes explains the objectives and content of that note, or at the start of certain specific topics clarifies complex concepts, which users may not be familiar with.

Narrative table

Some narrative disclosures are presented in a tabular format to provide readers with a clearer understanding of the information being presented.

Information panel

The information panel describes our key accounting estimates and judgements applied in the preparation of the financial report, which are relevant to that section or note.

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Income Statement

For the half-year ended 31 December 2023

Telstra Corporation Group	Note	Half-year ended 31 Dec	
		2023	2022
		\$m	\$m
Continuing operations			
Income			
Revenue (excluding finance income)	2.2	1,162	691
Other income	2.2	105	110
		1,267	801
Expenses			
Labour		70	71
Other expenses		429	177
		499	248
Share of net (loss)/ profit from joint ventures and associated entities		(4)	5
		503	243
Earnings before interest, income tax expense, depreciation and amortisation (EBITDA)		764	558
Depreciation and amortisation		252	253
Earnings before interest and income tax expense (EBIT)		512	305
Finance income	2.2	90	7
Finance costs		199	220
Net finance costs	4.2	109	213
Profit before income tax expense		403	92
Income tax expense		118	27
Profit for the period from continuing operations		285	65
Discontinued operations			
Profit for the period from discontinued operations	2.3	-	1,471
Profit for the period from continuing and discontinued operations		285	1,536
Profit for the period attributable to equity holders of Telstra Entity:			
- continuing operations		270	48
- discontinued operations		-	1,420
		270	1,468
Profit for the period attributable to non-controlling interests		15	68
		285	1,536

The notes following the financial statements form part of the half-year financial report.

Statement of Comprehensive Income

Telstra Half-Year Financial Report

For the half-year ended 31 December 2023

Telstra Corporation Group	Half-year ended 31 Dec	
	2023	2022
	\$m	\$m
Profit for the period attributable to:		
Equity holders of Telstra Entity	270	1,468
Non-controlling interests	15	68
	285	1,536
Items that will not be reclassified to the income statement		
Retained profits		
Actuarial gain on defined benefit plans attributable to equity holders of Telstra Entity	-	42
Income tax on actuarial gain on defined benefit plans	-	(13)
Fair value of equity instruments reserve		
Share of other comprehensive income of equity accounted investments	-	(16)
Income tax on share of other comprehensive income of equity accounted investments	-	71
Foreign currency translation reserve		
Income tax on share of other comprehensive income of equity accounted investments	-	10
Translation differences of foreign operations attributable to non-controlling interests	-	(10)
	-	84
Items that may be subsequently reclassified to the income statement		
Foreign currency translation reserve		
Translation differences of foreign operations attributable to equity holders of Telstra Entity	-	22
Cash flow hedging reserve		
Changes in cash flow hedging reserve	85	(188)
Share of other comprehensive income of equity accounted investments	(2)	-
Income tax on movements in the cash flow hedging reserve	(26)	56
Foreign currency basis spread reserve		
Changes in the value of the foreign currency basis spread	(14)	(15)
Income tax on movements in the foreign currency basis spread reserve	4	4
	47	(121)
Total other comprehensive income	47	(37)
Total comprehensive income for the period	332	1,499
Total comprehensive income for the period attributable to equity holders of Telstra Entity:		
- continuing operations	317	(66)
- discontinued operations	-	1,497
Non-controlling interests	15	68

The notes following the financial statements form part of the half-year financial report.

Statement of Financial Position

As at 31 December 2023

Telstra Corporation Group	Note	As at	
		31 Dec 2023	30 Jun 2023
		\$m	\$m
Current assets			
Cash and cash equivalents		226	65
Trade and other receivables and contract assets	3.2	1,265	982
Promissory note receivable	2.3	440	2,454
Inventories		20	13
Derivative financial assets	4.2	-	392
Other financial assets		18	26
Prepayments		16	15
Total current assets		1,985	3,947
Non-current assets			
Trade and other receivables and contract assets	3.2	2,408	2,406
Promissory note receivable	2.3	15,981	16,894
Inventories		24	28
Investments		384	390
Property, plant and equipment	3.1	8,660	8,675
Intangible assets	3.1	1	1
Right-of-use assets		358	356
Derivative financial assets	4.2	242	282
Other financial assets		56	83
Total non-current assets		28,114	29,115
Total assets		30,099	33,062
Current liabilities			
Trade and other payables		516	563
Employee benefits		46	46
Other provisions		34	38
Lease liabilities		31	22
Borrowings	4.2	205	2,267
Derivative financial liabilities	4.2	58	59
Other financial liabilities		3	2
Contract liabilities and other revenue received in advance		75	74
Total current liabilities		968	3,071
Non-current liabilities			
Employee benefits		10	10
Other provisions		106	110
Lease liabilities		413	416
Borrowings	4.2	6,034	7,176
Derivative financial liabilities	4.2	147	182
Other financial liabilities		12	10
Deferred tax liabilities		1,243	1,211
Contract liabilities and other revenue received in advance		43	40
Total non-current liabilities		8,008	9,155
Total liabilities		8,976	12,226
Net assets		21,123	20,836

Statement of Financial Position (continued)

Telstra Half-Year Financial Report

As at 31 December 2023

Telstra Corporation Group	Note	As at	
		31 Dec 2023	30 Jun 2023
		\$m	\$m
Equity			
Share capital		2,980	3,007
Reserves		(78)	(125)
Retained profits		17,523	17,253
Equity available to Telstra Entity shareholders		20,425	20,135
Non-controlling interests		698	701
Total equity		21,123	20,836

The notes following the financial statements form part of the half-year financial report.

