28 August 2024

Singapore Exchange Securities Trading Limited
2 Shenton Way
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Singapore 068804

**Office of the Company Secretary**
Level 41
242 Exhibition Street
MELBOURNE VIC 3000
AUSTRALIA

**ELECTRONIC LODGEMENT**

**Telstra Group Limited –2024 Annual Report**

In accordance with the Listing Rules, the 2024 Annual Report released by Telstra Group Limited is provided for the information of Telstra Corporation Limited noteholders.

Authorised for release by:

Sue Laver
Company Secretary

# Telstra Annual Report 2024

# About Telstra

Telstra is Australia's leading telecommunications company. We offer a full range of products and services across a customer base that includes consumers, small business, large enterprise, and government organisations.

Following a long history dating back to the Postmaster-General's Department being established in 1901, Telstra is one of the 20 largest companies listed on the ASX with a market capitalisation of approximately A$42 billion as at 30 June 2024.

Our world-leading mobile network reaches approximately 99.7 per cent of the Australian population. We have around 280 stores in Australia and 26 Telstra Business Technology Centres. As of 30 June 2024, we provide around 24.2 million retail mobile services and around 3.6 million Consumer and Small Business (C&SB) bundle, data and voice-only services. We also have access to over 2,000 network points of presence in more than 200 countries and territories around the world.

## Acknowledgement of Country

We recognise and acknowledge the existing, original, and ancient connection Aboriginal and Torres Strait Islander peoples have to the lands, waterways, and sky country across the Australian continent. We pay our respects to their Elders past and present. At Telstra, we are enriched by Aboriginal and Torres Strait Islander peoples' contribution to our organisation and we commit to working together to build a prosperous and inclusive Australia.

## Our purpose

We believe it's people who give purpose to our technology.

So we're committed to staying close to our customers and providing them the best experience.

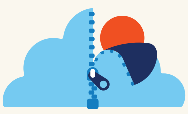
And delivering the best tech.

On the best network.

Because our purpose is t**o build a connected future so everyone can thrive**.

In FY24, we launched our Big Three – our new behaviours and habits – to help guide how we show up for our customers and each other, and to help us achieve our ambitions.

## The Big Three

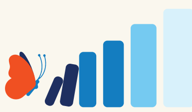


**Look Beyond**

See the big picture
Strive for customers
Learn and adapt

**Work as One**

Listen first
Speak up
Align and commit



**Make a Difference**

Do what matters
Own it
Act with care

Telstra Group Limited
ABN 56 650 620 303

# Our reporting suite

Our FY24 reporting suite includes:

**Our 2024 Telstra Annual Report (this report)** which describes our strategy, financial performance and remuneration practices for FY24. It also includes climate and nature related disclosures guided by ISSB (International Sustainability Standards Board) IFRS (International Financial Reporting Standards) S2 and the recommendations of the TNFD (Taskforce on Nature-related Financial Disclosures).

**Our 2024 Corporate Governance Statement** which provides information about governance at Telstra.

**Our 2024 Bigger Picture Sustainability Report** which provides an in-depth look at our approach and performance in relation to our most material sustainability impacts.

**Our 2024 Modern Slavery Act Statement** which explains how we identify, manage and mitigate the specific risks of modern slavery in our operations and supply chains.

All reports are available at telstra.com/governance.

The sections of our Annual Report titled FY24 financial performance, FY24 highlights, Chair's message, CEO's message, Strategy and performance, Our material risks, Outlook, and Full year results and operations review comprise our operating and financial review (OFR) and form part of the Directors' report. Our OFR, Directors' report and Financial report were released to the ASX on 15 August 2024 in the document titled 'Financial results for the year ended 30 June 2024' which is available at telstra.com/investor.

# Contents



A Glossary is available at telstra.com/annualreport.

# Forward-looking statements

This report includes forward-looking statements. The forward-looking statements are based on assumptions and information known by Telstra as at the date of this report, are provided as a general guide only and are not guarantees or predictions of future performance. Telstra believes the expectations reflected in the forward-looking statements are reasonable as at the date of this report, but acknowledges they involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Telstra, which may cause Telstra's actual results, performance and achievements to differ materially from those expressed in, or implied by, the forward-looking statements. These factors include: general economic conditions in Australia; competition in the markets in which Telstra operates; the continuing growth in the markets in which Telstra operates; the implications of regulatory risks in the businesses of Telstra; technological changes taking place in the telecommunications industry; future changes to Telstra's products and services; the risk of cyber and data security issues; the geopolitical environment (including impacts of sanctions and trade controls and broader supply chain impacts); exchange rates; the extent, nature and location of physical impacts of climate change and their impacts on our assets, service continuity and supply chain; electricity grid decarbonisation; and changes to forecast supply chain emissions including but not limited to failure of third parties to achieve contractual environmental targets or milestones that have direct or indirect impact on our environmental modelling.

A number of these risks, uncertainties and other factors are described in the "Chair's message", "CEO's message", "Our material risks" and "Outlook" sections (which form part of Telstra's Operating and Financial Review), and the "Acting on climate and nature" section of this Annual Report lodged with the ASX on 28 August 2024 and available on Telstra's Investor Centre website telstra.com/investor.

In addition, there are particular risks and uncertainties in connection with the implementation of Telstra's T25 strategy (T25). Those risks include the response of customers to changes in products and the way Telstra interacts with customers as Telstra moves to a digital operating model, the risks of disruption from changes in Telstra's ways of working, and Telstra's ability to execute and manage the elements of T25 in a sequenced, controlled and effective manner and realise the planned benefits, cost savings and growth opportunities.

Due to the inherent uncertainty and limitations in measuring or quantifying greenhouse gas (GHG) emissions under the calculation methodologies used in the preparation of such data, all GHG emissions data or references to GHG emissions volumes (including ratios or percentages) in this report are estimates. The accuracy of Telstra's GHG emissions data and other metrics may be impacted by various factors, including inconsistent data availability, a lack of common definitions and standards for reporting climate-related information, quality of historical emissions data, reliance on assumptions and changes in market practice. These factors may impact Telstra's ability to meet commitments and targets or cause Telstra's results to differ materially from those expressed or implied in this report. There may also be differences in the manner that third parties calculate or report GHG emissions data compared to Telstra, which means that third party data may not be comparable to our data.

In FY23 Telstra finalised the acquisition of Digicel Pacific. Telstra is working to determine the necessary actions to incorporate Digicel Pacific in its existing climate scenario analysis, climate risk financial quantification, adaptation planning, emissions reduction plans and to gather the relevant activity data to calculate Digicel Pacific's scope 1, 2 and 3 emissions profile in line with the GHG Protocol so that Digicel Pacific can be integrated into emissions disclosures and targets. The disclosures in this report in relation to the matters noted above do not include Digicel Pacific unless otherwise stated. We have begun a program to develop a deeper understanding of the physical climate characteristics which drive network exposure in the region and identify the vulnerabilities which are unique to our Digicel Pacific operations.

Telstra does not provide financial guidance beyond the current financial year. Telstra's financial ambitions and growth ambitions across our portfolio are not guidance and there are greater risks and uncertainties in connection with these ambitions.

Readers should not place undue reliance on the forward-looking statements. To the maximum extent permitted by law, Telstra gives no representation, warranty, or other assurance in connection with, and disclaims all responsibility for, the currency, accuracy, reliability, and completeness of any forward-looking statements, whether as a result of new information, future events or otherwise. Telstra assumes no obligation to update any forward-looking statements, and to the maximum extent permitted by law, disclaims any obligation or undertaking to release any updates or revisions to the information contained in this report to reflect any change in expectations and assumptions.

Defined terms are set out in the Glossary of this report available at telstra.com/annualreport.

## Group performance results

Telstra uses underlying performance measures for internal management reporting to reflect the performance of the business on the basis on which guidance is provided to the market, and to better reflect what Telstra considers to be the underlying performance. Underlying performance measures exclude material one-offs, such as mergers and acquisitions, disposals, impairments, spectrum, restructuring costs and such other items as determined by the Board and management. Refer to OFR guidance vs reported results reconciliation which details the adjustments made for the current and comparative period to reflect performance on the basis on which we provided guidance to the market for FY24.

## No offer, invitation or advice

This report is not intended to (nor does it) constitute an offer or invitation by or on behalf of Telstra, its subsidiaries, or any other person to subscribe for, purchase or otherwise deal in any equity, debt instrument or other securities, nor is it intended to be used for the purpose of or in connection with offers or invitations to subscribe for, purchase or otherwise deal in any equity, debt instruments or other securities.

Information in this report, including forward-looking statements and guidance, should not be considered as investment, tax, legal or other advice. You should make your own assessment and seek independent professional advice in connection with any investment decision.

## Unaudited information

All forward-looking figures and proforma statements in this report are unaudited and based on A-IFRS unless otherwise indicated. Certain figures may be subject to rounding differences. All market share information in this report is based on management estimates having regard to internally available information unless otherwise indicated.

## Other information

All amounts are in Australian Dollars unless otherwise stated.

The 'Telstra InfraCo' trade mark is a registered trade mark of Telstra Corporation Limited. All other trade marks of the Telstra Group are the property of Telstra Limited. nbn co and other nbn logos and brands are trade marks of nbn co limited and used under licence. Other trade marks are the property of their respective owners.

# FY24 financial performance

Total income (excluding finance income) **$23.5 billion**

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) **$7.5 billion**

Underlying EBITDA[1] on a guidance basis[2] **$8.2 billion**

Net Profit After Tax (NPAT) **$1.8 billion**

Underlying NPAT[1] **$2.3 billion**

Underlying Return on Invested Capital (ROIC)[3] **8.3%**

Earnings per share **14.1 cents**

Underlying EPS[1] **18.5 cents**

Total FY24 dividends **18 cents per share fully franked**

**Over $2.0 billion** returned to shareholders

A-/A2 credit rating from Standard & Poor's and Moody's

1. Underlying EBITDA, NPAT and EPS exclude guidance adjustments, and in FY23 and prior years also exclude net one-off nbn DA receipts less nbn net C2C.
2. Guidance adjustments include material one-offs, such as mergers and acquisitions, disposals, impairments, spectrum, restructuring costs and such other items as determined by the Board and management.
3. Underlying ROIC defined as Net Operating Profit After Tax (NOPAT) as a percentage of total capital, excluding net one-off nbn receipts and guidance adjustments (as defined above) less tax.

# FY24 highlights

| | | | |
|---|---|---|---|
| **Our customers** | Our Group Episode NPS surpassed our FY24 target and our TIO referral complaints reduced by more than two thirds since FY21 | Our Cleaner Pipes initiative blocked more than 10 million scam calls and 14 million scam SMS per month on average in FY24 | We helped more than 1.4 million customers in vulnerable circumstances to stay connected |
| **Our network** | We've reached 89% 5G population coverage, with 54% of our mobile traffic on 5G | We continued extending our intercity fibre network, with five new fibre routes between Australia's major capital cities to begin construction in 2025 | We continued to invest to future proof critical infrastructure, such as satellite landing stations, and to upgrade technology and provide capacity on our most sought-after subsea cable systems |
| **Our people** | Our employee engagement score puts us in the top 25% of employers globally | We won two 2023 Comcare National Work Health and Safety Awards | We launched new behaviours underpinned by habits and continued to focus on the health and safety of our people |
| **Our community** | We mobilised a new Telstra Response Team to repair critical equipment, restore connectivity, and provide support to disaster-affected communities | Our digital literacy programs have reached 423,000 Australians over the past 3 years and we are well on the way to reaching 500,000 Australians by FY25 | We celebrated 21 years of the Telstra Foundation |
| **Our environment** | Our power purchase agreements mean we have now contracted renewable energy generation equivalent to more than 100% of our forecast consumption at the end of 2025, one of our major climate goals | With these agreements, we have supported renewable energy projects worth more than $1.4 billion since FY17 | We increased our absolute scope 1+2 carbon emission reduction target from 50% to 70% by 2030 (from a FY19 baseline) |

# Chair's message

Dear Shareholders,

I am honoured to present my first financial results as Chair. Telstra has never been a more critical part of peoples' lives, and our industry has rarely been through such a dynamic period. I am pleased to share some highlights from our financial year 2024 (FY24).

The connectivity our infrastructure and services enables is intrinsic to how people live, work and play, and underpins the Australian economy. We continue to expand and improve our mobile network footprint. Our intercity fibre network will help power connectivity for decades to come. And our investments and partnerships in Low Earth Orbit (LEO) satellite capabilities will help us bring connectivity to some of Australia's most remote locations.

We continue to focus on improving our customer experience and we have made some good progress during the year. Recent efforts are driving sustained improvements in our Net Promoter Score (NPS), and complaints to the Telecommunications Industry Ombudsman (TIO) continue to fall. We also helped to protect our customers against the ongoing threat of cybercrime and scams, for example through our Cleaner Pipes initiative blocking on average more than 10 million scam calls and 14 million scam SMS per month over the past year.

FY24 also marked ongoing financial growth on an underlying basis. The value our customers place on our leading mobile network and the ongoing demand for our infrastructure are helping drive this growth. At the same time, the performance of our Enterprise business has been challenged and we have begun a significant reset to address both the challenges and the opportunities ahead.

Our financial performance enabled the Board to resolve to pay a final dividend for FY24 of 9 cents per share, returning more than $2 billion to shareholders when combined with the FY24 interim dividend. This reflects the principle of our capital management framework to seek to grow our fully franked dividend over time. Our focus remains on delivering long-term, sustainable growth, which means balancing the need to be capital efficient with the need to continue to invest in our network.

Doing business responsibly is the foundation of our sustainability strategy, and there are lots of highlights of how we are achieving this in our 2024 Bigger Picture Sustainability Report, which will be available from 28 August 2024. You can read more at telstra.com/sustainability/report. I'm particularly proud that this year we supported more than 1.4 million customers in vulnerable circumstances to stay connected, including those experiencing financial hardship.

As an organisation we have a responsibility to address climate change, and the most direct impact we can have is to emit less carbon. That's why, in June, we announced we're increasing our absolute scope 1+2 carbon emission reduction target from 50 per cent to 70 per cent by 2030 (from a FY19 baseline), and we'll continue our focus targeting a reduction in absolute scope 3 emissions by 50 per cent by 2030 (from a FY19 baseline). To achieve this, we're re-prioritising our climate change investments away from the purchase of carbon credits in favour of decarbonisation projects that will reduce our footprint overall. Over the coming years, this will also deliver cost savings through reduced energy bills. We're also exploring more technology-related opportunities to reduce our carbon emissions, including installing more solar and battery solutions and using data analytics and AI to improve the energy resilience and efficiency of our network and operations. There is always more to do, and I look forward to continuing this momentum in the coming years.

Supporting our people and enabling them to be safe, healthy, and resilient at work will always be a top priority. We are committed to providing a safe work environment for all our people, building a culture where people feel comfortable reporting incidents, and frequently reviewing our support to align with their needs, so that they can perform at their best for Telstra.

## Your Board of Directors

I was appointed to the role of Chair after the 2023 Annual General Meeting, having been on the Board for seven years. I would like to acknowledge the enormous contributions of my predecessor, John Mullen, during his seven years as Chair and 15 years on the Board. It is a privilege to chair this Board and I thank my fellow Directors for their ongoing engagement and guidance.

At the 2023 Annual General Meeting, we were pleased to see shareholders support the appointment of Maxine Brenner and Ming Long AM to the Board. Our existing Directors, Bridget Loudon and Elana Rubin AM, were also reelected. We are confident that the collective expertise of our Board will help propel us towards achieving our long-term objectives and enhancing shareholder value.

## Preparing for the future

We continue to operate within a dynamic environment, with an evolving competitive landscape, rapid advances in technology, changing customer needs, and ongoing inflationary pressures. This has presented some tough challenges for the business, particularly with regards to meeting our cost-reduction goals for T25.

It is critical that Telstra continues to adapt and remains a sustainable business in the long term. This will sometimes require difficult but necessary decisions to simplify operations and reduce costs. Your Board acknowledges the very real impacts the changes to Telstra's workforce, which were announced in May, have on our people. We fully support the difficult decisions made by Vicki and the executive team and appreciate the care they demonstrated during this period.

As we look ahead to the final year of our T25 strategy, I am confident in our ability to deliver. We have a clear strategy and roadmap, significant opportunities for growth, and a strong leadership team. We recognise there is more to be done, particularly on maintaining our cost discipline and continuing to improve our customer experience. This will be a key focus in the coming year, alongside maintaining strong financial momentum.

On behalf of the Board, I would like to thank our shareholders for their continued support. To all of Telstra's employees, thank you for all your hard work, your passion, and your dedication to our customers.

We look forward to continuing to deliver for our shareholders, for our people, and for our customers.

Craig Dunn

**Craig Dunn**
Chair

# CEO's message

Dear Shareholders,

Thank you for your continued support and investment in Telstra during the 2024 financial year.

This was a critical year for us with a lot to deliver in a challenging operating environment. Consistent and disciplined execution of our strategy has delivered our third consecutive year of underlying growth and positive momentum across many of our key indicators. I'm proud of the progress we have made towards setting the business up to perform strongly in FY25 and beyond.

### Building momentum for growth

Our mobiles business continues to perform very strongly, with more people choosing our network and Average Revenue Per User (ARPU) growth contributing to our underlying EBITDA growth. Our products and services continue to be in high demand, and customers value the reliability, resilience, and security of our network. We made the choice to raise our prices on some products and services, which is difficult but necessary for us to be able to continue to invest in what our customers need.

While most parts of our business performed strongly, Fixed Enterprise is clearly a long way from where we need it to be. In February we began a detailed review of Telstra Enterprise, covering all elements of its domestic business. This has already led to us commencing a number of changes, including streamlining our product portfolio, simplifying our customer sales and service model, and re-shaping and focusing our tech services business. This reset will take time, but I am confident in the initial actions we have taken.

We've also been challenged by higher-than-expected inflation and costs, which have made it tougher to meet our cost reduction ambitions. We recognised the need to take significant action and in May we announced proposals to simplify our operations and increase productivity. These measures, along with our existing actions, are forecast to reduce $350 million of fixed core costs over FY23-25.

These changes, which included removing around 2,800 roles from our organisation, are difficult because they impact our people. However, they are necessary for us to be a more sustainable and efficient business, so we can keep investing at the levels required to meet the ever-increasing demand for our connectivity and services. I am confident they are the right decisions to set us up for growth and we are supporting our people through these changes with transparency and care.

### Building a better, faster customer experience

Improving our customer experience remains the foundation for our growth ambitions. While there is more to do, I am proud of our progress we made during the year.

In FY21, we set the ambitious target to halve Telecommunications Industry Ombudsman (TIO) referral complaints by FY25. In FY24, we exceeded that target reducing them by more than two-thirds since FY21. Our Group Episode NPS (eNPS) score of +46 exceeded our FY24 target of +44, with Consumer & Small Business (C&SB) and Enterprise both surpassing targets by 2 points. This was driven by a range of improvements, including increases in our contact centre resolution rate and improved case management.

Our ambition is to become an AI-fuelled organisation, and we are applying AI to help us unlock better outcomes for our customers, our teams and our operations. We have already used AI to improve more than two-thirds of our key processes, for example, through automatically detecting and resolving fixed services faults, and making it easier for our frontline teams to find the right information to serve our customers better and faster. We've also launched a new Data & AI Academy to help our people build their skills.

### Expanding connectivity

With connectivity never more important or more in demand, our work this year means we are in a stronger position to play an even bigger role in Australia's digital future. We continued to roll out our new intercity fibre network across Australia, and we announced five new fibre routes to begin construction in 2025 including connecting Darwin to Adelaide and Sydney to Brisbane. We also continued to invest in critical infrastructure such as satellite landing stations, and to upgrade technology and provide capacity on our most sought-after subsea cable systems.

We focused on improving rural and regional connectivity by extending our 5G network and investing in Low Earth Orbit (LEO) satellite internet services, including our world-first satellite home internet with home phone service product which provides high speed, low latency internet in even hard to reach parts of Australia. We not only achieved our T25 ambition to add 100,000 square kilometres of regional coverage early, but more than doubled that by adding 240,000 square kilometres of new coverage since FY21.

Technology is always evolving and we are excited to help Australians transition from 3G to 4G and 5G mobile networks which are faster, more reliable, and more resilient. Understanding the importance of this transition, particularly for those in rural and regional areas, we have extended the date of the start of our 3G network closure to 28 October 2024. The Government's 2024 Regional Telecommunications Review is also underway, and we are committed to working with customers, communities, industry and government to address the current and future needs of regional Australia. This includes working cooperatively to ensure our investments, new technologies, and policy and regulation work together to deliver progress.

### Supporting our communities

This year, we have increased our support for customers in vulnerable circumstances, including payment assistance for customers in financial hardship, and providing those impacted by domestic or family violence with access to our specially trained SAFE team. We also launched new digital literacy programs to empower more people with the essential skills needed for the digital economy.

We've made it easier for customers affected by natural disasters to get the help they need by automatically applying disaster assistance measures to those in affected areas. With the number and severity of natural disasters increasing,

we've also stepped up our response and planning. We mobilised more than 3,000 of our people to help on the ground in a new Telstra Response Team and are working on measures including temporary disaster roaming and payphone upgrades to help people stay connected.

We also continue to make progress towards our sustainability commitments. We have now reduced both our absolute scope 1+2 and scope 3 emissions by 37 per cent since FY19. And we have supported renewable energy projects worth more than $1.4 billion. Our power purchase agreements mean we have now contracted renewable energy generation equivalent to more than 100 per cent of our forecast consumption at the end of 2025, one of our major climate goals.

## Creating cultural shifts

Our company's culture is our most powerful tool and catalyst to deliver our T25 ambitions. While changing culture takes time, this year we started to build momentum behind some important cultural shifts. In February we launched our Big Three – three behaviours each underpinned by three habits that will help us to unlock the enormous opportunities ahead. These were developed in collaboration with more than 600 people across the business to ensure they truly resonate.

## Thank you

I'd like to thank you for your continued support of and investment in Telstra, our Board for their leadership and guidance, and our people for their energy, commitment and care. Thank you also to our millions of customers for continuing to choose Telstra. We have a lot to be proud of, and while there's a lot more to do, I'm feeling confident about the 12 months ahead.

**Vicki Brady**
CEO

# Strategy and performance

Our progress on our T25 strategy means we are a simpler, more agile, more customer-focused digitised business. We are confident in delivering the measures that matter most to our customers and shareholders.

## T25 is our strategy for growth, with four pillars:

1. Provide an exceptional customer experience you can count on
2. Provide leading network and technology solutions that deliver your future
3. Create sustained growth and value for our shareholders
4. Be the place you want to work

## T25 scorecard

| Our commitments and metrics | Customer experience | Network & Technology | Growth and value | New ways of working | Digital leadership | Responsible business |
|---|---|---|---|---|---|---|
| | Market leading CX with<br>🟢 eNPS >40 by FY25<br>🔴 sNPS uplift of +25 by FY25<br>Getting it right for customers<br>🟡 >90% 'Once and Done' by FY25 (C&SB)<br>🔴 90% rating in support and engagement by FY25 (TE)<br>Reduce our complaints<br>🟢 One-third by FY23, 50% by FY25 (C&SB)<br>🟢 >95% of billing disputes will be resolved in 1 cycle by FY25 (TE)<br>Grow Telstra Plus members (#) and engagement (%)<br>✔ 5.4m and 70% by FY23<br>🟢 6m and 80% by FY25<br>🟢 Grow digitally active users by 2m to 8.5m FY25 (C&SB)<br>Improve availability of infra. assets for customers, by FY25<br>✓ 250 new towers<br>ⓘ 20,000km of fibre deployed[1] | Network leadership; by FY25:<br>🟢 ~95% pop. coverage for 5G<br>🟢 >80% of traffic on 5G<br>🟡 3G closed in FY24<br>Win majority of key surveys for best fixed/mobile network including<br>🟢 Coverage, and<br>🟢 Overall customers speeds for mobile FY23-FY25<br>ⓘ Double metro cell sites by FY25 to densify the network[1]<br>Expand regional coverage<br>✓ 100,000km$^2$ new coverage by FY25 | Underlying EBITDA<br>✓ $7.5-8.0b by FY23<br>🟢 Mid-single digit CAGR FY21 to FY25<br>Underlying ROIC<br>✓ ~8% by FY23<br>🟢 Grow beyond to FY25<br>🟢 Underlying EPS: High-teens CAGR FY21 to FY25<br>🟢 Maximise fully-franked dividend and seek to grow over time<br>Maintain cost discipline<br>🟢 $350m net fixed cost out from FY23 to FY25 while investing for growth*<br>🟡 Maintain leading operating cost metrics for full-service telco<br>Maximise value from infra.<br>🟢 Amplitel EBITDAaL CAGR – low-to-mid single digit<br>🟢 InfraCo Fixed EBITDAaL CAGR –low-single digit | 🟡 Remain at 90th percentile employee engagement (equivalent to high-performance norm)<br>🟢 Improve agile maturity of teams, with 70% scoring above 4 by FY25<br>🟡 Halve our time to market for products and services from FY22 to FY25<br>🟢 50% increase in representation of Data & Analytics workforce by FY25<br>✓ Direct software engineering workforce delivering ~2x the percentage of strategic development work by FY25 | 🟡 All key service transactions with customers are capable of being conducted digitally by FY25<br>🟢 100% of key business processes enhanced/ improved using AI by FY25<br>🔴 Reach top 20% in Digital Capability Index by FY25<br>🟡 100% API-first architecture for customer management, product development, and external monetisation<br>ⓘ Move ~90% of applications to the public cloud by FY25[1] | 🟡 Enable renewable energy generation equivalent to 100% of our consumption by 2025<br>🟢 Reduce our absolute scope 1+2 emissions by 70% by 2030 (from FY19)<br>🟡 Reduce our absolute scope 3 emissions by 50% by 2030 (from FY19)<br>🟢 Increase digitally active customers by 2m, including building digital skills for 500k Australians, by FY25<br>🟢 Help keep 1m customers in vulnerable circumstances connected each year from FY22-25<br>🟡 4-7pt uplift in RepTrak reputation score by FY25 |

**Legend** 🟢 On track for delivery 🟡 Progress made but below target 🔴 Not on track ✓ Completed ✔ Completed after due date ⓘ Target removed

Note: Commitments are baselined to FY21, except where stated otherwise and see Forward looking statements in relation to financial ambitions.

1. Fibre deployed target removed in August 2023 due to our focus on the highest priority routes. Double metro cell sites removed in August 2023 due to technology review. Public cloud target removed in August 2024 due to shift to a hybrid cloud strategy.

* Net fixed cost target reduced from $500m in May 2024.

### Building a better customer experience

This year, we have continued to focus on improving the experience our customers have when they interact with us. These improvements are driving higher customer satisfaction, with our Group Episode NPS exceeding our FY24 target and our TIO referral complaints reduced by more than two thirds since FY21.

We are exploring opportunities for AI to help our people deliver more personalised experiences for our customers. Together with Microsoft, we developed two in-house generative AI solutions – Ask Telstra and One Sentence Summary – which help our frontline team members understand a customer's needs and history. In the pilots, 90 per cent of our employees said the tools saved them time and increased their effectiveness which resulted in faster resolutions for customers and 20 per cent less follow up contact.

Protecting our customers against the ongoing threat of cybercrime is one of our highest priorities. We work constantly to create a safer and more secure network. During the past twelve months, our Cleaner Pipes initiative blocked on average 10 million scam calls and 14 million scam SMS per month. We also blocked over 230 million scam and unwanted emails reaching our Bigpond customers each month. Following a successful pilot, in October we launched our Scam Indicator tool in partnership with the Commonwealth Bank to help protect more Australians from phone scams and, in April 2024, expanded it to help protect landline phone customers. Customers have now reported more than 400,000 messages through our 7226 scam reporting service, which helps us identify and block emerging scam techniques. We also partnered with global security company Palo Alto Networks, who helped us deliver an advanced suite of cyber security products and services for Telstra's Australian and global business customers.

## Maintaining our network leadership and planning for the future

We continued to expand mobile coverage in FY24. Our mobile network now reaches 99.7 per cent of the population with over 2.88 million square kilometres of land area covered, an area that represents 37.5 per cent of the continent's total landmass. We not only achieved our T25 target of an additional 100,000 square kilometres of mobile coverage ahead of time, but more than doubled it by adding 240,000 square kilometres of new coverage since FY21.

We have Australia's largest 5G network, with our 5G population coverage reaching around 89 per cent and continuing to grow toward our T25 target of 95 per cent. We also have 54 per cent of mobile traffic on 5G.

We're leading the way in Australia in ensuring our customers have early access to all the benefits of advancing 5G technology. We invested $1.3 billion in spectrum licences, including $616 million in the 850 MHz band and $546 million in the 3.4 to 3.7 GHz band, to deliver even better 5G experiences to mobile customers across Australia. In February, we achieved a new global record for 5G uplink speed with Ericsson and Qualcomm Technologies, Inc, which will enable our customers to enjoy faster and more reliable data uploads on their 5G Standalone devices and enhance their experience of sharing videos, photos, and live streams.

We have also been working to bring more capability into our 5G network to support adaptable network experiences for our customers. Our new world-leading 5G slicing capabilities allow us to carve up our network into secure slices that can be finely tuned to suit different enterprise customer needs, from performance for construction sites to public safety technology such as video surveillance.

Closing Australia's 3G networks is a significant step that will lead to improved connectivity for the nation. We have made good progress on modernising our 3G network sites with new 4G and 5G antennas and radio hardware, with 99 per cent of upgrades now complete. We have extended the commencement of our 3G network closure to 28 October 2024 to allow people more time to upgrade their devices. For the latest information about our 3G closure, please visit **www.telstra.com.au/support/mobiles-devices/3g-closure.**

The investments we've made into expanding and strengthening our mobile network have reinforced our position as Australia's best mobile network. For the sixth year running, we've been awarded the coveted "Best in Test" ranking by industry benchmarking leader umlaut.

As demand for connectivity soars, our intercity fibre network will deliver next generation digital infrastructure for Australia. We continued extending this network across Australia, laying more than 1800 kilometres of cables. In addition to the five priority routes announced in August 2022, during the year we started planning for five new fibre routes between Australia's major capital cities, with construction to begin in 2025. Delivery has also commenced for critical fibre infrastructure for the booming Pilbara mining region in Western Australia, which is using more data than ever.

Outside of Australia, we operate APAC's largest subsea cable network, which is foundational infrastructure for the region. We continued to invest to future proof critical infrastructure such as satellite landing stations and to upgrade technology and provide capacity on our most sought-after subsea cable systems, ensuring we are uniquely placed to meet the increasing demand for data being driven by emerging technologies.

During the year, we released our first LEO satellite internet service for Enterprise customers and a world-first broadband with home phone service for consumers. These services, powered by Starlink, provide high speed, low latency internet in some of the most remote and hard to reach places. We also progressed the rollout of OneWeb LEO satellite backhaul for remote mobile sites, making the first voice call on-air using OneWeb's LEO solution in February.

## Unlocking value and sustained growth for our shareholders

FY24 saw continued growth across underlying financial metrics including income, EBITDA, NPAT and dividend per share.

Our mobile products and services are at the heart of our business and continue to perform strongly. Over the year our mobile handheld users across post-paid, pre-paid, and wholesale grew by more than 4 per cent, while average revenue per user grew 2.1 per cent. During the year we also significantly grew EBITDA of our fixed products and services for Consumer & Small Business (C&SB) customers.

By taking advantage of strong ongoing demand for digital infrastructure, Telstra InfraCo Fixed grew income by 7.4 per cent and core access EBITDAaL by 5.4 per cent. Strong demand for new and existing mobile network infrastructure also helped drive growth in Amplitel.

Telstra International delivered 6 per cent growth in income and 9 per cent growth in EBITDA.

The continued decline in some connectivity and calling products and services such as Data and Connectivity (DAC) and Network Applications & Services (NAS) contributed significantly to a 5 per cent decline in income and 67 per cent decline in EBITDA in our Fixed Enterprise business. In May, we began a reset of our Telstra Enterprise business to help address these challenges.

In FY24, our strong focus on costs resulted in an overall reduction in underlying costs in the face of inflation. Since the start of FY23, we have achieved approximately $120 million of net cost reductions with a target to reach $350 million by the end of FY25.

Our net debt increased by around $1.3 billion in FY24, largely due to funding investments in mobile spectrum, and our average gross borrowing costs increased from 4.6 per cent to 5.0 per cent. We retained balance sheet strength and flexibility, and we remained within our comfort ranges for credit metrics on an underlying basis.

## Becoming the place where everyone wants to work

We continue to invest in our people and culture. Our employee engagement score finished FY24 at 79. This puts us in the top 25 per cent of global employers, but is below our 90th percentile T25 target. This year we rose to #3 on LinkedIn Top Companies list (up from #9 in 2023), which recognises 25 workplaces across Australia investing in talent and helping their people build long-term careers.

We enable our people to develop and grow at work through our multi-award-winning Future Ready program, which focuses on key capabilities we've identified as essential to our people's success inside and outside of Telstra.

This year, we continued building momentum behind the cultural shifts we need to make as an organisation to achieve our goals. In February, we launched our Big Three – three behaviours each underpinned by three habits that will help us become a more customer-centric, accountable, and collaborative team.

We focus on building a safe, diverse, inclusive, and flexible workplace that unleashes the potential of our people. We strive to provide a safe work environment for all our people, build a culture where people feel comfortable reporting incidents, and continue improving our health and safety programs. In FY24, our return-to-work program was recognised with two awards: the National Safety Council of Australia Best Return to and Recovery at Work System Award and a Comcare National Work Health and Safety Award for Recovery and Return to Work.

Guided by our First Nations Strategy, we created opportunities for our people to engage with a range of views on the First Nations Voice to Parliament in the lead up to the 2023 referendum. We continued other engagement initiatives such as in-person cultural learning and on-Country immersions. We also progressed our First Nations employment strategy and First Nations procurement policy.

## Extending digital leadership

We're on our way to becoming an AI-fuelled organisation and a leader in the responsible adoption of AI to deliver better outcomes for our customers, our people, and the community.

AI has immense potential, but to balance risks and potential negative impacts we are deeply committed to the ethical development and deployment of the technology to enable impacts that are positive, fair and sustainable. Collaboration with partners across government, regulators, and business leaders across the world is critical in navigating this fast-moving landscape. We adhere to the AI Ethics Framework, which we helped co-develop with the Australian Government, and have our own robust governance policies including a Risk Council for AI and Data made up of a cross-functional team of experts. We recently became the first Australian company to join the UNESCO's Business Council to advocate for their Recommendation on the Ethics of Artificial Intelligence and share learnings and best practice with members from across the globe.

Our work to simplify our data ecosystem has been underway for several years and is now enabling us to rapidly scale new AI powered solutions to help solve customers' and teams' problems faster. The whole-of-business strategy has allowed us to enable over 67 per cent of key processes with AI and puts us on track to meet our target of 100 per cent by FY25.

As AI becomes more ubiquitous in our work and lives, we've invested in helping to upskill our employees and creating new opportunities to learn about and interact with AI. Our Data & AI Academy delivers personalised learning experiences that enable our people to make confident data driven decisions and embrace emerging AI technologies responsibly.

We continued to partner with leading technology providers such as Microsoft, Amazon Web Services (AWS) and Ericsson to bring state-of-the-art edge computing capabilities to our customers. This year, we achieved a world first in device edge technology with our partners Adtran and Red Hat that pioneered a solution which will help our Enterprise customers unlock more value from hardware already installed in the network.

## Doing business responsibly

We continue to make progress towards our sustainability commitments. Our power purchase agreements mean we have contracted renewable energy generation equivalent to more than 100 per cent of our forecast consumption at the end of 2025, one of our major climate goals.

We've taken significant steps to reduce our carbon footprint across our business, but there's more to do. We increased our absolute scope 1+2 carbon emission reduction target from 50 per cent to 70 per cent by 2030 (from a FY19 baseline) and re-prioritised our climate change investments away from the purchase of carbon credits in favour of decarbonisation projects that will reduce our footprint overall. We have now reduced both our absolute scope 1+2 and absolute scope 3 emissions by 37 per cent since FY19. Through recent power purchase agreements, we have now supported renewable energy projects worth more than $1.4 billion since FY17. We're also exploring more technology-related opportunities to reduce our carbon emissions, including installing more solar and battery solutions and using data analytics and AI to improve the energy resilience and efficiency of our network equipment.

As part of our work to create an inclusive and seamless customer experience for all, we're addressing barriers for customers who need extra support. This year, we launched two new micro-call centres in Queensland to bolster the support we provide from our established First Nations Connect hotline in Darwin. We're also making it easier for customers with disability to access Telstra services with Telstra.com, which was awarded Corporate Website of the Year at the Centre for Accessibility Australia Access Awards 2023.

We continue to deliver comprehensive digital literacy programs in partnership with government and non-profit organisations to empower individuals with the essential skills for the digital economy. For example, we collaborated with Microsoft and Good Things Foundation for the Digital Sisters Building AI Literacy Program. Launched in March, the program aims to empower women, especially those from migrant and refugee backgrounds, to harness the potential of cutting-edge technology for personal and professional growth. Our digital literacy programs have reached 423,000 Australians over the past three years and we are well on the way to reaching 500,000 Australians by FY25.

We continued our commitment to helping our customers through the good times and the not so good. This year, we helped more than 1.4 million customers in vulnerable circumstances stay connected through our range of affordable programs and initiatives, like Telstra Safe Connections and Telstra Top Up.

From cyclones to floods and fires, our customers have faced a number of natural disasters over the last year, and our people were on the ground to support them. We mobilised a new Telstra Response Team – a dedicated crew of more than 3,000 technicians and specialised disaster assistance agents – to repair critical equipment, restore connectivity, and provide support to affected communities. We automatically provided extra data for monthly plan customers in affected areas. We're working to upgrade 1000 payphones in disaster-prone areas around Australia, including 70 remote Indigenous communities, to help keep people connected during a disaster. We also drove industry-wide conversations on developing a temporary disaster roaming solution to help keep Australians connected to any surviving mobile network during a natural disaster if other mobile networks go down. In February, we conducted a successful simulation at our 5G Innovation Centre on the Gold Coast.

Grassroots footy is the life and soul of Australian communities and we want to help it thrive. Together with the AFL, we launched the Telstra Footy Country Grant, a nationwide funding pool of $2 million each year for four years. This gives an opportunity for local clubs to get much-needed funding. We also teamed up with the NRL to hit the road across New South Wales, Queensland and Victoria with the NRL Telstra Footy Country Tour and Telstra Junior Club Grants initiative.

This financial year, we celebrated 21 years of the Telstra Foundation. Over the past two years alone, we're proud to have helped more than 2 million young people access a digital wellbeing service, program or initiative that meets their needs, like the Young & Connected Fund and Code Club Australia.

Thanks to these efforts and more, the way Australians think and feel about us continues to improve. In FY24 we increased our RepTrak reputation score by 0.2 points to 63.7, up 2.4 points from our FY21 baseline of 61.3.

# Our material risks

To successfully deliver for our customers and stakeholders, we must consider the risks posed by our strategy and the environment we operate in. We are operating in a near constant state of global geopolitical and economic uncertainty. Many of the material risks we face do not exist in isolation and we are keenly aware of the importance of considering the interconnections between them and their potential to compound, making collective consequences far larger.

Our business is built on effectively providing secure, resilient, reliable and quality services to our customers, including services of critical significance to many communities. Through our T25 strategy and new behaviours and habits (described further below), we are committed to making our customers the centre of our thinking and action. This also means placing customers at the centre of our risk management program, ensuring that we prioritise managing and mitigating risks that may impact them.

Below we describe below the **key material risks** that impact Telstra, and how we manage them. We then summarise **other risk factors** we face as an organisation. How we manage these goes to the heart of how we deliver for our customers, our performance and the longer-term sustainability of our business.

## Network and technology resilience

Among our competitive advantages are the security, resilience, reliability and quality of our network. Society's reliance on and expectations of technology continues to grow rapidly. The sustained resilience of our network and technology is a core expectation of our customers as it enables them to connect to education, work, government services, healthcare and each other. The careful management of risks related to our network and technology is crucial to deliver for our customers and maintain our differentiation.

**Our risk management approach includes:**

- Ensuring that we have sufficient spectrum available to us to deliver our mobile network coverage and service goals. To this end, we invested $1.3 bn in FY24 into spectrum.
- Managing our network to ensure congestion and outages are minimised, given their potential impact on our customers and on our competitive differentiation. Key areas of focus include reducing the footprint of any given fault and improving our network telemetry through the use of AI and automation.
- Training our people and strengthening our resilience practices to quickly recover should disruptions occur.
- Managing the end-to-end resilience of key products and services, considering all elements that can potentially impact customer service, including disruptions to our networks and technology.
- Managing the risks posed by extreme weather events, threat actors, human error, mains power outages and technology failure. These risks are proactively managed through a range of strategies and processes that seek to prevent, protect from, respond to, or recover from disruption and improve resilience to reduce impact.
- Monitoring the risks to our network and technology resilience through "risk indicators". We use this to prioritise remediation and development, thereby improving performance and reducing risk.
- Ensuring our network is diverse and has sufficient redundancy built in, so that impacts can be contained to a smaller footprint and to improve the speed of recovery.