Statement of Cash Flows

For the half-year ended 31 December 2023

Telstra Corporation Group	Note	Half-year ended 31 Dec	
		2023	2022
		\$m	\$m
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax (GST))		938	12,532
Payments to suppliers and employees (inclusive of GST)		(662)	(9,500)
Government grants received for operating activities		-	161
Net cash generated from operations		276	3,193
Income taxes paid		-	(341)
Net cash provided by operating activities		276	2,852
Cash flows from investing activities			
Payments for property, plant and equipment		(238)	(1,132)
Payments for intangible assets		-	(738)
Capital expenditure (before investments)		(238)	(1,870)
Payments for shares in controlled entities (net of cash acquired)		-	(2,486)
Payments for equity accounted and other investments		-	(50)
Total capital expenditure (including investments)		(238)	(4,406)
Proceeds from sale of property, plant and equipment		73	78
Cash disposed from sale of shares in controlled entities		-	(100)
Proceeds from sale of equity accounted and other investments		-	52
Proceeds received from promissory notes held		2,927	-
Distributions received from equity accounted investments		-	28
Receipts of the principal portion of finance lease receivables		28	54
Government grants received for investing activities		-	21
Interest received		18	13
Settlement of hedges of net investments		-	(17)
Other		(3)	3
Net cash used in investing activities		2,805	(4,274)
Cash flows from financing activities			
Proceeds from borrowings		1,150	5,010
Repayment of borrowings		(3,891)	(2,967)
Payment of principal portion of lease liabilities		(5)	(322)
Purchase of shares for employee share plans		-	(21)
Finance costs paid		(237)	(275)
Finance costs received from related parties		81	-
Dividends/distributions paid to non-controlling interests		(18)	(68)
Dividends paid to equity holders of Telstra Entity	4.1	-	(982)
Proceeds from issuance of equity-like instrument		-	923
Net cash (used in)/provided by financing activities		(2,920)	1,298
Net increase/(decrease) in cash and cash equivalents		161	(124)
Cash and cash equivalents at the beginning of the period		65	1,040
Effects of exchange rate changes on cash and cash equivalents		-	4
Cash and cash equivalents at the end of the period		226	920

The notes following the financial statements form part of the half-year financial report.

Statement of Changes in Equity

Telstra Half-Year Financial Report

For the half-year ended 31 December 2023

Telstra Corporation Group	Note	Share capital	Reserves	Retained profits	Total	Non-controlling interests	Total equity
		\$m	\$m	\$m	\$m	\$m	\$m
Balance at 30 June 2023		3,007	(125)	17,253	20,135	701	20,836
Profit for the period		-	-	270	270	15	285
Other comprehensive income		-	47	-	47	-	47
Total comprehensive income for the period		-	47	270	317	15	332
Transactions with non-controlling interests		-	-	-	-	(18)	(18)
Intra-group debt guarantees	6.1.2	(27)	-	-	(27)	-	(27)
Balance at 31 December 2023		2,980	(78)	17,523	20,425	698	21,123
Balance as at 30 June 2022		3,098	2,333	10,057	15,488	1,488	16,976
Profit for the period		-	-	1,468	1,468	68	1,536
Other comprehensive income		-	(66)	29	(37)	-	(37)
Total comprehensive income for the period		-	(66)	1,497	1,431	68	1,499
Dividend	4.1	-	-	(982)	(982)	-	(982)
Transactions with Telstra Group Limited		(187)	-	-	(187)	-	(187)
Non-controlling interests on acquisitions		-	-	-	-	925	925
Non-controlling interests on acquisitions		-	-	-	-	(940)	(940)
Transactions with non-controlling interests		-	-	-	-	(51)	(51)
Transfer of fair value of equity instruments reserve to retained earnings		-	(76)	76	-	-	-
Additional shares purchased		(21)	-	-	(21)	-	(21)
Share-based payments		10	-	-	10	-	10
Balance at 31 December 2022		2,900	2,191	10,648	15,739	1,490	17,229

The notes following the financial statements form part of the half-year financial report.

Section 1. Basis of preparation

This section explains the basis of preparation of our financial report, describes changes in our accounting policies and provides a summary of our key accounting estimates and judgements.



1.1 Basis of preparation of the half-year financial report

Our half-year financial report is a condensed general purpose financial report, prepared by a 'for-profit' entity in accordance with the *Corporations Act 2001* and AASB 134: *'Interim Financial Reporting'* issued by the Australian Accounting Standards Board (AASB).

The financial report is presented in Australian dollars and, unless otherwise stated, all values have been rounded to the nearest million dollars (\$m) under the option available to us under the Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191 as amended from time to time.

The financial report is prepared in accordance with historical cost, except for some categories of financial instruments which are recorded at fair value.

The same accounting policies, including the principles of consolidation, have been applied by each entity in the consolidated group and are consistent with those adopted and disclosed in our 2023 Annual Report unless stated otherwise.

For the purpose of preparing this report, each half-year has been treated as a discrete reporting period.

Where relevant, comparative information has been reclassified to ensure comparability with the current year disclosures and presentation.

1.2 Telstra Group Restructure

As outlined in our 2023 Annual Report, the final steps of the Telstra Group Restructure were completed on 1 January 2023. The main Restructure steps involved:

- establishing Telstra Group Limited as the new head entity of the Australian tax consolidated group and as the new parent entity of the Telstra Group
- the transfer of the retail and active wholesale business assets and liabilities and related investments to Telstra Limited
- the transfer of the international business assets and liabilities and related investments to Telstra International Holdings Pty Ltd and its controlled entities
- the transfer of the interest in Telstra Towerco No. 2 Pty Ltd, being the wholly-owned entity which holds an interest in the Amplitel towers business and related investments, to Telstra Group Limited

The financial results of the above businesses (referred to as the Disposal Group) have been disclosed as discontinued operations. For further details on the Telstra Group Restructure, refer to our 2023 Annual Report.

As a result of the Restructure steps, the composition and structure of the Telstra Group has changed and references to the Telstra Group should be considered in the context of those changes. This financial report has been prepared for Telstra Corporation Limited and its controlled entities as wholly-owned controlled entities of Telstra Group Limited.

Telstra Corporation Group continues to operate the Telstra Group's passive fixed infrastructure business and services the nbn Definitive Agreements.

From 1 January 2023, Telstra Corporation Group as a provider of access to passive fixed infrastructure, also recognises revenue and expenses from transactions with related parties referred to as Inter-Company Agreements (ICAs), i.e. other entities within the Telstra Group.