## People, safety and wellbeing

The effective management of health, safety, security, and wellbeing is a fundamental priority due to the risks they present our people, our assets, the environment and the communities in which we operate. We adapt to new and emerging issues, such as the new right to disconnect, psychosocial risks and the changing nature of our work. We also focus on attracting and retaining the right skills to support our strategy and continue to benchmark externally to remunerate our people appropriately.

**Our risk management approach includes:**

- Ensuring we maintain an effective Safety Management System to guide our staff and contractors in how to perform their role safely. This is regularly audited and kept up to date.
- Requiring all staff and contractors to perform compulsory annual training to ensure our expectations and practices are embedded throughout our teams.
- Ensuring we have a dedicated and experienced Safety and Wellbeing team who oversee our safety processes, review incidents and improve our Safety Management System.
- Monitoring indicators of staff, contractor and stakeholder safety and security, and focusing on risks that may undermine them. We regularly promote the services available to staff and contractors, including mental health and wellbeing services.
- Focusing on in-demand skill sets which are critical to delivering our strategic ambitions. We focus on attracting and retaining a skilled and engaged workforce, and one which will give us the ability to adapt rapidly in times of change.
- Creating a culture that makes Telstra a great place to work while also recognising and being informed by community and regulatory expectations. We have launched our new "behaviours and habits" this year which are underpinned by our Code of Conduct and policy framework.
- A Wages Compliance Program to support the payment of accurate wages and entitlements for our people.
- Continuing to upskill our people. We have a learning strategy focused on developing and upskilling core capabilities to close gaps between our current and future needs including, for example, in emerging spaces such as AI.

## Cyber security

The cyber security threat environment has increased in scale and sophistication. Failure to effectively manage cyber security presents a material risk that has the potential to allow crime, espionage and errors to happen at an unprecedented pace, scale and reach. Telstra is currently operating in a heightened threat posture due to the geopolitical situation and increased risk stemming from global cyber security threats and events.

**Our risk management approach includes:**

- Monitoring the external environment and broader geopolitical trends to identify novel forms of cyber threats, particularly in the context of increasing local and international threat activity.
- Ongoing risk management and oversight of IT systems and data, which includes technical reviews of projects and solutions, as well as due diligence of third parties to test the effectiveness of their security controls.
- Implementing strict onboarding procedures for applications, systems and partners to ensure they meet our standards.
- Protecting against adverse events where possible, but (should we get attacked) driving quick detection and response, management of compliance obligations and proactive communication.
- Using a wide range of monitoring and interception technologies and controls to minimise both the likelihood and impact of unauthorised access to our networks and systems.
- Working closely with government stakeholders to develop and provide the technical capability needed to help defend Australia against cyber-attacks, in recognition of the critical role that we play in society more broadly.
- Implementing ongoing education programs designed to foster a strong cyber security culture, including mandatory training for all employees and contractors and regular phishing drills.

## Privacy and data

Protecting the privacy and identity of our customers and employees is a benchmark of trust. It is clear that societal and stakeholder expectations in relation to privacy and data are at an all-time high and understandably the subject of sustained media interest and regulatory attention.

**Our risk management approach includes:**

- Committing to not just meeting, but exceeding, our legal and regulatory obligations in this area, and aspiring to operate in line with industry best practice, while noting that the risk of breaches and incidents cannot be entirely eliminated.
- Reviewing and updating our privacy statements and procedures regularly so that we remain compliant with our legal obligations in relation to the collection, storage and use of our customers' personal information.
- Identifying the most critical data and investing in appropriate controls based on the data in question, adopting strict data quality standards for critical data assets.

Please refer to the 2024 Bigger Picture Sustainability Report for more detail on how Telstra manages privacy (available from 28 August 2024 at telstra.com/sustainability/report).

## Compliance and regulation

Telstra needs to comply with a broad range of laws and regulations that help ensure that we do the right thing by all our stakeholders, especially our customers. Failure to comply these obligations can lead to adverse impacts to our customers, employees and communities, as well as to our reputation.

**Our risk management approach includes:**

- Ensuring we have a robust compliance framework which sets out a standardised approach to compliance. This includes bi-monthly reporting on material compliance issues to our Audit & Risk Committee and a mandatory compliance training framework.
- Delivering our Compliance Uplift Program (established in FY22) which has improved accountability for critical compliance obligations. We have improved our processes and controls so we can identify compliance issues and act to fix them faster.
- Maintaining transparent relationships with and proactively engaging relevant regulators, consumer groups and policy makers and advocating for balanced and socially appropriate policy outcomes. Key matters currently of greatest relevance to Telstra relate to network resilience, emergency and natural disaster management, responsible business practices, consumer protection including the new financial hardship standard and the Telecommunications Consumer Protections Code, spectrum allocation policy, efficient network deployment, cyber security, regional connectivity and the universal service obligation.

## Other risk factors

In addition to the key material risks already mentioned, we face a range of other risks, which we present in summary below. These are not all-encompassing, but, together with the above view, present a broad perspective of our current risk profile. We seek to mitigate these through specific risk management programs in each instance.

- **Market dynamics and technological acceleration:** The telecommunications and technology sectors face ongoing disruption and challenges. While some challenges are well documented and have persisted for some time, others go to the very operating models of incumbents and established players with significant market share. We respond through technological innovation, investing deeply into our core business (connectivity) and through our corporate strategy.
- **Extreme weather events and climate change:** Weather events have become more frequent and significant in their impact, due to climate change. They have frequently disrupted power supplies in Australia, which directly impacts our ability to maintain services. The changing climate presents an ongoing risk to both our infrastructure and operations, and we are focused on adapting to this. We respond through modelling our impact on the environment, investing in the protection and maintenance of our infrastructure and power supplies and in our emergency response to support those impacted by natural disasters.
- **Supply chain risks:** There is an ongoing risk of not effectively managing our suppliers and their compliance with our requirements. This can result in an inability to meet our legal and ethical obligations and can also impact the services we provide to our customers. In turn, it can impact our business objectives and reputation. We respond through the implementation of a robust Supplier Risk Framework which sets clear expectations of our suppliers and outlines how much risk we take on, and where we take it, in the context of our suppliers.
- **Failure to meet ESG expectations:** The risks associated with not conducting our business responsibly and sustainably are managed by monitoring the commitments within our sustainability strategy and reporting our progress to our governance forums to be accountable, maintaining our leadership intent and effectively integrating sustainability across our businesses. Please refer to the 2024 Bigger Picture Sustainability Report for more detail on how Telstra manages our ESG expectations (available from 28 August 2024 at telstra.com/sustainability/report).
- **Geopolitical and economic conditions:** With two major regional conflicts continuing and 70+ elections set to take place this year, it is a challenging outlook for global geopolitics at a time when economic conditions continue to be challenging for many Australians. These prevailing conditions may compound with many of our other existing risks. We manage this through maintaining a diverse supply chain, ensuring resilience in our international operations and active management of the regions in which we choose to operate.


# Outlook

For FY25 guidance[1], we anticipate continued underlying business growth:

**Underlying EBITDA[2] of $8.5 to $8.7 billion**

**Business-as-Usual Capex[3] of $3.2 to $3.4 billion**

**Strategic investment of $0.3 to $0.5 billion**

**Free cashflow after lease payments (uFCFaL)[4] before strategic investment[5] of $3 to $3.4 billion**

As we move into the final phase of our T25 strategy, our focus continues to be on improving the customer experience and how customers see us, maintaining and developing our network leadership, and increasing our employee engagement while conducting our business responsibly and seeking to grow returns for shareholders.

We are targeting improved operating efficiency, discipline on costs and improved underlying ROIC. We will continue to reduce our cost base to become a more efficient and sustainable organisation. We are confident we will achieve $350 million of our T25 cost-reduction ambition by the end of FY25. We are committed to delivering our FY25 underlying EBITDA and EPS compound annual growth rate (CAGR) ambitions.

Customer experience is at the core of everything we do. We will continue to focus on improving the experiences we offer customers in line with our T25 ambitions, which will, in turn, help us reach our growth and reputation goals. We will achieve this by digitising more processes and ensuring our teams have the tools they need to meet customer needs and deliver faster, better customer experiences.

The continued roll-out of generative AI solutions to frontline teams in FY25 will arm our people to provide quicker, more effective, and more personalised customer interactions. We are committed to Responsible AI and consider and adhere to the AI Ethics Framework developed by the Australian Government, as well as policies developed by UNESCO's Business Council, when implementing and using AI systems.

Customer demand for all types of connectivity is rising rapidly, and our investments and actions in recent years have put us in a strong position to meet that demand in FY25 and beyond.

We will focus on maintaining and extending our network leadership while delivering new experiences for our customers through 5G. Our ambition is for 95 per cent population coverage on 5G and more than 80 per cent of traffic on 5G by the end of FY25. We remain focused on helping bridge the digital gap between metro and regional areas, including through the innovative use of LEO satellite technology.

1. This guidance excludes material one-offs, such as mergers and acquisitions, disposals, impairments, spectrum, restructuring costs and such other items as determined by the Board and management.
2. Underlying EBITDA excludes guidance adjustments.
3. BAU capex is measured on an accrued basis and excludes spectrum, guidance adjustments, strategic investment, externally funded capex and capitalised leases
4. Free cashflow after lease payments defined as 'operating cash flows' less 'investing cash flows' less 'payments for lease liabilities' and excludes spectrum and guidance adjustments. FY25 FCFaL guidance includes around $300m cash outflow related to FY24 restructuring costs.
5. Strategic investment capex is measured on an accrued basis and relates to the intercity fibre network and Viasat projects.


Increased connectivity also comes with heightened expectations from customers, stakeholders, governments, and industry partners. By continuing to invest in our cyber security capabilities we will continue to work to ensure our network is resilient and reliable. We will also continue to improve the power resilience of our network. For example, we have an ongoing program to improve battery life at our mobile network sites, which focuses on battery replacement, power resilience, and reliability using disaster risk data to prioritise battery replacement.

The mobile market continues to grow, and the performance of our mobile business will help drive our growth. Our multi-brand strategy means we will continue to offer customers a wide range of products and plans to choose from.

Our Enterprise business faced significant challenges in FY24, but we believe our reset with a streamlined product portfolio, simplified customer sales and service model, and reduction in the cost base of Telstra Purple will improve focus in the coming year.

Digital infrastructure is in high demand. We see mobile traffic growth on our network of around 20 per cent every year, a trend reflected across our APAC subsea cable network. We will continue to invest in our infrastructure through InfraCo Fixed and Amplitel to improve connectivity across Australia and maximise the value of our assets.

Demand for capacity is growing globally too. Outside of Australia, we operate APAC's largest subsea cable network and we will continue to invest in the key infrastructure that connects the world to Asia and Asia to the world. Digitisation is also driving innovation, particularly around AI and quantum computing. These require enormous investment and attention, but we recognise they have the potential to deliver seismic change and they will continue to be a focus for us.

Our culture plays a pivotal role in our success, ensuring our people are focused on showing up for customers and each other. We will continue to drive momentum behind the cultural shifts we started in FY24 to become a more customer-centric, accountable, and collaborative organisation. With the right purpose, strategy, and behaviours and habits, we are confident we will continue to see positive results in the year ahead.

While our strategic direction is clear and we are sharpening our focus on completing our T25 strategy and culture shifts, we are navigating a number of challenges, which are detailed in the Material Risks section of this report. These include continued challenges in the economy from increased cost of living pressures and inflationary pressures, geopolitical risks, challenging market dynamics, and a variety of other risks.

We are dedicated to creating sustainable growth and positively impacting communities and the planet for generations to come. We will make further progress on reducing our absolute scope 1, 2, and 3 emissions in line with our 2030 targets.

Through a range of products, services and initiatives, we will support customers impacted by natural disasters, domestic and family violence, and financial hardship to ensure everyone is connected when they need it most. We are focused on building responsible tech skills, working in close partnership with government and non-profit organisations, and are well on the way to reaching 500,000 Australians through our digital ability programs by FY25.

With the threat of cybercrimes, scams and fraud rising, there is always more to do to protect and educate our customers. We will play our part to protect our customers alongside leading businesses, government, and the broader community.

# Full year results and operations review

## Financial results

| Summary reported results | FY24 $m | FY23 $m | Change % |
|---|---|---|---|
| Revenue (excluding finance income) | 22,928 | 22,702 | 1.0 |
| **Total income (excluding finance income)** | **23,482** | **23,245** | **1.0** |
| Operating expenses | 15,938 | 15,356 | 3.8 |
| Share of net loss from equity accounted entities | (16) | (27) | 40.7 |
| **EBITDA** | **7,528** | **7,862** | **(4.2)** |
| Depreciation and amortisation | 4,479 | 4,470 | 0.2 |
| **EBIT** | **3,049** | **3,392** | **(10.1)** |
| Net finance costs | 584 | 529 | 10.4 |
| Income tax expense | 677 | 812 | (16.6) |
| **Profit for the period** | **1,788** | **2,051** | **(12.8)** |
| **Profit attributable to equity holders of Telstra Entity** | **1,622** | **1,928** | **(15.9)** |
| Earnings per share (cents) | 14.1 | 16.7 | (15.6) |
| **Free cashflow** | **2,059** | **851** | **n/m** |

| Underlying versus reported results[1] | FY24 Reported results $m | FY24 Guidance adjustments $m | FY24 Underlying results $m | FY23 Underlying results $m |
|---|---|---|---|---|
| Total income | 23,482 | (81) | 23,401 | 23,245 |
| EBITDA[2] | 7,528 | 715 | 8,243 | 7,950 |
| Free cashflow[3] | 2,059 | 927 | 2,986 | 2,784 |

1. This table details adjustments made to the reported results for the current period to reflect the underlying performance of the business on the basis on which we provided guidance to the market. Guidance adjustments include material one-offs, such as mergers and acquisitions, disposals, impairments, spectrum, restructuring costs and such other items as determined by the Board and management. A detailed reconciliation of our reported results to underlying results can be found in the "Guidance versus reported results" schedule. This schedule has been reviewed by our auditors.
2. Underlying EBITDA, profit and EPS exclude guidance adjustments, and in FY23 and prior years also exclude net one-off nbn DA receipts less nbn net C2C.
3. Underlying free cashflow after lease payments (FCFaL) is defined as 'operating cash flows' less 'investing cash flows' less 'payments for lease liabilities', and excludes spectrum and guidance adjustments.

## A consistent and disciplined execution of our strategy has delivered our third consecutive year of underlying growth, and positive momentum across many of our key indicators.

| Underlying results versus guidance[7] | FY24 $b | FY24 Guidance $b |
|---|---|---|
| Total income | 23.4 | 22.8 to 24.8 |
| Underlying EBITDA[4] | 8.2 | 8.2 to 8.3 |
| Capex[8] | 3.7 | 3.6 to 3.7 |
| Free cashflow after lease payments (FCFaL)[9] | 3.0 | 2.8 to 3.2 |

Financial performance in FY24 included:

- Total income (excluding finance income) up 1.0 per cent to $23.5 billion
- EBITDA down 4.2 per cent to $7.5 billion and underlying EBITDA[4] up 3.7 per cent to $8.2 billion
- Profit for the period down 12.8 per cent to $1.8 billion and underlying profit[4] up 7.5 per cent to $2.3 billion
- ROIC[5] down 1.1 percentage points to 6.8 per cent and Underlying ROIC[6] up 0.2 percentage points to 8.3 per cent
- Earnings Per Share (EPS) down 15.6 per cent to 14.1 cents and underlying EPS[4] up 5.7 per cent to 18.5 cents

The following EBITDA items totalling $715 million were excluded from underlying EBITDA in FY24 to reflect the performance of the business on the basis which guidance was provided:

- non-cash asset impairments of $311 million related to our previously announced Telstra Enterprise reset and our decision to exit certain Enterprise products
- restructuring costs of $247 million related to the organisational changes and action on cost announced in May 2024
- other non-cash impairments relating to retail energy ($45 million) and office building leases ($82 million)
- additional guidance adjustments of $30 million related to material mergers and acquisitions

On the back of underlying earnings growth, the Board resolved to pay a fully franked final dividend of 9 cents per share, representing a 5.9 per cent increase compared to last year. This was consistent with our capital management framework to maximise the fully franked dividend and seek to grow it over time.

We grew underlying EBITDA across our mobiles, infrastructure, Fixed C&SB and international businesses. Our mobiles business has continued to perform very strongly, with EBITDA growth of $424 million. This growth was driven by more people choosing our network with more than 560,000 net new mobile handheld customers. Mobile services revenue grew by 5.6 per cent, and our mobiles business underpinned our overall underlying earnings growth.

Our infrastructure business also grew reflecting ongoing demand for our assets. InfraCo Fixed and Amplitel EBITDA grew by $147 million in aggregate. Our Fixed C&SB business continued to grow, with EBITDA growth of $119 million, reflecting ongoing cost discipline and ARPU growth. While most parts of our business performed strongly, Fixed Enterprise is clearly a long way from where we need it to be. We have faced into underperformance, particularly within NAS, and made decisions to begin the reset of that business.

On costs, we reduced underlying operating expenses through productivity gains and lower commissions, partly offset by cost inflation (labour and non-labour).

Overall, our T25 strategy is on track, including our growth ambitions in underlying EBITDA, EPS and ROIC. Significant progress on T25 in the year included:

- Our Episode NPS surpassed our FY24 target and complaints reduced with a more than two-thirds reduction in TIO escalations over the last three years
- Our Cleaner Pipes initiative blocked more than 10 million scam calls, 14 million scam SMS's and 230 million scam and unwanted emails per month on average in FY24
- We achieved 89% of 5G population coverage, with 54% of our mobile traffic on 5G in June 2024
- We continued extending our intercity fibre network across Australia, with five fibre routes between Australia's major capital cities under construction
- We increased our absolute scope 1+2 carbon emission reduction target from 50% to 70% by 2030 (from FY19 baseline)

### Dividend

On 15 August 2024, the Directors of Telstra Group Limited resolved to pay a fully franked final dividend of 9 cents per share in line with the interim dividend for the first half of the financial year.

The total dividend for FY24 is 18 cents per share representing a 5.9 per cent increase on the prior corresponding period. The total dividend represents a 128 per cent payout ratio on EPS and 97 per cent payout ratio on underlying EPS[10].

Shares will trade excluding entitlement to the final dividend from 28 August 2024 with payment to be made on 26 September 2024.

### Other information

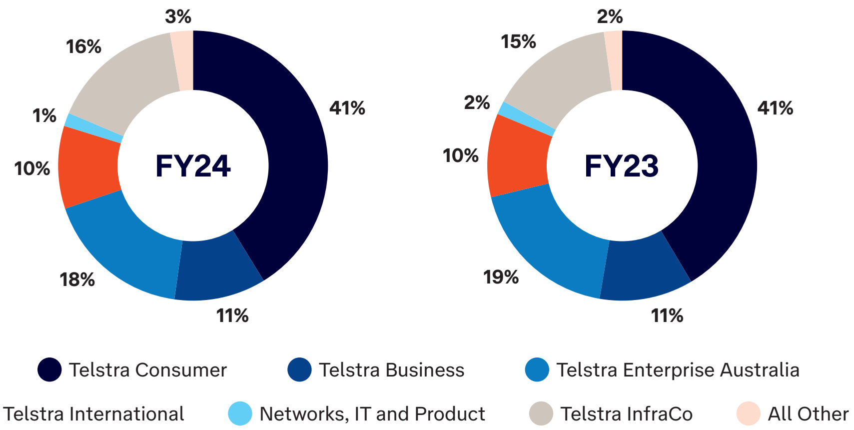
The following commentary is provided for statutory and management financial results. Comments are versus prior year unless otherwise stated. Consistent with information presented for internal management reporting purposes, the result of each segment is measured based on its EBITDA contribution, and the result of each product is measured based on its underlying EBITDA contribution.

4. Underlying EBITDA, profit and EPS – refer to footnote 2.
5. Return On Invested Capital (ROIC) calculated as Net Operating Profit After Tax (NOPAT) as a percentage of total capital.
6. Underlying ROIC calculated as NOPAT as a percentage of total capital, excluding net one-off nbn receipts and guidance adjustments (as defined above) less tax.
7. Underlying results – refer to footnote 1.
8. Capex is measured on an accrued basis and excludes spectrum and guidance adjustments, externally funded capex, and capitalised leases.
9. Free cashflow after lease payments – refer to footnote 3.
10. Underlying EPS – refer to footnote 2.

## Segment performance

We report segment information on the same basis as our internal management reporting structure as at the reporting date. Segment comparatives reflect any organisational changes that have occurred since the end of the prior financial year to present a like-for-like view. Refer to Note 2.1.1 in the Financial Report for further detail.

**Segment total income breakdown (including internal income)**




| Total income | FY24 $m | FY23[11] $m | Change % |
|---|---|---|---|
| Telstra Consumer[12] | 10,722 | 10,480 | 2.3 |
| Telstra Business | 2,858 | 2,844 | 0.5 |
| Telstra Enterprise Australia[12] | 4,586 | 4,691 | (2.2) |
| Telstra International[12] | 2,578 | 2,534 | 1.7 |
| Networks, IT and Product[12] | 417 | 413 | 1.0 |
| Telstra InfraCo[12] | 4,132 | 3,775 | 9.5 |
| All Other[12] | 726 | 551 | 31.8 |
| **Total management reported income** | **26,019** | **25,288** | **2.9** |
| Transactions between segments | (2,537) | (2,043) | (24.2) |
| **Total income (excluding finance income)** | **23,482** | **23,245** | **1.0** |

Total income (excluding finance income) increased by 1.0 per cent to $23,482 million including growth across mobile, International, InfraCo Fixed and Amplitel. Income growth was partly offset by declines across Fixed – C&SB, Fixed – Enterprise and Fixed – Active Wholesale.

Total management reported income includes internal income between segments eliminated from Total income. Internal income increased by 24.2 per cent to $2,537 million (FY23 $2,043 million) including new intercompany agreements post our corporate restructure related to internal charges for infrastructure, power, international capacity and other services. Internal income comprised $4 million in Telstra Consumer (FY23 $1 million), $22 million in Telstra Enterprise Australia (FY23 $12 million), $223 million in Telstra International (FY23 $113 million), $354 million in Networks, IT and Product (FY23 $321 million), $1,552 million in Telstra InfraCo (FY23 $1,426 million) and $382 million in 'All Other' (FY23 $170 million).

**Telstra Consumer**
Telstra Consumer provides telecommunications and technology products and services to Consumer customers in Australia using mobile and fixed network technologies. It also operates contact centres, retail stores, a dealership network, digital channels, distribution systems and the Telstra Plus customer loyalty program in Australia.

Income increased by 2.3 per cent to $10,722 million including 4.3 per cent growth in mobile income partly offset by 1.7 per cent decline in Fixed – C&SB income. Refer to product performance section for more details.

**Telstra Business**
Telstra Business provides telecommunications and technology products and services to small and medium businesses in Australia. It also operates Telstra Business Technology Centres and digital channel partner network servicing small and medium business customers.

Income increased by 0.5 per cent to $2,858 million including 4.4 per cent growth in mobile income, partly offset by 5.0 per cent decline in Fixed – C&SB income from small business customers and 2.3 per cent decline in Fixed – Enterprise income from medium business customers across DAC and NAS. Refer to product performance section for more details.

11. Refer to Note 2.1.1 in the Financial Report for further detail.
12. Includes internal income.

### Telstra Enterprise Australia
Telstra Enterprise Australia provides telecommunication services, advanced technology solutions and network capacity and management to government and large enterprise and business customers in Australia. It provides advanced technology solutions through Data and Connectivity (DAC) and Network Applications and Services (NAS) products such as unified communications, cloud, security, industry solutions, and integrated and monitoring services.

Income decreased by 2.2 per cent to $4,586 million including 0.6 per cent decline in mobile income and 2.8 per cent decline in Fixed – Enterprise income across DAC and NAS. Refer to product performance section for more details.

### Telstra International
Telstra International provides telecommunication services, advanced technology solutions and network capacity and management to government and large enterprise and business customers outside of Australia. It provides wholesale services outside of Australia, including voice and data, and manages Telstra's networks outside of Australia, including international subsea cables, in conjunction with Networks, IT and Product and Telstra InfraCo segments. It provides telecommunication, media and technology products and services to consumer, business and government customers in the South Pacific through our Digicel Pacific business.

International income increased by 1.7 per cent to $2,578 million in Australian dollars (AUD) including internal revenue growth of $110 million to $223 million post corporate restructure (internal revenue eliminated from management reported income in first half of FY23) and 2.7 per cent growth in international Wholesale and Enterprise income to $1,640 million, partly offset by 0.6 per cent decline in Digicel Pacific income to $715 million. Refer to product performance section for more details.

### Networks, IT and Product
Networks, IT and Product consists of two operating segments: Global Networks and Technology (GN&T), and Product and Technology (P&T). G&NT supports the other segments and their respective revenue generating activities by maintaining high level of reliability and security of our global network platforms and cloud infrastructure, maintains our networks, and is accountable for our network intelligence and automation. P&T works with other functions to create and deliver products and solutions for customers across all segments. It has accountability for product strategy, life cycle, as well as technology and innovation where products are incubated and brought to scale. It is also accountable for Telstra's IT and Data & AI functions and out digital platforms underpinning our customer digital experience.

Income increased by 1.0 per cent to $417 million including internal income of $354 million.

### Telstra InfraCo
Telstra InfraCo operates in Australia and provides telecommunication products and services delivered over Telstra networks to other carriers, carriage service providers and internet service providers, and provides other Telstra functions and wholesale customers with access to network infrastructure within Telstra InfraCo's asset accountabilities. It operates the fixed passive network infrastructure including data centres, exchanges, poles, ducts, pits and pipes, and fibre network. It designs and constructs fibre, exchanges and other infrastructure. It provides nbn co with long-term access to certain components of our infrastructure under the Infrastructure Services Agreement, and operates the passive and physical mobile tower assets owned or operated by the Amplitel business.

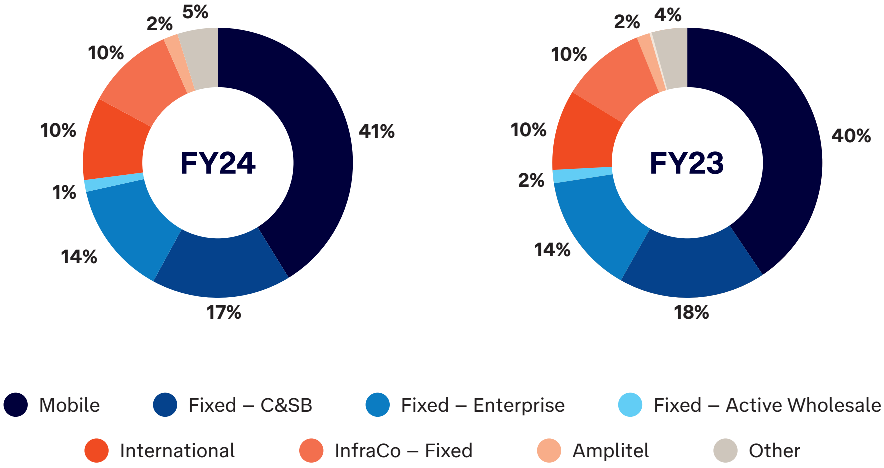
Income increased by 9.5 per cent to $4,132 million due to growth in recurring nbn Definitive Agreements (nbn DAs) receipts in line with CPI, increased Telstra InfraCo and Amplitel internal and external access charges, one-off gains related to tower access agreements and upgrades, and growth in wholesale mobility. Revenue from Fixed – Active Wholesale legacy products declined. Refer to product performance section for more details.

### All Other
Certain items of income and expense relating to multiple functions are recorded by our corporate areas and included in the 'All Other' category. This category also includes Global Business Services (GBS) and Telstra Health.

Income increased by 31.8 per cent or $175 million to $726 million. 'All Other' income increased by $105 million in International product and $142 million in Other product largely due to changes associated with our corporate restructure. Telstra Health income increased by $15 million to $320 million driven by organic growth. One-off nbn DA and connection income decreased by $72 million with this category no longer reported due to a significant reduction in one-off nbn migrations.

## Product performance

### Product income breakdown (including internal income)



| Product income | FY24 $m | FY23 $m | Change % |
|---|---|---|---|
| Mobile | 10,722 | 10,258 | 4.5 |
| Fixed – C&SB | 4,355 | 4,457 | (2.3) |
| Fixed – Enterprise | 3,537 | 3,636 | (2.7) |
| Fixed – Active Wholesale | 366 | 403 | (9.2) |
| International | 2,578 | 2,429 | 6.1 |
| InfraCo Fixed | 2,746 | 2,556 | 7.4 |
| Amplitel | 453 | 401 | 13.0 |
| One-off nbn DA & connection | - | 72 | (100.0) |
| Other | 1,262 | 1,076 | 17.3 |
| **Total management reported income** | **26,019** | **25,288** | **2.9** |
| Eliminations | (2,537) | (2,043) | (24.2) |
| **Total income (excluding finance income)** | **23,482** | **23,245** | **1.0** |

| Product underlying EBITDA | FY24 $m | 2H24 $m | 1H24 $m | FY23 $m |
|---|---|---|---|---|
| Mobile | 5,026 | 2,516 | 2,510 | 4,602 |
| Fixed – C&SB | 254 | 149 | 105 | 135 |
| Fixed – Enterprise | 136 | 65 | 71 | 411 |
| Fixed – Active Wholesale | 94 | 42 | 52 | 117 |
| International | 774 | 430 | 344 | 713 |
| InfraCo – Fixed | 1,759 | 925 | 834 | 1,663 |
| Amplitel | 369 | 182 | 187 | 318 |
| Other | (169) | (82) | (87) | (9) |
| **Underlying EBITDA[13]** | **8,243** | **4,227** | **4,016** | **7,950** |
| One-off nbn DA & Connection | - | - | - | 37 |
| Guidance adjustments | (715) | (706) | (9) | (125) |
| **Total EBITDA** | **7,528** | **3,521** | **4,007** | **7,862** |

13. Underlying EBITDA – refer to footnote 2.

**Mobile**
Mobile income increased by 4.5 per cent to $10,722 million including 5.6 per cent services revenue growth. Growth in services revenue was achieved across postpaid handheld, prepaid handheld, Internet of Things (IoT) and wholesale. Retail mobile SIOs increased by 1,687,000 in the year to 24.2 million, including 8.9 million postpaid handheld retail SIOs.

Postpaid handheld services revenue increased by 4.5 per cent to $5,634 million with a 116,000 increase in SIOs (including 53,000 in the second half) and 3.3 per cent ARPU increase from $51.55 to $52.85 driven by consumer and business price rises.

Prepaid handheld revenue increased by 10.9 per cent to $1,193 million with a 124,000 increase in unique users (including 25,000 in the half) and 3.8 per cent ARPU increase driven by price rises. Prepaid handheld revenue in the prior period included $42 million of one-off revenue from product migration. Excluding one-off revenue in the prior period from product migration, prepaid handheld revenue increased by 15 per cent.

Mobile broadband revenue decreased by 2.4 per cent to $648 million due to 3.8 per cent decline in SIOs partly offset by 1.4 per cent uplift in ARPU to $18.76. IoT revenue increased by 2.1 per cent to $289 million with SIOs increasing by 1.5 million (including 706,000 in the second half) to 8.6 million.

Wholesale revenue increased by 24.6 per cent to $440 million driven by Wholesale ARPU growth and 322,000 increase in unique users (including 140,000 in the second half). Wholesale unique users include postpaid SIOs and prepaid unique users. Wholesale unique users increased to 2.4 million from the continued popularity of Mobile Virtual Network Operator's (MVNO) plans on the Telstra Wholesale mobile network.

Hardware, interconnect and other revenue increased by 1.0 per cent to $2,498 million largely due to net reduction in deferred rewards under our Telstra Plus program. Hardware revenue increased by 0.2 per cent to $2,359 million due to growth in sales of IoT hardware, accessories and wearables, and mix of higher value handsets; partly offset by lower handset sales volumes.

Mobile EBITDA increased by 9.2 per cent to $5,026 million due to high margin services revenue growth and cost-out.

**Fixed – Consumer and Small Business (C&SB)**
Fixed – C&SB income decreased by 2.3 per cent to $4,355 million. Core connectivity revenue decreased by 1.2 per cent to $3,663 million including revenue from services for which we are a reseller (including nbn) and revenue from services on the Telstra network. C&SB bundles and standalone data ARPU increased by 2.8 per cent to $82.41 driven by price rises, and SIOs declined by 112,000 (including 54,000 in the second half) to 3.3 million. C&SB standalone voice SIOs declined by 45,000 (including 20,000 in the second half). Fixed wireless SIOs grew by 41,000 (including 16,000 in the second half).

Consumer content and services revenue decreased by 8.8 per cent to $539 million including a 11.9 per cent decline in Foxtel from Telstra SIOs, partly offset by revenue growth from our acquisition of a majority stake in Fetch TV in August 2022.

Fixed – C&SB EBITDA increased by 88.1 per cent to $254 million due to cost-out, growing contribution from fixed wireless, and C&SB bundles and standalone data ARPU growth; partly offset by C&SB bundles, standalone data and voice SIO decline.

**Fixed – Enterprise**
Fixed – Enterprise income declined by 2.7 per cent to $3,537 million due mostly to DAC declines. DAC income declined by 6.6 per cent to $748 million driven by ARPU compression from competition, renewals and technology change. DAC SIOs reduced by 3.8 per cent or 6,000 (including 3,000 in the second half) mostly in legacy. Our T-Fibre customer base reduced and nbn Enterprise Ethernet customer base grew.

NAS income decreased by 1.6 per cent to $2,789 million due to declines across calling applications, professional services and equipment sales; partly offset by growth in cloud and managed services. NAS income includes $81 million in the current period related to the acquisition of Versent Pty Ltd (Versent). NAS calling applications revenue decreased by 14.2 per cent to $412 million due to fixed product exits, and market shift from traditional voice to integrated video and digital solutions. NAS professional services revenue decreased by 7.2 per cent to $503 million and equipment sales revenue decreased by 11.4 per cent to $365 million due to slower trading environment and large contracts in the prior period not repeating this period. NAS cloud applications revenue increased by 18.3 per cent to $368 million from growth in demand for partner cloud products including Amazon Web Services (AWS) and Microsoft Azure. NAS managed services and maintenance revenue increased by 2.1 per cent to $788 million.

Fixed – Enterprise EBITDA declined by 66.9 per cent to $136 million due to DAC and NAS EBITDA declines. DAC EBITDA declined by 43.1 per cent to $95 million due to revenue reduction and increased costs. NAS EBITDA declined by 83.2 per cent to $41 million mostly due to decline in calling applications and professional services revenue, and increased costs.

**Fixed – Active Wholesale**
Fixed – Active Wholesale income declined by 9.2 per cent to $366 million largely due to legacy product decline. Data and Connectivity revenue decreased by 6.2 per cent to $259 million reflecting decline in wideband ethernet access product revenue partly offset by growth in wavelength services. Legacy calling and fixed revenue declined by 15.7 per cent to $107 million from continued legacy fixed product decline.

Fixed – Active Wholesale EBITDA decreased by 19.7 per cent to $94 million due to continued legacy and nbn revenue decline, offset partly by cost-out.

**International**
International income increased by 6.1 per cent to $2,578 million including foreign exchange impacts and inclusion of internal revenue post corporate restructure (eliminated from management reported income in first half of FY23). Digicel Pacific income decreased by 0.6 per cent to $715 million including positive USD foreign exchange impacts. Digicel Pacific mobile SIOs increased by 1 per cent driven by Papua New Guinea (PNG) SIO growth. PNG ARPU decreased in Papua New Guinean Kina (PGK) and in AUD. In markets outside PNG, ARPU grew in USD and AUD.

Excluding Digicel Pacific, International income increased by 8.9 per cent to $1,863 million including internal revenue growth of $110 million to $223 million post corporate restructure (internal revenue eliminated from management reported income in first half of FY23); and growth in Wholesale and Enterprise external revenue of 2.7 per cent to $1,640 million including positive foreign exchange impacts and growth in Ethernet Private Line, internet and professional services; partly offset by legacy voice decline.

International EBITDA increased by 8.6 per cent to $774 million including $21 million growth from Digicel Pacific and $40 million growth from Wholesale and Enterprise. Digicel Pacific EBITDA decreased by 13 per cent on a proforma basis in constant currency and excluding adjustment in earn-out provision. Wholesale and Enterprise EBITDA increased by 17 per cent in constant currency, excluding internal revenue and cost post restructure.

**InfraCo Fixed**
InfraCo Fixed income increased by 7.4 per cent to $2,746 million. Recurring nbn DA income increased by 6.0 per cent to $1,046 million reflecting CPI linked price increases. Recurring nbn DAs income includes infrastructure services across ducts, racks and fibre provided to nbn co. Other external infrastructure revenue increased by 14.3 per cent to $304 million including $159m from disposal of legacy network assets (FY23 $122 million). Internal infrastructure access revenue increased by 8.4 per cent to $1,157 million. Commercial and recoverable works revenue increased by 1.3 per cent to $239 million.

InfraCo Fixed income grew 6.8 per cent excluding legacy network disposals, and commercial and recoverable works.

InfraCo Fixed EBITDA increased by 5.8 per cent to $1,759 million reflecting growth in recurring nbn DA and internal income; partly offset by increased internal costs and increased investment in asset maintenance. Growth in internal revenue and costs includes changes post corporate restructure. InfraCo Fixed EBITDA after leases (EBITDAaL) increased by 6.4 per cent to $1,686 million.

**Amplitel**
Amplitel income grew by 13.0 per cent to $453 million due to additional site licences, contracted growth, continued demand for new tower builds and 5G upgrades. Amplitel external revenue grew by 45.5 per cent to $96 million including contracted growth, continued demand and one-off gains of $15 million related to tower access agreements and upgrades. Amplitel internal revenue grew by 6.6 per cent to $357 million.

Amplitel EBITDA increased by 16.0 per cent to $369 million due to higher income, partly offset by increased service and employment costs. Amplitel EBITDAaL increased by 14.8 per cent to $287 million.

**One-off nbn DA & connection**
One-off nbn DA & connection income in prior period included receipts from nbn co for disconnecting customers from our legacy network, and one-off income from customers to connect to the nbn network. Income decreased by $72 million with this category no longer reported due to a significant reduction in one-off nbn migrations.

**Other**
Other income increased by 17.3 per cent to $1,262 million including internal and external income. ‘Other’ internal income increased by $253 million to $781 million post our corporate restructure. ‘Other’ external income decreased by 12.2 per cent to $481 million including $43 million reduction in Telstra Energy income mostly due to lower energy generation and prices. Cable access revenue decreased by $57 million related to end of Foxtel access agreement. Telstra Health income increased by $15 million to $320 million driven by organic growth. ‘Other’ external income included one-off gain of $47 million related to tower access agreements.

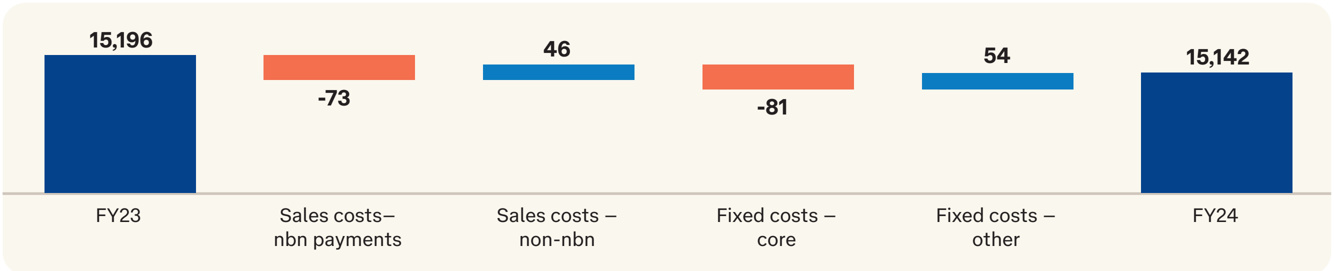
Other EBITDA reduced by $160 million to $169 million including reduction in EBITDA contribution from internal income, reduction in cable access revenue, impact of bond rate changes on employee liabilities and other corporate adjustments; partly offset by one-off gain related to tower access agreements and increased Telstra Health EBITDA contribution.

**Eliminations**
Eliminations for internal income increased to $2,537 million comprising $1,157 million in InfraCo Fixed, $357 million in Amplitel, $223 million in International, $19 million in Fixed – Enterprise NAS and $781 million in Other.

## Expense performance

| Operating expenses | FY24 $m | FY23 $m | Change $m | % |
|---|---|---|---|---|
| nbn payments | 1,975 | 2,048 | (73) | (3.6) |
| Non-nbn | 5,960 | 5,914 | 46 | 0.8 |
| **Sales costs** | **7,935** | **7,962** | **(27)** | **(0.3)** |
| Core[14] | 6,541 | 6,622 | (81) | (1.2) |
| Other[15] | 666 | 612 | 54 | 8.8 |
| **Fixed costs** | **7,207** | **7,234** | **(27)** | **(0.4)** |
| **Underlying** | **15,142** | **15,196** | **(54)** | **(0.4)** |
| One-off nbn DA and nbn cost to connect | - | 35 | (35) | (100.0) |
| Guidance adjustments[16] | 796 | 125 | 671 | n/m |
| **Total** | **15,938** | **15,356** | **582** | **3.8** |

**Underlying operating expenses $m[14,15]**




Underlying operating expenses decreased by $54 million or 0.4 per cent due to lower sales costs, including lower payments to nbn, and lower core fixed costs.