1.3 Terminology used in our income statement

EBITDA reflects earnings before interest, income tax, depreciation and amortisation. EBIT is a similar measure to EBITDA, but takes into account depreciation and amortisation.

We believe EBITDA is useful as a widely recognised measure of operating performance.

1.4 Key accounting estimates and judgements

Preparing the financial report requires management to make estimates and judgements. In preparing this report, the key sources of estimation uncertainty were consistent with those applied in our 2023 Annual Report with the exception of those arising from new arrangements executed in the current reporting period.

1.4.1 Summary of key management judgements

The key judgements and estimates used by management in applying Telstra's accounting policies for the half-year ended 31 December 2023 have been updated to reflect the latest information available. They can be located in the following notes:

Key accounting estimates and judgements	Note	Page
Impact of Inter-Company Agreements (ICAs)	2.2	B12
Impact of nbn Infrastructure Services Agreement (ISA) on revenue from customer contracts and other income	2.2	B14
Useful lives and residual values of tangible assets	3.1	B16

1.5 Other accounting policies

1.5.1 Changes in accounting policies

A number of new or amended accounting standards became effective in the current reporting period but none of those had a material impact on our accounting policies.

1.5.2 New accounting standards to be applied in future reporting periods

We have not early adopted any standard, interpretation or amendment that has been issued but is not yet effective and we do not expect any of them to have a material impact on our financial results upon adoption.

Section 2. Our performance

This section explains the results and performance of our segments, which are reported on the same basis as our internal management reporting structure. It also includes disaggregated revenue by segment.



2.1 Segment information

Segment information is based on the information that management uses to make decisions about operating matters and allows users to review operations through the businesses considered by management.

2.1.1 Operating segments

We identify our segments based on the information that is regularly reviewed and used by the chief operating decision maker (the Chief Executive Officer) for the purposes of allocating resources and assessing performance.

As detailed in note 1.2, the Restructure was completed on 1 January 2023 and, as a result, our comparative results of the Telstra Corporation Group contain continuing and discontinued operations. Our segment results show our continuing operations only, and details of our discontinued operations are outlined in note 2.3.

As outlined in our 2023 Annual Report, our segments have been realigned following the organisational changes post Restructure. We have concluded that Telstra Corporation Group consists of the following segments.

Segment	Operations
Core passive	Our passive network infrastructure including the operations of our fixed network sites and fibre cabling.
Commercial works and disposals	Our asset relocation work, nbn-related infrastructure builds and legacy asset disposals.
Other	Other income and expenses recorded to reflect compliance with Australian Accounting Standards. These adjustments are required as amounts in our segments are measured based on a 'management view', i.e. all charges earned/incurred are recognised when incurred as either income or expenses. Such recognition may differ from the requirements of the Australian Accounting Standards in a number of areas, for example lease accounting.

Segment comparatives reflect the organisational changes that have occurred since the prior reporting period to present a like-for-like view.

The 'Commercial and legacy asset works' segment disclosed in our 2023 Annual Report has been renamed to 'Commercial works and disposals' during the period i.e. there have been no changes to the operations within the segment. Other than this name change, the segments are consistent with those disclosed in our 2023 Annual Report.

Consistent with information presented for internal management reporting, the results of our segments are measured based on their EBITDA contribution, which differs from our reported EBITDA.

All segments operate in one geographical area, Australia.

(a) Transactions with discontinued entities in the segment results

During the period, our segments transacted with the discontinued entities (referred to as the 'Disposal Group' in note 2.3). The Disposal Group consists of entities that were controlled by Telstra Corporation Limited prior to the Restructure on 1 January 2023, however ceased to be controlled post Restructure.

As a result of the Restructure on 1 January 2023, transactions with the Disposal Group are accounted for in the segment results as follows:

- Any transactions with the Disposal Group pre- 1 January 2023 have been included in our segment results and removed in the 'Eliminations' column. These transactions represent inter-company transactions that have been eliminated on consolidation of the Telstra Corporation Group and are related to the performance of our core passive segment based on a 'management view', i.e. all charges earned/incurred are recognised as either income or expenses. Such charges may differ from the requirements of the Australian Accounting Standards in a number of areas, for example lease accounting. All other transactions are accounted for in accordance with the Australian Accounting Standards.
- Any transactions with the Disposal Group post-1 January 2023 have been included in our segment results. These transactions have not been eliminated on consolidation as the Disposal Group is an external party to Telstra Corporation Group from 1 January 2023. Further details on our Inter-Company Agreements with related parties are outlined in note 2.2, 2.3 and 3.3.

Section 2. Our performance (continued)

2.1 Segment information (continued)

2.1.2 Segment results

Table A details our segment results and a reconciliation of EBITDA contribution to the Telstra Corporation Group's EBITDA, EBIT and profit before income tax expense.

Table A	Core passive	Commercial works and disposals	Other	Eliminations	Total
Telstra Corporation Group	\$m	\$m	\$m	\$m	\$m
	Half-year ended 31 December 2023				
Revenue from contracts with customers	927	118	(85)	-	960
Revenue from other sources	202	-	-	-	202
Other income	19	60	26	-	105
Total income from continuing operations	1,148	178	(59)	-	1,267
Cost of network services	(394)	(98)	(7)	-	(499)
Share of net profit / (loss) from equity accounted entities	-	-	(4)	-	(4)
Total EBITDA from continuing operations	754	80	(70)	-	764
Depreciation and amortisation					(252)
Telstra Corporation Group EBIT from continuing operations					512
Net finance costs					(109)
Telstra Corporation Group profit before income tax expense from continuing operations					403

Section 2. Our performance (continued)