Total operating expenses increased by $582 million to $15,938 million. Guidance adjustments for operating expenses increased by $671 million including $438 million for impairments related to Telstra Enterprise strategic review, office building leases and Retail Energy business. Restructuring cost guidance adjustments increased by $156 million to $247 million. M&A guidance adjustments increased by $77 million including due to Versent acquisition this period.

Sales costs, which are direct costs associated with revenue and customer growth, decreased by 0.3 per cent to $7,935 million. Payments to nbn reduced by $73 million due to decline in C&SB nbn SIOs. Non-nbn sales costs increased by $46 million including increased sales costs associated with NAS cloud applications and managed security resale; and Telstra TV migration. Sales costs associated with mobile hardware were relatively stable.

Core fixed costs decreased by 1.2 per cent or $81 million with productivity gains and lower commissions partly offset by cost inflation (labour and non-labour). Productivity gains included process simplification and improvement across back of house and support functions.

Other fixed costs increased by $54 million due to impact of bond rate changes on employee liabilities and other corporate adjustments, inclusion of prior year acquisitions including Digicel Pacific, and increased Telstra Health costs.

One-off nbn DA and nbn cost to connect declined by $35 million with these costs now included in underlying operating expenses due to a significant reduction in one-off nbn migrations.

**Operating expenses on a statutory reported basis**
Our progress on achieving our productivity target is reported through the above operating expenses table. The detail below provides commentary on operating expenses as disclosed in our statutory accounts.

| Operating expenses on a statutory reported basis | FY24 $m | FY23 $m | Change % |
|---|---|---|---|
| Labour | 4,291 | 3,967 | 8.2 |
| Goods and services purchased | 8,441 | 8,511 | (0.8) |
| Net impairment losses on financial assets | 92 | 90 | 2.2 |
| Other expenses | 3,114 | 2,788 | 11.7 |
| **Total** | **15,938** | **15,356** | **3.8** |

14. Fixed costs – core includes commissions.
15. Fixed costs – other includes Telstra Health, corporate adjustments and prior year acquisitions including Digicel Pacific.
16. Guidance adjustments – refer to footnote 1.

**Labour**
Total labour expenses increased by 8.2 per cent or $324 million to $4,291 million including $244 million increase in redundancy expenses, and increased total direct full time equivalents (FTE) and wages as agreed in our Enterprise Agreement. Total direct FTE increased by 6.3 per cent or 2,000 to 33,761 including as a result of Versent acquisition and direct FTE growth across Telstra Consumer contact centres, Data & AI, and software engineering; and insourcing of Telstra Business Technology Centres.

**Goods and services purchased**
Total goods and services purchased decreased by 0.8 per cent or $70 million to $8,441 million. Commissions decreased by 11.8 per cent or $66 million due to insourcing of Telstra branded retail stores. Cost of goods sold, which includes mobile handsets and accessories, tablets, mobile broadband hardware, IoT hardware, modems, and other fixed hardware, increased by 1.1 per cent or $30 million mostly due to Telstra TV migration. Network payments and other goods and services purchased decreased by 0.7 per cent or $34 million due to decline in nbn payments, partly offset by higher NAS cloud applications and managed security resale.

**Other expenses**
Total other expenses increased by 11.7 per cent or $326 million to $3,114 million. Impairment losses (excluding net losses on financial assets) increased by $406 million including $438 million for impairments related to Telstra Enterprise strategic review, office building leases and Retail Energy business. Excluding impairments, other expenses decreased by $80 million due to cost reduction initiatives.

**Foreign currency impacts**
For the purposes of reporting our consolidated results, the translation of foreign operations denominated in foreign currency to AUD increased our sales revenue by $52 million. This foreign exchange impact was partly offset by an increase in expenses by $41 million across labour, goods and services purchased, and other expenses resulting in a favourable EBITDA contribution of $11 million.

**Depreciation and amortisation**
Depreciation and amortisation increased by 0.2 per cent or $9 million to $4,479 million. This included a $64 million decrease in depreciation of property plant and equipment and a $33 million decrease in amortisation of intangible assets associated with assessment of useful lives. Depreciation of right-of-use assets increased by $45 million due to continued property, fleet and other leasing activities. Depreciation of property plant and equipment increased by $5 million to $2,429 million. Amortisation of intangible assets decreased by $41 million including surrender of 900MHz spectrum licence.

**Net finance costs**
Net finance costs increased by 10.4 per cent or $55 million to $584 million due to a $86 million increase in interest on borrowings; offset by $20 million net decrease in other financing items (as set out in note 4.4.3 in the Financial Report) and $11 million increase in finance income. Interest on borrowings increased due to higher interest rates and higher average gross debt. Our average gross borrowing rate increased from 4.6 per cent to 5.0 per cent reflecting higher market interest rates. Our borrowing portfolio is more than 50 per cent fixed

## Cash flows

| Summary statement of cash flows | FY24 $m | FY23 $m | Change % |
|---|---|---|---|
| Net cash provided by operating activities | 7,049 | 6,802 | 3.6 |
| Net cash used in investing activities | (4,990) | (5,951) | 16.1 |
| – Capital expenditure (before investments) | (5,064) | (3,870) | (30.9) |
| – Other investing cash flows | 74 | (2,081) | n/m |
| **Free cashflow** | **2,059** | **851** | **n/m** |
| Net cash used in financing activities | (1,942) | (969) | n/m |
| **Net increase/(decrease) in cash and cash equivalents** | **117** | **(118)** | **n/m** |
| Cash and cash equivalents at the beginning of the period | 932 | 1,040 | (10.4) |
| Effects of exchange rate changes on cash and cash equivalents | (3) | 10 | n/m |
| **Cash and cash equivalents at the end of the period** | **1,046** | **932** | **12.2** |

Free cashflow provided by operating and investing activities was $2,059 million representing an increase of $1,208 million due to increase in net cash provided by operating activities and decrease in net cash used in investing activities. The decrease in net investing activities was driven by a substantial reduction in M&A investment, offset by higher payments for spectrum licences.

Net cash provided by operating activities increased by $247 million to $7049 million mainly due to a $254 million decrease in payments to suppliers and employees. The increase in net cash provided by operating activities included lower reported EBITDA offset by working capital benefit.

Net cash used in investing activities decreased by $961 million to $4,990 million. This included a $2,099 million decrease in payments for shares in controlled entities mostly due to the acquisition of Digicel Pacific in the prior period, partly offset by the acquisition of Versent in this period. Capital expenditure (before investments) increased by $1,194 million including due to higher payments for intangible assets mostly associated with increased spend on spectrum licences.

Accrued capital expenditure on a guidance basis was $3,666 million or 16.3 per cent of sales revenue. This included $261 million of strategic investment for the intercity fibre and Viasat infrastructure projects. Accrued capital expenditure on a guidance basis excluding strategic investment was 15.1 per cent of sales revenue.

Net cash used in financing activities increased by $973 million to $1,942 million. This included an increase in repayments of borrowings of $762 million, increase in proceeds from borrowings of $838 million, and decrease of $895 million due to the issue of equity-like securities to Export Finance Australia as part funding for the Digicel Pacific acquisition. Finance costs paid increased by $90 million including due to higher interest rates and higher average gross debt.

On a guidance basis, free cashflow after operating lease payments was $2,986 million. Free cashflow after operating lease payments on a guidance basis excludes mergers and acquisitions ($394 million including Versent) and spectrum payments ($1,284 million); and includes lease payments ($751 million).

## Debt position

| Debt issuance | FY24 $m |
|---|---|
| AUD bonds | 1,198 |
| Revolving bank facilities (net) | 630 |
| Commercial paper (net) | 1,201 |
| Non-recourse borrowing facilities | 54 |
| **Total** | **3,083** |

| Debt repayments | FY24 $m |
|---|---|
| Euro bond | 1,268 |
| Euro/AUD private placements | 148 |
| Other loans | 31 |
| **Total** | **1,447** |

Our gross debt position was $16,798 million comprising borrowings of $13,860 million, lease liabilities of $3,108 million, partly offset by $170 million in net derivative assets. Gross debt increased by 9.4 per cent or $1,448 million reflecting debt issuance of $3,083 million and non-cash decrease of $455 million; partly offset by debt repayments (including other loans) of $1,447 million and $643 million in lease liability payments.

Net debt increased by 9.3 per cent or $1,334 million to $15,752 million reflecting the increase in gross debt, partly offset by $114 million increase in cash holdings. The increase in net debt funded significant payments for spectrum licences in the period.

| Financial settings | FY24 | Comfort zone |
|---|---|---|
| Debt servicing[17] | 2.1x | 1.5x to 2.0x |
| Gearing[18] | 48% | 50% to 70% |
| Interest cover[19] | 11.0x | >7x |

On an underlying basis, debt servicing[17] was 1.9 times and interest cover[19] was 12.1 times. We remain within our comfort zones, or better, for our credit metrics on an underlying basis.

17. Debt servicing is calculated as net debt/EBITDA. Underlying debt servicing is calculated as net debt/underlying EBITDA
18. Gearing ratio is calculated as net debt/total net debt plus equity.
19. Interest cover is calculated as EBITDA/net interest on debt (excluding capitalised interest and non-cash accounting impacts within net finance costs). Underlying interest is calculated as underlying EBITDA/net interest on debt.

## Financial position

| Summary statement of financial position | FY24 $m | FY23 $m | Change % |
|---|---|---|---|
| Current assets | 6,107 | 6,733 | (9.3) |
| Non-current assets | 39,443 | 38,296 | 3.0 |
| **Total assets** | **45,550** | **45,029** | **1.2** |
| Current liabilities | 11,526 | 10,092 | 14.2 |
| Non-current liabilities | 16,772 | 17,121 | (2.6) |
| **Total liabilities** | **28,198** | **27,213** | **3.6** |
| **Net assets** | **17,352** | **17,816** | **(2.6)** |
| **Total equity** | **17,352** | **17,816** | **(2.6)** |
| Return on invested capital (%) | 6.8 | 7.9 | -1.1pp |
| **Return on invested capital (%) – underlying[20]** | **8.3** | **8.1** | **+0.2pp** |
| Return on average equity (%) | 10.7 | 12.5 | -1.8pp |

Our balance sheet is in a strong position with net assets of $17,352 million. Current assets decreased by 9.3 per cent to $6,107 million. Trade and other receivables and contract assets decreased by $388 million due to including $278 million reduction in contract assets and $137 million reduction in other receivables; partly offset by $38 million increase in trade receivables from contracts with customers. Current derivative financial assets decreased by $213 million due to maturities partly offset by instruments maturing in the next 12 months. Current tax receivables decreased by $117 million due to lower PAYG instalments relative to taxable profit in the current period compared to the prior period. Cash and cash equivalents increased by $114 million.

Non-current assets increased by 3.0 per cent to $39,443 million. Intangible assets increased by $1,432 million including $1,224 million in additions for spectrum licences, including 850Mhz and 3.4-3.7GHz band acquired in the period, $271 million related to acquisition of Versent, and other additions (including for software) exceeding amortisation expenses; partly offset by $138 million in impairments. Refer to Note 6.1.1 in the Financial Report for further detail on Versent.

Non-current trade and other receivables and contract assets increased by $325 million including $156 million increase in contract assets, $82 million increase in trade receivables from contracts with customers, $56 million increase in finance lease receivables, and $35 million increase in other receivables. Non-current inventories increased by $126 million including for major project network inventory. Deferred contract costs decreased by $294 million including $177 million impairment related to Telstra Enterprise strategic review, and net decrease in other deferred commissions. Property, plant and equipment decreased by $102 million due to depreciation expenses exceeding additions, impairments and other movements. Right of use assets decreased by $159 million including $82 million impairment related to Telstra Enterprise strategic review, and deprecation exceeding additions. Non-current derivative financial assets decreased by $122 million due to instruments maturing in the next 12 months and valuation impacts.

Current liabilities increased by 14.2 per cent to $11,526 million. Current borrowings increased by $1,036 million due to maturity of Euro bond and private placements, partly offset by bonds maturing in the next 12 months and commercial paper used to support working capital and short-term liquidity. Trade and other payables increased by $261 million including $396 million increase in accrued expenses and capital expenditure; partly offset by $115 million reduction in trade payables and $40 million reduction in contingent consideration.

Non-current liabilities decreased by 2.6 per cent to $16,672 million. Deferred tax liabilities decreased by $329 million primarily due to non-deductible impairments, and timing of restructuring cost tax deduction. Non-current lease liabilities decreased by $165 million including movement of lease liabilities to current and higher discount rate. Other payables decreased by $198 million including $144 million reduction in contingent consideration related to payment obligations arising from our acquisitions of controlled entities, and $54 million reduction in other payables. Non-current borrowings increased by $149 million due to due to Australian bond issuance in the period, partly offset by bonds maturing in the next 12 months.

20. Underlying ROIC – refer to footnote 6.

# Board of Directors

## Craig W Dunn

BCom, FCA

B N A

Non-executive Director appointed on 12 April 2016, Chair effective 17 October 2023 and last re-elected on 11 October 2022. Chair of the Nomination Committee and member (Chair from 2019 to 2023) of the Audit & Risk Committee.

Craig is a highly regarded business leader with more than 20 years' experience in financial services, pan-Asian business activities and strategic advice for government and major companies. Craig was Chief Executive Officer and Managing Director of AMP from 2008 to 2013 and held various roles at AMP in a 13-year career including Managing Director of AMP Financial Services, Managing Director for AMP Bank and head of Corporate Strategy and M&A.

Previously he was at Colonial Mutual Group from 1991 to 2000, including Managing Director for EON CMB Life Insurance in Malaysia and senior roles in Group Strategy, M&A and Finance. He has also served as a member of the Federal Government's Financial System Inquiry in 2014 and the Consumer and Financial Literacy Taskforce.

**Other listed company directorships (past three years)**
Former – Director, Westpac (2015-2021).

**Other directorships and appointments**
Director, RedKite (from 2024), MLC Life Insurance (from 2023), Lion Pty Limited and Lion Global Craft Beverages Pty Limited (from 2021).

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## Vicki Brady

MScM (Stanford GSB), BCom (ANU), CA

B

Vicki Brady became the CEO and Managing Director of Telstra on 1 September 2022.

Vicki joined Telstra in 2016 and was most recently Chief Financial Officer and Strategy & Finance Group Executive. In this role, Vicki guided the company's financial performance and reporting, led the development of and progress against its corporate strategy, and oversaw its risk and internal audit capabilities, with the aim of delivering shareholder value over the long term.

Before this, Vicki was head of Telstra's Consumer & Small Business function. In this role she led a business unit with $14.6 billion of income and was one of the architects of the T22 and T25 strategies. She has also held roles as Group Managing Director, Sales & Service and Group Managing Director, Consumer. Before working at Telstra, Vicki gained extensive executive leadership experience in telecommunications and services companies in Australia and internationally, working for organisations including Optus, SingTel and KPMG.

Vicki has a Bachelor of Commerce from the Australian National University and a Master of Science in Management from Stanford University's Graduate School of Business.

She is a member of the Groupe Speciale Mobile Association (GSMA) board; Patron, on behalf of Telstra, of the National Aboriginal and Torres Strait Islander Art Awards (NATSIAA); a member of the Institute of Chartered Accountants ANZ and is a Graduate of the Australian Institute of Company Directors.

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## Eelco Blok

MS, BBA

B N

Non-executive Director appointed on 15 February 2019 and last re-elected on 11 October 2022. Member of the Nomination Committee.

Eelco has almost 35 years of telecommunications experience at Dutch-based landline and mobile telecommunications company, KPN, where he was CEO for seven years until April 2018.

Eelco started his career in Finance at KPN before becoming responsible for several businesses including Carrier Services, Corporate Networks and Network Operations. In 2006 he was appointed a member of the KPN Board of Management, where he was consecutively responsible for the Fixed Division, Business Market – Wholesale – Operations and Mobile International. He was appointed CEO in April 2011.

From 2011 to 2017 Eelco was co-chairman of the Dutch National Cyber Security Council an advisory body of the Dutch government. He was also a Director for the international association GSMA from 2017 to April 2018.

**Other listed company directorships (past three years)**
Director, OTE Group (from 2019). Former – Member of the Supervisory Board of Post NL (2017-2021) and Signify NV (2017 – 2022).

**Other directorships and appointments**
Chair of the Supervisory Board of Fairphone (from 2023, member from 2020). Member of the Supervisory Boards of Koninklijke VolkerWessels N.V (from 2019) and Feyenoord Rotterdam N.V (from 2023). Board Advisor, Spotzer Digital (from 2023), Glasfaser Plus (from 2022) and Glow Financial Services (from 2022).

**Key**

B Board    A Audit and Risk Committee    N Nomination Committee    P People and Remuneration Committee

Denotes Chair of Board/Committee    Denotes member of Board/Committee

## Maxine Brenner

BA, LLB

B A N

Non-executive Director appointed on 17 February 2023 and elected on 17 October 2023. Chair of the Audit & Risk Committee and member of the Nomination Committee.

Maxine is an experienced ASX top-20 director with over 20 years Board experience in some of Australia's most high-profile companies.

Maxine has a diverse background with strong experience in the corporate advisory, finance and regulatory sectors. She has a strong customer perspective and is particularly focused on the changing nature of customer expectations.

Maxine is a former Managing Director of Investment Banking at Investec Bank (Australia) Limited. She also practised as a corporate lawyer with Freehill Hollingdale & Page (now Herbert Smith Freehills) and spent several years as a lecturer in the Faculty of Law at both the University of NSW and the University of Sydney.

**Other listed company directorships (past three years)**
Director, Woolworths Group Limited (from 2020) and Origin Energy Limited (from 2013). Former – Director, Qantas Airways Limited (2013 –2024) and Orica Limited (2013 –2022).

**Other directorships and appointments**
Member of the University of NSW Council.

## Roy H Chestnutt

BSc, BA, MBA

B A N

Non-executive Director appointed on 11 May 2018, last re-elected on 12 October 2021. Member of the Audit & Risk Committee and the Nomination Committee.

Roy has more than 30 years of direct telecommunications experience. Most recently he was Executive Vice President, Chief Strategy Officer for Verizon Communications and has held leadership positions with other leading firms including Motorola, Grande Communications, Sprint-Nextel and AirTouch. Roy's last six years with Verizon included almost five as head of strategy responsible for the development and implementation of Verizon's overall corporate strategy, including business development, joint ventures, strategic investments, acquisitions and divestitures.

Roy has been a Director for international industry association GSMA and is a former chair of the Chief Strategy Officers Group including 25 global strategists from the world's leading wireless carriers.

**Other listed company directorships (past three years)**
Director, Intelsat (from 2022) and Digital Turbine Inc (from 2018). Board of Advisors, Accenture Luminary (from 2021). Former – Director, Saudi Telecom (2018 – 2021) and Boingo Wireless, Inc (2019 – 2021).

**Other directorships and appointments**
Non-executive Partner, FTI Consulting Group/Delta Partners. Senior advisor Tillman Global Holdings LLC. Board Advisor, LotusFlare (from 2019).

## Ming Long AM

BEc, LLB, MBA, FCA, GAICD

B A P N

Non-executive Director appointed on 1 January 2023 and elected on 17 October 2023. Member of the Audit & Risk Committee, the People & Remuneration Committee and the Nomination Committee.

Ming is an experienced director with over a decade of board experience in areas including real estate, infrastructure, funds and investment management and financial services. She also has a wealth of experience in sustainability and diversity.

Ming has held senior executive and leadership positions in listed and private equity owned organisations leading complex multi-year strategies to transform companies, as well as experience in corporate restructuring. She is passionate about helping Australia drive better economic, social and environmental outcomes.

Ming has played an influential role in industry leadership in Australia and is on the steering committee for the Australian Institute of Company Directors Climate Governance Initiative and is a member of the ASIC Corporate Governance Consultative Panel. In 2020, she was awarded a Member of the Order of Australia for her significant service to the financial and real estate sectors, and to diversity and inclusion.

**Other directorships and appointments**
Deputy Chair, CSIRO (from 2024). Director, IFM Investors (from 2022), QBE Insurance (Auspac) (from 2019), Committee for Economic Development of Australia (CEDA) (from 2019). Previously Chair of AMP Capital Funds Management Limited and Director, Diversity Council of Australia (Deputy Chair 2017 – 2024, Chair 2021 – 2024).

## Bridget Loudon

BCom (University College Galway)

B P N

Non-executive Director appointed on 14 August 2020 and last re-elected on 17 October 2023. Member of the People & Remuneration Committee and the Nomination Committee.

Bridget is Founder and Chief Executive Officer of Expert360. Expert360 is Australia's number one skilled talent platform, using sophisticated vetting and matching technology to connect more than 1000 companies with more than 30,000 elite consultants, project managers, data analysts and developers. Expert360 has been recognised as a game-changing platform by, among others, Harvard Business Review and the Economist.

Prior to founding Expert360 in 2013, Bridget worked as a management consultant for Bain & Co in Sydney. At Bain, Bridget was part of teams that advised ASX 50 leaders on strategy and transformation across a range of industries such as Retail, Consumer, Mining and Education.

Bridget is a leader in how organisations transform themselves to capture the opportunities presented by developments in technology. She has passion for solving customer problems and an impressive desire to create positive outcomes for society using technology.

**Other directorships and appointments**
Director, Expert 360 Pty Ltd (from 2013) and E360 Holdings Pty Ltd (from 2019).

## Elana Rubin AM

BA (Hons), MA, SF Fin, FAICDLife

B P N

Non-executive Director appointed on 14 February 2020 and last re-elected on 17 October 2023. Chair of the People & Remuneration Committee and member of the Nomination Committee.

Elana has more than 20 years Board experience across the financial service sector, including superannuation and funds management as well as the fintech, property, infrastructure and government sectors. Her executive career spanned industrial relations, social and economic policy and superannuation.

Elana is adept at working in consumer facing organisations with a strong customer focus and can balance commercial interests with the complex requirements of regulated sectors.

Elana has strong risk management and regulatory experience, having worked in highly regulated sectors including as Chair of AustralianSuper, one of Australia's largest and innovative super funds, and Chair of Victorian WorkCover Authority, a highly regarded regulator and workplace injury insurer.

**Other listed company directorships (past three years)**
Director, Dexus Funds Management Limited (from 2022). Former – Director, Afterpay Limited (2017-2022, Chair 2020-2022).

**Other directorships and appointments**
Chair, Australian Business Growth Fund (ABGF) (from 2023) and Victorian Managed Insurance Authority (from 2016). Director, Reserve Bank of Australia (from 2023) and Slater & Gordon (from 2018).

## Niek Jan van Damme

Drs.

B P N

Non-executive Director elected on 16 October 2018, last re-elected on 12 October 2021. Member of the People & Remuneration Committee and the Nomination Committee.

Niek Jan has almost 20 years direct telecommunications experience, with the first part of his career focusing on brand and category management in a range of businesses including consumer goods and retail. Most recently he was a member of the Deutsche Telekom Board of Management, where he was responsible for fixed line and mobile communications in Germany. Niek Jan has held leadership positions with other leading firms including Ben Nederland, later T-Mobile Netherlands, a challenger mobile brand, where he was the Chairman of the Managing Board.

At Deutsche Telekom he led the merger of mobile and fixed line business, laying the foundation for making Deutsche Telekom the leading operator in converged services. He also led a major network modernisation program with the establishment of a new IP core, and high 4G network investments.

**Other directorships and appointments**
Chairman of the Supervisory Board, NGN Fiber Network (from 2022). Chairman, Infrafibre Germany GmbH (Director from 2021, Chairman from 2023). Director, Connectivitree Corporation (from 2023). Board Advisor, Glow Financial Services Ltd (from 2022) and LotusFlare (from 2020).

# Senior management team

## Vicki Brady

**Chief Executive Officer**

Vicki became the CEO and Managing Director of Telstra in September 2022. As the head of Telstra, the CEO leads T25, Telstra's strategy for sustainable growth which is designed to provide exceptional customer experiences our customers can count on; lead network and technology solutions that deliver our future; deliver sustained growth and value for shareholders; and create the place where people want to work.

## Michael Ackland

**Chief Financial Officer & Group Executive** *Strategy & Finance*

Michael became CFO in September 2022 after leading Consumer & Small Business for four years. He is responsible for guiding the company's financial performance, reporting and progress against its corporate strategy, overseeing internal audit capabilities and ensuring the delivery of long-term shareholder value. Michael was appointed Chairman of the Telstra Health Board in September 2023.

## Brad Whitcomb

**Group Executive** *Telstra Consumer*

Brad joined Telstra in January 2023 and leads Telstra Consumer, which is responsible for creating and delivering exceptional customer experiences for our consumer customers across our retail, contact centre and digital channels.

## Oliver Camplin-Warner

**Group Executive** *Telstra Enterprise*

Oliver became Group Executive of Telstra Enterprise in March 2024 after leading Telstra Purple and, before that, Telstra International. He and his team partner with Australian industry and governments to deliver technology-fuelled, human-centred solutions – all powered by Telstra's leading networks and technology, global partnerships, and deep technical expertise.

## Amanda Hutton

**Group Executive** *Telstra Business*

Amanda became Group Executive, Telstra Business in January 2024. With more than 20 years' experience in the telecommunications industry gained through senior roles leading service, customer and product teams for globally recognised brands, Amanda leads a team of experts responsible for providing the right connectivity, technology and digitisation solutions to support innovation and growth for Australia's small and medium sized businesses.

## Kim Krogh Anderson

**Group Executive** *Product & Technology*

Product & Technology (P&T) is responsible for creating and delivering products and solutions for customers across all segments both domestically and internationally. As Group Executive of this function, Kim has accountability for product strategy, lifecycle, and P&L, as well as Telstra's strategic partner management, and technology and innovation where products are incubated and brought to scale. P&T is also accountable for Telstra's Software Engineering & IT and Data & AI functions and accelerating Telstra's digital leadership.

## Kathryn van der Merwe

**Group Executive** *People, Culture & Communications*

Kathryn joined Telstra in July 2023 and is a highly regarded people and transformation leader with a track record of strengthening organisational culture and capability. People, Culture & Communications (PC&C) focuses on our people so they can deliver great outcomes for our customers through building the capabilities and culture required to deliver T25. PC&C is also responsible for evolving Telstra's reputation.

## Shailin Sehgal

**Group Executive** *Global Networks & Technology*

Shailin was appointed as Group Executive, Global Networks & Technology, in March 2024 and is responsible for ensuring Telstra remains at the forefront of enhancing its network resilience and technology and expanding its network leadership. This includes Telstra's cyber security capabilities, private and public cloud infrastructure, identifying and deploying new technology, such as those related to 5G and Edge Compute, and delivering network automation and orchestration capabilities to provide exceptional experiences for customers.

## Brendon Riley

**CEO** *Telstra InfraCo*

As CEO of Telstra InfraCo, which includes wireless tower infrastructure business Amplitel, Brendon is responsible for managing, developing and growing Telstra's significant portfolio of infrastructure assets within Australia, ensuring we maintain and monetise these assets and meet our obligations to wholesale customers. Brendon is also responsible for Telstra International.

## Lyndall Stoyles

**Group General Counsel and Group Executive** *Legal, Regulatory, Government & Sustainability and Risk & Compliance*

The Legal, Regulatory, Government & Sustainability team is responsible for providing advice to Telstra's Board and CEO as well as providing legal counsel, policy advice, stakeholder management and community programs across government relations, regulatory, risk compliance, sustainability and regional affairs.

## Dean Salter[1]

**Group Executive** *Global Business Services*

Global Business Services (GBS) brings together shared services such as Assurance, Activation, Billing, Property, Procurement and People Services to improve customer service, efficiency and service levels across the company.

1. Dean Salter left Telstra on 31 July 2024 following the decision to decentralise the work of the GBS function.

# Acting on climate and nature

## Forward looking statement summary disclaimer

This section includes forward-looking statements which are provided as a general guide only. They reflect expectations which involve risks, uncertainties and other factors which may be beyond Telstra's control, many of which are described in the following parts of this section: "Our climate and nature strategy", "Our climate targets and our progress towards them" and "Additional climate metrics".

Readers should not place undue reliance on the forward-looking statements, and to the maximum extent permitted by law, Telstra gives no representation, warranty, or other assurance in connection with, and disclaims all responsibility for, the currency, accuracy, reliability, and completeness of any forward-looking statements.

Due to the inherent uncertainty and limitations in measuring or quantifying greenhouse gas (**GHG**) emissions under the calculation methodologies used in the preparation of such data, all GHG emissions data or references to GHG emissions volumes (including ratios or percentages) in this report are estimates. The accuracy of Telstra's GHG emissions data and other metrics may be impacted by factors, including inconsistent data availability, a lack of common definitions and standards for reporting climate-related information, quality of historical emissions data, reliance on assumptions and changes in market practice. These factors may impact Telstra's ability to meet commitments and targets or cause Telstra's results to differ materially from those expressed or implied in this report. There may also be differences in the manner that third parties calculate or report GHG emissions data compared to Telstra, which means that third party data may not be comparable to our data.

In FY23 Telstra finalised the acquisition of Digicel Pacific. Telstra is working to determine the necessary actions to incorporate Digicel Pacific in its existing climate scenario analysis, climate risk financial quantification, adaptation planning, emissions reduction plans and to gather the relevant activity data to calculate Digicel Pacific's scope 1, 2 and 3 emissions profile in line with the GHG Protocol so that Digicel Pacific can be integrated into emissions disclosures and targets. The disclosures in this report in relation to the matters noted above do not include Digicel Pacific unless otherwise stated. We have begun a program to develop a deeper understanding of the physical climate characteristics which drive network exposure in the region and identify the vulnerabilities which are unique to our Digicel Pacific operations.

See the forward-looking statements disclaimer at the front of this report for more information.

## Overview

### Telstra is committed to transitioning to a low carbon business, protecting nature and biodiversity and managing the physical and transition impacts of climate change on our assets, operations and the services we provide to our customers, and to do so while meeting the broader needs of our business. We have strategies, targets, governance and risk management mechanisms in place to help achieve these goals.

Climate forms a key part of our T25 scorecard, and both climate and nature are pillars in our sustainability strategy. In June 2024 we announced an increase in our absolute scope 1+2 emissions reduction target to 70 per cent (up from 50 per cent) by 2030 (from an FY19 baseline), maintaining our absolute scope 3 emissions reduction target of 50 per cent by 2030 (from an FY19 baseline) and pivoting from using carbon credits to offset the residual emissions from our operations and products. This change includes reprioritising our climate investments to take more direct action and moving away from purchasing carbon credits in favour of decarbonisation projects such as decommissioning and improving energy efficiency. This is expected to reduce our emissions as well as our energy costs.

While not without risk, we have plans in place to achieve our climate targets and continue to make good progress towards them. As part of our long-term commitment to net-zero emissions by 2050, we have already reduced our absolute scope 1+2 emissions by 37 per cent and our absolute scope 3 emissions by 37 per cent since FY19. Of these, our scope 3 emissions reduction target is likely to be more challenging to meet due to product growth, dependence on supplier decarbonisation and complexity of measurement. We have also made good progress towards our renewable energy generation target, having now contracted future renewable energy generation equivalent to over 100 per cent of our forecast consumption by the end of 2025. However, there is risk that the overall amount of renewable energy generated from our contracted projects may not meet 100 per cent of our forecast consumption by the end of 2025.

We also continue to make progress on better understanding, adapting to and preparing for current and future climate risk. Our most significant physical climate-related risk is loss of mains power during a climate event. Our scenario analysis shows this risk is likely to increase towards 2030 as acute climate events become increasingly frequent and intense[1]. In response, we are focused on enhancing the power resiliency of our network through continued investment in initiatives such as backup battery systems. We are also upgrading payphones in disaster prone areas to keep communities connected when they need it most. In addition, we have taken steps to integrate current and future climate intelligence into our geospatial systems to help embed climate considerations into our network planning activities.

In FY24, to support our management of risks associated with the shift to a low carbon economy, we commenced our analysis of climate-related transition risks in line with a 1.5°C scenario. The initial findings highlight the importance of our continued focus on network decommissioning, energy efficiency and power resiliency, to mitigate availability concerns and market volatility of a rapidly decarbonising electricity grid, as well as the opportunities for us to thrive in a low carbon economy given it will be driven by data and connectivity. We are also working to better understand our nature-related risks, dependencies and impacts, and the business risks and opportunities that flow from this. Our work here is not yet as advanced as our efforts on climate and we have more to do. A key nature consideration is the environmental harm we could do by failing to operate as a responsible steward when accessing and working on land. While we have systems and controls in place to mitigate these risks, our future work will seek to further enhance these mitigations and to identify opportunities to create positive nature outcomes.

We are progressing towards the upcoming Australian Sustainability Reporting Standards (ASRS). We have published disclosures guided by the recommendations of the TCFD (Taskforce on Climate-related Financial Disclosures) since 2020. This year, noting the formal disbanding of the TCFD, this chapter is guided by the International Sustainability Standards Board's (ISSB) climate disclosure standard (IFRS S2)[2]. We are also making our first disclosure guided by the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) in this chapter.

This chapter outlines:

- our climate and nature strategy
- our climate targets and nature metrics, and our progress towards them
- evaluation of key exposures, opportunities, dependencies, impacts and mitigations
- an update on climate in relation to our recent Digicel Pacific acquisition
- governance of climate and nature-related matters
- additional information about our risk identification and management
- climate scenario development and risk analysis methodologies
- additional climate-related metrics.

1. For further information, please refer to our 2022 Climate Change Report – **https://www.telstra.com.au/content/dam/tcom/about-us/community-environment/pdf/Telstra-Climate-Change-report-2022-Accessible.pdf**
2. In 2023, the ISSB published standards for general sustainability and climate reporting (IFRS S1 and S2 respectively). The Taskforce on Climate-related Financial Disclosures was subsequently disbanded by the Financial Stability Board (FSB). The FSB has asked the IFRS Foundation to take over monitoring of companies' climate-related disclosures.

## Our climate and nature strategy

Climate and nature are an integral component of our company's T25 strategy through the Responsible business pillar. Climate and nature are also considerations and drivers in other T25 pillars including Customer experience, Network and technology, and Growth and value. Three of the T25 Scorecard metrics relate to climate.

In addition, taking climate action, protecting nature and biodiversity and enabling the transition for our customers are all key pillars of the refreshed sustainability strategy which we launched in 2023[3]. The concentration of GHG in the atmosphere is the primary driver of our climate-related exposure[4]. The climate-centred areas of our sustainability strategy focus on driving down our own absolute emissions, supporting the decarbonisation of the Australian electricity grid (the major source of our operational emissions), and supporting decarbonisation for our customers, suppliers and the wider economy. The Enabling Positive Climate Action Report by Deloitte Access Economics found that, by 2030, we could help customers reduce or avoid emissions equivalent to almost seven times the emissions we release[5] through the use of our technology and connectivity solutions.

We recognise that our climate has changed and is continuing to change, and so we are working to understand current and future climate impacts and adapt to them. These strands are reflected in the targets we set and form the basis of our transition planning. In addition, we recognise that climate and nature are intrinsically linked, and we aim to protect biodiversity in the environments in which we operate and to harness technology to regenerate nature. We believe it is critical to take a whole-of-business approach to addressing our impact and improving nature-related outcomes in a climate changed world.

## Our climate targets and our progress towards them

| Target | Status[6] and progress during FY24 |
|---|---|
| **Reduce our absolute scope 1+2 emissions by at least 70% by 2030 (up from 50%), from an FY19 baseline (T25 Scorecard).** | ● (green) Reduced our combined scope 1+2 emissions by 37 per cent from an FY19 baseline. |
| **Reduce our absolute scope 3 emissions by at least 50% by 2030, from an FY19 baseline[7] (T25 Scorecard).** | ● (yellow) Reduced our scope 3 emissions by 37 per cent from an FY19 baseline[8]. |
| **Enable renewable energy generation equivalent to 100% of our consumption by 2025 (T25 Scorecard).** | ● (yellow) Achieved renewable energy generation equivalent to 27 per cent of our consumption.<br>Telstra has now contracted renewable energy generation equivalent to more than 100% of its forecast consumption at the end of 2025 (further detail below). |
| **Offset emissions from our operations.** | ● (green) Continued to offset the emissions from our operations during FY24, however from FY25 Telstra will no longer do so[9]. |
| **Net-zero greenhouse gas (GHG) emissions by 2050[10].** | ● (green) On track to meet net-zero[11] emissions by 2050. |

**Legend** ● On track for delivery ● Progress made but below target ● Not on track

3. See page 7 of our 2024 Bigger Picture Sustainability Report.
4. A higher concentration of GHG emissions in the atmosphere increases the likelihood, frequency and intensity of climate events which impact our network and operations. Responding to our changing climate and limiting GHG emissions is also the basis for key local and global policy conditions which Telstra must operate within.
5. https://www.telstra.com.au/content/dam/tcom/about-us/community-environment/pdf/telstra-enablement-report-digital.pdf
6. This reflects status against the end-state target, not FY24 interim targets – for example, for emissions reduction this reflects status towards our 2030 targets.
7. The Digicel Pacific acquisition was completed in FY23. Digicel Pacific has been excluded from Telstra's emissions reporting and targets in FY24 as we have not yet been able to compile data that aligns to the Greenhouse Gas Protocol and meets assurance standards. A multi-year program of education, capability and capacity building is in progress to uplift data quality and associated data management systems. In the interim, Telstra has reported Digicel Pacific emission estimates for FY24 and FY19 within our Bigger Picture Sustainability Report Data Pack. The GHG Protocol is used for calculating Telstra's scope 3 emissions.
8. This is ahead of the trajectory required to reach our target of 50 per cent by 2030, however there is still some risk relating to our scope 3 target – see page 36 for more details. In addition, in FY24, improved and more granular investment data allowed us to identify that one entity's emissions were duplicated in our scope 3 emissions reporting. As a result, category 15 and total scope 3 emissions differ from those reported in previous years.
9. From 1 July 2024 Telstra Group will no longer be offsetting the emissions from our operations through the use of carbon credits. We will continue to offset emissions associated with mobile phone plans and mobile broadband plans until 31 August 2024.
10. We are committed to achieving net zero greenhouse gas (GHG) emissions by 2050, through the Business Ambition for 1.5°C campaign. We are in the process of validating our science-based net-zero target to the Science Based Targets initiative (SBTi) Corporate Net-Zero Standard: https://sciencebasedtargets.org/net-zero
11. The science-based targets initiative (SBTi) net-zero standard (V1.2 March 2024) requires organisations to reduce absolute scope 1, 2 & 3 emissions by at least 90% by 2050. Companies may use carbon offset credits to neutralise any hard to abate residual emissions, but this is limited to no more than 5-10% of total emissions. We will therefore revisit our use of carbon credits as we approach 2050.

## Progress towards absolute emissions reduction targets

At the close of FY24, we had reduced our absolute scope 1+2 emissions by 37 per cent and our absolute scope 3 emissions by 37 per cent, both from an FY19 baseline. We track performance against our combined scope 1+2 emissions and scope 3 emissions separately. To date, progress towards these targets has not involved the use of carbon credits or renewable energy certificates (RECs). Our scope 1+2 reductions have been driven primarily by grid decarbonisation, as well as decommissioning legacy equipment and modernising our infrastructure and network through energy efficient hardware and software features. Since FY19 we have invested over $110 million in these programs, including $23 million ($17 million on decommissioning and $6 million on energy efficiency) in FY24. Since FY19 these investments have reduced our annualised energy consumption by 384,021 MWh and annualised emissions by 272,860 tonnes of carbon dioxide equivalent ($tCO_2e$). Based on current electricity prices, that would equate to around $70M in gross electricity savings and a net power consumption reduction of 20% across FY20 to FY24. To support our scope 1+2 target, we are continuing to prioritise programs which reduce our energy consumption and therefore reduce both our emissions and energy costs.

Our interim (2030) emissions reduction targets have been validated by the Science Based Targets Initiative (SBTi) as being aligned with the level of decarbonisation that would be required by Telstra to limit global temperature increase to 1.5°C compared to pre-industrial levels[12]. While our emissions reduction targets are not required by law or regulation, they do exceed the trajectory of Australia's Nationally Determined Contribution (NDC) to the Paris Agreement. Our targets apply to both Telstra Group's domestic and international operations, however our FY25 emissions target excludes Digicel Pacific given we are still uplifting data quality and associated systems for that subsidiary. Further information on Digicel Pacific climate data and considerations can be found on page 44.

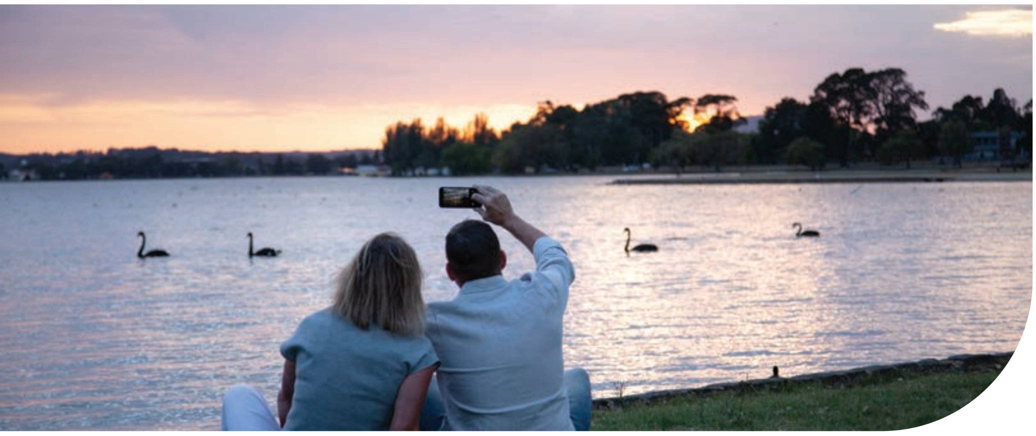
In June 2024 we announced a significant increase to our absolute scope 1+2 emissions reduction target, raising it from 50 per cent to 70 per cent by 2030 (from an FY19 baseline). We need to reduce our scope 1+2 emissions by a further 33 percentage points from FY25 to FY30 to achieve that increased target. We model and update our scope 1+2 emissions trajectory to 2030 regularly, taking account of actual monthly emissions, equipment decommissioning, energy efficiency project performance and anticipated business growth. Achieving our scope 1+2 emissions target will rely on continued grid decarbonisation as well as our own continuing efforts to decarbonise, particularly through decommissioning and energy efficiency. Our modelling indicates Australian grid decarbonisation is expected to contribute around two-thirds of the projected reduction in scope 1+2 emissions from FY25 to FY30. As a result, we model a range of grid decarbonisation scenarios, particularly those from the Australian Energy Market Operator (AEMO) Integrated System Plan[13].

We continued to make significant progress in reducing scope 3 emissions during FY24. However, there is still some risk to our 2030 scope 3 target, including from Digicel Pacific, expansion of low earth orbit (LEO) satellite services and other product growth. In addition, key suppliers may not decarbonise as quickly as expected.

**Telstra scope 1, 2 and 3 emissions data[14]**

| Telstra's emissions ($tCO_2e$[15]) | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 |
|---|---|---|---|---|---|---|
| Scope 1 total | 47,204 | 36,905 | 33,085 | 31,869 | 30,738 | 33,167 |
| Scope 2 total | 1,259,292 | 1,210,145 | 1,130,584 | 1,092,011 | 879,870 | 784,439 |
| Scope 3 total[16] | 2,562,585 | 2,273,151 | 1,785,033 | 1,776,038 | 1,823,949 | 1,604,094 |
| Scope 1+2 baseline reduction | – | 5% | 11% | 14% | 30% | 37% |
| Scope 3 baseline reduction[17] | – | 11% | 30% | 31% | 29%[18] | 37% |

12. Our absolute emissions reduction target has not been derived using a sectoral decarbonisation approach as an appropriate pathway is not yet available.
13. We model a range of AEMO grid decarbonisation scenarios to forecast Telstra's future emissions to 2030 including progressive change, step change and green energy exports scenarios.
14. The National Greenhouse Gas and Energy Reporting (NGER) determination is used for calculating Australian based scope 1 and 2 emissions, while the GHG Protocol is used for calculating Telstra's scope 3 emissions and international based scope 1 and 2 emissions.
15. Tonnes of carbon dioxide equivalent gases.
16. Scope 3 emissions inherently have higher levels of uncertainty, assumptions and estimation due to the indirect nature of much of the source data being collected (e.g. from suppliers), compared to scope 1 and scope 2 emissions where the majority of source data is captured directly from Telstra operations.
17. In FY24, improved and more granular investment data allowed us to identify that one entity's emissions were duplicated in our scope 3 emissions reporting. As a result, category 15 and total emissions differ from those reported in previous years.
18. In FY24, we identified and corrected an overstatement in the FY23 category 8 emissions total. An additional control has been implemented to mitigate the risk of this occurring again in future reporting periods.



## Progress towards enabling renewable energy generation equivalent to 100 per cent of our consumption

As one of Australia's largest electricity users, in 2020 we set a target to enable renewable energy generation equivalent to 100 per cent of our consumption by 2025. To meet this target, we are supporting the development of new Australian renewable generation capacity (such as solar parks and wind farms) through long-term renewable energy contracts (Power Purchase Agreements, or PPAs). By the end of FY24, the operational output of projects we support was equivalent to 27 per cent of our consumption.

During FY24 we signed a Power Purchase Agreement (PPA) for a new solar farm in Bundaberg, Queensland. That agreement is for 153 GWh per annum of renewable energy output to the electricity grid. We also contracted our seventh PPA, for the Glenellen Solar Farm in NSW, with expected renewable energy generation of 210 GWh per annum. We have now contracted renewable energy generation which, once fully operational, will be equivalent to more than 100 per cent of our forecast consumption by the end of 2025.

However, there is risk that the overall amount of renewable energy generated from our contracted projects may not meet 100% of our forecast consumption by the end of 2025. Utility-scale renewable projects have long lead times to become operational, with complexity in planning, supply chains, construction and grid connection. In addition, operational output may be impacted by faults, market and environmental conditions and electricity grid constraints. We will continue working to mitigate the risk to this target, including by further reducing our own energy consumption.

## Offsetting the emissions from our operations

Between FY20 and FY23, Telstra was certified carbon neutral in its operations under the Australian Government's Climate Active scheme. We will also be submitting certification materials for FY24. Over the course of FY24 we changed the language we use in relation to this certification, from being "carbon neutral in our operations" to "offsetting the emissions from our operations". This was to more clearly disclose our previous use of carbon credits to offset the residual emissions from our operations after our emissions reduction activities were accounted for.

However, from FY25 we will no longer be offsetting the emissions from our operations or seeking Climate Active certification. From the end of August 2024, we will also no longer market our products and services as carbon neutral or as having their emissions offset. As outlined above, our direct actions in reducing our absolute emissions are our most important climate metrics. Since 2020, the increase in extreme weather events and global temperatures approaching 1.5°C warming has emphasised the need for more urgent action. As a result, we believe that lifting our scope 1+2 emissions reduction target, and replacing our offsetting activity with accelerated decommissioning and energy efficiency activities, is the most impactful action we can take on climate change in the short term[19].

## Our nature metrics

At Telstra, we interact with nature every day – when we construct or maintain our telecommunications network, or when we provide technology solutions to customers. In FY24, we signed up as an early adopter of the recommendations of the TNFD[20]. We have begun to profile our interface with nature, capture the environmental assets we are dependent upon, and commence the evaluation of nature-related risks, opportunities and targets.

One of our nature dependencies is water. Our direct operations utilise freshwater to cool equipment in our data centres, as well as for air conditioning and direct consumption at our properties. While our water usage is not significant at an enterprise level, we are assessing the localised impacts of this dependency at our most water-intensive sites – with a particular focus on water stressed regions. Meanwhile, we continue to optimise water use at sites where equipment upgrades enable both water and electricity savings. In FY24, this included one additional upgrade, which means we now have six chilled water-cooling systems optimised with demand flow technology.

Water is also a nature dependency in our supply chain. The manufacture of semiconductors for devices and network equipment requires significant water use. The generation of electricity required to run our operations also depends on water. We plan to analyse our supply chain's dependencies and impacts on nature and biodiversity, including water, to provide a more detailed view on potential risks and opportunities across our value chain. We will provide comment on this risk in future disclosures.

While water is the most significant of Telstra's identified dependencies on nature, we have also identified risks and opportunities associated with our interactions with nature. One of these is the risk of environmental impact (such as harm to fauna or flora) during construction in environmentally sensitive areas. We track land impacted by our activities, revegetation of lands following our work, and compliance with the conditions of the environmental approvals we obtain at a project level.

19. For more information about these changes see **https://www.telstra.com.au/exchange/updating-our-climate-change-commitments**
20. As a TNFD early adopter we registered our intention to start making public disclosures aligned with the TNFD recommendations in 2024. Find out more here – **https://tnfd.global/engage/tnfd-adopters/**

**Telstra nature-related metrics**

| TNFD link | Metric | Disclosure[21] |
|---|---|---|
| **Dependency** | • Water withdrawal (dependency on water)<br>• Water consumption (dependency on water) | Sustainability Report Data Pack |
| **Impact** | • Waste generation and recycling metrics (impact on land use) | Sustainability Report Data Pack |
| **Risk** | • Any significant breaches of environmental regulation<br>• Outcomes of Telstra's annual re-certification to the International Standard ISO14001:2015 | Bigger Picture Sustainability Report |

We track other nature-related metrics internally, including at both enterprise level and project level where relevant. This includes environmental incidents and interactions, such as spills, maintenance, contamination and pests.

21. These disclosures can be found on our Reports page – https://www.telstra.com.au/sustainability/report

## Evaluating key exposures, opportunities, dependencies, impacts and mitigations

To improve our understanding of the climate-related risks to our business and supply chain, in 2020 we commenced a program which explored our exposure to physical acute and chronic climate hazards. Each year we have expanded and uplifted our analysis with the findings helping to shape targeted climate adaptation and mitigation activities.

Currently, around 35 per cent of our above ground network assets are exposed to one or more climate hazards, with this increasing to nearly 50 per cent in 2050 under our Changed Climate scenario (>4°C by 2100). While direct asset damage does result in capital expenditure, loss of mains power as a result of natural disasters is the primary climate-related impact we experience.

More intense and frequent climate hazards are being driven by the higher concentration of greenhouse gases in the atmosphere. Therefore, improving the power resilience of our network and reducing our absolute emissions are the foundations of our climate mitigation activities.

In FY24, we have begun work to understand the exposures, opportunities, dependencies and impacts of our business and operations on nature. We have identified six nature-related dependencies including freshwater and marine environments, land, atmospheric interactions, minerals and resources, renewable energy resources and ecosystem services. Our main impact on nature is via the construction and maintenance of our network assets, which can include assets on or near sensitive land, freshwater and marine ecosystems. While we have systems and controls in place to mitigate these, our future work will seek to further enhance these mitigations and to identify opportunities to leave more positive nature outcomes.

## Exploring physical climate hazards

We recognise our business, assets, people and the communities we serve are exposed to physical (acute and chronic[22]) and transition climate-related concerns. We also note the impact our operations have on nature and our responsibility to preserve the lands, oceans and waterways we interact with.

To aid our planning and strategic decision making we have undertaken climate scenario analysis to explore how our exposure to these climate-related hazards will change over short (<3 years), medium (3-10 years) and long term (>10 years) time horizons[23]. Our first physical climate hazard assessment, conducted between 2019-2020[24], explored how the vulnerability of over 14,000 above ground assets would change over time. Asset classes covered included mobile towers, exchanges, offices and subsea cable landing stations. Between 2020-2021[25] the assessment was expanded to capture over 20,000 assets. In FY22[26], we refined our approach to determining bushfire vulnerability, and in FY23[27] started to design the approach to assess Digicel Pacific's physical risk exposure. This year we have started work to better understand our exposure to floods, updated our approach to evaluating coastal climate hazards, begun the climate hazard assessment of our fibre network and commenced the climate vulnerability assessment of Digicel Pacific.

We assess Telstra's exposure under three scenarios:

- Accelerated Action – which limits global heating to less than 2°C by 2100
- Divided World – which models global heating to between 2-3°C by 2100
- Changed Climate – which sees global heating greater than 4°C by 2100.

We have assessed our exposure[28] to chronic temperature rise[29], bushfires[30], tropical cyclones[31], coastal inundation[32], coastal erosion[33] and intense rainfall events[34] at an asset level. The table below describes the proportion of our above ground assets exposed to one or more climate hazard under each of the tested scenarios.

### Proportion of above ground assets exposed to one or more climate hazards

| Climate scenario | % of assets exposed |
|---|---|
| Baseline | 35 |
| 2030 | 38 |
| 2050 – Divided World | 41 |
| 2050 – Changed Climate | 48 |

## Impacts of physical climate hazards

Our analysis has identified three significant climate-related impacts to our business based on vulnerability, likelihood and consequence of acute and chronic physical hazards:

- Direct damage to our assets and infrastructure
- Loss of mains electricity
- Financial impacts associated with service disruption payments[35].

Direct damage to our assets requires unplanned expenditure to complete repairs. Loss of mains electricity leads to increased expenditure to support the deployment and refuelling of backup power generators and temporary infrastructure. Both direct asset damage and loss of mains electricity can trigger financial impacts associated with service disruption payments.

22. Acute climate-related risks relate to discrete events such as a tropical cyclone or bushfire. Chronic climate-related risks are those associated with long-term changes to climate trends, such as increasing average annual temperatures or rising sea levels.
23. In FY24, we also developed a fourth scenario titled 'Rapid Progress', aligned to a 1.5°C world, to stress-test our resilience to short – and mid-term transition risks and identify growth opportunities – see the Exploring the risks and opportunities of a rapid transition to a low carbon economy section below for more information, as well as the Climate scenario development and FY24 methodology updates section for more details on the methodology and assumptions which underpin our physical climate hazard scenario analysis. We have not yet modelled physical climate hazards against the Rapid Progress (1.5°C) scenario because appropriate granular data aligned to that scenario is not currently available.
24. https://www.telstra.com.au/content/dam/tcom/about-us/community-environment/pdf/bigger-picture-2020-sustainability-report.pdf
25. https://www.telstra.com.au/sustainability/report
26. https://www.telstra.com.au/content/dam/tcom/about-us/community-environment/pdf/Telstra-Climate-Change-report-2022-Accessible.pdf
27. https://www.telstra.com.au/content/dam/tcom/about-us/investors/pdf-g/telstra-annual-report-2023.pdf
28. Determining climate hazard exposure requires the application of both historical observations and future climate projections. Additionally, thresholds which define vulnerability must also be determined. Each of these data points has its own degree of confidence. Our methodology is based on the guidance of the Climate Measurements Standards Initiative, https://www.cmsi.org.au/
29. An asset is identified as exposed if it experiences greater than 30 days per year above 35°C.
30. Bushfire exposure combined multiple data sources including fire weather (wind, temperature and humidity), vegetation, state defined bushfire prone areas and topography.
31. Limited to wind hazard only with exposure based on AS1170.2:2021.
32. Hazard exposure based on elevation above sea level and proximity to the coast.
33. Vulnerability to coastal erosion relates to proximity to areas of coastline experiencing greater than 5m of retreat per year.
34. Only high priority telephone exchanges were assessed with exposure based on shifts in the AEP of 24hr rainfall events.
35. We have not yet estimated potential ongoing impacts to revenue due to the impacts of climate change on our customers. We plan to provide an update to the market on this point in or before our FY26 disclosure.

In financial terms[36], we found the cost of asset loss and service disruption between now and 2030 under all three scenarios would average $44 million per annum, noting exposure will be non-linear. Between FY30 and FY50 the average financial impact ranged from $50 million per annum ($1.4 billion cumulatively) in the Accelerated Action scenario to $86 million per annum ($2.4 billion cumulatively) in the Changed Climate modelling. The current modelled average annual impact will not be financially material if it occurred in that manner, but multiple impacts in a year may be material[37].

We found service disruption payments had a greater material impact than asset damage in instances of acute events, accounting for between 74–78 per cent of total costs depending on the scenario. In addition, while our network has inherent redundancy, the mains electricity network, on which we are reliant, may not. Each year our assets experience around 90,000 failures of the electricity grid over which we have no control. Most of these outages do not result in a noticeable impact to our customers due to our power resiliency measures and inherent network redundancy. In FY24, as in previous years, the majority of network outages linked to a climate event were due to a loss of mains electricity, rather than direct damage to our assets.

Analysis of our key global suppliers found that our supply chain is vulnerable to disruption from the physical impacts of climate change now and into the future. There are locations and products where this risk is concentrated, such as east Asia. We mitigate these impacts by requiring our suppliers to have business continuity plans, having backup suppliers in different locations and holding critical stock on hand.

The outcomes of our scenario analysis help stress-test the working assumptions of our strategy and key climate exposures and opportunities.

## Exploring the risks and opportunities of a rapid transition to a low carbon economy

In FY24, we developed a fourth scenario titled 'Rapid Progress' which is aligned to a 1.5°C world. The aim of this new scenario is to stress-test our resilience to short – and mid-term transition risks and identify growth opportunities. Rapid Progress describes a world in which policymakers and markets deploy regulatory reform and funding to support the rapid transition to a low carbon economy.

Modelled between now and 2030, the scenario captures key pivot points, such as the introduction of mandatory climate reporting, expansion of TNFD, introduction of carbon border adjustment mechanisms and the formation of carbon trading blocs. The scenario follows the AEMO 'Step Change'[38] decarbonisation pathway for electricity grid supply and emissions intensity. This is a key consideration for Telstra as our network is reliant upon a stable, secure and cost-efficient electricity supply. We have also added Telstra specific elements including our climate targets, customer growth projections across our products and services, and anticipated technology reforms or advancements. This scenario has further highlighted the importance of our focus on network decommissioning, energy efficiency and power resiliency, as well as the opportunities for us to thrive in a low carbon economy given it will be driven by data and connectivity – for examples, see the Enabling positive climate action report[39].

## Building power and network resilience to keep communities connected

Failure of the mains electricity supply to our network sites continues to be our primary financial climate exposure, driven by the costs associated with enhancing network resiliency and service disruption payments. As climate events become increasingly widespread, frequent and intense, we continue to look for ways to improve our power independence and maintain connectivity for our customers when they need it most. The actions we take are formally captured under the Responsible business, Network and technology, and Customer experience pillars of our T25 strategy.

We have an ongoing program to improve battery life at our mobile network sites. The program focuses on battery replacement, power resilience and reliability using disaster risk data to prioritise battery replacement[40]. This is to enable our sites to operate through short term mains power interruptions. In FY24, we have invested nearly $60 million across more than 3,200 battery lifecycle replacement projects. This is in addition to our rollout of automatic transfer units to simplify the process of deploying portable generators at regional sites identified to be at high risk of extreme weather events. Separately from those investments, we will also be making additional decommissioning and energy efficiency investments as we redirect funding from the purchase of carbon credits from FY25 to FY30, to reduce our electricity consumption.

We are continuing to collaborate with local electricity network operators to support their deployments of standalone power systems (SAPs). Standalone power systems are used to provide decentralised mains power to remote communities. In this manner, long transmission lines are avoided, minimising exposure to storm damage and increasing power resiliency. Currently, two sites in Western Australia are serviced by SAPs, with a further 28 planned. Work has also commenced on the construction of the first of three SAP pilots in Queensland.

It is important to recognise that power resilience and electricity security is a complex challenge requiring collaboration and co-operation between end users (such as Telstra), electricity generators, transmission and distribution utilities, and State, Territory and Australian government agencies.
We cannot do this alone.

36. The figures quoted are based on FY22 analysis. We will be undertaking a full review of our methodology and assumptions in the coming year and will update the market on our projected climate-related cost impacts in our FY25 disclosure.
37. In calculating our financial exposure, we have made assumptions regarding the frequency of events which cause total or partial asset damage, and the frequency of events which result in a loss of service for each hazard under each scenario. Financial impacts due to service disruption are based on a combination of market share and population density data sourced from the Australian Bureau of Statistics (ABS). The cost of responding to chronic climate hazards, such as coastal inundation, have been applied linearly, however, we note the actual impacts may be non-linear. In addition, we are working to update the financial quantification based on the updates to our understanding of coastal climate hazards.
38. The Step Change scenario can be considered comparable to a 1.5°C aligned scenario when modelled alongside strong decarbonisation activities across other sectors, further information can be found on page 15. **https://aemo.com.au/energy-systems/major-publications/integrated-system-plan-isp/2024-integrated-system-plan-isp/current-inputs-assumptions-and-scenarios**
39. **https://www.telstra.com.au/content/dam/tcom/about-us/community-environment/pdf/telstra-enablement-report-digital.pdf**
40. Information on how we support customers affected by disasters can be found in the 'Creating a better digital world' chapter of our 2024 Bigger Picture Sustainability Report.

To further support communities across Australia, we are investing $7.5 million in the upgrade of 1,000 payphones in disaster prone areas, with 491 upgrades having been completed, all during FY24. Alongside free calls, the upgrades provide USB charging for personal devices, free Wi-Fi and have extended battery backup power to maintain connectivity.

### Embedding climate into our processes

In FY24, we have undertaken pilots to embed climate considerations into our annual planning, product development and procurement processes. We have developed an emissions forecasting tool which estimates the scope 2 emissions impacts of proposed major capital investment programs as part of annual financial planning. We can model impacts on an individual project and cumulative basis to provide line-of-sight to potential impacts on our scope 1+2 emissions trajectory. Through our FY25 annual planning around $1 billion of proposed capital investment has been screened via this process, and emissions impacts were refined with forecasted electricity consumption for material investments.

We have also embedded eco design requirements into the design and development process for new products, covering energy use as well as circularity and product packaging. Since FY21 our supplier code of conduct has set out the minimum standards of behaviour Telstra expects its suppliers to meet in relation to climate change. Building on this, in FY23 we launched a standard climate change clause to improve emissions data quality and reduce emissions. To date it has been included in 91 supplier contracts, representing over $3 billion of our FY24 spend. We work in partnership with CDP[41] to monitor supplier performance against our climate change clause and work collaboratively with suppliers to drive improvements.

The above programs are supporting our whole of business approach to climate and in FY24 our climate leadership was recognised by the CDP Climate Change Index awarding us an A rating, placing us in the top 1.6 per cent of responses globally[42].

## Nature

In FY24, we began to apply the TNFD's Locate, Evaluate, Assess and Prepare (LEAP) methodology to our Australian operations[43]. A cross-company nature working group identified how we interface with nature, captured the environmental assets we are dependent upon, and commenced the evaluation of nature-related risks and opportunities.

### Our nature-related dependencies and impacts

We have identified six key environmental assets on which our business depends:

- Water resources – freshwater is used by our direct operations to provide cooling for equipment in our data centres. Water is also heavily used by our upstream value chain in the manufacture of devices and network equipment.
- Land – our network requires access to both terrestrial land and marine environments to construct, operate and maintain our above ground assets, fibre network and subsea cable network.
- Atmospheric systems – our network is sensitive to changes in local weather and global climate systems. We operate active and passive cooling systems in many of our exchanges that account for, and where possible leverage, ambient temperatures to optimise energy consumption.
- Mineral, energy and other resources – resources such as precious metals and forestry products are required in the manufacture and distribution of network equipment and other physical goods and packaging in our upstream value chain.
- Renewable energy resources – we rely on renewable energy to directly power a small number of our sites, particularly in remote locations where connection to the electricity grid is difficult. As outlined above, supporting the deployment of large-scale renewable energy generation capacity is also one of our key climate-related targets.
- Ecosystem services – we revegetate land disturbed during construction to help protect our assets as root systems maintain soil integrity, providing a natural barrier to erosion.

41. CDP is a not-for-profit organisation that runs a global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. Telstra partners with CDP to engage our suppliers to account for and address their climate change impacts more effectively. We also disclose our own climate data to CDP.
42. Find out more here – https://www.cdp.net/en/companies/companies-scores
43. The scope of our detailed risk assessment in FY24 has been limited to our direct operations. In FY25, we plan to extend the analysis to consider impacts, dependencies, risks and opportunities in our value chain. Specifically, this will include consideration of the high-risk natural commodities we depend on, such as precious metals and other materials required in our network technology, infrastructure and devices. In FY24, we began to the work to align to the LEAP framework. We may need to realign our risk assessment process to better align with the LEAP framework in the future.

Our business also has the potential to positively and negatively impact on nature across the four nature realms:

| Impact drivers | | Impacts | Realms |
|---|---|---|---|
| **Network infrastructure – construction, maintenance & decommissioning** | – | Freshwater ecosystems damaged during construction or maintenance activities. | Freshwater |
| | – | Pollution or contamination from spills or contaminants released (such as diesel or hydraulic oils). | Ocean and freshwater |
| | – | Sedimentation of waterways from erosion, caused or exacerbated by land clearance or disturbance during our operations. | |
| | – | Damage to ecosystem services as a result of disturbance or land clearance activities (including underground and subsea). | Land and ocean |
| | – | Direct impacts on biodiversity (invasive species, accidental mortality, biological alterations, short term disturbances). | |
| | – | Spread of noxious weeds or pests during construction, maintenance or operational activities (increased risk of harm in environmentally sensitive areas or ecosystems). | |
| | + | Remote access tracks maintained to operate infrastructure become available for land and bushfire management. | Land |
| | + | Infrastructure on land and on the seafloor provide new habitats for flora and fauna. | |
| | – | Waste to landfill puts pressure on local waste services and reduces land availability for other uses and bushfire management. | |
| | +/– | Infrastructure on land and on the seafloor provide new habitats for flora and fauna. | |
| **Properties (data centres, exchanges & buildings) and operations** | – | Contribution to climate change as a result of emissions to the atmosphere. | Atmosphere |
| | – | Contamination or damage to ecosystem structures from wastewater released to freshwater ecosystems. | Freshwater |
| | – | Reduced freshwater availability for ecosystems or other uses (scarcity risk in water stressed regions). | |
| **Connectivity & device offering** | – | Visual amenity and cultural connection to sky impacted by satellite operations. | Atmosphere |
| | + | Connectivity services enable environmental monitoring and conservation efforts. | All |
| | + | Connectivity services enable people to access emergency services for support when working in remote locations, making environmental conservation efforts less risky. | |
| | + | Our technology and connectivity solutions enable customers to transition to a lower carbon economy, reducing emissions to atmosphere. | |

## Our nature-related risks and opportunities

All nature-related risks identified to date have been rated as low or medium. However, nature is likely to become a more material issue for Telstra and its stakeholders in the future, particularly as awareness increases and as corporates are increasingly encouraged to adopt the TNFD recommendations[44].

| Physical | |
|---|---|
| **Acute** | **Chronic** |
| Medium risk: Environmental harm, compliance breach or reputation damage associated with failure to operate as responsible stewards of the land we access and work on (on land and subsea). | Medium risk: Resource scarcity leading to increased cost of production of materials (such as those used in Telstra products or packaging). |
| Medium risk: Telstra infrastructure exposed to greater harm in the event of a natural disaster due to the degradation of surrounding ecosystems or ecosystem services. | Low risk: Our reliance on water for cooling, and the increased risk of water scarcity. |
| Medium risk: Telstra fleet vehicles contaminating ecosystems by assisting with spread of contaminates, invasive species or disease, particularly in sensitive ecosystems. | Low risk: We fail to capitalise on opportunities to enable and empower nature conservation efforts. |
| Medium risk: Wildlife or ecosystems harmed as a result of incidents involving Telstra vehicles (such as animal strikes or unauthorised land clearance). | Low risk: Repairing or building subsea cables, fibre networks or other infrastructure transfers pests and feral species across sites, leading to environmental degradation. |
| Low risk: Improper management of waste or wastewater causes negative impact on nature and biodiversity (e.g. fugitive emissions, leachate or increased space needed for landfill). | Low risk: Environmental harm from the cumulation of contaminants released long term. |
| Low risk: Low-earth orbit (LEO) satellites negatively impact on atmospheric/light pollution, either in use or at end of life. | Low risk: Pressure on natural resources as a result of over-consumption (packaging, products) – particularly for high-risk natural commodities. |
| Low risk: Potential for wildlife to damage infrastructure when habituating it for warmth, building nests or escaping natural disaster. | Low risk: Damage to infrastructure from long term habitation or interaction with animals, impacting service continuity. |
| Low risk: Spread of pests and feral species across physical infrastructure sites. | |
| Low risk: Hazardous chemicals (including diesel and other hydrocarbons) leaking into ecosystems, including ground and water systems. | |
| **Transition** | |
| Low risk: Improper installation of subsea cables in shallow waters impacts the public's interaction with nature, resulting in fines or reputational risk. | |
| Low risk: New restrictions are put in place regarding biodiversity or reporting that Telstra fails to suitably respond to (including reporting standards, resource restrictions, mandatory biodiversity certification and other legal requirements). | |
| Low risk: Increased nature-related requirements divert resources from priority programs of work. | |
| Low risk: Increased scrutiny and rising expectations from external stakeholders (investors, public, suppliers, partners and customers) on managing and disclosing nature-related risk. | |

**Legend**[45] Medium risk Low risk

44. This is a preliminary view of Telstra's nature-based risks. In future disclosures we will condense and prioritise based on materiality. TNFD risk is categorised into categories: Physical or Transition risk, and then Acute or Chronic risk. More information on TNFD defined risks can be found in the 2024 Bigger Picture Sustainability Report Glossary.
45. The criteria for determining low/medium risk are taken from our Enterprise Risk Framework.

## Understanding our nature-related opportunities

Technology can play a pivotal role in the protection, conservation and regeneration of nature. For us, this includes:

- Connectivity services that can enable technology solutions to be deployed into environments that require protection.
- Technology solutions, such as IoT devices used by our agritech partner company FarmBot, can be leveraged to monitor and more efficiently manage natural resources such as water use, water quality and waste.
- Leveraging our interface with nature, including our infrastructure, properties and field workforce, to improve local biodiversity and ecosystem outcomes.
- The ability to engage, educate and empower customers, suppliers and partners to improve nature outcomes.
- Leveraging nature-based solutions to build resilience to the impacts of climate change.

## Our interactions with sensitive locations

We have over 20,000 above ground assets connected by 250,000 km of underground fibre cable, with a further 14,000 km in progress as part of the inter capital fibre program. These assets provide connectivity across a land area of 2.6M km$^2$.

Over 22 per cent of Australia's landmass is protected under the National Reserve System[46] (NRS). Made up of more than 14,000 individual areas, the NRS defines protected land under seven categories including Strict Nature Reserves, Wilderness Areas, National Parks, Natural Monuments, and Protected Landscape or Seascape. To start to understand our network's interactions with protected lands we have identified where our network assets meet NRS areas. We found 1.3 per cent of our Australian fibre network and 2.5 per cent of our above ground assets are in protected land areas such as National Parks or Indigenous Protected Areas. In addition, we have ownership in international subsea cable networks which span more than 400,000 km, interacting with deep and shallow water ocean ecosystems. Telstra's assets cross many of the TNFD-aligned biomes, including tropical-subtropical forests, savannas and grasslands and deep seas[47]. In FY25, we will continue to assess our asset portfolio to identify priority and material locations as defined by the TNFD.

## Working with First Nations communities

Telstra recognises the long history of First Nations People's knowledge of connection to and experience with nature-based solutions across Australia. Our First Nations Directorate is a member of our nature working group and an intrinsic part of our work in nature and biodiversity.

Since 2013 Telstra has engaged First Nations businesses and contractors to manage the grounds maintenance at many remote sites through the Indigenous Workforce Program (IWP) – 2,630 in FY24. The program is delivered across Queensland, the Northern Territory and Western Australia with local partners. The program utilises First Nations expertise to alleviate nature-based pest issues at towers and other infrastructure, combatting the spread of high impact pests like fire ants, managing other feral pests, rehabilitating land and controlling noxious weeds. The IWP is one of the actions in our Reconciliation Action Plan, which can be found on our Reports page.

# Digicel Pacific

## Digicel Pacific's climate exposures

In FY23 we finalised the acquisition of Digicel Pacific, the largest mobile operator in the South Pacific spanning six countries – Papua New Guinea, Fiji, Samoa, Tonga, Vanuatu and Nauru. With thousands of above ground infrastructure assets spread across a broad range of locations, many with challenging access considerations, network resilience in the face of our changing climate is a key risk. The Pacific region is also climatically diverse, with several macro climate systems converging in the area. As such, the analysis, assumptions and conclusions drawn from the physical climate hazard analysis of our Australian operations cannot be applied to Digicel Pacific.

In FY24, we commenced a program to develop a deeper understanding of the physical climate characteristics which drive network exposure in the region and identify the vulnerabilities which are unique to our Digicel Pacific operations. Our analysis started with a review of available climate-related data sources, both historic observations and future climate projections in the region under our Changed Climate (>4°C) global heating scenario. We found that, broadly speaking, the intensity and frequency of key climate hazards, including wildfires, tropical cyclones, intense rainfall events, coastal erosion and droughts, will increase between now and 2050. We are continuing to work through these initial findings[48] and our next steps will be focused on the quantification of climate impacts and identifying mitigation and adaptation pathways to support greater power resilience.

## Digicel Pacific scope 1, 2 and 3 emissions data

Digicel Pacific emissions have been excluded from Telstra Group's emissions reporting and targets in FY24 as we have not yet been able to compile data that aligns to the GHG Protocol and meets assurance standards. A multi-year program of education, capability and capacity building is in progress to uplift data quality and associated data management systems. Estimates of Digicel Pacific's FY19 baseline and FY24 scope 1, 2 and 3 emissions are listed in the table below.

### Digicel Pacific greenhouse gas emissions data

| Digicel Pacific emissions ($tCO_2e$)[49] | FY19 | FY24 | % change from baseline |
|---|---|---|---|
| Scope 1 total | 13,858 | 20,599 | +48% |
| Scope 2 total | 16,710 | 40,452 | +142% |
| Scope 3 total | 109,360 | 133,617 | +22% |
| Total | 139,929 | 194,668 | +39% |

46. https://www.dcceew.gov.au/environment/land/nrs/science/protected-area-locations
47. Information on the definition of the biomes in relation to the TNFD can be found at https://global-ecosystems.org/explore
48. We plan to detail these findings in our FY25 climate disclosure.
49. The National Greenhouse Gas and Energy Reporting (NGER) determination is used for calculating Australian based scope 1 and 2 emissions, while the GHG Protocol is used for calculating Telstra's scope 3 emissions and international based scope 1 and 2 emissions.

## Governance of climate and nature-related matters

Our governance approach is structured to enable effective oversight and timely decision-making regarding climate and nature-related issues between the Board, the CEO and the leadership team (CEOLT), other relevant executives and functional teams. In FY24, we incorporated nature-related considerations into these governance processes, and the relevant charters which support them, in line with the TNFD recommendations. This included a Board education session, starting work to consider nature in relation to strategy and accountabilities, and reporting every six months on environment risk (including significant operational impacts on nature) to the Audit and Risk Committee.

In FY24, we also updated our Environment Policy to more clearly include nature and biodiversity requirements. Roles and responsibilities for overseeing, assessing and managing climate and nature-related issues are summarised below:

| | Description | | Key climate and nature responsibilities |
|---|---|---|---|
| **Oversight** | **Board** | Oversees Telstra Group's approach to Environment, Social and Governance issues including approving key external environmental targets and selected environmental disclosures.<br><br>Comprised of nine members with a diverse range of skills[50] and experience including environment, social and governance and risk management. | Approves key external environment targets and selected environment disclosures, including IRFS 2 and TNFD reporting. |
| | **Audit and Risk Committee (ARC)** | Oversees the design and implementation of Telstra's risk management framework.<br><br>Reviews and monitors the Group's ESG performance and considers significant issues relating to ESG including reviewing reports from management on the Group's climate and nature-related risks and risk management plans to deal with those risks.<br><br>Makes recommendations to the Board on key environmental targets and selected environmental disclosures, including IFRS S2 and TNFD disclosures. | Provide recommendations to the Board, for its approval on key external environment targets and selected environment disclosures, including IFRS S2 and TNFD reporting, and on changes to risk appetite set by the Board. In FY24, climate and nature-related topics presented included: greenwashing, nature and biodiversity, carbon credits and external positioning of our climate activities, and emerging mandatory reporting standards for climate. |
| **Strategy and Management** | **CEO Leadership Team** | The CEO and their senior leadership team including the CFO make up the CEOLT and hold ultimate accountability over the effectiveness of risk management in the company. | Review quarterly updates on climate and nature-related risks from the Sustainability Executive and Environment Executives Group (EEG). Deliver management decisions and oversight in relation to Telstra Group's sustainability strategy to effectively manage climate and sustainability risk within risk appetite. |
| | **Sustainability Executive** | Provides day-to-day management of nature and climate-related activities, risks, opportunities, dependencies and impacts. | Chairs the monthly Environment Executives Group and reports key progress and recommended actions to the CEOLT and ARC. |
| | **Environment Executives Group (EEG)** | Meeting monthly, the EEG is attended by functional leads from across the business to discuss environment, nature and climate-related matters. | Determine climate and nature ambition and key priorities. Oversee execution of management decisions on climate and nature-related matters within function areas, identify resourcing and capability requirements and provide function specific climate and nature-related recommendations to the CEOLT. |
| | **Sustainability Centre of Expertise (CoE)** | Reporting to the Sustainability Executive, the Sustainability CoE is a team of subject matter experts (including climate and nature) who liaise with internal and external stakeholders. | Accountable for the design and delivery of the sustainability strategy. Provide cross function support, education and capacity building on climate and nature-related matters. Monitor and prepare disclosures and mandatory sustainability reporting. Input into consultations with external bodies and agencies. |
| | **Other governance forums** | Governance forums to bring together delivery leads, risk owners, subject matter experts and other stakeholders to lead specific components of the sustainability strategy. | Provide leadership, recommendations and guidance for the management of individual climate and nature-related targets such as scope 1+2 emissions reduction, network waste recycling or forums that manage biodiversity risks including pollution, invasive species and other risks. Oversee execution risk specific management actions and policies. |
| | **Working Groups** | Specialist project groups which bring together cross function representatives and subject matter experts to progress actions towards our nature and climate targets, manage nature and climate-related risks, and develop internal capability and expertise. | Deliver project specific aims and objective, report on progress and provide recommendations to the EEG, including resourcing and training requirements.<br><br>In FY24, a Nature and Biodiversity working group was formed, tasked with identifying and assessing existing and emerging nature and biodiversity issues to form our first nature and biodiversity register of risks and opportunities. |

50. The Board utilises a skills matrix to assist it in maintaining an appropriate and diverse mix in its membership with skills and experience relevant to its areas of focus. The current skills matrix can be found in our Corporate Governance Statement.

This approach embeds climate and nature considerations and accountabilities at every level of our business and supports the design and implementation of function-specific management procedures, policies and key decision making points, such as considering climate considerations in our mergers and acquisitions process. Our working group structure allows input into our sustainability strategy (including climate and nature) from a diverse range of stakeholders including Regional Affairs, the Telstra Foundation, Telstra's First Nations Directorate and human rights subject matter experts (SME). A range of strategy, framework, process, reporting and policy documents support the governance of climate and nature-related issues. These include our Board[51] and ARC[52] charters, Corporate Governance Statement[53], Enterprise Risk Management Framework, Environment Policy[54], Modern Slavery Statement[55] and Human Rights Policy[56]. Application to our controlled and non-controlled entities is detailed in our Group Governance and Operating Model and Subsidiary Governance Model.

### Our approach to advocacy on climate and environmental matters

We advocate on climate and nature matters directly and indirectly with Government and industry. This includes through bilateral engagement with regulators, submitting responses on policy development in industry consultation, contributing to the policy work of industry groups aligned with our goals and by responding to regulatory initiatives, business developments and market practices. Many industry associations engage on a broad range of issues and as a result our views on individual issues may differ from other industry association members from time to time. If a significant difference in views occurs that is material to our business, we will consider a range of steps to manage this situation. For more information on our approach to advocating on environment policy and our principles for engaging industry associations on those matters see our Environment Advocacy paper[57].

## Risk identification and management

Climate and nature-related risk is identified, assessed and managed in accordance with our Enterprise Risk Management Framework, aligned to international standard ISO 31000:2018.

New and emerging climate and nature-related dependencies, risks, impacts and opportunities are typically first identified by monitoring internal and external risk drivers. External drivers include the evolving science, legislative reform and industry standards. Internal drivers include customer and stakeholder feedback, climate and nature impacts on business operations, environmental incident and compliance data and monitoring progress towards our strategic commitments.

Guidance on environment risk appetite and prioritisation is sought from the Board, ARC, CEOLT, Sustainability Executive, EEG members and other Executives with relevant accountabilities. Findings feed into the continual review and reassessment of environmental risk in the Enterprise risk system. As outlined in our Corporate Governance Statement, risks are managed in accordance with our 'three lines of defence' accountability model.

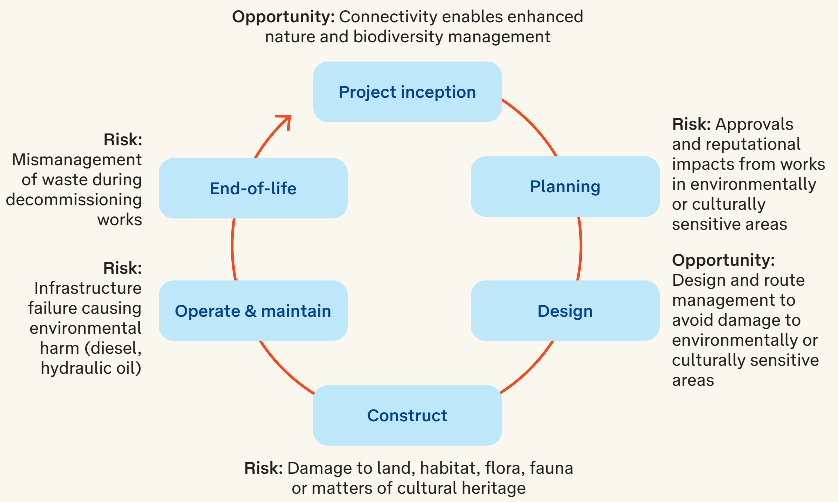
We also conduct a sustainability materiality assessment each year to prioritise topics of greatest significance from both a community impact and risk perspective, considering stakeholder perceptions and priorities. More information on our FY24 materiality assessment can be found on our Reports page[58]. The sustainability materiality assessment, along with risk ratings and scenario analysis outcomes, are all used to prioritise climate and nature-related risks and risk management activities.