2.1 Segment information (continued)

2.1.2 Segment results (continued)

Table A (continued)	Core	Commercial			
	passive	works and	Other	Eliminations	Total
	\$m	\$m	\$m	\$m	\$m
Telstra Corporation Group	Half-year ended 31 December 2022				
Revenue from contracts with customers	892	122	75	(500)	589
Revenue from other sources	102	-	-	-	102
Other income	59	51	-	-	110
Total income from continuing operations	1,053	173	75	(500)	801
Cost of network services	(332)	(86)	(9)	179	(248)
Share of net profit / (loss) from equity accounted entities	-	-	5	-	5
Total EBITDA from continuing operations	721	87	71	(321)	558
Depreciation and amortisation					(253)
Telstra Corporation Group EBIT from continuing operations					305
Net finance costs					(213)
Telstra Corporation Group profit before income tax expense from continuing operations					92

Section 2. Our performance (continued)

2.2 Income

Table A Telstra Corporation Group	Half-year ended 31 Dec	
	2023	2022
	\$m	\$m
Revenue from contracts with customers	960	589
Revenue from other sources	202	102
Total revenue (excluding finance income)	1,162	691
Other income		
Net gain on disposal of property, plant and equipment and intangibles assets	71	68
Net gain on derecognition of assets subject to finance lease	26	-
nbn disconnection fees	7	42
Other miscellaneous income	1	-
	105	110
Total income (excluding finance income)	1,267	801
Finance income		
Finance income (excluding income from finance leases)	9	7
Finance income from finance leases (Telstra as a lessor)	81	-
	90	7
Total income	1,357	808

Total revenue includes income from ICAs in the above table.

The ICAs cover the provision and receipt of services, including the following:

- access rights to infrastructure;
- design and construction services; and
- agency services, sales services, management activities and other administrative services.

As part of these services, we supply electricity and recognise revenue and the expense as principal i.e. on a gross basis.

Revenue from other sources includes income from:

- customer contributions to extend, relocate or amend our network assets, where the customer does not purchase any ongoing services under the same (or linked) contract(s)
- our operating lease arrangements.

nbn disconnection fees earned under the Subscriber Agreement with nbn co are recognised as other income because they do not relate to our ordinary activities. We recognise this income when we have met our contractual obligations under this agreement.

Impact of Inter-Company Agreements (ICAs)

Certain ICAs provide access and/or usage rights to passive infrastructure which are a lease arrangement. In instances where we concluded a lease arrangement exists, we applied judgement to assess the following:

- whether the arrangement is a finance lease arrangement
- whether the lease term should be reassessed based on the useful life of the asset, existing lease or contract term

As a result of the above, we recognised a \$26 million net gain on derecognition of assets subject to finance lease arrangements, derecognised \$14 million of property, plant and equipment, and recognised \$40 million of additional finance lease receivables for the half-year ended 31 December 2023 (31 December 2022: nil).

Section 2. Our performance (continued)

2.2 Income (continued)

2.2.1 Disaggregated revenue

Table B presents the disaggregated revenue from contracts with customers based on the nature and the timing of transfer of services and major products. No revenue from sale of goods was recognised from continuing operations.

We recognise revenue from contracts with customers when the control of services has been transferred to the customer. Revenue from sale of services is recognised over time.

Table B Telstra Corporation Group	Half-year ended 31 Dec	
	2023	2022
	\$m	\$m
Continuing operations		
Revenue from contracts with customers disaggregated by:		
Nature and timing of transfer of goods and services		
Sale of services	960	589
	960	589
Major products		
NBN commercial works	18	27
NBN recurring	515	481
Other external	155	81
Inter-Company Agreements	272	-
	960	589
Reconciliation to segment results		
Revenue from contracts with customers	960	589
Revenue from other sources including operating lease revenue	202	102
Other income	105	110
Total external income from continuing operations	1,267	801

In our reportable segments, we recognised \$533 million (2022: \$509 million) of revenue from transactions with one external customer and \$511 million (2022: nil) of revenue from transactions with a related party.

Section 2. Our performance (continued)

2.2 Income (continued)

2.2.2 Our contracts with customers

We continued to generate revenue from continuing operations from customer contracts and agreements with nbn co described in note 2.2 to the financial statements in our 2023 Annual Report.

(a) Agreements with nbn co

We deliver a number of different services to nbn co under nbn Definitive Agreements (DAs). The transaction price in those agreements includes fixed and variable components, which require significant judgement as described below.

Impact of nbn Infrastructure Services Agreement (ISA) on revenue from customer contracts and other income

Under the ISA, we receive the following payments from nbn co:

- Infrastructure Access Payment (IAP) for long-term access to ducts and pits
- Infrastructure Ownership Payment (IOP) for the progressive transfer of infrastructure assets
- payments for long-term access to other infrastructure, including dark fibre and exchange rack spaces.

IAP are indexed to consumer price index (CPI) and will grow in line with the nbn network rollout until its completion (as defined under the DAs). Subsequently, IAP will continue being indexed to CPI for the remaining average contracted period of 24 years.

IOP are received over the duration of the nbn network rollout, CPI adjusted and linked to the progress of the nbn network rollout.

IAP and IOP are classified in the income statement as revenue and other income, respectively, and are recognised on a percentage rollout basis of the nbn network footprint.

For any given period, the IAP and IOP amounts ultimately received from nbn co may vary from the amounts recognised in the income statement depending on the progress of the nbn network rollout and the final number of our existing fixed line premises as defined and determined under the ISA. A change in the nbn network rollout progress and/or the final number of these premises could result in a material change to the amount of IAP and IOP recognised in the income statement and the associated cash flows. Some of these adjustments cannot be finalised and the related amounts cannot be settled until the completion of the rollout and are subject to compounding interest calculated from the historical period applicable to the adjustments.

The nbn network rollout is substantially complete but its progress and its completion date are controlled by nbn co and the final number of the fixed line premises may continue to change even after all the relevant assets have been transferred to nbn co. Therefore, the final price adjustments and the resulting cash flows, including interest payable where relevant, will not be known until the nbn network rollout is complete in accordance with the DAs. Telstra and nbn co are currently in discussions on certain aspects of the agreement, including the effective date for the final price adjustments for these aspects. Upon the final price adjustments, we expect to incur a significant cash outflow. However, these amounts whilst paid on a particular date, would be recognised in the income statement over the remaining average contracted period of 24 years. Should that date extend past our current assumption, additional interest payable by us of approximately \$30 million would accrue annually. Had the cash settlement occurred as at 31 December 2023, the estimated cash outflow would have been approximately \$212 million.