### Maturing our understanding of nature and biodiversity risk

In FY24, we conducted our first dedicated nature and biodiversity risk assessment to identify and profile the ways in which we currently depend on, and impact, nature across the organisation. The outcomes of this assessment are being integrated into the Enterprise Risk Management System where risks of environmental harm, compliance breach or reputational damage are considered as material. The Risk Management System enables risk and risk control owners to manage and report on risk exposure and control sufficiency.

The figure below provides an example of how this assessment was conducted to identify key risks and opportunities across the lifecycle of our network infrastructure business, where the most significant interactions between our direct operations and nature exist.

**Key nature and biodiversity risks and opportunities across the infrastructure lifecycle**




51. https://www.telstra.com.au/aboutus/investors/governance-at-telstra/documents-charters
52. https://www.telstra.com.au/aboutus/investors/governance-at-telstra/documents-charters
53. https://www.telstra.com.au/aboutus/investors/governance-at-telstra/documents-charters
54. https://www.telstra.com.au/content/dam/tcom/about-us/community-environment/pdf-e/Environment-Policy.pdf
55. https://www.telstra.com.au/sustainability/report
56. https://www.telstra.com.au/content/dam/tcom/about-us/investors/pdf-g/telstra-human-right-policy.pdf
57. https://www.telstra.com.au/sustainability/report
58. https://www.telstra.com.au/sustainability/report

The scope of our detailed risk assessment in FY24 has been limited to our direct operations. We are extending the analysis across our value chain to consider risks in our upstream and downstream operations. This will include consideration of the high-risk natural commodities we depend on, such as precious metals and other materials required in our network technology, infrastructure and devices.

### Managing operational nature-related risks

Nature and biodiversity risks are managed as part of an integrated environmental management system which is certified to ISO14001:2015 Environmental Management Systems Standard. Minimum expectations and standards are defined in Telstra's Health, Safety, Wellbeing & Environment (HSWE) Management System Standards. Underpinning these Management System Standards are a series of risk-specific standards and an International Standard, which apply where Telstra Group operates (including wholly owned subsidiaries and controlled entities). Telstra verifies compliance through a number of avenues, such as onboarding HSWE assessments, supplier assurance activities and incident response corrective action plans.

Construction, infrastructure maintenance and network operations have the greatest exposure to biodiversity risks. Where required, functions or project teams develop specific management systems and plans to address these risks. These may include additional controls or compliance obligations for construction activities. Conformance to the Environment Policy and HSWE Management System obligations is tested through internal and external assurance, with oversight by the Safety, Security and Wellbeing group. Environmental incidents (such as unauthorised access or clearance of land, spills, inappropriate management of waste, or animal strikes) are reported in Telstra's incident management system Donesafe. Environmental risk indicators (such as progress towards achieving environmental targets, environmental audit outcomes and compliance measures) are also monitored through the Enterprise Risk Management Framework by both the ARC and management to confirm whether we remain within risk appetite.

Under our Supplier Code of Conduct, we expect suppliers to implement an environment management system that conforms to a recognised standard such as ISO14001:2015. We also assess potential environmental impacts of projects during the supplier risk assessment and at contract tender phase. Where risks are identified, we work with suppliers to implement appropriate risk controls and monitor these during the term of the contract.

## Climate scenario development and FY24 methodology updates

In 2020, supported by independent experts, we developed our first three climate scenarios to explore how our physical and transition climate-related risks and opportunities would change over time. Our scenarios combine emissions projections via representative concentration pathways (RCPs) which model global heating, and socio-economic pathways (SSPs) which describe trends in population, consumption, economic growth, behaviour and technology.

The nature of our network means it is, and will continue to be, exposed to physical climate hazards. In our selection of climate scenarios, we wanted to stress-test our networks resiliency across a range of physical climate outcomes to better inform our adaptation and mitigation actions. Therefore, our SSP selection was based on aligning socio-economic conditions with the physical climate outcomes of RCP 2.6, 4.5 and 8.5, which align to an increase in global mean surface temperature[59] of <2°C, 2-3°C and >4°C respectively. Our scenarios are based on the SSPs described by the Intergovernmental Panel on Climate Change's expert working group[60]. Key Australian data sources include AEMO grid decarbonisation forecasts and Australian national outlooks developed by the Commonwealth Scientific and Industrial Research Organisation.

### Expanding our understanding of flood events

Of acute physical climate hazards, flooding is anticipated to have the highest economic cost in Australia[61]. Flooding is a location-specific hazard, the extent and subsequent impacts of a flood event are highly variable, and no two flood events (even in the same location) will result in the same outcome. Modelling of flood vulnerability is therefore complex and requires consideration of inputs such as catchment area, topography, geology, land use, soil saturation, rainfall intensity and any mitigation measures. Our previous analysis described as 'urban flash-flooding' was limited in scope and only explored the change in 24-hour annual exceedance probability (AEP) at a small sample of high priority assets[62]. We now refer to this analysis as 'intense rainfall events'. We recognise that improving our understanding of network flood exposure is vital to building network resilience and supporting service continuity to communities during flood events. In FY24, we partnered with FloodMapp[63] to develop a methodology for incorporating climate change into at-scale flood modelling capability.

### Updating our approach to coastal climate hazards

Coastal climate hazards can be split into two categories, inundation and erosion. Inundation occurs when salt water ingresses an area, while coastal erosion occurs when tides, storm surges and rain events destabilise sand, sediment and shale-based geologies, resulting in landslips and subsidence. Impacts from both hazards are exacerbated by rising sea levels and more frequent storm activity. Our original approach to exploring network exposure to coastal inundation from rising sea levels used high-level assumptions based on an asset's height above sea level and proximity to the coast and we did not consider coastal erosion.

In FY24 we have revised our approach to coastal inundation, narrowing the vulnerability criteria to capture above ground assets within 250m of the coastline and with an elevation of less than 10m above sea level. We have also included fibre assets in this analysis. The analysis found 1.9 per cent of our above ground assets and 1.6 per cent of our fibre network were found to be exposed[64]. Additionally, we identified a dataset from Geoscience Australia[65] which captures the observed average annual rate of coastal growth or retreat. We found a single site and its supporting fibre located in close proximity to an area of the coast experiencing greater than 5m of retreat per year.

59. As of 2100, temperatures reference an increase on pre-industrial levels.
60. https://www.ipcc.ch/report/sixth-assessment-report-working-group-3/
61. https://www.deloitte.com/content/dam/assets-zone1/au/en/docs/services/economics/deloitte-au-economics-abr-natural-disasters-061021.pdf
62. For more information see page 35 of the Telstra Climate Change Report 2022 at https://www.telstra.com.au/content/dam/tcom/about-us/community-environment/pdf/Telstra-Climate-Change-report-2022-Accessible.pdf
63. https://www.floodmapp.com/
64. We are in the process of updating the financial quantification to reflect this change with results to be published in 2025.
65. https://knowledge.dea.ga.gov.au/data/product/dea-coastlines/?tab=overview

## Additional climate metrics

### Remuneration linked to climate

Remuneration for our executives and most of our employees includes a variable component linked to performance against a range of companywide targets and personal objectives. In FY24, the selected company objectives included our absolute scope 1+2 and scope 3 emissions reduction targets. For our senior executives, 5 per cent of the Executive Variable Remuneration Plan (EVP) was linked to performance against our targets. For most other employees[66], 5 per cent (Bands A-1) and 7.5 per cent (Bands 2-4) of their Short Term Incentive scorecard was also linked to performance against those targets. More information on the FY24 EVP can be found in the Remuneration Report. In addition to those company objectives, some executives and employees with climate-related accountabilities have climate-related outcomes incorporated in their personal objectives and hence variable remuneration is directly tied to those outcomes. At this stage we do not link remuneration to nature-related outcomes.

### Other climate and industry-specific metrics

**IFRS S2 Appendix B industry-based disclosure requirements: Volume B59 Telecommunications Services**

| Metric | Value |
|---|---|
| **Total energy consumed[67]** | 4,884,854 GJ |
| **Grid electricity percentage[68]** | 89.35% |
| **Renewable electricity percentage[69]** | 0.90% |
| **Transport and Stationary fuel percentage** | 9.75% |
| **Total network traffic (Australia)** | 22,654 PB |

**Telstra scope 3 emissions ($tCO_2e$) by category (FY24)**

| Category | $tCO_2e$ | Category | $tCO_2e$ |
|---|---|---|---|
| **Scope 3 total (aligned to GHG protocol)[70]** | 1,604,094 | **Cat 8: Upstream leased assets** | 50,204 |
| **Cat 1: Purchased goods and services** | 758,358 | **Cat 9: Downstream transportation and distribution** | 10,526 |
| **Cat 2: Capital goods** | 433,717 | **Cat 10: Processing of sold products[71]** | n/a |
| **Cat 3: Fuel and energy-related emissions** | 96,420 | **Cat 11: Use of sold products** | 130,852 |
| **Cat 4: Upstream transportation and distribution** | 29,975 | **Cat 12: End-of-life treatment of sold products** | 645 |
| **Cat 5: Waste generated in operations** | 2,364 | **Cat 13: Downstream leased assets[72]** | n/a |
| **Cat 6: Business travel** | 5,418 | **Cat 14: Franchises[73]** | n/a |
| **Cat 7: Employee commuting** | 48,804 | **Cat 15: Investments** | 36,811 |

66. Telstra Group employees eligible for a Short Term Incentive, other than those working in Amplitel, Belong and Telstra Health.
67. This is the total volume of energy Telstra consumed across all energy sources.
68. Percentage of our total energy consumed which is sourced from grid electricity.
69. Percentage of our total energy consumed which is sourced from on-site renewable energy generation.
70. The GHG Protocol is used for calculating Telstra's scope 3 emissions.
71. Not applicable as Telstra does not sell products for the purposes of further processing.
72. Telstra has deemed this category as not relevant under the GHG protocol.
73. Telstra does not franchise stores.

# Directors' Report

# Directors' Report

In accordance with a resolution of the Board, the Directors present their report on the consolidated entity (referred to as we, us, our, Telstra or the Telstra Group) consisting of Telstra Group Limited (the Company or the Telstra Entity) and the entities it controlled at the end of, or during, the year ended 30 June 2024. Financial comparisons used in this report are of results for the year ended 30 June 2024 compared with the results for the year ended 30 June 2023.

The historical financial information included in this Directors' Report has been extracted from the audited Financial Report accompanying this Directors' Report.

## Principal activity

Our principal activity during the financial year 2024 was to provide telecommunications and information services for domestic and international customers. There has been no significant change in the nature of this activity during the year.

## Review and results of operations

Information on the operations and financial position for the Telstra Group is set out in the Operating and Financial Review (OFR), comprising the Chair's message, CEO's message, FY24 highlights, FY24 financial performance, Strategy and performance, Our material risks, Outlook and Full year results and operations review sections accompanying this Directors' Report.

## Dividend

The objectives of our capital management framework are to maximise returns for shareholders, maintain financial strength and retain financial flexibility. The objectives of our capital management framework are supported by the following principles:

1. Committed to balance sheet settings consistent with an A band credit rating
2. Maximise fully franked dividend and seek to grow over time[1]
3. Ongoing business-as-usual capex of ~$3 billion per annum excluding spectrum[2]
4. Invest for growth and return excess cash to shareholders.

On 15 February 2024, the Directors resolved to pay a fully franked interim dividend for the financial year 2024 of 9 cents per share.

On 15 August 2024, the Directors resolved to pay a fully franked final dividend for the financial year 2024 of 9 cents per share ($1,040 million). The record date for the final dividend will be 29 August 2024, with payment to be made on 26 September 2024. Shares will trade excluding entitlement to the final dividend on 28 August 2024.

Further information regarding the financial year 2024 dividends is set out in the Full year results and operations review accompanying this Directors' Report.

The Board determined that the Dividend Reinvestment Plan (DRP) will continue to operate for the final dividend for the financial year 2024. The election date for participation in the DRP is 30 August 2024.

1. The dividend is subject to no unexpected material events and is subject to Board discretion having regard to financial and market conditions, business needs and maintenance of financial strength and flexibility consistent with Telstra's capital management framework.
2. Capex is measured on an accrued basis and excludes spectrum and guidance adjustments, externally funded capex, and capitalised leases.

Dividends paid during the year were as follows:

| Dividend | Date resolved | Date paid | Fully franked dividend per share | Total dividend ($m) |
|---|---|---|---|---|
| Total final dividend for the year ended 30 June 2023 | 17 August 2023 | 28 September 2023 | 8.5 cents | 982 |
| Total interim dividend for the year ended 30 June 2024 | 15 February 2024 | 28 March 2024 | 9.0 cents | 1,040 |

## Significant changes in the state of affairs

There were no significant changes in the state of affairs of Telstra during the financial year 2024.

## Business strategies, prospects and likely developments

The OFR sets out information on Telstra's business strategies and prospects for future financial years, and refers to likely developments in Telstra's operations and the expected results of those operations in future financial years. Information in the OFR is provided to enable shareholders to make an informed assessment of the business strategies and prospects for future financial years of the Telstra Group. Detail that could give rise to likely material detriment to Telstra (for example, information that is commercially sensitive, is confidential or could give a third party a commercial advantage) has not been included. Other than the information set out in the OFR, information about other likely developments in Telstra's operations and the expected results of those operations in future financial years has not been included.

## Events occurring after the end of the financial year

The Directors are not aware of any matter or circumstance that has arisen since the end of the financial year that, in their opinion, has significantly affected, or may significantly affect in future years, Telstra's operations, the results of those operations or the state of Telstra's affairs, other than:

- the final dividend for the financial year 2024 and that the DRP will operate in respect of that dividend
- the acquisition of the remaining 30 per cent in Power Health.

Refer to note 7.5 to the financial statements in our 2024 Financial Report for details.

## Details of Directors and executives

The changes to the Directors of the Company during the financial year 2024 and up to the date of this report were:

John P Mullen retired as a non-executive Director and Chair of the Board on 17 October 2023. Mr Mullen (BSc) joined the Board in July 2008 and served as Chair of the Board and Nomination Committee from April 2016. He also served as Chair of the People and Remuneration Committee from 2009 to 2016.

Information about our Directors and Senior Executives is provided as follows:

- names of our current Directors and details of their qualifications, experience, special responsibilities, periods of service and directorships of other listed companies are set out in the Board of Directors section accompanying this Directors' Report
- details of Director and Senior Executive remuneration are set out in the Remuneration Report, which forms part of the Directors' Report.

## Board and Committee meeting attendance

Details of the number of meetings held by the Board and its Committees during financial year 2024, and attendance by Board members, are set out below:

| | Board | | | | Committees[3] | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Scheduled meetings | | Unscheduled meetings | | Audit and Risk | | Nomination | | People and Remuneration | |
| | a | b | a | b | a | b | a | b | a | b |
| John Mullen[2] | 3 | 3 | 1 | 1 | - | - | 1 | 1 | - | (1) |
| Craig W Dunn[2] | 11 | 11 | 3 | 3 | 11 | 11 | 4 | 4 | - | (3) |
| Vicki Brady | 11 | 11 | 3 | 3 | - | (11) | - | (4) | - | (4) |
| Eelco Blok | 11 | 11 | 3 | 3 | - | (1) | 4 | 4 | - | - |
| Maxine Brenner | 11 | 11 | 3 | 3 | 11 | 11 | 4 | 3 | - | (1) |
| Roy H Chestnutt | 11 | 11 | 3 | 3 | 11 | 11 | 4 | 4 | - | - |
| Ming Long | 11 | 11 | 3 | 3 | 11 | 11 | 4 | 4 | 4 | 4 |
| Bridget Loudon | 11 | 10 | 3 | 2 | - | (1) | 4 | 4 | 4 | 4 |
| Elana Rubin | 11 | 11 | 3 | 3 | - | (1) | 4 | 4 | 4 | 4 |
| Niek Jan van Damme | 11 | 11 | 3 | 3 | - | (1) | 4 | 4 | 4 | 4 |
| **Total meetings held** | **11** | | **3** | | **11** | | **4** | | **4** | |

Column a: number of meetings held while a member. Column b: number of meetings attended.
1. Committee meetings are open to all Directors to attend. Where a Director has attended a meeting of a Committee of which he or she was not a member, this is indicated by ( ).
2. John Mullen retired as Chair and Director on 17 October 2023. Craig Dunn, a director since 2016, succeeded as Chair on 17 October 2023.
3. From time to time the Board establishes ad hoc Committees to support the Board in carrying out its responsibilities. Details of these ad hoc Committees have not been included in the table.

## Director shareholdings in Telstra

Details of Directors' shareholdings in the Company as at 15 August 2024 are shown in the table below:

| Director | Number of shares held[1] |
|---|---|
| Vicki Brady[2] | 1,282,367 |
| Eelco Blok | 75,000 |
| Maxine Brenner | 28,750 |
| Roy H Chestnutt | 73,766 |
| Craig W Dunn | 96,047 |
| Ming Long | 51,589 |
| Bridget Loudon | 12,500 |
| John Mullen[3] | 126,159 |
| Elana Rubin | 89,830 |
| Niek Jan van Damme | 77,000 |

1. The number of shares held refers to shares held either directly or indirectly by Directors as at 15 August 2024. Shares in which the Director does not have a relevant interest, including shares held by the Directors' related parties (including relatives), are excluded. Refer to the Remuneration Report tables for total shares held by Directors and their related parties directly, indirectly or beneficially as at 30 June 2024.
2. Vicki Brady also holds 1,165,245 Performance Rights as at the date of this report.
3. The number of shares disclosed is the number held as at the date of cessation as a Director.

## Group Company Secretary

**Sue Laver BA, LLB (Hons) (Monash), GAICD, FGIA**
Sue was appointed Company Secretary of Telstra Corporation Limited effective 1 February 2018 and of Telstra Group Limited effective 31 May 2021.

Sue is a senior legal and governance professional with over 25 years' experience advising senior management and boards. Sue reports to the board and her duties include continuous disclosure compliance, corporate governance and communication with Telstra's around 1.1 million shareholders.

Sue joined Telstra in 1997 and has served in senior legal roles throughout the company including as Deputy Group General Counsel, and General Counsel roles across Telstra including: Dispute Resolution, HR, Finance, Risk and Compliance, Media and Telstra Country Wide.

## Directors' and officers' indemnity and insurance

**(a) Constitution**
The Company's constitution contains permissive provisions allowing it to indemnify, to the maximum extent permitted by law:

- certain officers of the Company and its related bodies corporate (Telstra Officers), for any liability and legal costs which they may incur in that capacity;
- certain employees of the Company and its related bodies corporate (Telstra Employees), for any liability which they may incur in that capacity; and
- certain Telstra Officers and Telstra Employees, for any liability which they may incur as a director or other officer of a company that is not related to Telstra.

**(b) Deeds of indemnity**
The Company has also executed deeds of indemnity in favour of past and present (amongst others):

- directors, secretaries, senior managers, public officers and other specified positions of the Company and its wholly owned controlled subsidiaries;
- certain directors, secretaries, senior managers and other specified positions of the Company's partly-owned companies; and
- certain Telstra Group directors, employees and other persons that act as nominee directors or secretaries, or in other positions (at the Company's request) for entities or industry associations,

in each case as permitted under the Company's constitution and the Corporations Act 2001 (the Act).

The deeds in favour of Directors of the Company also give Directors certain rights of access to the Company's books and require the Company to use best endeavours to maintain insurance cover for the Directors.

**(c) Directors' and officers' insurance**
The Company maintains directors' and officers' insurance policies that, subject to some exceptions, provide worldwide insurance cover to past, present and future directors, secretaries and officers and certain employees of the Company and its subsidiaries and, in certain limited circumstances, other entities. Telstra has paid the premiums for these policies. The directors' and officers' insurance policies prohibit disclosure of the premiums payable under the policies and the nature of the liabilities insured.

## Environmental regulation and performance

Telstra, as a minimum, seeks to be compliant with all applicable environmental laws and regulatory obligations relevant to its operations. Where instances of non-compliance may occur, Telstra has procedures requiring that internal investigations are conducted to determine the cause of the non-compliance and to ensure that any risk of recurrence is minimised. Telstra's procedures further require that the relevant government authorities are notified of any environmental incidents (where applicable) in compliance with statutory requirements. Telstra complies with notices issued by government authorities and regulators.

**(a) Prosecutions or convictions**
Telstra has not been prosecuted for, or convicted of, any significant breaches of environmental regulation during the financial year 2024.

**(b) Energy and greenhouse emissions**
In Australia, Telstra is subject to the reporting requirements of the National Greenhouse and Energy Reporting Act 2007, which requires Telstra to report its annual Australian greenhouse gas emissions, energy consumption and energy production. Telstra has implemented systems and processes for the collection and reporting of data and has, in accordance with our obligations, reported to the Clean Energy Regulator on an annual basis. The next report is due on 31 October 2024 and will again be supported with an independent assurance report.

For the London Hosting Centre in the United Kingdom, Telstra is subject to the Energy Savings Opportunity Scheme (ESOS) Regulations 2014. Telstra qualifies for participation in ESOS and must carry out energy savings assessments every four years. Telstra has met its obligations under ESOS for all compliance periods to date, being those first three compliance periods ended 5 December 2015, 5 December 2019 and 5 June 2024.

For more information on environmental performance, including environmental regulation, refer to the 2024 Sustainability Report, which is available online from 28 August 2024 at telstra.com/sustainability/report.

## Non-audit services

During the financial year 2024, Telstra's auditor, Ernst & Young (EY), has been engaged on assignments additional to its statutory audit duties. Details of the amounts paid or payable to EY for audit and non-audit services provided during the financial year 2024 are detailed in note 7.1 to the financial statements in our 2024 Financial Report.

The Directors are satisfied, based on advice provided by the Audit & Risk Committee, that the provision of non-audit services during the financial year 2024 is consistent with the general standard of independence for auditors imposed by the Act and that the nature and scope of each type of non-audit service provided did not compromise the auditor independence requirements of the Act for the following reasons:

- all EY engagements, including non-audit services, were approved in accordance with the external auditor services policy adopted by Telstra and subject to confirmation by EY that the provision of these services does not compromise auditor independence;
- the external auditor services policy clearly identifies prohibited services, which include reviewing or auditing the auditor's own work or EY partners or staff acting in a managerial or decision-making capacity for Telstra; and
- the provision of non-audit services by EY is monitored by the Audit & Risk Committee via periodic reporting to the Audit & Risk Committee.

A copy of the auditor's independence declaration is set out in the Auditor's Independence Declaration to the Directors of Telstra Group Limited and forms part of this report.

# Message from the People and Remuneration Committee Chair

Dear fellow shareholders,

On behalf of your company's People and Remuneration Committee, I am pleased to present Telstra's FY24 Remuneration Report.

As we marked the halfway point of our T25 strategy, this was a critical year for us with a lot to deliver in a challenging operating environment. I'm proud of the progress we have made towards setting the business up to perform strongly in FY25 and beyond.

## Senior Executive changes in FY24

We were delighted to welcome several new executives to the Senior Executive team in FY24 and were especially pleased to see a mix of new talent and internal promotions. Kathryn van der Merwe joined as Group Executive People, Culture and Communications on 3 July 2023 and Amanda Hutton was promoted to Group Executive Telstra Business and subsequently became KMP on 1 January 2024. After five years of delivering our next generation technologies, Nikos Katinakis ceased employment on 12 January 2024 and we welcomed our new Group Executive Global Networks and Technology, Shailin Sehgal, who was promoted to the role on 21 March 2024. David Burns ceased employment on 29 February 2024 after eleven years in executive roles at Telstra and Oliver Camplin-Warner was promoted to Group Executive Telstra Enterprise on 1 March 2024.

We were also delighted to appoint Craig Dunn as Chair of the Telstra Board effective 17 October 2023, and we thank John Mullen who retired from the Board at the conclusion of the 2023 Annual General Meeting on 17 October 2023 for his substantial contribution throughout his time on the Board. Further details on these changes are provided in the Key Management Personnel Section of our Remuneration Report.

## FY24 executive remuneration outcomes

Telstra's Executive Variable Remuneration Plan (EVP) is designed to ensure a significant portion of remuneration is variable and at-risk. Individual outcomes under the EVP depend on performance against primary performance measures (comprising financial, customer and strategic measures) and the relevant Senior Executive's individual performance. The Performance Rights component is also subject to a secondary performance condition (based on Telstra's Relative Total Shareholder Return (RTSR)). Of course, the Board continues to have complete discretion in determining the final outcomes. Further details are provided in Section 2.3 of our Remuneration Report.

The FY24 primary performance measures and targets were selected by the Board to ensure that Senior Management delivered against the second year of our T25 strategy, and their rewards are directly linked to individual contribution, company performance and long-term shareholder value creation. The CEO's Individual EVP Outcome was 63.0% of the maximum opportunity.

Positive outcomes were achieved across most of the financial and non-financial measures demonstrating strong delivery against our FY24 Corporate Plan and T25 strategy. The Board determined that the primary performance measure outcomes and the EVP Scorecard Outcome would be driven by the results achieved and no adjustments were made. We continue to strengthen our processes to more clearly link accountabilities and responsibilities to outcomes. Each Senior Executive's individual performance was assessed taking into account their individual scorecard performance, leadership behaviour, conduct, effective application of risk management practices, accountability for material risk events identified and the severity of their impact. Further detail regarding the key FY24 remuneration outcomes for the CEO and other Senior Executives and our non-executive director fees is provided in our Remuneration Report.

Vesting of the FY20 EVP Performance Rights was assessed following the end of the five year performance period which ran from 1 July 2019 to 30 June 2024, having regard to performance against the RTSR performance condition. The FY20 EVP Performance Rights will vest at 52% based on Telstra's RTSR ranking at the 51st percentile of the comparator group over the performance period. Further details are provided in Section 2.4 of our Remuneration Report.

## People and Culture

We compete for talented staff in a competitive market. We know our culture and how we work together is important to recruiting and retaining staff, and to delivering strong results for our customers and shareholders.

This year Telstra launched our Big Three; three behaviours each underpinned by three habits that will help us to unlock the enormous opportunities ahead. We are also strengthening workplace inclusion for everyone by amplifying marginalised voices to create culturally safe and equitable employee experiences and a place where people want to work.

Telstra regularly completes like-for-like pay reviews to help ensure we do not pay women and men differently for the same work. This year, WGEA released their first report on organisational wide pay gaps. The Telstra gender pay gap identified in the WGEA report comes from women being under-represented in technical, leadership or specialist roles, which have relatively higher pay. Initiatives to reduce this gap and more information on

workplace inclusion are available in our 2024 Corporate Governance Statement, released on 30 August 2024.

Telstra is committed to eliminating sexual harassment and sex-based discrimination from our workplaces. In FY24, we strengthened our existing processes and put in place new initiatives to address the Positive Duty under the Sex Discrimination Act (Cth), including a multi-year plan to enhance our controls and support mechanisms. As outlined in our Sustainability Report, we will continue to support all employees affected by these behaviours and work to eliminate them from our business.

## Looking ahead

The Board conducts a market review of Senior Executive remuneration and Board fees on an annual basis and there will be some increases in FY25. Further details are provided in Sections 3.1(a) and 4.2 of our Remuneration Report.

We continue to provide market leading transparency and disclosure on our remuneration framework and targets for the coming year. These are disclosed in Section 4 of our Remuneration Report. This provides our shareholders with meaningful information to assess the suitability of our remuneration targets and outcomes. In setting performance measures for FY25, the Board sought to ensure the targets were robust and sufficiently demanding, considering the key deliverables and milestones outlined in our T25 strategy, planned financial outcomes contained within our FY25 Corporate Plan and FY25 guidance (as announced on 15 August 2024).

I echo the statements by the Chair and CEO recognising the significant changes taking place at Telstra. I want to thank every employee for working through these changes in a positive manner and your continued commitment in delivering the T25 strategy and positioning Telstra strongly for future growth.

I would also like to thank you for your support as a Telstra shareholder and invite you to read the full report in detail

**Elana Rubin AM**
People and Remuneration Committee Chair

# Remuneration Report

This audited report details the remuneration framework and outcomes for Key Management Personnel of Telstra for the year ended 30 June 2024 (FY24).

## Remuneration at Telstra and FY24 Remuneration Outcomes – Key Highlights

The following table includes the key highlights and remuneration outcomes for FY24.

| Key area of focus | Highlights / Details |
|---|---|
| **Individual EVP Outcomes for FY24** | The Individual EVP Outcomes for FY24 were as follows:<br><br>\| \| Individual EVP Outcomes (% of maximum) \|<br>\| CEO \| 63.0% \|<br>\| Other Senior Executives (average) \| 65.0% \|<br><br>Each Senior Executive's Individual EVP Outcome for FY24 was determined having regard to the EVP Scorecard Outcome, their at-target EVP opportunity and their individual performance and was ultimately at the discretion of the Board.<br><br>The Board determined the EVP Scorecard Outcome following an assessment of Telstra's performance against the primary performance measures under the FY24 EVP. Positive outcomes were achieved across most of the financial and non-financial measures demonstrating strong delivery against our FY24 Corporate Plan and T25 strategy. Further details on the EVP Scorecard Outcome can be found in Sections 2.1 and 2.2. |
| **Fixed Remuneration** | As described in our FY23 Remuneration Report, Dean Salter's Fixed Remuneration increased from $951,205 to $1,050,000 with effect from 1 October 2023. There have been no other Fixed Remuneration increases for Senior Executives during FY24 except to reflect appointments to new roles and the increase in legislated Superannuation Guarantee contributions from 1 July 2023 (refer to Section 2.1(b) for further information).<br><br>Refer to Section 4 for information on changes to Fixed Remuneration in FY25. |
| **Non-executive director fees** | As reported in our FY23 Remuneration Report, from 1 October 2023 the People and Remuneration Committee Chair annual fee increased from $56,000 to $58,000 and the People and Remuneration Committee member fee increased from $28,500 to $29,500.<br><br>Refer to Section 3 for information regarding remuneration paid to non-executive Directors in FY24. There are no planned increases for FY25. |
| **FY20 EVP Performance Rights RTSR outcome** | The RTSR performance condition for the Performance Rights awarded under the FY20 EVP was tested following the end of the performance period on 30 June 2024. The result and vesting outcome are detailed below. Refer to Section 2.4 for further information.<br><br>\| Performance Condition \| Telstra's Percentile Rank \| % of Performance Rights vested \|<br>\| RTSR – ASX100 (excluding resource companies) as of 1 July 2019 \| 51st percentile \| 52% \| |

## Key Management Personnel (KMP) covered in this report

Telstra's KMP are assessed each year and comprise the Directors of Telstra and the Senior Executives. The term "Senior Executives" refers to the CEO and those executives with authority and responsibility for planning, directing and controlling the activities of Telstra and the Group, directly or indirectly. Each KMP held their position for the whole of FY24, unless stated otherwise.

### Non-executive Directors

**Current**

Craig W Dunn
(appointed Chair from 17 October 2023)

Eelco Blok

Maxine Brenner

Roy H Chestnutt

Ming Long

Bridget Loudon

Elana Rubin

Niek Jan van Damme

**Former**

John P Mullen
(retired 17 October 2023)

### Senior Executives

| Current | KMP Position |
|---|---|
| Vicki Brady | Chief Executive Officer & Managing Director (CEO) |
| Michael Ackland | Chief Financial Officer and Group Executive (GE) Strategy and Finance (CFO) |
| Kim Krogh Andersen | GE Product & Technology (P&T) |
| Oliver Camplin-Warner | GE Telstra Enterprise (TE) from 1 March 2024 |
| Amanda Hutton | GE Telstra Business (TB) from 1 January 2024 |
| Brendon Riley | GE and CEO Telstra InfraCo |
| Dean Salter | GE Global Business Services (GBS) |
| Shailin Sehgal | GE Global Networks & Technology (GN&T) from 21 March 2024 |
| Kathryn van der Merwe | GE People, Culture & Communications (PCC) from 3 July 2023 |
| Brad Whitcomb | GE Telstra Consumer (TC) |
| **Former** | |
| Nikos Katinakis | GE GN&T until 12 January 2024 |
| David Burns | GE TE until 29 February 2024 |

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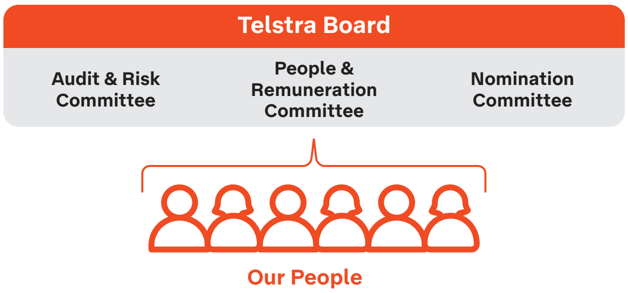
## 1. Policy

**1.1 Remuneration policy, strategy and governance**
Our remuneration policy and framework are designed to support our strategy and reinforce our culture, behaviours and habits. Further detail on our strategy is provided in Section C of this Annual Report under Strategy & Performance.

Our governance framework for determining Senior Executive remuneration includes the aspects outlined below.

**(a) The People and Remuneration Committee**




The People and Remuneration Committee assists the Board in discharging its responsibilities on matters relating to remuneration, people, culture, conduct and diversity and consists only of independent non-executive Directors.

| Among other things, the Committee: | | | | |
|---|---|---|---|---|
| Reviews Telstra's overall remuneration framework and makes recommendations to the Board on non-executive Director and Senior Executive remuneration | Monitors that Telstra's remuneration arrangements and outcomes encourage employees to pursue Telstra's strategy without rewarding conduct that is contrary to Telstra's values or risk appetite | Reviews selected people related risks and the risk management plans in place and monitors whether Telstra is operating within its risk appetite | Monitors the culture within Telstra and the effectiveness of management's initiatives to instil and reinforce Telstra's Big Three behaviours and compliance with Telstra's Code of Conduct | Reviews Senior Executive succession plans and talent development plans |

The Chair of the Audit and Risk Committee attends certain People and Remuneration Committee meetings. This provides an overview of the key issues considered by the Audit and Risk Committee that are likely to be relevant to the People and Remuneration Committee in assessing the remuneration outcomes for the CEO and the performance and remuneration outcomes for other Senior Executives. Information and papers considered by a Committee are also provided to other Committees and the Board as relevant.

Further detail about the People and Remuneration Committee and its responsibilities is provided in our Corporate Governance Statement and in the People and Remuneration Committee Charter, both of which are available at **telstra.com/governance**.

**(b) Remuneration reviews**
As part of its role, the People and Remuneration Committee reviews and recommends CEO and other Senior Executive remuneration packages that achieve a balance between fixed and variable pay, reflecting appropriate short and long-term performance objectives.

The People and Remuneration Committee has an established set of principles it follows in making recommendations on Senior Executive remuneration. Either at the time of a Senior Executive's appointment or as a part of an annual or ad-hoc remuneration review, the People and Remuneration Committee will consider a range of factors in making remuneration recommendations. Those considerations include internal and external relativity for roles of a similar size and complexity, any proven and persistent high performance and/or any notable increase in experience and contribution.

The People and Remuneration Committee reviews and makes recommendations to the Board (for final approval) on:

- the CEO's fixed and variable remuneration (having regard to the Board's assessment of the CEO's performance); and
- the fixed and variable remuneration and performance outcomes of other Senior Executives (having regard to the CEO's assessment of their performance).

**(c) Incentive design and performance assessment**
The People and Remuneration Committee oversees the setting of measures and targets to encourage performance and behaviour that is aligned to Telstra's Big Three behaviours and habits, including the primary performance measures for the EVP. The Board determines the EVP Scorecard Outcome by assessing performance against each primary performance measure. The EVP Scorecard Outcome is multiplied by a percentage based on the relevant Senior Executive's individual performance to determine the Senior Executive's Individual EVP Outcome. The Board also has discretion to adjust an outcome to ensure there are no windfall gains or losses. Refer to Section 2.1(c) for further information.

**(d) Board decision framework**
The Board has a decision framework to provide guidance in exercising its discretion on variable remuneration outcomes and to provide greater consistency in remuneration adjustments. The framework was considered in determining the Individual EVP Outcomes under the FY24 EVP.

**(e) Engagement with consultants**
During FY24, Telstra did not seek a remuneration recommendation from a remuneration consultant in relation to any of our KMP.

### (f) Engagement with shareholders and stakeholders

The Chair of the Board and the Chair of the People and Remuneration Committee engage throughout the year with stakeholders to seek feedback and consider opportunities to further enhance the effectiveness of our reward structure, with a commitment to align the interests of all executives with the generation of long-term shareholder value. During FY24, numerous meetings were held with shareholders and shareholder advisory organisations.

### (g) Share ownership policies

Telstra has in place share ownership policies which apply to the Senior Executives and non-executive Directors of Telstra. The intent of these policies is to align the interests of the CEO, GEs and non-executive Directors with the interests of our shareholders.

The CEO has five years from appointment to the role to meet the shareholding requirement under our policy. Executives who have held a Group Executive (GE) position for at least five years have met the shareholding requirement as of 30 June 2024. For information on Senior Executives' interests in Telstra shares refer to Section 2.5(e).

All non-executive Directors (excluding the Chair) who have been on the Board for 5 years or more have met their minimum shareholding requirement. The Chair has five years from appointment as Chair to meet the higher shareholding requirement under our policy. Directors' shareholdings as at 15 August 2024 are set out in the Directors' Report.

The requirements of our share ownership policies are summarised below:

**Summary of requirements under the share ownership policies**

| Position | Minimum holding requirement within 5 years of appointment to the position |
|---|---|
| CEO | 200% of Fixed Remuneration |
| Group Executives | 100% of Fixed Remuneration |
| Chair of the Board | 200% of the annual non-executive Director base fee |
| Non-executive Directors | 100% of the annual non-executive Director base fee |

The following outlines how various Telstra securities are valued in calculating a person's shareholding for the purpose of the policies:

**How Telstra securities are valued under the policies**

| Position | Securities | Basis of valuation under the policies |
|---|---|---|
| CEO and GEs | Ordinary shares purchased on-market | Acquisition price |
| | Restricted Shares | The volume weighted average price of Telstra shares used to determine the number of Restricted Shares granted under the relevant employee equity plan |
| | Performance Rights | Not included |
| | Any shares granted upon vesting of Performance Rights | Telstra's closing share price on the date that the Performance Right vests |
| Chair and non-executive Directors | Ordinary shares purchased on-market | Acquisition price |

Senior Executives must obtain Board or, in certain circumstances, CEO or Chair approval before they sell Telstra shares if they have not yet met their minimum holding requirement. Progress towards the minimum holding requirement is monitored on an ongoing basis.

### (h) Securities Trading Policy

All KMP must comply with Telstra's Securities Trading Policy, which includes a requirement that Telstra securities can only be traded during specified trading windows and with prior approval. KMP must also consider how any proposed dealing in Telstra securities could be perceived by the market and must not deal if the proposed dealing could be perceived as taking advantage of their position in an inappropriate way. They are also prohibited from entering into any hedging arrangement that limits the economic risk of holding Telstra securities (including those held under Telstra equity plans). This helps align our KMP's interests with shareholders' interests. KMP are required to confirm on an annual basis that they comply with our Securities Trading Policy, which assists in monitoring and enforcing our policy. Our Securities Trading Policy is available at telstra.com/governance.

### (i) Clawback (Malus) Policy

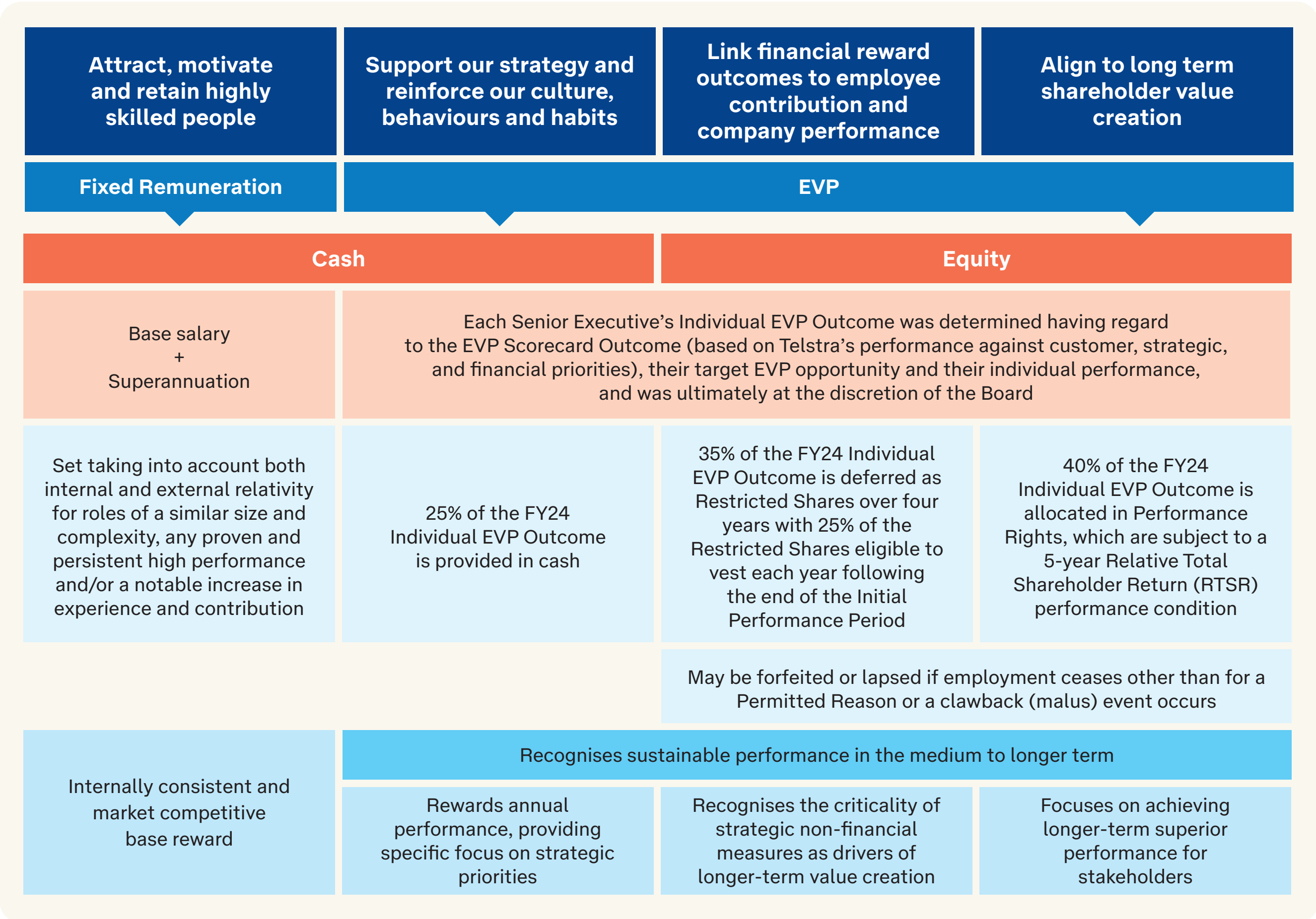
A Clawback Committee oversees the application of the Clawback (Malus) policy. This policy applies to all employees at Telstra and sets out the process that is followed to put the Board in a position to determine, before securities vest, whether a clawback event has occurred and whether to lapse or forfeit unvested Performance Rights, Restricted Shares and Cash Rights. The Clawback Committee meets quarterly and reports to the People and Remuneration Committee twice a year. The Clawback Committee is comprised of the GE People, Culture and Communications, the CFO, the GE Sustainability, External Affairs and Legal and the Chief Risk Officer. The People and Remuneration Committee subsequently makes recommendations to the Board as to whether to exercise its discretion to claw back any unvested equity. A member of the Clawback Committee is prohibited from being involved in a Clawback Committee recommendation in connection with any awards they hold. If the whole Committee has a conflict of interest, the investigation team bypasses the Committee and takes their recommendations directly to the CEO, the People and Remuneration Committee Chair and/or the Chair of the Telstra Board, as appropriate.

Following the Clawback Committee's review and recommendations, no lapsing or forfeiture of unvested securities held by Senior Executives was recommended or approved during FY24 under the Clawback (Malus) Policy.

## 2. Senior Executive remuneration

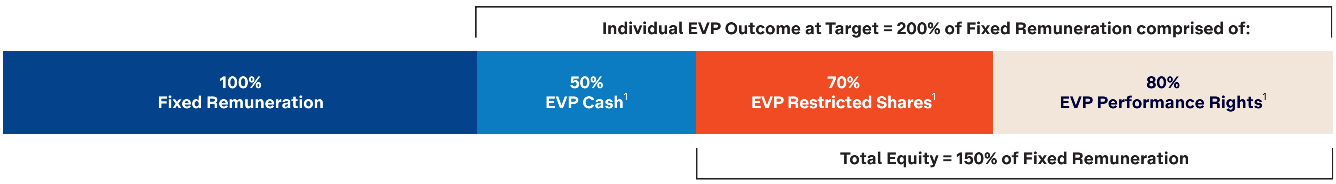
### 2.1 FY24 Remuneration Structure

The following diagram illustrates the remuneration framework that applied to our Senior Executives during FY24.




### (a) FY24 remuneration mix for Senior Executives

The graph below shows the FY24 remuneration mix for Senior Executives expressed as a percentage of Fixed Remuneration (FR).




1. The percentages shown are calculated from the 25% Cash, 35% Restricted Share and 40% Performance Right components of the FY24 EVP multiplied by the FY24 EVP target opportunity of 200% of Fixed Remuneration.

### (b) Current Senior Executive Fixed Remuneration and contract details

The following table summarises the Fixed Remuneration and notice and termination payment provisions that apply under the ongoing service contracts for current Senior Executives as of 15 August 2024.

| Name | Title | Fixed Remuneration[1] | Notice period | Termination payment |
|---|---|---|---|---|
| Vicki Brady | CEO | $2,391,245[2] | 6 months | 6 months |
| Michael Ackland | CFO | $1,251,245[2] | 6 months | 6 months |
| Kim Krogh Andersen | GE P&T | $1,102,450[2] | 6 months | 6 months |
| Oliver Camplin-Warner | GE TE | $1,050,000 | 6 months | 6 months |
| Amanda Hutton | GE TB | $1,050,000 | 6 months | 6 months |
| Brendon Riley | GE & CEO Telstra InfraCo | $1,402,450[2] | 6 months | 12 months[3] |
| Shailin Sehgal | GE GN&T | $1,050,000 | 6 months | 6 months |
| Kathryn van der Merwe | GE PC&C | $1,050,000 | 6 months | 6 months |
| Brad Whitcomb | GE TC | $1,152,450[2] | 6 months | 6 months |

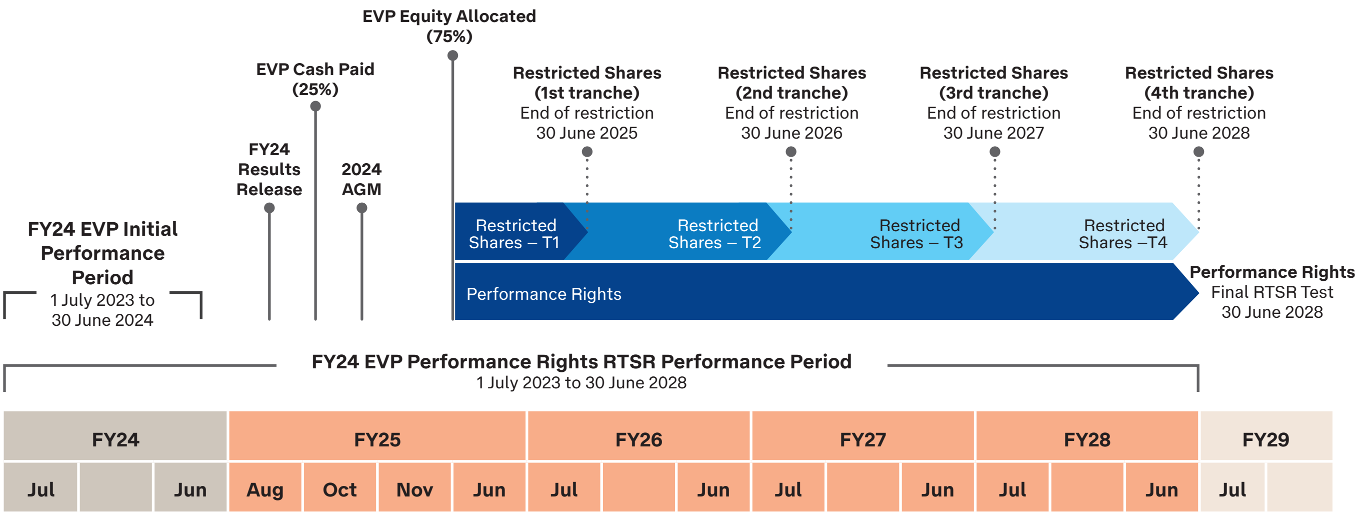
1. Senior Executive Fixed Remuneration as of 30 June 2024.
2. Fixed Remuneration increased by $1,245 on 1 July 2023 to reflect the legislated increase in Superannuation Guarantee Contribution from 10.5% to 11%.
3. Brendon Riley has a 12-month termination payment clause in his contract that was negotiated upon commencing employment at Telstra in February 2011. Telstra's current policy is to provide for a six-month termination payment in executive contracts.

Upon notice being given, Telstra can require a Senior Executive to work through the notice period or may terminate employment immediately by providing payment in lieu of notice, or a combination of both. Any payment in lieu of notice is calculated based on the Senior Executive's Fixed Remuneration as at the date of termination.

There is no termination payment if termination is for serious misconduct or redundancy (unless the severance payment under Telstra's redundancy policy would be less than the termination payment, in which case the termination payment applies instead).

### (c) FY24 Executive Variable Remuneration Plan (EVP) structure

The Senior Executives participated in the FY24 EVP. The construct of the FY24 EVP is illustrated in the diagram below:



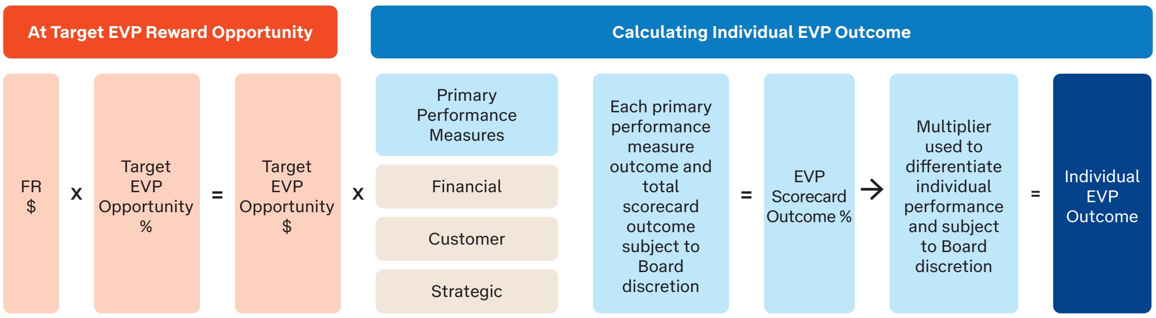

At the 2024 AGM to be held on 15 October 2024, we will seek shareholder approval for the Restricted Shares and Performance Rights to be allocated to Vicki Brady under the FY24 EVP.

The table below outlines the key features of the FY24 EVP.

<table>
<tr><th>EVP design attributes</th><th>Detail</th></tr>
<tr><td>EVP Reward opportunity</td><td>
<table>
<tr><th colspan="2">As a % of Fixed Remuneration</th></tr>
<tr><td>Threshold</td><td>100%</td></tr>
<tr><td>Target</td><td>200%</td></tr>
<tr><td>Maximum</td><td>300%</td></tr>
</table>
</td></tr>
<tr><td>Initial Performance Period</td><td>1 year (1 July 2023 to 30 June 2024)</td></tr>
<tr><td>Calculation of Individual EVP Outcomes</td><td>

Overview<br>
Each Senior Executive's Individual EVP Outcome for FY24 is set out in Section 2.5(c).

Each Senior Executive's Individual EVP Outcome was determined by the Board taking into consideration their 'at target' EVP reward opportunity, the EVP Scorecard Outcome, their individual performance (in the case of the GEs including their performance relative to each other) and other factors in accordance with its decision framework, including any material risk events identified, the severity of their impact, and the executive's accountability for the matter.

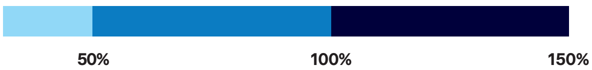



EVP Scorecard Outcome<br>
The EVP Scorecard Outcome was determined by the Board following an assessment of Telstra's performance against the primary performance measures (described in detail below) during FY24 (referred to as the Initial Performance Period).

The primary performance measures operated independently, and each measure was given a weighting and defined threshold, target and maximum performance level. If performance fell between any of those levels, the outcome was determined proportionately commensurate with the following range.

Metric Performance Range


Senior Executive Performance Outcome




The Board had discretion to adjust the outcome against each primary performance measure to ensure there were no windfall gains or losses. No adjustments were approved by the Board in FY24.

The Board also had discretion to adjust the overall EVP Scorecard Outcome if it was considered to be appropriate when taking into account matters including Telstra's performance, customer experience and shareholder expectations. Such adjustment was not considered appropriate for FY24.

The EVP Scorecard Outcome was then multiplied by a percentage based on the Senior Executive's individual performance, to determine each Senior Executive's Individual EVP Outcome. Refer to Section 2.3 for further information on discretion exercised in determining FY24 Individual EVP Outcomes.
</td></tr>
</table>

| EVP design attributes | Detail |
|---|---|
| **Primary performance measures** | The primary performance measures outlined below were selected for FY24 because they provide the critical link between delivering Telstra's T25 strategy and Telstra's Corporate Plan and increasing shareholder value. The Board believes that the strategic, customer and financial measures directly demonstrate the delivery of critical components of the T25 strategy and are fundamental key drivers of long-term value creation.<br>To assist shareholders' understanding of these measures and their relevance to Telstra's performance, further information on each measure is provided below.<br>Refer to Section 2.2 for the threshold, target and maximum for each measure and their weightings. |

**Primary Performance Measures**

| | Measure and metric | Rationale for why chosen |
|---|---|---|
| Financial (60%) | **Total Income**<br>Telstra Income (excluding finance income and guidance adjustments) | • Key indicator of financial performance.<br>• Ensures continued focus on income and customer retention and growth.<br>• Aligns to the growth and value pillar of our T25 scorecard. |
| Financial (60%) | **Underlying EBITDA**<br>Underlying EBITDA is Earnings Before Interest, Tax, Depreciation & Amortisation, and excludes guidance adjustments | • Key indicator of financial performance.<br>• Ensures appropriate focus on profit and cost to deliver.<br>• A strong indicator of underlying company profitability.<br>• Aligns to the growth and value pillar of our T25 scorecard. |
| Financial (60%) | **Free Cash Flow (FCF)**<br>Free Cashflow after lease payments defined as 'operating cash flows' less 'investing cash flows', less 'payments for lease liabilities, and excludes spectrum and guidance adjustments | • Key indicator of financial performance.<br>• Appropriate for a capital-intensive business and critical in managing the Company's ability to pay a dividend and maintain balance sheet strength.<br>• Aligns to the growth and value pillar of our T25 scorecard. |
| Financial (60%) | **Underlying Return on Invested Capital (ROIC)**<br>Total NOPAT (net operating profit after tax) less guidance adjustments after tax, divided by Average Invested Capital | • Key indicator of financial performance.<br>• Reflects our T25 strategy focus on growth and financial returns.<br>• Aligns to the growth and value pillar of our T25 scorecard. |
| Customer (25%) | **Episode NPS**<br>Measures our customer experience from their feedback on each transaction using a Net Promoter Score (NPS) | • Focuses leaders on continuously improving the customer service experience, driving both customer attraction and retention.<br>• Underpins company-wide improvement programs focused on improving our operational excellence by identifying and eliminating the causes of unnecessary customer effort and pain points.<br>• Aligns to the customer experience pillar of our T25 scorecard. |
| Customer (25%) | **RepTrak**<br>Measures our reputation score on the RepTrak index | • Includes the sentiment of customers and non-customers, but also provides a broader, more holistic measure which picks up on all the key drivers of company reputation.<br>• Focuses leaders on the Company's reputation in the community, with customers and prospective customers, and with prospective employees, driving both customer and employee attraction and retention.<br>• Aligns to the responsible business pillar of our T25 scorecard. |

| EVP design attributes | Detail |
|---|---|
| **Primary performance measures (continued)** | See Primary Performance Measures below |

## Primary Performance Measures

**Strategic (15%)**

### Responsible Business

Our % reduction in absolute scope 1 + 2 greenhouse gas emissions and % reduction in absolute scope 3 greenhouse gas emissions, both from our FY19 baseline (excluding Digicel Pacific)

- Inclusion of this metric in our scorecard leans into Telstra's contribution to addressing this pressing issue and specifically recognises broad community concern on our changing environment.
- Scope 1 + 2 greenhouse gas emissions are those caused by fossil fuels and grid electricity we use. Added for FY24 are scope 3 greenhouse gas emissions which are mainly those from our value chain (e.g. suppliers and customers). Both metrics will be assessed separately and combined with an equal weighting (50% each), as set out below.

| Reduce emissions | Weight | Threshold | Target | Max |
|---|---|---|---|---|
| **Scope 1 + 2** | 50% | 32% | 33% | 35% |
| **Scope 3** | 50% | 31% | 32% | 33% |
| **Blended targets (rounded to nearest whole %)** | 100% | 32% | 33% | 34% |

- Aligns to the responsible business pillar of our T25 scorecard.

### Digital Leadership

Launching Application Programming Interface (API)-first products

- This measure focuses our executives on enablers of Digital Leadership that will halve our new product time to market by building a 100% API-first architecture for customer management and product development.
- API-first involves building our underlying network, IT and data capabilities as services that can be used by teams building product and channel experiences. These services will be reusable for multiple products and channels, so we can make changes to them faster and more cheaply.
- It will drive fundamental and significant change in the way we work, improving offerings to customers whilst reducing cost.
- Aligns to the digital leadership pillar of our T25 scorecard.

### People Engagement

Maintain employee engagement in the high performing norm (90th percentile)

- Focuses leaders on our employee engagement and the importance of employees as stakeholders.
- A highly engaged workforce is critical for attracting and retaining the talent required to deliver on our ambitious strategy.
- Aligns to the new ways of working pillar of our T25 scorecard.

To assess the primary performance measures, the Board reviewed the Group's results, including the financial statements which are audited by Ernst & Young (EY), our external auditor. It also reviewed other work undertaken by EY on performance against the primary performance measures. Refer to Section 2.2 for further information.

**EVP outcome – cash vs equity balance**

A Senior Executive's Individual EVP Outcome is provided as a combination of cash (25%), Restricted Shares (35%) and Performance Rights (40%) which are subject to a Relative Total Shareholder Return (RTSR) performance condition. This results in a 25:75 ratio of cash to equity. On vesting of a Performance Right, the holder will receive a share or, at Telstra's discretion, a cash amount equivalent to the value of a share at vesting.

**Equity allocation methodology**

| Individual EVP Outcome Components | | | | Equity Allocation Calculation (face value methodology) |
|---|---|---|---|---|
| 25% Cash | | | | |
| 35% Restricted Shares (pro-rata vesting over 4 years) | ÷ | 5 Day VWAP | = | No. of Restricted Shares allocated |
| 40% Performance Rights (subject to 5 year RTSR Performance Condition) | ÷ | 5 Day VWAP | = | No. of Performance Rights allocated |

The number of Restricted Shares and Performance Rights to be allocated to a Senior Executive is based on the dollar value of their Individual EVP Outcome, multiplied by 35% for Restricted Shares and 40% for Performance Rights, and then divided by the five day volume weighted average price (VWAP) of Telstra shares commencing on the day after the FY24 results announcement (i.e. a face value allocation methodology).

<table>
<tr><th>EVP design attributes</th><th>Detail</th></tr>
<tr><td>Issue/exercise price</td><td>As the Restricted Shares and Performance Rights form part of a Senior Executive's variable remuneration, no amount is payable by the Senior Executive on grant of the Restricted Shares or on grant or vesting of the Performance Rights. Both the Restricted Shares and any shares to be provided on the vesting of Performance Rights will be purchased on-market.</td></tr>
<tr><td>Restriction and performance periods for equity</td><td>Restricted Shares<br>Restricted Shares will be eligible to vest in four equal tranches, with 25% eligible to vest each year for the four years following 30 June 2024 (being the end of the Initial Performance Period). i.e. on 30 June 2025, 30 June 2026, 30 June 2027, and 30 June 2028.<br><br>Performance Rights<br>The Performance Rights are subject to an RTSR performance condition, tested over a five-year performance period from 1 July 2023 to 30 June 2028. Refer to the secondary performance measures section outlined below for further information.<br><br>In certain limited circumstances, such as a takeover event where 50% or more of shares of the Telstra group's head entity are acquired, the Board may exercise discretion to accelerate vesting of the Performance Rights and accelerate the end of the Restriction Periods for the Restricted Shares.</td></tr>
<tr><td>Secondary performance measures</td><td>In addition to the primary performance measures (which are assessed over the one year period to 30 June 2024) the Performance Rights component of each Senior Executive's Individual EVP Outcome only vests if, and to the extent that, the RTSR performance condition is satisfied at the end of the five year performance period on 30 June 2028. Any Performance Rights that vest following the testing of the RTSR performance condition will be automatically exercised following the release of Telstra's annual results for FY28 and any Performance Rights that do not vest following the testing will lapse (and expire) at that time. This means Senior Executives have a double hurdle in relation to the Performance Right component of their Individual EVP Outcome, with performance measured over both the Initial Performance Period and the five-year RTSR Performance Period.<br><br>RTSR measures the performance of a Telstra share (including the value of any cash dividends and other shareholder benefits paid during the RTSR Performance Period) relative to the performance of ordinary securities issued by the other entities in the comparator group (being entities in the S&P / ASX100 index as at 1 July 2023 (excluding resources companies)) over the RTSR Performance Period.<br><br>The Board believes that RTSR is an appropriate secondary performance measure because it links executive reward to Telstra's share price and dividend performance relative to entities in the comparator group over the long-term. This reinforces the ultimate focus on shareholder value creation and helps align actual pay outcomes with returns delivered to long-term shareholders.<br><br>Under the RTSR performance condition, the number of Performance Rights that vest will be determined as follows:
<table>
<tr><th>RTSR Ranking</th><th>Vesting</th></tr>
<tr><td>Below the 50th percentile</td><td>0%</td></tr>
<tr><td>At the 50th percentile</td><td>50%</td></tr>
<tr><td>Between 50th and 75th percentiles</td><td>Straight-line vesting from 50% to 100%</td></tr>
<tr><td>At the 75th percentile or above</td><td>100%</td></tr>
</table>
Both the starting price and end price for the purpose of calculating Telstra's RTSR are the average of Telstra's daily closing share price over the 30 day period to 30 June of the relevant year. The starting price that will be used to determine Telstra's RTSR at the end of the RTSR Performance Period for the FY24 EVP is $4.34.</td></tr>
<tr><td>Dividends</td><td>Restricted Shares<br>Participants receive dividends on Restricted Shares during the Restriction Periods consistent with other Telstra shareholders. This is appropriate because these Restricted Shares do not have any further performance conditions. The intent is to mirror the experience of shareholders while deferring the remuneration so that it can be more easily subject to forfeiture if the Participant ceases employment other than for a Permitted Reason or clawback (malus).<br><br>Performance Rights<br>No dividends are paid on Performance Rights prior to vesting. For any Performance Rights that ultimately vest following satisfaction of the RTSR performance condition, a cash payment equivalent to the dividends paid by Telstra during the period between allocation of the Performance Rights and vesting will be made at or around the time of vesting, subject to applicable taxation (Dividend Equivalent Payment).</td></tr>
</table>

| EVP design attributes | Detail |
|---|---|
| **Leavers** | **Before the Restricted Shares and Performance Rights are allocated**<br>If a Senior Executive ceases employment for a Permitted Reason, the Senior Executive is eligible for a pro-rata Individual EVP Outcome based on the proportion of time they were employed during FY24. The Senior Executive will receive:<br>• the cash component of their pro-rata Individual EVP Outcome; and<br>• a grant of Cash Rights (or, at the Board's discretion, cash, if the Senior Executive ceases employment due to death, total and permanent disablement or certain medical conditions) in lieu of Performance Rights and Restricted Shares.<br>On vesting, a Cash Right entitles the executive to a cash payment equivalent to the value of a Telstra share at the end of the applicable Restriction Period or the RTSR Performance Period (as applicable).<br>A Cash Right granted in lieu of a Restricted Share also entitles the Senior Executive to receive an amount equal to dividends paid on Telstra shares between the date the Cash Right is allocated and the end of the applicable Restriction Period, at or around the same time that Telstra pays the dividend.<br>A Cash Right granted in lieu of a Performance Right entitles the Senior Executive, if the Cash Right vests, to receive an amount equivalent to dividends paid on Telstra shares between allocation and vesting of the Cash Right after the end of the RTSR Performance Period.<br>Where the Senior Executive receives Cash Rights, there is no change to the Restriction Periods, the RTSR Performance Period or the RTSR performance condition. If the Senior Executive ceases employment for any other reason, their EVP entitlement is forfeited. This ensures equal treatment for all executives and that departing executives continue to make decisions that are aligned to the long-term interests of our shareholders.<br>**After the Restricted Shares and Performance Rights are allocated**<br>If a Senior Executive ceases employment for a Permitted Reason after the Restricted Shares and Performance Rights have been allocated, those Restricted Shares and Performance Rights will remain on foot. There is no change to the Restriction Periods, the RTSR Performance Period, or the RTSR performance condition. If the Senior Executive ceases employment for any other reason, their Restricted Shares and Performance Rights are forfeited. |
| **Clawback (malus)** | The Board has discretion to clawback Performance Rights and Restricted Shares if certain clawback events occur before the Performance Rights vest or the Restricted Shares are transferred to the Senior Executive following the end of the applicable Restriction Period.<br>Clawback events include:<br>• fraud, dishonesty, gross misconduct or material breach of obligations by the Senior Executive or behaviour that brings Telstra into disrepute or may negatively impact Telstra's long-term financial strength;<br>• where the Senior Executive causes a significant deterioration in Telstra's financial performance or negatively impacts Telstra's standing, reputation or relationship with its key regulators;<br>• where the financial results that led to the Performance Rights or Restricted Shares being granted are subsequently shown to be materially misstated;<br>• where the Senior Executive fails to fulfil responsibilities under Telstra's risk management framework resulting in a material breach of Telstra's risk management framework;<br>• where the Senior Executive has retired and subsequently re-enters the workforce (other than in a manner consistent with Telstra's Age Retirement Policy); or<br>• where the Board determines that the Performance Rights or Restricted Shares were allocated in error or are an inappropriate benefit. |

### (d) Financial performance

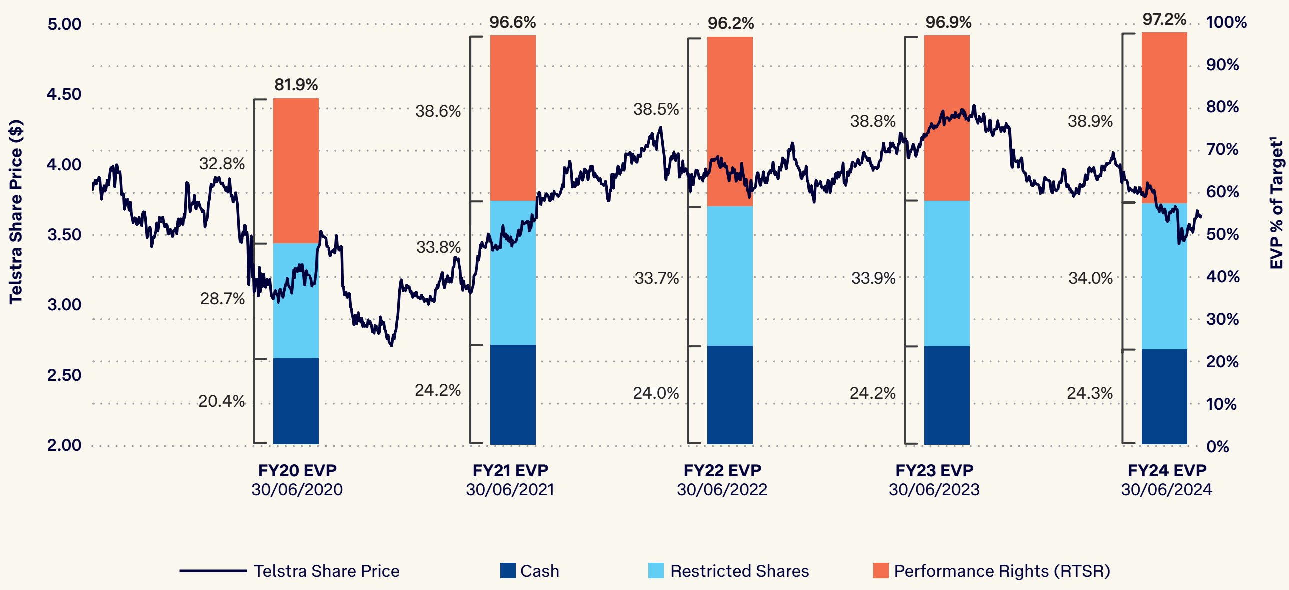
The table below provides a summary of Telstra's key financial results over the past five financial years.

| Financial performance[1] | FY24 $m | FY23 $m | FY22 $m | FY21 $m | FY20 $m |
|---|---|---|---|---|---|
| **Earnings** | | | | | |
| Total Income | 23,482 | 23,245 | 22,045 | 23,132 | 26,161 |
| EBITDA | 7,528 | 7,862 | 7,256 | 7,638 | 8,905 |
| Net Profit[2] | 1,622 | 1,928 | 1,688 | 1,857 | 1,819 |
| **Shareholder Value** | | | | | |
| Share Price ($)[3] | 3.62 | 4.30 | 3.85 | 3.76 | 3.13 |
| Total Dividend Paid Per Share (cents)[4] | 17.5 | 17.0 | 16.0 | 16.0 | 16.0 |

1. For the year ended 30 June 2023, Telstra's financial results include the historical financial information of the Telstra Group for both the period before and after the Restructure. The results for FY20 – FY22 are the consolidated results of Telstra Corporation Limited and its controlled entities when Telstra Corporation Limited was the parent entity of the Telstra Group before the Restructure.
2. Net Profit attributable to equity holders of the Telstra entity.
3. Share prices are as of 30 June for the respective year. The closing share price for FY19 was $3.85.
4. We paid dividends to holders of Telstra's ordinary shares twice each year over the past five financial years, an interim and a final dividend. The amounts included in this table relate to dividends paid during the financial year. Therefore, for each respective year, the amount includes the dividend paid for the previous year final dividend and the current year interim dividend. Refer to Note 4.2 to the financial statements in the Financial Report for further information about dividends paid in FY24.

### (e) Historical Individual EVP Outcomes relative to the Telstra share price

The graph below provides a useful comparison of performance and shows the average Individual EVP Outcomes for FY20 through to FY24 as a percentage of the target opportunity, relative to the performance of Telstra's share price over the past five years. For the purposes of the graph, Telstra means Telstra Corporation Limited up until 31 October 2022 (the date it was replaced by Telstra Group Limited as the head entity of the Telstra group) and Telstra Group Limited after that time.




1. The average Individual EVP outcomes as a percentage of target is shown for all Senior Executives (including the CEO and former Senior Executives) for the relevant period. There have been changes to the EVP structure over this period including to the relative proportions of cash, Restricted Shares and Performance Rights.

**2.2 FY24 EVP Scorecard Outcome**
The Board evaluated Telstra's performance against the primary performance measures. The threshold, target and maximum levels for each measure (as outlined in our 2023 Remuneration Report) were set to be robust and appropriately demanding, taking into account the key deliverables and milestones outlined in our T25 strategy, planned financial outcomes contained within our Corporate Plan and FY24 guidance as announced on 17 August 2023. The levels for all financial measures were determined in line with market guidance, with each target level approximating the midpoint of that guidance and each maximum level equal to or above the maximum guidance range. It remains the Board's view that the levels were robust and demanding in the face of an exceptionally challenging market.

| Measures | Weighting | Targets and Performance Outcomes |
|---|---|---|
| **Total Income ($m)**<br>Telstra Income excluding finance income and guidance adjustments | 15% | $22,800m $23,784m $24,800m<br>Threshold Target Max<br>$23,401m<br>50% 100% 150%<br>81% |
| **Underlying EBITDA ($m)**<br>Earnings Before Interest, Tax, Depreciation & Amortisation, and excludes guidance adjustments | 15% | $8,200m $8,330m $8,400m<br>Threshold Target Max<br>$8,243m<br>50% 100% 150%<br>67% |
| **Free Cash Flow ($m)**<br>Free Cashflow after lease payments defined as 'operating cash flows' less 'investing cash flows', less 'payments for lease liabilities, and excludes spectrum and guidance adjustments | 15% | $2,800m $2,952m $3,200m<br>Threshold Target Max<br>$2,986m<br>50% 100% 150%<br>107% |
| **Underlying Return on Invested Capital**<br>Total NOPAT less guidance adjustments after tax, divided by Average Invested Capital | 15% | 8.0% 8.1% 8.3%<br>Threshold Target Max<br>8.3%<br>50% 100% 150%<br>150% |
| **Episode NPS**<br>Measures our customer experience from their feedback on each transaction using a Net Promoter Score | 15% | +43 +44 +45<br>Threshold Target Max<br>+46<br>50% 100% 150%<br>150% |

The Board maintained absolute discretion to ensure the EVP Scorecard Outcome was appropriate, taking into account matters including Telstra's performance, customer experience and shareholder expectations. All primary performance measure outcomes and the EVP Scorecard Outcome for FY24 are driven by the results achieved and no adjustments were made.

The EVP Scorecard Outcome for FY24 was 99.5% of the target opportunity (66.3% of maximum).

| Weighted Result (% of Target) | Additional information |
|---|---|
| 12.1% | For FY24 EVP, Total Income was measured on a guidance basis. Total income of $23,401m on a guidance basis was between the FY24 EVP threshold and target. The calculation of the reported number was audited, and the guidance number reviewed, by our external auditor, EY.<br>The EVP Scorecard Outcome was driven by the results achieved and no adjustments made.<br>Total Income of $23,482m was reported by Telstra for FY24. This included $81m related to Versent which was excluded on a guidance basis. |
| 10.0% | Underlying EBITDA of $8,243m on a guidance basis was reported by Telstra for FY24 which was between the FY24 EVP threshold and target. The calculation of this result was reviewed by our external auditor, EY.<br>The EVP Scorecard Outcome was driven by the results achieved and no adjustments made.<br>EBITDA of $7,528m was reported by Telstra for FY24 including $715m related to impairments, restructuring costs and other guidance adjustments. |
| 16.0% | Free Cash Flow on a guidance basis of $2,986m was reported for Telstra for FY24 which was between the FY24 EVP target and maximum. The calculation of this result was reviewed by our external auditor, EY.<br>The EVP Scorecard Outcome was driven by the results achieved and no adjustments made.<br>Free cashflow of $2,059m was reported by Telstra for FY24 including $927 million for spectrum payments and M&A and excluding lease payments. |
| 22.5% | Underlying ROIC of 8.3% was reported by Telstra for FY24 which was at the FY24 EVP maximum. The calculation of this result was reperformed by our external auditor, EY.<br>The result excluded impairments, restructuring costs and other guidance adjustments (net of tax) consistent with the calculation of Underlying EBITDA.<br>The EVP Scorecard Outcome was driven by the results achieved and no adjustments made. |
| 22.5% | The overall FY24 Episode NPS is a weighted calculation of survey results from Telstra business segments – 65% Consumer and Small Business (combined calculation) and 35% Enterprise.<br>At the end of FY24 our Episode NPS was +46, which was above the FY24 EVP maximum. The calculation of this result was reperformed by our external auditor, EY.<br>Both segments showed an uplift in results. In Consumer and Small Business, customer advocacy increased across all journeys when customers contacted us to activate, change plans, move their service, or report faults. Customer advocacy increased in key Enterprise journeys as well, notably for Assurance and Billing Experiences driven by focus on improving the time taken to resolve customer queries. |

| Measures | Weighting | Targets and Performance Outcomes |
| --- | --- | --- |
| **RepTrak**<br>Measures our reputation score on the RepTrak index | 10% | Threshold: 63.5 / Target: 64.2 / Max: 64.9<br>Outcome: **63.7**<br>50% / 100% / 150%<br>Outcome: **64%** |
| **Responsible Business**<br>Our % reduction in absolute scope 1 + 2 greenhouse gas emissions and % reduction in absolute scope 3 greenhouse gas emissions, both from our FY19 baseline (excluding Digicel Pacific) | 5% | Threshold: 32% / Target: 33% / Max: 34%<br>Outcome: **37%**<br>50% / 100% / 150%<br>Outcome: **150%** |
| **Digital Leadership**<br>Launching Application Programming Interface (API)-first products | 5% | Threshold: Build 100% of the API required to launch our first API-first product / Target: Release 2 API-first products / Max: Release 3 API-first products<br>Outcome: **Successfully completed 100% of the "Re-usable APIs available for first API-first Product Release"**<br>50% / 100% / 150%<br>Outcome: **50%** |
| **People Engagement**<br>Maintain employee engagement in the high-performing norm (90th percentile) | 5% | Threshold: 80 / Target: 81 / Max: 82<br>Outcome: **79**<br>50% / 100% / 150%<br>Outcome: **0%** |
| | | **Total** |

| | Weighted Result (% of Target) | Additional information |
|---|---|---|
| | 6.4% | Telstra's FY24 annual Reptrak Reputation Score was 63.7, measured as the average of four quarters. The calculation of this result was reperformed by our external auditor, EY. While we finished the year –0.5 pts behind our end of FY24 target, we exceeded our scorecard threshold of 63.5. Our full year result saw us achieve our highest annual score since we commenced tracking over 15 years ago. |
| | 7.5% | We have now reduced both our absolute scope 1+2 and scope 3 emissions by 37%, from an FY19 baseline. The calculation of this result was reperformed by our external auditor, EY.<br>The FY24 absolute scope 1+2 result was driven by reduced electricity consumption due to legacy equipment decommissioning and energy efficient equipment, as well as grid decarbonisation. The FY24 absolute scope 3 result was driven by a range of factors, particularly lower expenditure and reduced supplier emissions.<br>Excludes Digicel Pacific which Telstra acquired during FY23. |
| | 2.5% | We have successfully completed 100% of the "Re-usable APIs available for our first API-first Product Release (%)". The assessed performance on this measure was at FY24 EVP threshold. The calculation of this result was reperformed by our external auditor, EY.<br>Overall we delivered 54 APIs to support an API-First Product release. This included 31 IT as a Service (ITaaS) and 23 Network as a service (NaaS) APIs completed at the end of FY24. We did not meet our FY24 target (of 2 product releases). In May 2024, we determined to delay a product release in June to ensure it delivered a better customer experience. However, we are targeting a number of product releases for FY25. |
| | 0.0% | Telstra's final employee engagement score for FY24 was 79, putting us above Glint's Global Top 25% benchmark of 78. However, this score was two points below our FY24 target (81), one point below our FY23 score (80) and our Q4 FY24 score did not change from Q2 FY24. The calculation was reperformed by our external auditor, EY.<br>In FY24, our continued focus on leaders listening to employee feedback and engaging with their people is a key reason why we have maintained our high levels of employee engagement throughout the year. |
| **% of Target** | **99.5%** | |
| **% of Max** | **66.3%** | |

### 2.3 Individual performance and the exercise of Board discretion in determining Individual EVP Outcomes

The EVP Scorecard Outcome (outlined above) was an input into each Senior Executive's Individual EVP Outcome. As outlined in Section 2.1, each Senior Executive's Individual EVP Outcome was determined taking into consideration the EVP Scorecard Outcome, their "at target" EVP reward opportunity and their performance (including, in the case of the GEs, their performance relative to each other). The Individual EVP Outcome for each Senior Executive was determined by multiplying the EVP Scorecard Outcome by a percentage reflecting each participant's individual performance relative to their peers in the executive team. For each Senior Executive with a performance rating of 3 (on our 1 to 5 scale), this percentage was in the range 90% to 110%. For those with a performance rating of 4 or 5, the percentage used was higher to reflect their relative individual performance. In all cases the maximum possible Individual EVP Outcome, including both company performance (the EVP Scorecard Outcome) and individual performance (from the multiplier percentage), will always be 300% of the individual's Fixed Remuneration.

The Board also had discretion, in determining a Senior Executive's Individual EVP Outcome, to take into account factors in accordance with its decision framework such as any material risk events identified, the severity of their impact and the executive's accountability for the matter.

At the end of the 2024 financial year:

- the CEO's individual performance was assessed by the Board in accordance with the annual performance evaluation process for the CEO, taking into account a range of considerations including her individual scorecard performance, leadership behaviour and conduct and effective application of risk management practices; and
- each Group Executive's individual performance was assessed by the CEO in accordance with an annual performance evaluation process, taking into account a range of considerations including the Group Executive's individual scorecard performance, leadership behaviour and conduct, effective application of risk management practices and performance relative to the other GEs. The CEO's recommended assessment for each Group Executive was provided to the People and Remuneration Committee for endorsement, and then to the Board for approval.