As described above, we have applied judgement in determining the amounts of IAP and IOP recognised for the half-year ended 31 December 2023 and related balance sheet positions. We did not identify material impacts resulting from reassessment of the assumptions described above. Should evidence exist in future reporting periods that changes these amounts, revenue and other income will be adjusted in the future reporting periods.

Section 2. Our performance (continued)

2.3 Discontinued operations

2.3.1 Prior period financial results

As detailed in note 1.2, the final steps of the Telstra Group Restructure were completed on 1 January 2023. As a result, the financial results of the Disposal Group in the comparative information have been presented as discontinued operations.

Further information on the Disposal Group such as the consideration on disposal and net gain on transfer are outlined in our 2023 Annual Report.

Table A presents financial information related to the discontinued operations of the Disposal Group including Digicel Pacific and its controlled entities.

Table A Disposal Group	Half-year ended 31 Dec	
	2023	2022
	\$m	\$m
Revenue	-	10,557
Other income	-	166
Expenses	-	8,646
Profit before income tax expense	-	2,077
Income tax expense	-	646
Profit after income tax expense from discontinued operations	-	1,431
Gain on disposal of discontinued operations	-	40
Profit after tax on disposal of discontinued operations	-	40
Profit for the period from discontinued operations	-	1,471
Net cash provided by operating activities	-	1,977
Net cash used in investing activities	-	(4,213)
Net cash provided by financing activities	-	1,619
Net decrease in cash and cash equivalents	-	(617)

2.3.2 Promissory note receivable

On 1 January 2023, Telstra Corporation Group recognised a \$9,230 million net gain on transfer of the Disposal Group. As at 31 December 2023, Telstra Corporation Group holds \$16,421 million of promissory note receivables related to the consideration on disposal.

Table B shows the promissory note movement for the period.

Table B Telstra Corporation Group	Half-year ended 31 December 2023
	\$m
Total promissory notes held on 1 July 2023	19,348
Less: Receipts from promissory notes	(2,927)
Total promissory notes at 31 December 2023	16,421
Current portion	440
Non-current portion	15,981

The promissory notes are non-interest bearing and are repayable upon demand. While the promissory notes are repayable upon demand, the classification between current and non-current promissory notes have been determined based on the expected timing of repayments.

At each reporting date, we assess the credit risk of the promissory notes receivable, and whether this has significantly increased since initial recognition, by assessing the ability of the issuer to repay the promissory notes receivable on demand. In assessing whether the promissory notes receivable is credit impaired, and therefore whether expected credit loss is required to be recorded, we consider the manner of recovery of the amount due in calculating the loss given default, which may include any recovery plans which would allow the issuer a longer period of time to accumulate the funds to repay the loan.

In assessing recovery plans and the cash flows of the issuer, we consider future economic conditions and forward-looking information to determine the amounts expected to be recovered. At the reporting date, no expected credit loss is required to be recorded based on the assessment of the recovery plans and future cash flows of the issuer. The maximum credit exposure is the carrying amount of the promissory notes receivable in the statement of financial position and the Telstra Entity does not hold any collateral.

Section 3. Our core assets and working capital

This section describes our core long-term tangible (owned and leased) and intangible assets underpinning Telstra Corporation Group's performance and provides a summary of our asset impairment assessment. This section also describes our short-term assets and liabilities, i.e. our working capital supporting the operating liquidity of our business.



3.1 Property, plant and equipment and intangible assets

We consider whether there are any indicators of impairment through a review of our tangible and intangible assets at each reporting period. We assess whether there are any internal or external factors that may cause changes to the asset's recoverable amount.

3.1.1 Impairment assessment

All non-current tangible and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. Indicators of impairment may include changes in the operating and economic assumptions or possible impacts from risks such as changing economic and market conditions and climate change.

Potential indicators in the current year may include rising inflation and other economic pressures. However, given the long-lived nature of the majority of Telstra Corporation Group's assets and the nature of our services and operations, the expected return on assets is not significantly impacted.

Other potential indicators such as climate change includes physical climate risks to our assets associated with bushfires, cyclones, coastal inundation, urban flash flooding and increasing temperatures, as well as the impact of extreme weather events on our operations and service delivery.

Based on our experience with extreme weather events, and considering the diverse location and nature of our assets as well as our continued focus on network resiliency and business continuity programs, we do not consider the potential impacts of climate change and the transition to a lower carbon economy to be an impairment indicator at this stage.

Based on our assessment, and as a result of considering all potential indicators, we did not identify any indicators of impairment.

3.1.2 Depreciation and amortisation

Useful lives and residual values of tangible assets

We apply judgement to estimate useful lives and residual values of our assets and review them each year. If useful lives or residual values need to be modified, the depreciation and amortisation expense changes from the date of reassessment until the end of the revised useful life for both the current and future years.

Assessment of useful lives and residual values includes a comparison with international trends for telecommunication companies and, in relation to communication assets, a determination of when the asset may be superseded technologically or made obsolete.

For the half-year ended 31 December 2023, the net effect of the assessment of useful lives was \$nil (2022: \$17 million decrease) in depreciation and there were no material impacts to amortisation expense (2022: nil).

Section 3. Our core assets and working capital (continued)

3.2 Trade and other receivables and contract assets

Table A summarises trade and other receivables, and contract assets. Where relevant, the amounts are presented net of impairment allowances.

Table A Telstra Corporation Group	As at	
	31 Dec 2023	30 Jun 2023
	\$m	\$m
Current		
Trade receivables from contracts with customers	293	317
Trade receivables from related parties	788	444
Finance lease receivables	56	56
Accrued revenue	32	64
Other receivables	3	4
	1,172	885
Contract assets	93	97
	1,265	982
Non-current		
Finance lease receivables	2,164	2,153
Amounts owed by joint ventures and associated entities	145	143
	2,309	2,296
Contract assets	99	110
	2,408	2,406

Trade receivables from contracts with customers are measured at amortised cost.