Please refer to Table 2.5(c) for the FY24 Individual EVP Outcomes.

### 2.4 FY20 EVP Performance Rights RTSR Outcome

Performance Rights that were awarded under the FY20 EVP and allocated in November 2020, were subject to an RTSR performance condition measured over a five year performance period from 1 July 2019 to 30 June 2024. Vesting of the Performance Rights was determined on a straight-line basis, with 50% of Performance Rights vesting if Telstra's RTSR ranked at the 50th percentile of the comparator group, and up to 100% of Performance Rights vesting if Telstra's RTSR ranked at the 75th percentile or above of the comparator group. No Performance Rights vest where Telstra's RTSR ranked below the 50th percentile of the comparator group. The comparator group comprised the ASX100 (excluding resource companies) as at 1 July 2019. Each Performance Right that vests following testing of the performance condition entitles a Senior Executive to one Telstra share (or, at Telstra's discretion, a cash amount equal to the value of one Telstra share).

The RTSR performance condition for the Performance Rights was tested following the conclusion of the performance period on 30 June 2024 and the results and vesting outcome are detailed below. The results were calculated by an external provider.

**FY20 EVP Vesting Outcomes[1]**

| Test date | Performance Condition | Percentile Rank | Vesting |
|---|---|---|---|
| 30 June 2024 | RTSR measured against the ASX100 (excluding resource companies) as of 1 July 2019 | 51st Percentile | 52% |

1. As a result of the Restructure, Telstra's RTSR performance over the performance period took into account Telstra Corporation Limited's performance up until 31 October 2022 (the date it was replaced by Telstra Group Limited as the parent entity of the Telstra Group) and Telstra Group Limited's performance after that time.

The Board had discretion to remove companies from the comparator group in circumstances such as acquisitions, insolvency and de-listings. The Board exercised its discretion under the FY20 EVP terms to remove the following companies from the comparator group prior to the calculation of the vesting results.

**FY20 EVP Comparator Group Removals**

| Company removed from the Comparator Group | Reason for removal |
|---|---|
| Spark Infrastructure Group | Merger |
| Afterpay | Merger |
| Duluxgroup | Acquisition |
| TPG Telecom Limited | Merger |
| Coca-Cola Group Limited | Acquisition |
| Ausnet Services Limited | Merger |
| Sydney Airport | Merger |
| Cimic Group Limited | Acquisition |
| Pendal Group Limited | Acquisition |
| Crown Resorts | Acquisition |

### 2.5 Detailed remuneration and interests in Telstra shares

The tables in this section disclose Senior Executive information and only represent their time as Senior Executives.

#### (a) Actual pay which crystallised in FY24 for Senior Executives

As a general principle, the Australian Accounting Standards require the value of share-based payments to be calculated at the time of grant and to be expensed over the performance period and applicable service period. This may not reflect what Senior Executives actually received or became entitled to during the year.

The tables in this section are voluntary disclosures and are not prepared in accordance with Australian Accounting Standards. They are designed to provide greater transparency for shareholders on the pay and benefits the Senior Executives actually received, or became entitled to receive, during FY24 while they were a Senior Executive.

Senior Executives receive a significant portion of their variable remuneration in the form of equity. The value they actually receive from that variable remuneration is tied directly to Telstra's share price performance and whether the variable remuneration vests. We believe this demonstrates that our reward framework effectively aligns with our shareholders' interests and demonstrates the linkage between pay and performance.

The statutory tables for Senior Executive remuneration can be found in Sections 2.5(b) to (e).

The following table details the actual remuneration Vicki Brady received, or became entitled to receive, during FY24 in comparison to FY23. The remuneration received by Vicki Brady in FY23 reflects the fact that she was CFO until she was promoted to the CEO role on 1 September 2022. In FY24, her EVP award reflects her strong leadership and delivery while also taking into account the performance of our Enterprise business.

The value of Vicki Brady's vesting equity increased year on year. More Performance Rights will vest under the FY20 EVP than last year under the FY19 EVP because the award under the FY19 EVP was a prorated award. More Restricted Shares (relating to variable remuneration earned in prior financial years) became unrestricted in FY24 relative to FY23. Restricted Shares under Tranche 4 of the FY20 EVP, Tranche 3 of the FY21 EVP, Tranche 2 of the FY22 EVP and Tranche 1 of the FY23 EVP became unrestricted on 30 June 2024.

| Name | Year | Fixed Remuneration ($000) | Individual EVP Outcome payable as cash ($000)[2] | Value of EVP Restricted Shares that became unrestricted ($000)[3,4] | Value of EVP Performance Rights that vest ($000)[3,5] | Total ($000) | % change from prior year |
|---|---|---|---|---|---|---|---|
| Vicki Brady (CEO) | 2024 | 2,391 | 1,130 | 923 | 452 | 4,896 | 11% |
| Vicki Brady (CEO/CFO) | 2023[1] | 2,189 | 1,231 | 637 | 359 | 4,416 | |

1. As reported in our 2023 Remuneration Report, Fixed Remuneration was $2,164,000 Salary and Fees plus $25,000 Superannuation.
2. For FY24, amount relates to the cash component of the FY24 EVP, earned in FY24 and payable in September 2024. For FY23, the amount relates to the cash component of the FY23 EVP, earned in FY23 and paid in September 2023.
3. Equity in this table has been valued based on Telstra's share price on 30 June for each respective year. For FY24 this price is $3.62 and for FY23 this price is $4.30.
4. Amount relates to the value of variable remuneration earned in prior financial years which was provided as Restricted Shares. For the amount reported for FY24, the Restriction Period for these shares ended on 30 June 2024 and relates to Tranche 4 of the FY20 EVP, Tranche 3 of the FY21 EVP, Tranche 2 of the FY22 EVP and Tranche 1 of the FY23 EVP. For the amount reported for FY23, the Restriction Period for these shares ended on 30 June 2023 and relates to the Tranche 3 of the FY20 EVP, Tranche 2 of the FY21 EVP and Tranche 1 of the FY22 EVP.
5. The outcome of the FY20 EVP was that 52% of the Performance Rights will vest. The outcome of the FY19 EVP was that 100% of the Performance Rights vested but this was a prorated award due to Vicki Brady only working part of the relevant year.

The following table details the actual remuneration Senior Executives (other than the CEO) received or became entitled to receive during FY24.

| Name | Fixed Remuneration ($000) | Other (000)[6] | Individual EVP Outcome payable as cash ($000)[1] | Value of STI or EVP Restricted Shares that became unrestricted ($000)[2,3,4] | Value of EVP Performance Rights that vest ($000)[2,5] | Total ($000) |
|---|---|---|---|---|---|---|
| Michael Ackland | 1,251 | | 622 | 730 | 372 | 2,975 |
| Kim Krogh Andersen | 1,102 | | 631 | 533 | 172 | 2,438 |
| Oliver Camplin-Warner | 350 | | 174 | 233 | – | 757 |
| Amanda Hutton | 522 | | 273 | 190 | – | 985 |
| Brendon Riley | 1,402 | | 872 | 826 | 503 | 3,603 |
| Dean Salter | 1,025 | | 522 | 303 | – | 1,850 |
| Shailin Sehgal | 293 | | 145 | 147 | – | 585 |
| Kathryn van der Merwe | 1,021 | 1,500 | 559 | – | – | 3,080 |
| Brad Whitcomb | 1,152 | | 717 | 75 | – | 1,944 |

The table only includes Senior Executives (other than the CEO) who held that position as of 30 June 2024.
1. Amount relates to the cash component of the FY24 EVP, earned in FY24 and payable in September 2024.
2. Equity in this table has been valued based on the Telstra closing share price on 30 June 2024 of $3.62.
3. Amount includes the value of Restricted Shares awarded under the FY20 (Tranche 4), FY21 (Tranche 3), FY22 (Tranche 2) and FY23 (Tranche 1) EVPs which were earned in a previous year, but subject to a Restriction Period ending 30 June 2024.
4. The Restricted Shares that became unrestricted for Oliver Camplin-Warner, Amanda Hutton and Shailin Sehgal were awarded before they became KMP under the Company's Short Term Incentive (STI) plan.
5. The outcome of the FY20 EVP was that 52% of the Performance Rights will vest.
6. Kathryn van der Merwe was paid a sign on payment of $1,500,000 in FY24, $750,000 paid on commencement and $750,000 paid in June 2024.

### (b) Senior Executive remuneration (main table)

The table below has been prepared in accordance with the requirements of the Corporations Act and the relevant Australian Accounting Standards and relates only to the periods that the person was a Senior Executive. The figures provided under the equity settled share-based payments columns are based on accounting values and do not reflect actual payments received by Senior Executives. As continuing employment conditions and/or performance conditions apply, not all Restricted Shares, Performance Rights and Cash Rights may vest.

| | | Short term employee benefits | | | | Post–employment benefits |
|---|---|---|---|---|---|---|
| **Name and title** | **Year** | **Salary & fees ($000)[1]** | **EVP cash ($000)[2]** | **Non–monetary benefits ($000)[3]** | **Other ($000)[4]** | **Superannuation ($000)[5]** |
| **Vicki Brady** CEO | **2024** | **2,364** | **1,130** | **39** | **(7)** | **27** |
| | 2023 | 2,164 | 1,231 | 50 | 41 | 25 |
| **Michael Ackland** CFO | **2024** | **1,224** | **622** | **3** | **41** | **27** |
| | 2023 | 1,208 | 703 | – | 24 | 25 |
| **Kim Krogh Andersen** GE P&T | **2024** | **1,075** | **631** | **50** | **3** | **27** |
| | 2023 | 1,076 | 511 | 4 | 21 | 25 |
| **Oliver Camplin-Warner** GE TE | **2024** | **343** | **174** | **3** | **5** | **7** |
| | 2023 | – | – | – | – | – |
| **Amanda Hutton** GE TB | **2024** | **508** | **273** | **5** | **(35)** | **14** |
| | 2023 | – | – | – | – | – |
| **Brendon Riley** GE & CEO InfraCo | **2024** | **1,375** | **872** | **41** | **(27)** | **27** |
| | 2023 | 1,376 | 670 | 45 | (16) | 25 |
| **Dean Salter** GE GBS | **2024** | **998** | **522** | **4** | **(9)** | **27** |
| | 2023 | 926 | 437 | 10 | (4) | 25 |
| **Shailin Sehgal** GE GN&T | **2024** | **286** | **145** | **4** | **16** | **7** |
| | 2023 | – | – | – | – | – |
| **Kathryn van der Merwe** GE PC&C | **2024** | **994** | **559** | **2** | **1,521** | **27** |
| | 2023 | – | – | – | – | – |
| **Brad Whitcomb** GE TC | **2024** | **1,125** | **717** | **8** | **38** | **27** |
| | 2023 | 519 | 240 | 7 | 111 | 13 |
| **David Burns** Former GE TE | **2024** | **748** | **–** | **13** | **(34)** | **21** |
| | 2023 | 1,126 | 432 | 10 | (35) | 25 |
| **Nikos Katinakis** Former GE N&IT | **2024** | **570** | **–** | **3** | **17** | **21** |
| | 2023 | 1,076 | 511 | 18 | (51) | 25 |
| **Total current and former KMP** | **2024** | **11,610** | **5,645** | **175** | **1,529** | **259** |
| | 2023 | 9,471 | 4,735 | 144 | 91 | 188 |

In the table above, EVP Cash, Restricted Shares, Performance Rights and Cash Rights are dependent on the satisfaction of performance conditions (an overview of those performance conditions is included above in Section 2.1(c)). All other items are not related to performance.

1. Includes salary and salary sacrifice benefits (excluding salary sacrifice superannuation which is included under Superannuation), and where applicable is adjusted for leave without pay.
2. For FY24, the amounts relate to performance in FY24 under the FY24 EVP, which will be paid in September 2024. For FY23, the amounts relate to cash amounts paid for performance in FY23 under the FY23 EVP. Those cash amounts were paid in September 2023.
3. Includes the cost of personal use of Telstra products and services, the provision of car parking and where applicable, benefits in accordance with Telstra's relocation policy for those executives who were repatriated or relocated to Australia in recent years. Where applicable, the value of non-monetary benefits has been grossed up for FBT by the relevant FBT rates.
4. Includes the net movement of annual leave entitlement balance and, for Kathryn van der Merwe in 2024, a sign on payment of $1,500,000, $750,000 paid on commencement and $750,000 paid in June 2024. In 2023, includes for Brad Whitcomb a sign on payment of $70,500.
5. Represents company contributions to superannuation. Telstra does not provide any other post-employment benefits. Includes an increase in super contributions for FY24, partially funded from salary and fees, due to indexation of the Maximum Superannuation Contribution Base.
6. Only statutory leave entitlements (and no termination benefits) were paid to Nikos Katinakis on resignation because he did not cease employment for a Permitted Reason. Termination benefits for David Burns of $1,051,413 comprised of a $475,188 payment in lieu of notice and a $576,225 termination payment as per his employment contract. David Burns ceased employment on 29 February 2024. The termination benefits provided to David Burns were paid in compliance with Part 2D.2, Division 2 of the Corporations Act.
7. Includes the net movement of long service leave entitlement balances.

| Termination Benefits | Other long term benefits | | Share–based payments Accounting value (at risk)($)[8] | | | |
|---|---|---|---|---|---|---|
| Termination benefits ($000)[6] | Accrued leave benefits ($000)[7] | Dividend Equivalent Payment Accrual ($000) | Restricted shares ($000)[9] | Performance rights ($000)[10] | Cash Rights ($000)[11] | Total ($000)[12] |
| **–** | **59** | **162** | **1,331** | **537** | **–** | **5,642** |
| – | 59 | 110 | 1,025 | 543 | – | 5,248 |
| **–** | **31** | **138** | **868** | **446** | **–** | **3,400** |
| – | 31 | 124 | 786 | 411 | – | 3,312 |
| **–** | **27** | **101** | **726** | **357** | **–** | **2,997** |
| – | 27 | 66 | 596 | 244 | – | 2,570 |
| **–** | **9** | **–** | **88** | **11** | **–** | **640** |
| – | – | – | – | – | – | – |
| **–** | **13** | **–** | **167** | **38** | **–** | **983** |
| – | – | – | – | – | – | – |
| **–** | **35** | **160** | **994** | **532** | **–** | **4,009** |
| – | 35 | 160 | 828 | 484 | – | 3,607 |
| **–** | **26** | **52** | **617** | **452** | **755** | **3,444** |
| – | 23 | 23 | 415 | 138 | – | 1,993 |
| **–** | **7** | **–** | **51** | **8** | **–** | **524** |
| – | – | – | – | – | – | – |
| **–** | **26** | **–** | **250** | **91** | **–** | **3,470** |
| – | – | – | – | – | – | – |
| **–** | **28** | **9** | **457** | **160** | **–** | **2,569** |
| – | 13 | – | 62 | 18 | – | 983 |
| **1,051** | **19** | **121** | **776** | **680** | **–** | **3,395** |
| – | 28 | 123 | 598 | 360 | – | 2,667 |
| **–** | **15** | **–** | **(804)** | **(723)** | **–** | **(901)** |
| – | 27 | 112 | 614 | 350 | – | 2,682 |
| **1,051** | **295** | **743** | **5,521** | **2,589** | **755** | **30,172** |
| – | 243 | 718 | 4,924 | 2,548 | – | 23,062 |

8. The accounting values included in the table relate to the current year amortised value of all Restricted Shares, Performance Rights and Cash Rights that had not yet fully vested at the commencement of the financial year. The value of each equity instrument is calculated by applying valuation methodologies or is based on the market value of Telstra shares at the grant date as described in note 5.2 to the financial statements and is then amortised, based on the maximum achievable allocation, over the relevant vesting period. This value includes an assumption that the instruments will vest at the end of the vesting period unless forfeited during the financial year. As required under AASB 2, "Share-based Payment" accounting expense that was previously recognised as remuneration is reversed if the service condition or the non-market performance condition is not met. For Nikos Katinakis, the negative amounts reported include the reversal of current year and prior years' accounting value of the equity instruments forfeited in FY24 as the result of his resignation.
9. This includes the amortised value of the Restricted Share component of the FY24, FY23, FY22, FY21 and FY20 EVPs and, for Oliver Camplin-Warner, Amanda Hutton and Shailin Sehgal, the Restricted Share component of the FY24, FY23, FY22 and FY21 STI. No Board discretion was exercised in relation to Nikos Katinakis' or David Burns' Restricted Shares.
10. This includes the amortised value of the Performance Right component of the FY24, FY23, FY22, FY21, and FY20 EVPs.
11. As required under AASB 2, the accounting expense for the FY24 Cash Rights that will be awarded to Dean Salter in lieu of Restricted Shares and Performance Rights is recognised for the period 1 July 2023 to his separation date of 31 July 2024. So, this expense has been largely recognised in this reporting period even though the EVP Cash Rights will not be eligible to vest until the end of their respective restriction and performance periods. The FY24 Cash Rights are subject to the same time conditions and performance measures as those applying to FY24 Restricted Shares and Performance Rights to be allocated to other Senior Executives.
12. The total for FY23 of $23.062 million in this table is different to the FY23 Remuneration Report total for FY23 of $28.327 million as it does not include remuneration for Andrew Penn and Alex Badenoch of $5.265 million.

### (c) FY24 EVP Payments (cash and equity)

| Name | Breakdown of FY24 Individual EVP Outcomes[1] | | | | | | |
|---|---|---|---|---|---|---|---|
| | Maximum potential EVP opportunity ($000)[2] | 25% Cash component ($000) | 35% Restricted Shares component[3] ($000) | 40% Performance Rights component[3] ($000) | Individual EVP Outcome ($000) | % of maximum opportunity earned | % of maximum opportunity forfeited |
| Vicki Brady | 7,174 | 1,130 | 1,582 | 1,808 | 4,520 | 63.0% | 37.0% |
| Michael Ackland | 3,754 | 622 | 871 | 996 | 2,489 | 66.3% | 33.7% |
| Kim Krogh Andersen | 3,307 | 631 | 883 | 1,009 | 2,523 | 76.3% | 23.7% |
| Oliver Camplin-Warner[4] | 1,050 | 174 | 244 | 279 | 697 | 66.4% | 33.6% |
| Amanda Hutton[4] | 1,566 | 273 | 382 | 436 | 1,091 | 69.7% | 30.3% |
| Brendon Riley | 4,207 | 872 | 1,221 | 1,395 | 3,488 | 82.9% | 17.1% |
| Dean Salter | 3,150 | 522 | 731 | 836 | 2,089 | 66.3% | 33.7% |
| Shailin Sehgal[4] | 878 | 145 | 204 | 233 | 582 | 66.3% | 33.7% |
| Kathryn van der Merwe[4] | 3,064 | 559 | 782 | 894 | 2,235 | 72.9% | 27.1% |
| Brad Whitcomb | 3,457 | 717 | 1,003 | 1,147 | 2,867 | 82.9% | 17.1% |
| David Burns[5] | 2,305 | – | – | – | – | 0.0% | 100.0% |
| Nikos Katinakis[5] | – | – | – | – | – | 0.0% | 100.0% |

1. The FY24 Individual EVP Outcomes were approved by the Board on 12 August 2024.
2. Represents the maximum potential EVP opportunity specific to their time as Senior Executives for FY24, adjusted for any variation in Fixed Remuneration or any leave without pay taken throughout FY24 that impacts the maximum potential EVP opportunity available. If the minimum threshold performance is not met, the minimum possible EVP payment is nil.
3. The Restricted Shares and Performance Rights awarded are expected to be allocated shortly after Telstra's 2024 Annual General Meeting and are subject to Restriction Periods and performance periods (as set out in Section 2.1(c)) and the Senior Executive's continued employment.
4. As Kathryn van der Merwe, Amanda Hutton, Oliver Camplin-Warner and Shailin Sehgal became KMP effective 3 July 2023, 1 January 2024, 1 March 2024 and 21 March 2024 respectively, the awards reported above are prorated accordingly.
5. As Nikos Katinakis did not cease employment for a Permitted Reason, he is not eligible for any award under the FY24 EVP. David Burns did cease employment for a Permitted Reason but was not granted any award under the FY24 EVP.

### (d) Number and value of rights over equity instruments allocated, vested and exercised during FY24

| Name | Equity Movements | | | | | | |
|---|---|---|---|---|---|---|---|
| | Total rights held at 1 July 2023[1] | Rights allocated during FY24[2] | Value of rights allocated ($000)[3] | Rights vested and exercised during FY24[4] | Value of rights vested and exercised ($000)[5] | Other changes (lapsed rights) | Total rights held at 30 June 2024[6] |
| Vicki Brady | 760,902 | 487,905 | 995 | (83,562) | 334 | – | **1,165,245** |
| Michael Ackland | 845,088 | 278,730 | 546 | (202,232) | 809 | – | **921,586** |
| Kim Krogh Andersen | 470,423 | 202,580 | 397 | – | – | – | **673,003** |
| Oliver Camplin-Warner | – | – | – | – | – | – | **–** |
| Amanda Hutton | – | – | – | – | – | – | **–** |
| Brendon Riley | 1,050,652 | 265,580 | 521 | (273,721) | 1,095 | – | **1,042,511** |
| Dean Salter | 209,080 | 173,445 | 340 | – | – | – | **382,525** |
| Shailin Sehgal | – | – | – | – | – | – | **–** |
| Kathryn van der Merwe | – | – | – | – | – | – | **–** |
| Brad Whitcomb | – | 95,342 | 187 | – | – | – | **95,342** |
| David Burns | 807,417 | 171,134 | 335 | (203,130) | 813 | – | **775,421** |
| Nikos Katinakis | 738,893 | 202,580 | 397 | (164,095) | 656 | (777,378) | **–** |

All service and performance conditions for rights granted in previous financial years are summarised in the Remuneration Report for each relevant year of grant. Each equity instrument granted, vested or exercised in FY24 (where applicable) in the table above was issued by Telstra Corporation Limited (if issued prior to the Restructure) or Telstra Group Limited (if issued after the Restructure) and resulted or will result (on vesting and exercise) in one ordinary Telstra Group Limited share (or, at Telstra Group Limited's discretion, a cash amount equal to the value of one ordinary Telstra Group Limited share) being provided to the holder per equity instrument. No amount is payable by the KMP on grant, vesting or exercise of their rights. Restricted Shares are excluded from this table. Refer to Sections 2.5(c) and (e) for further information.

1. The balance reflects the number of equity instruments held on the later of 1 July 2023 or the date on which the executive commenced as a KMP. The balance was restated to remove FY19 EVP Performance Rights previously reported as vested and exercised during FY23 as, under the terms of the FY19 EVP, those Performance Rights only vested and were exercised during FY24 and are included in the 'rights vested and exercised during FY24' column. Refer to the list of KMP at the end of the Key Highlights section of this report for further information.
2. Rights allocated during FY24 were the FY23 EVP Performance Rights allocated on 3 November 2023. Approval for the issue of FY23 EVP Performance Rights allocated to Vicki Brady was obtained from shareholders at our 2023 AGM, and as a result the grant date of those awards for accounting purposes is considered to be the date of that AGM as described in note 3 below. The FY24 EVP Performance Rights will be allocated after Telstra's 2024 AGM, refer to Section 2.1 for more information. Approval for the issue of FY24 EVP Performance Rights to be allocated to Vicki Brady will be sought from shareholders at our 2024 AGM, and as a result the grant date of those awards for accounting purposes will be considered to be the date of the 2024 AGM (rather than 15 August 2023).
3. The fair value reflects the valuation approach required by AASB 2 using an option pricing model for Performance Rights granted. The fair value of the Performance Rights allocated in FY24 under the FY23 EVP are based on the grant dates of 17 October 2023 for the CEO and 12 August 2022 for all other Senior Executives, respectively. The fair value of Performance Rights granted under the FY23 EVP are $2.04 for the CEO, and $1.96 for Senior Executives.
4. Rights vested in this column relate to the Performance Rights awarded under the FY19 EVP that was performance tested following the conclusion of the performance period on 30 June 2023 and resulted in 100% of the Performance Rights vesting.
5. The value of the Performance Rights vested and exercised reflects the market value at the date the instruments vested and were exercised.
6. The balance reflects the number of rights held on 30 June 2024 or, if earlier, the date on which the executive ceased to hold the KMP position. Refer to the list of KMP at the end of the Key Highlights section of this report for further information. All unvested equity instruments awarded to Nikos Katinakis under the Company's incentive plans were forfeited because he did not leave for a Permitted Reason. David Burns did cease employment for a Permitted Reason and so his unvested equity remains on foot and will vest in accordance with the original timeframes and performance conditions in the EVP Plan rules.

There are no Performance Rights or options held by any KMP's related parties and no Performance Rights or options held indirectly or beneficially by our KMP. As at 30 June 2024, there were no options or Performance Rights vested, or vested and exercisable or vested and unexercisable. As outlined in Section 2.4, the secondary performance condition applying to the FY20 EVP Performance Rights was tested following the conclusion of the performance period on 30 June 2024 and 52% of those Performance Rights will vest. Shares will be provided in respect of those vesting Performance Rights following the date of this report.

### (e) Senior Executive interests in Telstra Shares

During FY24, our Senior Executives and their related parties held Telstra shares directly, indirectly or beneficially as follows:

| Name | Total shares held at 1 July 2023[1,2] | Restricted Shares allocated[3] | Performance Rights Exercised[4] | Net shares acquired or disposed of and other changes[5] | Total shares held at 30 June 2024[6] | Shares held nominally at 30 June 2024[6,7] |
|---|---|---|---|---|---|---|
| Vicki Brady | 771,888 | 426,917 | 83,562 | – | 1,282,367 | 719,887 |
| Michael Ackland | 1,038,674 | 243,889 | 202,232 | – | 1,484,795 | 1,484,795 |
| Kim Krogh Andersen | 411,620 | 177,257 | – | – | 588,877 | 400,348 |
| Oliver Camplin-Warner | 109,040 | – | – | – | 109,040 | 109,040 |
| Amanda Hutton | 384,164 | – | – | – | 384,164 | 115,683 |
| Brendon Riley | 1,198,367 | 232,382 | 273,721 | – | 1,704,470 | 1,260,796 |
| Dean Salter | 188,445 | 151,764 | – | – | 340,209 | 281,106 |
| Shailin Sehgal | 98,487 | – | – | – | 98,487 | 63,262 |
| Kathryn van der Merwe | – | – | – | – | – | – |
| Brad Whitcomb | – | 83,424 | – | – | 83,424 | 83,424 |
| David Burns | 491,936 | 149,742 | 203,130 | – | 844,808 | 402,522 |
| Nikos Katinakis | 672,345 | 177,257 | 164,095 | (417,965) | 595,732 | – |
| **Total** | **5,364,966** | **1,642,632** | **926,740** | **(417,965)** | **7,516,373** | **4,920,863** |

1. Total shareholdings include shares held by our Senior Executives and their related parties. Unless related to our employee share plans, shares acquired or disposed of by our Senior Executives and their related parties during FY24 were on an arm's length basis at market price.
2. Reflects the number of shares held on the later of 1 July 2023 or the date on which the executive commenced as a KMP. Refer to the list of KMP at the end of the Key Highlights section of this report for further information.
3. Restricted Shares in this column were allocated on 3 November 2023 and relate to the FY23 EVP. The approval for the issue of Restricted Shares allocated to Vicki Brady was obtained from shareholders at our 2023 Annual General Meeting. The allocation of Restricted Shares under the FY24 EVP will be made after the reporting date of 30 June 2024, therefore they have not been included in the table above.
4. Includes FY19 EVP Performance Rights that vested as unrestricted shares on 18 August 2023.
5. All unvested equity instruments awarded to Nikos Katinakis under the Company's incentive plans were forfeited because he did not leave for a Permitted Reason.
6. The balance reflects the number of shares held on 30 June 2024 or, if earlier, the date on which the executive ceased to hold the KMP position. Refer to the list of KMP at the end of the Key Highlights section of this report for further information.
7. Nominally refers to shares held either indirectly or beneficially by Senior Executives and shares held by their related parties including certain Restricted Shares held beneficially by Senior Executives. These shares are subject to a Restriction Period, such that the Senior Executive is restricted from dealing with the shares until the Restriction Period ends. Refer to note 5.2 to the financial statements for further details.

## 3. Non-executive Director remuneration

### 3.1 FY24 fee structure

**Overview**
Our non-executive Directors are remunerated with set fees and do not receive any performance-based pay. This supports non-executive Directors' ability to maintain independence and impartiality when making decisions affecting the future direction of the Company.

Superannuation contributions are included within each non-executive Director's total remuneration, in accordance with the ASX Listing Rules and Telstra policy. Non-executive Directors may choose to increase the proportion of their remuneration taken as superannuation, subject to legislative requirements.

Telstra does not provide retirement benefits for non-executive Directors other than the superannuation contributions noted above.

Sections 1.1(g) and (h) of this report provide details of the share ownership policy and securities trading restrictions that apply to our non-executive Directors. Section 3 provides full details of non-executive Director remuneration for FY24.

Non-executive Directors are remunerated in accordance with Telstra's Constitution, which provides for an aggregate fee pool that is set, and varied, only by approval of a resolution of shareholders at the AGM. The current annual fee pool of $3.5 million was approved by shareholders at Telstra's 2012 AGM. The total of Board and Committee fees, including superannuation, paid to non-executive Directors in FY24 remained within the approved fee pool.

**(a) FY24 Board and standing Committee fees**
On an annual basis the Board conducts a market review of Board fees.

As reported in our 2023 Remuneration Report, from 1 October 2023, the Board determined to increase the People and Remuneration Committee Chair annual fee from $56,000 to $58,000 (3.6% increase) and the People and Remuneration Committee member fee from $28,500 to $29,500 (3.5% increase). The total of Board and Committee fees remains within the approved fee pool.

The Board and standing Committee fee structure (inclusive of superannuation) during FY24 was:

| FY24 Board Fees | Chair | Non-executive Director (annual base fee) |
|---|---|---|
| Board | $790,000 | $240,000 |
| **FY24 Committee Fee** | **Chair** | **Committee Member** |
| Audit & Risk Committee | $70,000 | $35,000 |
| People and Remuneration Committee | $58,000 | $29,500 |
| Nomination Committee* | – | – |

*All non-executive Directors are members of the Nomination Committee and do not receive a fee for this Committee.

The Board Chair does not receive Committee fees if he is a Member of a Board Committee. No remuneration for additional or special duties was paid to non-executive Directors in FY24. Following the FY24 market review of Board fees, the Board determined not to increase fees in FY25.

**(b) Changes to the Board and Committee composition**
There were a number of changes to Board and Committee composition during FY24.
- John Mullen retired as Chair of the Board and as a Director effective 17 October 2023;
- Craig Dunn was appointed as Chair of the Board effective 17 October 2023; and
- Maxine Brenner was appointed as the Chair of the Audit & Risk Committee effective 19 October 2023 (replacing Craig Dunn who continued as a member of the Audit & Risk Committee).

### 3.2 Detailed remuneration and interests in Telstra shares

### (a) Non-executive Director remuneration

| Name and title | Year | Short term employee benefits | | Post–employment benefits | |
|---|---|---|---|---|---|
| | | Salary and fees ($000)[1] | Non-monetary benefits ($000)[2] | Superannuation ($000)[3] | Total ($000)[7] |
| **Craig W Dunn**[4] Chair | **2024** | **621** | **–** | **27** | **648** |
| | 2023 | 283 | 1 | 25 | 309 |
| **Eelco Blok**[5] Director | **2024** | **235** | **–** | **5** | **240** |
| | 2023 | 234 | – | 5 | 239 |
| **Maxine Brenner** Director | **2024** | **272** | **–** | **27** | **299** |
| | 2023 | 93 | – | 9 | 102 |
| **Roy H Chestnutt**[5] Director | **2024** | **270** | **1** | **5** | **276** |
| | 2023 | 269 | – | 5 | 274 |
| **Ming Long** Director | **2024** | **277** | **–** | **27** | **304** |
| | 2023 | 131 | – | 13 | 144 |
| **Bridget Loudon** Director | **2024** | **243** | **1** | **26** | **270** |
| | 2023 | 235 | – | 24 | 259 |
| **Elana Rubin**[6] Director | **2024** | **277** | **3** | **21** | **301** |
| | 2023 | 349 | 4 | – | 353 |
| **Niek Jan van Damme**[5] Director | **2024** | **264** | **38** | **5** | **307** |
| | 2023 | 262 | – | 5 | 267 |
| **John P Mullen**[4] Former Chair | **2024** | **224** | **–** | **11** | **235** |
| | 2023 | 761 | 15 | 25 | 801 |
| **Total** | **2024** | **2,683** | **43** | **154** | **2,880** |
| | 2023 | 2,617 | 20 | 111 | 2,748 |

1. Includes fees for membership on Board standing committees and remuneration for payroll adjustments, additional or special duties (where applicable). No remuneration for additional or special duties was paid to non-executive Directors in FY23 or FY24.
2. Includes the provision of car parking, travel as well as the value of Telstra products and services provided to non-executive directors. The value of non-monetary benefits has been grossed up where required for FBT by the relevant FBT rates.
3. Includes an increase in super contributions for FY24, funded from salary and fees, due to indexation of the Maximum Superannuation Contribution Base.
4. John P Mullen retired from the Board and as Chair of the Board on 17 October 2023 and Craig W Dunn was appointed as Chair of the Board effective 17 October 2023.
5. As Eelco Blok, Roy Chestnutt, and Niek Jan van Damme are overseas residents, their superannuation contributions for FY23 and FY24 are less than the contributions for Australian resident non-executive Directors.
6. An employer superannuation guarantee shortfall exemption certificate has been granted by the ATO for part of the 2024 financial year. Based on the exemption approval Telstra has met the required Superannuation Guarantee obligation.
7. The total for FY23 of $2.748 million in this table is different to the total of $2.831 million for FY23 in the FY23 Remuneration Report as it does not include remuneration for Nora Scheinkestel of $83,000.

**(b) Non-executive Directors' interests in Telstra shares**
During FY24, our non-executive Directors and their related parties held Telstra shares directly, indirectly or beneficially as follows:

| Name | Total shares held at 1 July 2023[1] | Net shares acquired or disposed of and other changes[1] | Total shares held at 30 June 2024[1,2] | Shares held nominally at 30 June 2024[2,3] |
|---|---|---|---|---|
| Craig W Dunn | 73,173 | 25,974 | 99,147 | 98,447 |
| Eelco Blok | 75,000 | – | 75,000 | – |
| Maxine Brenner | – | 28,750 | 28,750 | 28,750 |
| Roy H Chestnutt | 70,000 | 3,766 | 73,766 | 73,766 |
| Ming Long | 51,589 | – | 51,589 | – |
| Bridget Loudon | 12,500 | – | 12,500 | 12,500 |
| Elana Rubin | 67,961 | 21,869 | 89,830 | 19,424 |
| Niek Jan van Damme | 77,000 | – | 77,000 | – |
| John P Mullen | 126,159 | – | 126,159 | 100,000 |
| **Total** | **553,382** | **80,359** | **633,741** | **332,887** |

1. Total shareholdings include shares held by our non-executive Directors and their related parties. Shares acquired or disposed of by our non-executive Directors and their related parties during FY24 were on an arm's length basis at market price.
2. For John P Mullen, the balance represents shares held as at the date on which he ceased to be KMP.
3. Nominally refers to shares held either indirectly or beneficially by non-executive Directors including those shares held by their related parties.

## 4. Looking forward to FY25

**4.1 Senior Executive Leadership Changes**
In May 2024, we announced the reshaping of our internal operations, moving the Global Business Services function into other parts of the business in FY25. This led to changes to our Senior Executive team with Dean Salter leaving the business on 31 July 2024.

**4.2 FY25 Senior Executive Fixed Remuneration**
On an annual basis the Board conducts a market review of Senior Executive remuneration along with other factors including internal relativities and any growth in the accountabilities of Senior Executive roles.

On reviewing each executive's performance and relevant market data, the Board has determined to increase the fixed remuneration of Kim Krogh Andersen, Group Executive Products and Technology, from $1,103,752 to $1,175,000, the fixed remuneration of Brad Whitcomb, Group Executive Telstra Consumer, from $1,153,752 to $1,200,000 and the fixed remuneration of Amanda Hutton, Group Executive Telstra Business, from $1,051,302 to $1,114,000. These changes will take effect on 1 October 2024. For newly appointed Group Executives, we may consider fixed remuneration increases in FY25 if their performance, contribution and the most recent market benchmarking warrants it. We do not anticipate any other increases in Senior Executive Fixed Remuneration other than on appointment or promotion to a new role or due to a significant increase in accountabilities, nor do we intend on making any significant changes to the EVP remuneration structure.

**4.3 FY25 EVP Performance Measures and Targets**
It is our intention to continue to provide meaningful information to enable shareholders to assess the appropriateness of our remuneration targets and provide transparency over remuneration outcomes. The Board considers this an imperative as our operating environment requires careful shareholder consideration of the need to appropriately recognise and reward strong management performance for the value created for the Company and its shareholders.

The performance measures and targets selected by the Board are designed to focus the Senior Executives on delivering against the final year of our T25 strategy, and to help ensure that financial rewards are linked directly to their contributions, to company performance and to long-term shareholder value creation.

In setting the primary performance measures and targets for the FY25 EVP, the Board sought to ensure they were robust and sufficiently demanding, taking into account the key deliverables and milestones outlined in our T25 strategy and scorecard, planned financial outcomes contained within our FY25 Corporate Plan and FY25 guidance (as announced on 15 August 2024).

The targets that apply to the FY25 EVP do not constitute market guidance. Subsequent adjustments to guidance throughout the year (for example unplanned one-off events) and their impact on EVP outcomes will be considered both during the financial year as those events may occur and also at the end of the financial year, in accordance with established principles to ensure that outcomes appropriately reflect the performance of Senior Executives. Any adjustments that the Board makes will be fully disclosed to shareholders in next year's Remuneration Report. The Board also has the ability to amend the performance measures themselves if it considers it appropriate having regard to Telstra's business circumstances and priorities.

All of the following measures have been selected on the basis that they are directly linked to our T25 strategy.