3.2.1 Impairment of trade and other receivables and contract assets

As at 31 December 2023, trade and other receivables and contract assets were subject to impairment assessment using the individual approach.

We had a concentration of credit risk from transactions with two customers, whose balance together constituted 99 per cent (30 June 2023: 96 per cent) of the total trade receivables from contracts with customers and trade receivables from related parties. This risk was assessed as low given the customers' had external credit ratings of AA and A-.

3.3 Related party transactions

We sold and purchased goods and services, and earned interest from our related parties. These transactions were in the ordinary course of business and on normal commercial terms and conditions.

Related party transactions during the period mainly consisted of the following:

- transactions with controlled entities of Telstra Group Limited that are not eliminated on consolidation post the Restructure on 1 January 2023.
- transactions with joint ventures or associated entities.

Transactions with controlled entities of Telstra Group Limited that are not eliminated on consolidation post 1 January 2023 have been classified as related party transactions. Post the 1 January 2023 Restructure (note 1.2), the entities that constitute the Disposal Group are no longer subsidiaries of Telstra Corporation Group. As a result, there is no comparative information for the prior corresponding period in Table A.

Table A details transactions which occurred with related parties for the period from 1 July 2023 to 31 December 2023.

Table A Telstra Corporation Group	Half year ended 31 December	
	2023	2022
	\$m	\$m
Income		
Sale of goods and services	331	-
Lease and access revenue	202	-
Net gain on derecognition of assets subject to finance lease	26	-
Finance income	81	-
Expenses		
Purchase of network-related services	209	-
Purchase of management services	6	-
Other expenses (including depreciation and finance costs)	7	-
Other transactions		
Dividends paid	-	-

Purchases of management services relate to amounts paid to Telstra Group Limited for salaries and related on-costs of key executives that control and direct the activities of Telstra Corporation Limited.

Section 3. Our core assets and working capital (continued)

3.3 Related party transactions (continued)

Table B details outstanding balances at the end of the reporting period in relation to transactions with related parties.

Table B Telstra Corporation Group	As at	
	31 Dec 2023	30 Jun 2023
	\$m	\$m
Current assets		
Trade receivables	795	444
Finance lease receivables	56	56
Promissory note	440	2,454
Other financial assets	18	26
Non-current assets		
Finance lease receivables	2,185	2,153
Promissory note	15,981	16,894
Right-of-use assets	227	219
Other financial assets	56	83
Current liabilities		
Trade and other payables	265	127
Lease liabilities	7	3
Other financial liabilities	3	2
Non-current liabilities		
Lease liabilities	229	223
Other financial liabilities	12	10
Net assets to/from related parties	19,242	21,964

Receivables and payables with related parties are unsecured and are in the form of contracted agreements through the ICAs that became effective on 1 January 2023. The terms and conditions of these contracts require settlement between 30 and 45 days from receipt of the invoice.

For further details on the promissory note, refer to note 2.3.2.

Other financial assets and liabilities relate to intra-group debt guarantees outlined in note 6.1.2 and our 2023 Annual Report.

There were no loans provided or received to/from key management personnel in the year.

Section 4. Our capital and risk management

This section provides information on our approach to capital management and our capital structure. Our total capital is defined as equity and net debt. Also outlined in this section are the financial risks that we are exposed to and how we manage these financial risks.



4.1 Dividend

This note includes the previous year interim dividend paid and any current year dividends paid.

The table below provides details about any dividends paid during the half-year.

Table A Telstra Entity	Half-year ended 31 Dec			
	2023	2022	2023	2022
	\$m	\$m	cents	cents
Dividends paid				
Dividends paid	-	982	-	8.5

As part of the Telstra Group Restructure (note 1.2), on 31 October 2022, shares in Telstra Corporation Limited were transferred to Telstra Group Limited in exchange for the issue of shares in Telstra Group Limited to eligible Telstra Corporation Limited shareholders under the scheme. As a result, the Board resolved to discontinue Telstra Corporation Limited's Dividend Reinvestment Plan (DRP) and a new DRP was established by Telstra Group Limited. Any residual balances in the Telstra Corporation Limited DRP were transferred to the Telstra Group Limited DRP.

4.2 Capital management and financial instruments

Net debt equals total lease liabilities, borrowings and derivative financial instruments, less cash and cash equivalents.

This note provides information about components of our net debt and related finance costs.

Table A lists the carrying value of our net debt components (both current and non-current balances).

Table A Telstra Corporation Group	As at	
	31 Dec 2023	30 Jun 2023
	\$m	\$m
Lease liabilities	(444)	(438)
Borrowings	(6,239)	(9,443)
Net derivative financial instruments	37	433
Gross debt	(6,646)	(9,448)
Cash and cash equivalents	226	65
Net debt	(6,420)	(9,383)

No components of net debt are subject to any externally imposed capital requirements. We did not have any defaults or breaches under any of our agreements with our lenders during the half-year ended 31 December 2023.

Table B summarises the key movements in net debt during the period.

Table B Telstra Corporation Group	Half-year ended 31 Dec	
	2023	2022
	\$m	\$m
Opening net debt at 1 July	(9,383)	(12,720)
Non-recourse borrowing facilities	-	(1,127)
Commercial paper (net)	-	(739)
Revolving bank facilities (net)	725	(1,950)
Debt repayments	1,416	1,782
Bilateral bank and other loans	600	(9)
Lease liability payments	5	322
Net cash (inflow)/outflow	2,746	(1,721)
Fair value (loss)/gain impacting:		
Equity	70	(184)
Other income/(expenses)	-	51
Finance costs	(3)	7
Other non-cash movements		
Lease liability (Telstra as a lessee)	(11)	(347)
Other loans	-	(52)
Loans disposed through sale of controlled entities	-	1,176
Reclassification to assets/liabilities held for sale	-	3,227
Total non-cash movements	56	3,878
Total (increase)/decrease in gross debt excluding bank overdraft	2,802	2,157
Net increase/(decrease) in cash and cash equivalents net of bank overdraft (includes effects of foreign exchange differences)	161	(120)
Total decrease in net debt	2,963	2,037
Closing net debt at 31 December	(6,420)	(10,683)
Total equity	(21,123)	(17,090)
Total capital	(27,543)	(27,773)

Section 4. Our capital and risk management (continued)

4.2 Capital management and financial instruments (continued)

4.2.1 Bank facilities

Table C presents our total and undrawn committed bank facilities at balance dates. As at 31 December 2023, we had an available facility of \$1,000 million held by the Telstra Entity. This committed facility matures in July 2024.

Table C Telstra Corporation Group	As at	
	31 Dec 2023	30 Jun 2023
	\$m	\$m
Facilities available	1,000	3,150
Facilities used	-	(725)
Facilities unused	1,000	2,425

4.2.2 Borrowings

Table D details the carrying and fair values of borrowings included in the statement of financial position.

Table D Telstra Corporation Group	As at 31 Dec 2023		As at 30 Jun 2023	
	Carrying value	Fair value	Carrying value	Fair value
	\$m	\$m	\$m	\$m
Current borrowings				
Unsecured notes	52	52	1,814	1,812
Bank and other loans - unsecured	-	-	300	300
Promissory notes	152	152	152	152
Other external financial liabilities	1	1	1	1
	205	205	2,267	2,265
Non-current borrowings				
Unsecured notes	5,620	5,604	5,736	5,526
Bank and other loans - unsecured	-	-	1,025	1,032
Other external financial liabilities	414	324	415	297
	6,034	5,928	7,176	6,855
Total borrowings	6,239	6,133	9,443	9,120

Unsecured notes comprise bonds and private placements.

Other financial liabilities represent amounts arising from sale and leaseback transactions accounted as financial liabilities under the accounting standards.

Section 4. Our capital and risk management (continued)

4.2 Capital management and financial instruments (continued)

4.2.3 Finance costs

Table E presents our net finance costs. Interest expense on borrowings are net amounts after offsetting interest income and interest expense on associated derivative instruments.

Table E Telstra Corporation Group	Half-year ended 31 Dec	
	2023	2022
	\$m	\$m
Interest income	9	7
Finance income from finance leases (Telstra as a lessor)	81	-
Total finance income	90	7
Interest expense on borrowings	(179)	(242)
Interest expense on lease liabilities	(4)	(2)
Gross interest on debt	(183)	(244)
Net gain/(loss) on financial instruments included in remeasurements	(16)	21
	(16)	21
Interest capitalised	-	3
Total finance costs	(199)	(220)
Net finance costs	(109)	(213)

Net gains on derivative financial instruments included in remeasurements within net finance costs comprise unrealised valuation impacts on our borrowings and derivatives. These include net unrealised gains or losses which arise from changes in the fair value of derivative financial instruments to the extent that hedge accounting is not achieved or is not effective. These fair values increase or decrease because of changes in financial indices and prices over which we have no control.

4.2.4 Fair value measurement

The financial instruments included in the statement of financial position are measured either at fair value or their carrying value approximates fair value, with the exception of borrowings, which are held at amortised cost.

To determine fair value, we use both observable and unobservable inputs. We classify the inputs used in the valuation of our financial instruments according to a three level hierarchy as shown below. The classification is based on the lowest level input that is significant to the fair value measurement as a whole.

During the half-year ended 31 December 2023, there were no changes in valuation techniques for recurring fair value measurements of our financial instruments. There were also no transfers between fair value hierarchy levels.

As at 31 December 2023, there were no financial instruments measured using level 1 or level 3 inputs which were not classified as held for sale.

The table below summaries the methods used to estimate the fair value of our financial instruments.

Level	Financial instrument	Fair value
Level 2: the lowest level input that is significant to the fair value measurement is directly (as prices) or indirectly (derived from prices) observable	Borrowings, cross currency and interest rate swaps	Valuation techniques maximising the use of observable market data. Present value of the estimated future cash flows using appropriate market-based yield curves, which are independently derived. Yield curves are sourced from readily available market data quoted for all major currencies.
	Forward contracts	Quoted forward rates at reporting date for contracts with similar maturity profiles.

Fair value of borrowings presented in Table D was measured using level 2 inputs.

Table F categorises our financial instruments which are measured at fair value, according to the valuation methodology applied.

Table F Telstra Corporation Group	As at 31 Dec 2023	As at 30 Jun 2023
	Level 2	Level 2
	\$m	\$m
Derivative financial assets	242	674
Derivative financial liabilities	(205)	(241)
Total	37	433

4.2.5 Financial risk factors

Our underlying business activities result in exposure to operational risks and a number of financial risks including interest rate risk, foreign currency risk, credit risk and liquidity risk. Our overall risk management program seeks to mitigate these risks in order to reduce volatility in our financial performance and to support the delivery of our financial targets. Financial risk management is carried out under policies approved by the Telstra Group Board. Our financial risk management strategies ensure that we can withstand market disruptions for extended periods.

The half-year financial report does not include all financial risk management information and disclosures required for the annual financial statements. For the management of interest rate risk, foreign currency risk and credit risk on our borrowing portfolio refer to note 4.5 to the financial statements in our 2023 Annual Report. There have been no material changes to these risk management policies since 30 June 2023.

Section 5. Our investments

This section outlines our group structure and includes information about our controlled entities, joint ventures and associated entities. It provides details of changes to these investments and their effect on our financial position and performance during the financial year. It also includes the results of our material joint ventures and associated entities.



5.1 Changes in the group structure

5.1.1 Changes due to the Telstra Group Restructure

As detailed in note 1.2, on 1 January 2023 the Telstra Group Restructure was completed. This resulted in the following changes to the Telstra Group's structure:

- Telstra Group Limited was established as the new parent entity of the Telstra Group
- the following controlled entities became wholly-owned subsidiaries of Telstra Group Limited:
 - Telstra Corporation Limited
 - Telstra ESOP Trustee Pty Limited
 - Telstra Finance Limited
 - Telstra Foundation Ltd
 - Telstra Growthshare Pty Ltd
 - Telstra International Holdings Pty Ltd
 - Telstra Limited.
 - Telstra Towerco No.2 Pty Ltd, being the wholly-owned entity which holds an interest in the Amplitel towers business and related investments
- Telstra Corporation Group transferred the retail and active wholesale business assets and liabilities and related investments to Telstra Limited and its controlled entities.
- Telstra Corporation Group transferred the international business assets and liabilities and related investments to Telstra International Holdings Pty Ltd and its controlled entities.

Details of the disposals have been further outlined in our 2023 Annual Report.

5.1.2 Current period acquisitions and disposals

During the half-year ended 31 December 2023 there were no acquisitions or disposals of any businesses.

5.2 Investments in controlled entities

Following the Restructure and changes in the group structure outlined in note 1.2, Telstra Corporation Limited holds investments in the following wholly owned Australian entities at 31 December 2023:

- Telstra Multimedia Pty Limited
- Merricks NewCo Pty Ltd
- DCA eHealth Solutions Pty Ltd and its controlled entities
- Medinexus Pty Ltd

5.3 Non-controlling interests

The Telstra Corporation Group includes entities which have material non-controlling interests.

As at 31 December 2023, our controlled entity The Exchange Trust, which holds a portfolio of 36 Telstra exchanges in Australia, had a 49 per cent (30 June 2023: 49 per cent) non-controlling interest balance of \$698 million (30 June 2023: \$701 million).

The trustee of the Exchange Trust is Merricks NewCo Pty Ltd, our wholly-owned controlled entity.

During the half-year ended 31 December 2023, we paid the minority unit holder of the trust a \$18 million (31 December 2022: \$17 million) dividend.

Section 6. Other information

This section provides information and disclosures not included in the other sections, for example our commitments and contingencies, and significant events occurring after reporting date.



6.1 Commitments and contingencies

6.1.1 Capital expenditure commitments

As at 31 December 2023, our capital expenditure commitments were \$474 million (June 2023: \$273 million) with the increase mainly attributable to the roll-out of the intercity fibre project.

6.1.2 Contingent liabilities and guarantees

(a) Intra-group debt guarantees

As detailed in note 1.2, the Telstra Group Restructure completed on 1 January 2023. Where contractually required or otherwise agreed with counterparties, Telstra Corporation Limited has provided and received guarantees to and from Telstra Group Limited on Restructure. For further details refer to our 2023 Annual Report.

We recognised a \$27 million decrease in our share capital as a result of the intra-group debt guarantees for the half-year ended 31 December 2023.

(b) Investigations by regulators

The Telstra Corporation Group is subject to a range of laws and regulations in Australia and overseas, including in the areas of telecommunications, corporate law, consumer and competition law and occupational health and safety. In Australia, the principal regulators who enforce these laws and regulations and who Telstra interacts with are the Australian Competition and Consumer Commission (ACCC), the Australian Communications and Media Authority (ACMA), the Office of the Australian Information Commissioner (OAIC), the Australian Securities and Investments Commission (ASIC), the Australian Securities Exchange (ASX), and Comcare.

The Telstra Corporation Group is subject to investigations and reviews from time to time by regulators, including certain current investigations into whether Telstra has complied with relevant laws and regulations. These are taking place in an environment of heightened scrutiny and regulator expectation and where Telstra has self-reported issues where it has not complied with relevant laws and regulations. In the ordinary course of our business, we identify, and may continue to identify, issues that have the potential to impact our customers and reputation, which do not meet relevant laws or regulations, or which do not meet our standards. Where we identify these issues, we make disclosures in accordance with the accounting standards, or our other legal disclosure obligations, or make specific provisions where appropriate.

Regulatory investigations and reviews may result in enforcement action, litigation (including class action proceedings), and penalties (both civil and in limited circumstances, criminal).

(c) Other contingent liabilities

Since 30 June 2023, there have been no significant changes to contingent liabilities arising from common law claims.

(d) Indemnities, performance guarantees and financial support

Since 30 June 2023, there have been no significant changes to indemnities, performance and financial guarantees other than as mentioned in note 6.1.2(a).

(e) Contingent assets

We had no significant contingent assets as at 31 December 2023.

6.2 Events after reporting date

We are not aware of any matter or circumstance that has occurred since 31 December 2023 that, in our opinion, has significantly affected or may significantly affect in future periods:

- our operations
- the results of those operations, or
- the state of our affairs.

Directors' Declaration

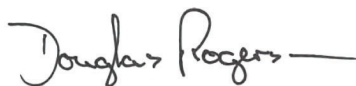
This Directors' Declaration is required by the *Corporations Act 2001*.
The Directors of Telstra Corporation Limited have made a
resolution that declared:

- (a) in the Directors' opinion, there are reasonable grounds to believe that Telstra Corporation Limited will be able to pay its debts as and when they become due and payable
- (b) in the Directors' opinion, the financial statements and notes of the Telstra Corporation Group for the half-year ended 31 December 2023 as set out on pages B1 to B23 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standard AASB 134: 'Interim Financial Reporting' and the Corporations Regulations 2001
 - (ii) giving a true and fair view of the financial position of the Telstra Corporation Group as at 31 December 2023 and of the performance of the Telstra Corporation Group, for the half-year ended 31 December 2023

For and on behalf of the board



Brendon Riley
Chairman and CEO,
Telstra Corporation Limited



Douglas Rogerson
Director

14 March 2024
Melbourne, Australia

Independent auditor's review report to the members of Telstra Corporation Limited

Conclusion

We have reviewed the accompanying half-year financial report of Telstra Corporation Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2023, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

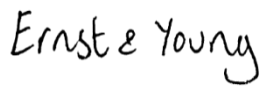
Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

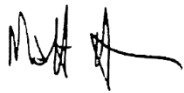
Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Ernst & Young



Matthew Honey
Partner
Melbourne
14 March 2024