## FY25 EVP Performance Measures and Targets

| Performance Measure | | Metric | Weighting | FY24 EVP Actual[1] |
|---|---|---|---|---|
| Financial 60% of total weighting | **Fixed Core Cost Reduction** | Net fixed cost out from FY23 to FY25 | 15% | $122m[2] |
| | **Underlying EBITDA** | Underlying EBITDA is Earnings Before Interest, Tax, Depreciation & Amortisation, and excludes guidance adjustments | 15% | $8,243m |
| | **Free Cash Flow** | Free Cashflow after lease payments defined as 'operating cash flows' less 'investing cash flows', less 'payments for lease liabilities', and excludes spectrum and guidance adjustments | 15% | $2,986m |
| | **Underlying Return On Invested Capital** | Underlying ROIC is Total NOPAT less guidance adjustments after tax, divided by Average Invested Capital | 15% | 8.3% |
| Customer 25% of total weighting | **Episode NPS** | Measures our customer experience from their feedback on each transaction using a Net Promoter Score | 15% | +46 |
| | **RepTrak** | Measures our reputation score on the RepTrak index | 10% | 63.7 |
| Strategic 15% of total weighting | **Responsible Business[4]** | Our % reduction in absolute scope 1 + 2 greenhouse gas emissions and % reduction in absolute scope 3 greenhouse gas emissions, both from our FY19 baseline (excluding Digicel Pacific) | 5% | 37% reduction in absolute scope 1 + 2 emissions 37% reduction in absolute scope 3 emissions |
| | **Digital Leadership[5]** | Launching Application Programming Interface (API)-first products | 5% | Successfully competed 100% of the re-usable APIs available for the first API-first product release |
| | **People Engagement** | Maintain employee engagement in the high performing norm | 5% | 79 |

1. For metrics continuing from FY24, the FY24 EVP Actual refers to the FY24 EVP performance outcomes as outlined in Section 2.2. For Underlying EBITDA and Underlying ROIC refer to section 2.1 for the FY24 definitions. For Responsible Business the FY24 EVP Actual refers to the actual performance outcomes for the reduction in absolute scope 1, 2 and 3 greenhouse gas emissions in FY24. For metrics that are new in FY25, the FY24 EVP Actual (where available) is our current internal measurement to the end of June 2024 where this provides relevant context to the determination of Threshold, Target and Maximum for FY25.
2. The $122m of Fixed Cost Core Reduction achieved to the end of FY24 will count towards the achievement of the total market commitment of $350m Fixed Cost Core Reduction.

| FY25 | | | Rationale for why chosen |
|---|---|---|---|
| Threshold | Target | Max | |
| Aligned to $350m market commitment | Slightly above $350m market commitment | Above $350m market commitment | • Key driver of FY25 financial performance.<br>• Aligns to our external cost reduction commitments.<br>• Aligns to the growth and value pillar of our T25 scorecard. |
| Aligned to bottom end of Market Guidance range[3] | Aligned to midpoint of Market Guidance range[3] | Aligned to top end of Market Guidance range[3] | • Key indicator of financial performance.<br>• Ensures appropriate focus on profit and cost to deliver.<br>• A strong indicator of underlying company profitability.<br>• Aligns to the growth and value pillar of our T25 scorecard. |
| | | | • Key indicator of financial performance.<br>• Appropriate for a capital-intensive business and critical in managing the Company's ability to pay a dividend and maintain balance sheet strength.<br>• Aligns to the growth and value pillar of our T25 scorecard. |
| Aligned to the bottom of range implied by underlying EBITDA Market Guidance range (and other assumptions)[3] | Around the middle of range implied by underlying EBITDA Market Guidance range (and other assumptions)[3] | Aligned to top of range implied by underlying EBITDA Market Guidance range (and other assumptions)[3] | • Key indicator of financial performance.<br>• Reflects our T25 strategy focus on growth and financial returns.<br>• Aligns to the growth and value pillar of our T25 scorecard. |
| +43 | +45 | +48 | • Focuses leaders on continuously improving the customer service experience, driving both customer attraction and retention.<br>• Underpins companywide improvement programs focused on improving our operational excellence by identifying and eliminating the causes of unnecessary customer effort and pain points.<br>• Aligns to the customer experience pillar of our T25 scorecard. |
| 63.7 | 64.4 | 64.7 | • Includes the sentiment of customers and non-customers, but also provides a broader, more holistic measure which picks up on all the key drivers of company reputation.<br>• Focuses leaders on the Company's reputation in the community, with customers and prospective customers, and with prospective employees, driving both customer and employee attraction and retention.<br>• To account for macro changes in consumer sentiment, we will review Telstra's performance against the year-on-year movement in the RepTrak Benchmark 60 average score which measures the reputation of the 60 largest brands in Australia by revenue and market presence.<br>• It is an indicator of how stakeholders feel about Telstra.<br>• Aligns to the responsible business pillar of our T25 scorecard. |
| 40% | 41% | 43% | • Inclusion of this metric in our scorecard leans into Telstra's contribution to addressing this pressing issue and specifically recognises broad community concern about our changing environment.<br>• Scope 1 + 2 greenhouse gas emissions are those caused by fossil fuels and grid electricity we use. Scope 3 greenhouse gas emissions are mainly those from our value chain (e.g. suppliers and customers). Both metrics will be assessed separately and combined with an equal weighting (50% each), as set out below this table.<br>• Aligns to the responsible business pillar of our T25 scorecard. |
| Release 3 API-first products | Release 4 API-first products | Release 6 API-first products | • This measure focuses on enablers of Digital Leadership that will support our external commitment of 100% API-First Architecture for customer management and product development.<br>• In FY25, there will be one component to measure the delivery of STI API-First metric, given we delivered threshold in FY24, and via our internal scorecard Metric "Number of Compliant API First Product Releases (#)", and tracks the number of product releases which are compliant to the API First principles.<br>• These product releases will make use of the Reusable ITaaS and NaaS API capabilities and be reviewed as meeting the principles of the Product Architecture Blueprint and the Telstra Reference Architecture Model, and make distinct, new capabilities available to the market.<br>• For FY25 we are targeting 4 API-First product releases from a targeted pool of 8 viable products, with a proposed threshold of 3 products released and stretch target of 6 products released. |
| 78 | 79 | 82 | • Focuses leaders on our employee engagement and the importance of our employees as stakeholders.<br>• Supports engagement at the current level of 79 which is above the 75th percentile of the high performing norm, with our stretch target reflecting our ambition to achieve the 90th percentile score of 82.<br>• A highly engaged workforce is critical for attracting and retaining the talent required to deliver on our ambitious strategy. |

3. Market Guidance means guidance for FY25 as set out in Telstra's ASX announcement dated 15 August 2024. Guidance for FY25, and our target for underlying ROIC, has been adjusted upwards to reflect any flow on effects from guidance adjustments recorded in FY24. Market Guidance for Free Cash Flow refers to guidance for "Free cashflow after lease payments (FCFaL) before strategic investment" plus "Strategic investment".
4. The Responsible Business targets have been set assuming the closure of our 3G network by end November 2024 and will require adjustment if that date changes. These targets exclude Digicel Pacific which Telstra acquired during FY23.
5. The Digital Leadership targets are inclusive of Enterprise API-first products.

Calculation of Blended Responsible Business Metric for FY25:

| Reduce emissions[1] | Weight | Threshold | Target | Max |
|---|---|---|---|---|
| Scope 1 + 2 | 50% | 40% | 41% | 43% |
| Scope 3 | 50% | 40% | 41% | 43% |
| Blended targets (rounded to nearest whole %) | 100% | 40% | 41% | 43% |

1. The Responsible Business targets have been set assuming the closure of our 3G network by end November 2024 and will require adjustment if that date changes. These targets exclude Digicel Pacific which Telstra acquired during FY23.

## 5. Glossary

**Cash Rights**
Rights granted to a Senior Executive who ceases employment for a Permitted Reason before the Restricted Shares and Performance Rights are granted in respect of the EVP in lieu of those Restricted Shares and Performance Rights. The Cash Rights are subject to the same time conditions and performance measures as those applying to those Restricted Shares and Performance Rights. On vesting, a Cash Right will entitle the Senior Executive to a cash payment equivalent to the value of a Telstra share at the end of the applicable Restriction Period or performance period. A Cash Right granted in lieu of a Restricted Share also entitles the Senior Executive to receive an amount equal to dividends paid on Telstra shares between the date the Cash Right is allocated and the end of the applicable Restriction Period, at or around the same time that Telstra pays the dividend. A Cash Right granted in lieu of a Performance Right entitles the Senior Executive, if the Cash Right vests, to receive an amount equivalent to dividends paid between allocation and vesting of the Cash Right after the end of the applicable performance period.

**EBITDA**
Earnings Before Interest, Tax, Depreciation and Amortisation.

**EVP**
Executive Variable Remuneration Plan.

**EVP Scorecard Outcome**
The outcome determined by the Board following an assessment of Telstra's performance against the primary performance measures under the EVP during the Initial Performance Period, after making such adjustments as it considers necessary to ensure the outcome is appropriate, that is then used as an input for determining each Senior Executive's Individual EVP Outcome.

**Fixed Remuneration or FR**
Base salary plus company and private salary sacrificed superannuation contributions.

**FY**
Financial year.

**Individual EVP Outcome**
The individual award earned by a Senior Executive under the EVP taking into consideration their performance, the EVP Scorecard Outcome, their 'at target' EVP reward opportunity and other factors in accordance with the Board's decision framework such as any material risk events identified, the severity of their impact and the Senior Executive's accountability for the matter.

**Initial Performance Period**
1 year (1 July 2023 – 30 June 2024).

**KMP**
Key Management Personnel, being people with authority and responsibility for planning, directing and controlling the activities of Telstra and the Group, directly or indirectly.

**NPS**
Net Promoter Score is a non-financial performance metric that we use to measure customer experience at Telstra. The Episode NPS performance measure is based on responses to internal surveys following actual service experiences customers had with Telstra. The overall Episode NPS result for Telstra is a weighted average calculation of the survey results from Telstra business segments – Consumer & Small Business contribute collectively at 65% and Telstra Enterprise at 35%.

**Performance Right**
A right to a share or, at Telstra's discretion, a cash amount equivalent to the value of a share, at the end of a performance period, subject to the satisfaction of certain performance measures and continuing employment conditions.

**Permitted Reason**
Permitted Reason under the EVP means death, total and permanent disablement, certain medical conditions, mutual separation, company initiated separation for a reason unrelated to performance or conduct, redundancy or retirement.

**Related parties**
of a person means:

- a close member of the person's family; and/or
- an entity over which the person or close family member has, directly or indirectly, control, joint control or significant influence

**Restricted Share**
A Telstra share that is subject to a Restriction Period.

**Restriction Period**
A period during which a Telstra share is subject to a continuing employment condition and cannot be traded. Restricted Shares are transferred to a Senior Executive on the first day after the end of the Restriction Period that Senior Executives are able to deal in shares under Telstra's Securities Trading Policy.

**Restructure**
The corporate restructure of the Telstra Group implemented during FY23, which included Telstra Group Limited becoming the new parent entity of the Telstra Group with effect from 31 October 2022 (Telstra Corporation Limited was the parent entity of the Telstra Group prior to that date).

**Relative Total Shareholder Return (RTSR)**
Measures the performance of a Telstra share (including the value of any cash dividend and other shareholder benefits paid during the period) relative to the performance of ordinary securities issued by the other entities in a comparator group over the same period.

**RTSR Performance Period**
The five-year performance period ending on 30 June 2028 over which the RTSR performance condition for the FY24 EVP Performance Rights will be measured.

**Senior Executive**
Refers to the CEO and those GEs who are KMP.

**Underlying EBITDA**
Underlying EBITDA is Earnings Before Interest, Tax, Depreciation & Amortisation. It excludes guidance adjustments. In FY23 and prior years, it also excluded net one-off nbn DA receipts less nbn net C2C.

# Directors' Report

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### Rounding

The Telstra Entity is a company of the kind referred to in the Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, as amended from time to time and issued pursuant to section 341(1) of the Corporations Act 2001. Except where otherwise indicated, the amounts in this Directors' Report and the accompanying financial report have been rounded to the nearest million dollars ($m) and amounts in the Remuneration Report have been rounded to the nearest thousand dollars ($000).

This report is made on 15 August 2024 in accordance with a resolution of the Directors.

Craig W Dunn
Chair
15 August 2024

Vicki Brady
Chief Executive Officer and Managing Director
15 August 2024

### Auditor's Independence Declaration to the Directors of Telstra Group Limited

As lead auditor for the audit of the financial report of Telstra Group Limited for the financial year ended 30 June 2024, 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 audit;

(b) No contraventions of any applicable code of professional conduct in relation to the audit; and

(c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Sarah Lowe
Partner
15 August 2024

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

# Financial Report

# Telstra Group Limited and controlled entities

**Australian Business Number (ABN): 56 650 620 303**

# Financial report: introduction and contents

**As at 30 June 2024**

## About this report

This is the financial report for Telstra Group Limited (referred to as the Company or the Telstra Entity) and its controlled entities (together referred to as we, us, our, Telstra, the Telstra Group or the Group) for the year ended 30 June 2024.

Telstra Group Limited is a 'for profit' company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX).

This financial report was authorised for issue in accordance with a resolution of the Telstra Group Limited Board of Directors on 15 August 2024. The Directors have the power to amend and reissue the financial report.

## Reading the financials

### Section introduction

The 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.

## Contents

### Financial Statements



### Notes to the Financial Statements

# Income Statement

## For the year ended 30 June 2024

| Telstra Group | Note | Year ended 30 June 2024 $m | Year ended 30 June 2023 $m |
|---|---|---|---|
| ***Income*** | | | |
| Revenue (excluding finance income) | 2.2 | 22,928 | 22,702 |
| Other income | 2.2 | 554 | 543 |
| | | **23,482** | **23,245** |
| ***Expenses*** | | | |
| Labour | | 4,291 | 3,967 |
| Goods and services purchased | | 8,441 | 8,511 |
| Net impairment losses on financial assets | | 92 | 90 |
| Other expenses | 2.3 | 3,114 | 2,788 |
| | | **15,938** | **15,356** |
| **Share of net loss from joint ventures and associated entities** | 6.4 | **(16)** | **(27)** |
| | | **15,954** | **15,383** |
| | | | |
| **Earnings before interest, income tax expense, depreciation and amortisation (EBITDA)** | | **7,528** | **7,862** |
| Depreciation and amortisation | 2.3 | 4,479 | 4,470 |
| **Earnings before interest and income tax expense (EBIT)** | | **3,049** | **3,392** |
| Finance income | 2.2 | 112 | 101 |
| Finance costs | 2.3 | 696 | 630 |
| **Net finance costs** | | **584** | **529** |
| **Profit before income tax expense** | | **2,465** | **2,863** |
| Income tax expense | 2.4 | 677 | 812 |
| **Profit for the year** | | **1,788** | **2,051** |
| ***Profit for the year attributable to:*** | | | |
| Equity holders of Telstra Entity | | 1,622 | 1,928 |
| Non-controlling interests | | 166 | 123 |
| | | **1,788** | **2,051** |
| ***Earnings per share (cents per share)*** | | cents | cents |
| Basic | 2.5 | 14.1 | 16.7 |
| Diluted | 2.5 | 14.0 | 16.7 |

**The notes following the financial statements form part of the financial report.**

# Statement of Comprehensive Income

## For the year ended 30 June 2024

| Telstra Group | Note | Year ended 30 June 2024 $m | Year ended 30 June 2023 $m |
|---|---|---|---|
| ***Profit for the year attributable to:*** | | | |
| Equity holders of Telstra Entity | | 1,622 | 1,928 |
| Non-controlling interests | | 166 | 123 |
| | | **1,788** | **2,051** |
| ***Items that will not be reclassified to the income statement*** | | | |
| ***Retained profits*** | | | |
| Actuarial (loss)/gain on defined benefit plans attributable to equity holders of Telstra Entity | 5.3 | (34) | 28 |
| Income tax on actuarial gain/(loss) on defined benefit plans | | 10 | (9) |
| ***Fair value of equity instruments reserve*** | | | |
| Share of other comprehensive income of equity accounted investments | | (14) | (94) |
| Income tax on share of other comprehensive income of equity accounted investments | | - | 71 |
| ***Foreign currency translation reserve*** | | | |
| Translation differences of foreign operations attributable to non-controlling interests | | (3) | (3) |
| | | **(41)** | **(7)** |
| ***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 | | (38) | 50 |
| ***Cash flow hedging reserve*** | | | |
| Changes in cash flow hedging reserve | 4.5 | 62 | (112) |
| Share of other comprehensive income of equity accounted investments | | (2) | - |
| Income tax on movements in the cash flow hedging reserve | 4.5 | (19) | 33 |
| ***Foreign currency basis spread reserve*** | | | |
| Changes in the value of the foreign currency basis spread | | (29) | (13) |
| Income tax on movements in the foreign currency basis spread reserve | | 9 | 4 |
| | | **(17)** | **(38)** |
| **Total other comprehensive income** | | **(58)** | **(45)** |
| **Total comprehensive income for the year** | | **1,730** | **2,006** |
| ***Total comprehensive income for the year attributable to:*** | | | |
| Equity holders of Telstra Entity | | 1,567 | 1,886 |
| Non-controlling interests | | 163 | 120 |

**The notes following the financial statements form part of the financial report.**

# Statement of Financial Position

## As at 30 June 2024

| Telstra Group | Note | As at 30 June 2024 $m | As at 30 June 2023 $m |
|---|---|---|---|
| ***Current assets*** | | | |
| Cash and cash equivalents | 2.6 | 1,046 | 932 |
| Trade and other receivables and contract assets | 3.3 | 3,828 | 4,216 |
| Deferred contract costs | 3.6 | 140 | 114 |
| Inventories | 3.7 | 518 | 546 |
| Derivative financial assets | 4.4 | 232 | 445 |
| Current tax receivables | 2.4 | 35 | 152 |
| Prepayments | | 308 | 328 |
| **Total current assets** | | **6,107** | **6,733** |
| ***Non-current assets*** | | | |
| Trade and other receivables and contract assets | 3.3 | 1,342 | 1,017 |
| Deferred contract costs | 3.6 | 794 | 1,088 |
| Inventories | 3.7 | 162 | 36 |
| Investments – accounted for using the equity method | 6.4 | 636 | 686 |
| Investments – other | | 33 | 22 |
| Property, plant and equipment | 3.1 | 20,867 | 20,969 |
| Intangible assets | 3.1 | 12,421 | 10,989 |
| Right-of-use assets | 3.2 | 2,666 | 2,825 |
| Derivative financial assets | 4.4 | 211 | 333 |
| Deferred tax assets | 2.4 | 74 | 46 |
| Defined benefit asset | 5.3 | 237 | 285 |
| **Total non-current assets** | | **39,443** | **38,296** |
| **Total assets** | | **45,550** | **45,029** |
| ***Current liabilities*** | | | |
| Trade and other payables | 3.8 | 4,626 | 4,365 |
| Employee benefits | 5.1 | 721 | 684 |
| Other provisions | 7.2 | 349 | 327 |
| Lease liabilities | 3.2 | 530 | 448 |
| Borrowings | 4.4 | 3,698 | 2,662 |
| Derivative financial liabilities | 4.4 | 97 | 73 |
| Current tax payables | 2.4 | 28 | 38 |
| Contract liabilities and other revenue received in advance | 3.4 | 1,477 | 1,495 |
| **Total current liabilities** | | **11,526** | **10,092** |
| ***Non-current liabilities*** | | | |
| Other payables | 3.8 | 10 | 208 |
| Employee benefits | 5.1 | 130 | 125 |
| Other provisions | 7.2 | 196 | 186 |
| Lease liabilities | 3.2 | 2,578 | 2,743 |
| Borrowings | 4.4 | 10,162 | 10,013 |
| Derivative financial liabilities | 4.4 | 176 | 189 |
| Deferred tax liabilities | 2.4 | 1,783 | 2,112 |
| Defined benefit liabilities | 5.3 | 14 | 11 |
| Contract liabilities and other revenue received in advance | 3.4 | 1,623 | 1,534 |
| **Total non-current liabilities** | | **16,672** | **17,121** |
| **Total liabilities** | | **28,198** | **27,213** |
| **Net assets** | | **17,352** | **17,816** |

# Statement of Financial Position (continued)

**As at 30 June 2024**

| Telstra Group | Note | As at 30 June 2024 $m | As at 30 June 2023 $m |
|---|---|---|---|
| ***Equity*** | | | |
| Share capital | 4.3 | 3,095 | 3,095 |
| Reserves | 4.3 | 2,135 | 2,196 |
| Retained profits | | 9,692 | 10,116 |
| **Equity available to Telstra Entity shareholders** | | **14,922** | **15,407** |
| Non-controlling interests | | 2,430 | 2,409 |
| **Total equity** | | **17,352** | **17,816** |

**The notes following the financial statements form part of the financial report.**

# Statement of Cash Flows

## For the year ended 30 June 2024

| Telstra Group | Note | Year ended 30 June 2024 $m | 2023 $m |
|---|---|---|---|
| ***Cash flows from operating activities*** | | | |
| Receipts from customers (inclusive of goods and services tax (GST)) | | 25,196 | 25,196 |
| Payments to suppliers and employees (inclusive of GST) | | (17,386) | (17,640) |
| Government grants received for operating activities | | 185 | 179 |
| **Net cash generated from operations** | | **7,995** | **7,735** |
| Income taxes paid | 2.4 | (946) | (933) |
| **Net cash provided by operating activities** | 2.6 | **7,049** | **6,802** |
| ***Cash flows from investing activities*** | | | |
| Payments for property, plant and equipment | | (2,288) | (2,474) |
| Payments for intangible assets | | (2,776) | (1,396) |
| **Capital expenditure (before investments)** | | **(5,064)** | **(3,870)** |
| Payments for shares in controlled entities (net of cash acquired) | | (389) | (2,488) |
| Payments for equity accounted investments | | (47) | (103) |
| Payments for other investments | | (32) | (4) |
| **Total capital expenditure (including investments)** | | **(5,532)** | **(6,465)** |
| Proceeds from sale of property, plant and equipment | | 146 | 201 |
| Proceeds from sale of equity accounted and other investments | | - | 51 |
| Proceeds from sale and leaseback | | 98 | 8 |
| Distributions received from equity accounted investments | | 64 | 40 |
| Receipts of the principal portion of finance lease receivables | | 70 | 82 |
| Government grants received for investing activities | | 62 | 58 |
| Interest received | | 65 | 37 |
| Repayment of loans by associated entity | | 35 | 25 |
| Other | | 2 | 12 |
| **Net cash used in investing activities** | | **(4,990)** | **(5,951)** |
| **Operating cash flows less investing cash flows** | | **2,059** | **851** |
| ***Cash flows from financing activities*** | | | |
| Proceeds from borrowings | | 9,465 | 8,627 |
| Repayment of borrowings | | (7,829) | (7,067) |
| Payment of principal portion of lease liabilities | 3.2 | (643) | (675) |
| Purchase of shares for employee share plans | | (19) | (21) |
| Finance costs paid | | (726) | (636) |
| Dividends/distributions paid to non-controlling interests | | (167) | (163) |
| Dividends paid to equity holders of Telstra Entity | 4.2 | (2,022) | (1,964) |
| Proceeds from issuance of equity-like instrument | 6.1 | 28 | 923 |
| Purchase of shares from non-controlling interests | | (32) | - |
| Other | | 3 | 7 |
| **Net cash used in financing activities** | | **(1,942)** | **(969)** |
| **Net increase/(decrease) in cash and cash equivalents** | | **117** | **(118)** |
| Cash and cash equivalents at the beginning of the year | | 932 | 1,040 |
| Effects of exchange rate changes on cash and cash equivalents | | (3) | 10 |
| **Cash and cash equivalents at the end of the year** | 2.6 | **1,046** | **932** |

**The notes following the financial statements form part of the financial report.**

# Statement of Changes in Equity

### For the year ended 30 June 2024

| Telstra Group | Note | Share capital $m | Reserves $m | Retained profits $m | Total $m | Non-controlling interests $m | Total equity $m |
|---|---|---|---|---|---|---|---|
| **Balance at 1 July 2022** | | **3,098** | **2,333** | **10,057** | **15,488** | **1,488** | **16,976** |
| Profit for the year | | - | - | 1,928 | **1,928** | 123 | **2,051** |
| Other comprehensive income | | - | (61) | 19 | **(42)** | (3) | **(45)** |
| **Total comprehensive income for the year** | | **-** | **(61)** | **1,947** | **1,886** | **120** | **2,006** |
| Dividends | 4.2 | - | - | (1,964) | **(1,964)** | - | **(1,964)** |
| Non-controlling interests on acquisitions | | - | - | - | **-** | 941 | **941** |
| Transactions with non-controlling interests | | - | - | - | **-** | (140) | **(140)** |
| Transfer of fair value of equity instruments reserve to retained earnings | | - | (76) | 76 | **-** | - | **-** |
| Additional shares purchased | | (21) | - | - | **(21)** | - | **(21)** |
| Share-based payments | | 18 | - | - | **18** | - | **18** |
| **Balance at 30 June 2023** | | **3,095** | **2,196** | **10,116** | **15,407** | **2,409** | **17,816** |
| Profit for the year | | - | - | 1,622 | **1,622** | 166 | **1,788** |
| Other comprehensive income | | - | (31) | (24) | **(55)** | (3) | **(58)** |
| **Total comprehensive income for the year** | | **-** | **(31)** | **1,598** | **1,567** | **163** | **1,730** |
| Dividends | 4.2 | - | - | (2,022) | **(2,022)** | - | **(2,022)** |
| Transactions with non-controlling interests | | - | (30) | - | **(30)** | (142) | **(172)** |
| Additional shares purchased | 4.3 | (19) | - | - | **(19)** | - | **(19)** |
| Share-based payments | | 19 | - | - | **19** | - | **19** |
| **Balance at 30 June 2024** | | **3,095** | **2,135** | **9,692** | **14,922** | **2,430** | **17,352** |

**The notes following the financial statements form part of the 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 financial report

This financial report is a general purpose financial report, prepared by a 'for profit' entity, in accordance with the requirements of the Australian *Corporations Act 2001 (Cth) (Corporations Act)*, Accounting Standards applicable in Australia and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). It also complies with International Financial Reporting Standards (IFRS) and Interpretations published by the International Accounting Standards Board (IASB).

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 under the Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191 as amended from time to time. The functional currency of the Telstra Entity and its Australian controlled entities is Australian dollars. The functional currency of certain non-Australian controlled entities is not Australian dollars. The results of these entities are translated into Australian dollars in accordance with our accounting policy described in note 1.3.1.

The financial report is prepared on a historical cost basis, except for some categories of financial instruments, which are recorded at fair value.

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

## 1.2 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 it is a widely recognised measure of operating performance.

## 1.3 Principles of consolidation

Our financial report includes the consolidated assets and liabilities of the Telstra Entity and its controlled entities as a whole as at the end of the financial year and the consolidated results and cash flows for the financial year.

An entity is considered to be a controlled entity where we are exposed, or have rights, to variable returns from our involvement with the entity and have the ability to affect those returns through our power to direct the activities of the entity. We consolidate the results of our controlled entities from the date on which we gain control until the date we cease control.

The effects of intra-group transactions and balances are eliminated from our consolidated financial statements.

Non-controlling interests in the results and equity of controlled entities are shown separately in our income statement, statement of comprehensive income, statement of financial position and statement of changes in equity.

The financial statements of the Group's controlled entities are prepared using consistent accounting policies with those of the Telstra Entity. Adjustments are made to bring the reporting periods in line with those of the Group where necessary.

### 1.3.1 Translation of financial reports of foreign operations that have a functional currency other than the Australian dollar

The financial reports of our foreign operations are translated into Australian dollars (our presentation currency) using the following method:

| Foreign currency amount | Exchange rate |
|---|---|
| Assets and liabilities including goodwill and fair value adjustments arising on consolidation | The reporting date rate |
| Equity items | The initial investment date rate |
| Income statement | Average rate (or the transaction date rate for significant identifiable transactions) |

The exchange differences arising from the translation of financial statements of foreign operations are recognised in other comprehensive income.

## 1.4 Key accounting estimates and judgements

Preparation of the financial report requires management to make estimates and judgements.

# Section 1. Basis of preparation (continued)

## 1.4 Key accounting estimates and judgements (continued)

### 1.4.1 Summary of key management judgements

The accounting policies and significant management judgements and estimates used, and any changes thereto, are set out in the relevant notes. The key accounting estimates and judgements are included in the following notes:

| Key accounting estimates and judgements | Note | Page |
|---|---|---|
| Assessment of a significant financing component in mass market contracts | 2.2 | 109 |
| Determining standalone selling prices | 2.2 | 110 |
| Assessment of a significant financing component in Indefeasible Right of Use (IRU) | 2.2 | 111 |
| Impact of nbn Infrastructure Services Agreement (ISA) on revenue from customer contracts and other income | 2.2 | 112 |
| Assessment of a significant financing component in nbn DAs | 2.2 | 112 |
| Unrecognised deferred tax assets | 2.4 | 119 |
| Capitalisation of development costs | 3.1 | 124 |
| Useful lives and residual values of tangible and intangible assets | 3.1 | 124 |
| Impairment assessment of our ubiquitous telecommunications network | 3.1 | 125 |
| Determining CGUs and their recoverable amount for impairment assessment of goodwill | 3.1 | 126 |
| Determining lease term for property leases | 3.2 | 128 |
| Determining incremental borrowing rates for property leases | 3.2 | 130 |
| Estimating expected credit losses | 3.3 | 134 |
| Amortisation period of deferred contract costs | 3.6 | 137 |
| Long service leave provision | 5.1 | 158 |
| Defined benefit plan | 5.3 | 164 |
| Determining non-controlling interests in Power Health | 6.2 | 167 |
| Equity-like securities issued to the Australian Government | 6.2 | 167 |
| Joint control of Telstra Ventures Fund II, L.P. | 6.4 | 173 |
| Significant influence over Telstra Super Pty Ltd | 6.4 | 173 |
| Significant influence over Telstra Ventures Fund III, L.P. | 6.4 | 173 |

## 1.5 Other accounting policies

Relevant accounting policies are included in the respective notes to the financial statements. Changes in the accounting policies and impacts from the accounting standards to be applied in future reporting periods, as well as other accounting policies not disclosed elsewhere in the financial report are detailed below.

### 1.5.1 Changes in accounting policies

***(a) New and amended accounting standards***

In June 2023, the AASB issued AASB 2023-2 'Amendments to Australian Accounting Standards - International Tax Reform - Pillar Two Model Rules', which amended AASB 112 'Income Taxes' to provide:

- a temporary exception from recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. We have applied the exception in the financial years 2023 and 2024.
- requirements for entities to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes, including a separate disclosure of current income tax related to Pillar Two income taxes. We have adopted these requirements in the financial year 2024. Refer to note 2.4.3 for further details.

In addition to AASB 2023-2, a number of other new or amended accounting standards became effective in the current reporting period but none of those had a material impact on our accounting policies.

***(b) Other changes***

The Treasury Laws Amendment (Making Multinationals Pay Their Fair Share—Integrity and Transparency) Act 2024 amended the *Corporations Act* and introduced a requirement for public companies to disclose in their annual financial reports certain information about entities within the consolidated group, including details about their tax residency. We have adopted these requirements in the financial year 2024 and provided the required disclosures in the consolidated entity disclosure statement.

### 1.5.2 New accounting standards to be applied in future reporting periods

In June 2024, AASB issued AASB 18 'Presentation and Disclosure in Financial Statements'. AASB 18 significantly updates the requirements for presentation and disclosures in the financial statements, with a particular focus on improving the reporting of financial performance as it requires classification of income and expenses into particular categories. AASB 18 is effective for Telstra from 1 July 2027, with early application permitted, and requires a restatement of the comparative reporting period. We are yet to assess the expected impact from AASB 18 on our financial reporting.

In May 2024, IASB issued amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures' regarding the classification and measurement of financial instruments. The amendments are effective for Telstra from 1 July 2026, with early application permitted, and do not require a restatement of the comparative reporting period. We are yet to assess the expected impact from the amendments on our financial reporting.

We have not early adopted any standard, interpretation or amendment that has been issued but is not yet effective and, with the exception of AASB 18 described above, we do not expect any of them to have a material impact on our financial results upon adoption.

### 1.5.3 Transactions and balances in foreign currency

Foreign currency transactions are translated into the relevant functional currency at the spot exchange rate at the transaction date. At the reporting date, amounts receivable or payable denominated in foreign currencies are translated into the relevant functional currency at market exchange rates as at the reporting date. Any currency translation gains and losses that arise are included in our income statement.

Non-monetary items denominated in foreign currency that are measured at fair value (i.e. certain equity instruments not held for trading) are translated using the exchange rates at the date when the fair value was determined. Differences arising from the translation are reported as part of the fair value gain or loss in line with the recognition of the changes in the fair value of the non-monetary item.

# Section 2. Our performance

This section explains our results, performance of our segments, which are reported on the same basis as our internal management structure, and our earnings per share for the period. It also provides disaggregated revenue, details of selected income and expense items, information about taxation and a reconciliation of our profit to net cash generated from operating activities.

## 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 of the Group through the eyes of management.

Our operating segments represent the functions which offer our main products and services in the market. However, only some of our operating segments meet the disclosure criteria for reportable segments.

### 2.1.1 Operating segments

We report segment information on the same basis as our internal management reporting structure at the reporting date. Segment comparatives reflect any organisational changes that have occurred since the end of the prior financial year to present a like-for-like view.

During the financial year 2024, we made organisational changes which impacted our reportable segments as follows:

- the leadership changes and focus on a reset of our enterprise domestic business resulted in a split of the Telstra Enterprise (TE) segment into two reportable segments, i.e. Telstra Enterprise Australia (TEA) and Telstra International (TI)
- a sharpened focus on small and medium business customers led to the creation of Telstra Business (TB) as a new segment carved out from Telstra Consumer and Small Business (TC&SB) and TEA
- following separation of TB component from TC&SB, this reportable segment was renamed Telstra Consumer (TC).

There were no other changes to our operating segments.

Our 'Networks, IT and Product' segment consists of two operating segments, being Global Networks and Technology and Product and Technology, which have been combined for reporting purposes as they have similar economic characteristics and provide support functions underpinning operations of the other segments.

In our segment results, the 'All Other' category includes functions that do not qualify as operating segments as well as the operating segments which are not material to be reported individually.

# Section 2. Our performance (continued)

## 2.1 Segment information (continued)

### 2.1.1 Operating segments (continued)

We have six reportable segments as follows:

| Segment | Operation |
| --- | --- |
| **Telstra Consumer (TC)** | • provides telecommunication and technology products and services to Consumer customers in Australia using mobile and fixed network technologies<br>• operates contact centres, retail stores, a dealership network, digital channels, distribution systems and the Telstra Plus customer loyalty program in Australia |
| **Telstra Business (TB)** | • provides telecommunication and technology products and services to small and medium businesses in Australia<br>• operates Telstra Business Technology Centres and digital channel partner network servicing small and medium business customers |
| **Telstra Enterprise Australia (TEA)** | • provides telecommunication services, advanced technology solutions, network capacity and management, unified communications, cloud, security, industry solutions, integrated and monitoring services to government and large enterprise and business customers in Australia |
| **Telstra International (TI)** | • provides telecommunication, media and technology products and services to consumer, business and government customers in the South Pacific through our Digicel Pacific business<br>• provides telecommunication services, advanced technology solutions, network capacity and management, unified communications, cloud, security, industry solutions, integrated and monitoring services to government and large enterprise and business customers outside of Australia<br>• provides wholesale services outside of Australia, including voice and data<br>• manages Telstra's networks outside Australia, including international subsea cables, in conjunction with NIT&P and Telstra InfraCo segments |
| **Networks, IT and Product (NIT&P)** | • Global Networks and Technology supports the other segments and their respective revenue generating activities by maintaining high level of reliability and security of our global network platforms and cloud infrastructure. It maintains our networks and is accountable for our network intelligence and automation.<br>• Product and Technology works with other functions to create and deliver products and solutions for customers across all segments. It has accountability for product strategy, life cycle, as well as technology and innovation where products are incubated and brought to scale. It is also accountable for Telstra's IT and Data & AI functions and our digital platforms underpinning our customer digital experience. |
| **Telstra InfraCo** | • operates in Australia and provides telecommunication products and services delivered over Telstra networks to other carriers, carriage service providers and internet service providers<br>• provides other Telstra functions and wholesale customers with access to network infrastructure within Telstra InfraCo's asset accountabilities<br>• operates the fixed passive network infrastructure including data centres, exchanges, poles, ducts, pits and pipes and fibre network<br>• designs and constructs fibre, exchanges and other infrastructure<br>• provides nbn co with long-term access to certain components of our infrastructure under the Infrastructure Services Agreement<br>• operates the passive and physical mobile tower assets owned or operated by the Amplitel business |

# Section 2. Our performance (continued)

## 2.1 Segment information (continued)

### 2.1.1 Operating segments (continued)

Consistent with information presented for internal management reporting, the result of each segment is measured based on its EBITDA contribution, which differs from our reported EBITDA.

The table below details how we determine segment income and EBITDA contribution of each segment.

| Nature of transaction | Description | Measurement basis | Impact on segment results |
|---|---|---|---|
| Transactions with external parties | Any transactions between any of the Telstra Group entities with:<br>• an external counterparty, e.g. supplier or customer<br>• any related party which is not controlled by the Telstra Group, i.e. it is not eliminated on consolidation. | Accounted for in accordance with the Australian Accounting Standards. | The effects of all transactions with external parties are included in the segment results. |
| Transactions with other segments | Any transactions between segments arising from:<br>• inter-company legal agreements between entities controlled by the Telstra Group<br>• internal notional charges under the arrangements not governed by legal agreements, i.e. those governing internal arrangements prior to the Telstra Group restructure completed on 1 January 2023. The notional charges were determined based on a variety of internally and externally observable inputs to reflect an arm's length basis. | Different measurement bases apply to our transactions between segments depending on their nature:<br>• transactions arising from agreements entered into as a result of the Telstra Group restructure completed on 1 January 2023, including charges for use of our infrastructure assets and other services, 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.<br>• any transactions other than those described above are accounted for in accordance with the Australian Accounting Standards.<br>Transactions within the same segment are eliminated within that segment's results except for the transactions detailed under table A.<br>Any transactions other than those arising from the agreements entered into as a result of the Telstra Group restructure are excluded from the segment's results.<br>Any transactions with other segments are eliminated on consolidation, therefore the total Telstra Group reported income and total reported EBITDA reconcile to the statutory financial statements. | The effects of the transactions with other segments are included in the segment results and, depending on the nature of the transaction, either measured based on the management view or as accounted under the Australian Accounting Standards. |
| Some transactions which are managed centrally or by one segment | Certain items and transactions are managed centrally or by one of the segments even if they relate to results of multiple segments. | Accounted for in accordance with the Australian Accounting Standards. | The effects of these transactions are included in the segment results as detailed below. |

# Section 2. Our performance (continued)

## 2.1 Segment information (continued)

### 2.1.1 Operating segments (continued)

The following transactions are managed centrally rather than being allocated to each segment, or by one segment even if they relate to results of multiple segments:

- until 30 June 2023, income from nbn disconnection fees and associated expenses were managed centrally in 'All Other' category rather than being allocated to TC, TB, TEA and Telstra InfraCo segments. In the financial year 2024, income from nbn disconnection fees was not material to be separately reported for management purposes and was included in 'InfraCo Fixed' product in Telstra InfraCo segment.
- network service delivery expenses other than those supporting passive infrastructure and related to customers serviced by TC, TB, TEA and Telstra InfraCo segments are included in NIT&P segment and in 'All Other' category
- revenue associated with mobile handsets (and the corresponding cost of goods sold) sold via dealers to the customers of TB segment is included in TC segment
- Telstra Limited's promotion and advertising expenses related to TB and TEA segments are included in TC segment
- call centres and retail stores costs associated with TB segment are reported in TC segment
- commission costs related to acquisition of TB customer contracts are included in TC and TEA segments, except for impairment losses detailed in note 2.3 which were included in the 'All Other' category
- Telstra Limited's bad debt expenses related to TB customers are included in TC and TEA segments
- from 1 January 2023, Telstra Limited's redundancy and restructuring expenses are included in 'All Other' category rather than being allocated to TC, TB, TEA, NIT&P and Telstra InfraCo segments
- until 31 December 2022, Telstra Corporation Limited's redundancy and restructuring expenses were included in 'All Other' category rather than being allocated to TC, TB, TEA, NIT&P and Telstra InfraCo segments
- until 31 December 2022, inter-company international connectivity transactions were disclosed as revenue from external customers and external expenses and included in TI segment (as inter-segment revenue from TC, TB, TEA and Telstra InfraCo segments and inter-segment expenses from Telstra InfraCo segment), in TC, TB, TEA and Telstra InfraCo segments (as inter-segment expenses recharged by TI segment) and in Telstra InfraCo segments (as inter-segment revenue from TI segment), and eliminated in 'All Other' category (NB: From 1 January 2023, inter-company transactions for international connectivity are included as inter-company income and inter-company expenses in the respective segment results and measured based on the management view).

# 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 Group's EBITDA, EBIT and profit before income tax expense.

| Table A Telstra Group | TC | TB | TEA | TI | NIT&P | Telstra InfraCo | All Other | Sub-total | Elimina -tions | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | $m | $m | $m | $m | $m | $m | $m | $m | $m | $m |
| | Year ended 30 June 2024 | | | | | | | | | |
| Mobility | 7,089 | 1,795 | 1,354 | - | - | 484 | - | **10,722** | - | **10,722** |
| Fixed - C&SB | 3,615 | 740 | - | - | - | - | - | **4,355** | - | **4,355** |
| Fixed - Enterprise | - | 333 | 3,204 | - | - | - | - | **3,537** | (19) | **3,518** |
| InfraCo Fixed | - | - | - | - | - | 2,746 | - | **2,746** | (1,157) | **1,589** |
| Amplitel | - | - | - | - | - | 453 | - | **453** | (357) | **96** |
| Fixed - Active Wholesale | - | - | - | - | - | 366 | - | **366** | - | **366** |
| International | - | - | - | 2,578 | - | - | - | **2,578** | (223) | **2,355** |
| Other | 18 | (10) | 28 | - | 417 | 83 | 726 | **1,262** | (781) | **481** |
| **Total management reported income** | **10,722** | **2,858** | **4,586** | **2,578** | **417** | **4,132** | **726** | **26,019** | **(2,537)** | **23,482** |
| Transactions between segments | (4) | - | (22) | (223) | (354) | (1,552) | (382) | **(2,537)** | 2,537 | **-** |
| **Total external income** | **10,718** | **2,858** | **4,564** | **2,355** | **63** | **2,580** | **344** | **23,482** | **-** | **23,482** |
| Share of net profit/(loss) from equity accounted entities | - | - | - | 5 | (12) | - | (9) | **(16)** | - | **(16)** |
| **EBITDA contribution** | **4,527** | **2,026** | **1,701** | **774** | **(2,508)** | **2,895** | **(1,887)** | **7,528** | **-** | **7,528** |
| Depreciation and amortisation | | | | | | | | | | **(4,479)** |
| **Telstra Group EBIT** | | | | | | | | | | **3,049** |
| Net finance costs | | | | | | | | | | **(584)** |
| **Telstra Group profit before income tax expense** | | | | | | | | | | **2,465** |

# Section 2. Our performance (continued)

## 2.1 Segment information (continued)

### 2.1.2 Segment results (continued)

| Table A (continued) Telstra Group | TC | TB | TEA | TI | NIT&P | Telstra InfraCo | All Other | Sub-total | Elimina-tions | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | $m | $m | $m | $m | $m | $m | $m | $m | $m | $m |
| | Year ended 30 June 2023 | | | | | | | | | |
| Mobility | 6,795 | 1,720 | 1,362 | - | - | 381 | - | **10,258** | - | **10,258** |
| Fixed - C&SB | 3,678 | 779 | - | - | - | - | - | **4,457** | - | **4,457** |
| Fixed - Enterprise | - | 341 | 3,295 | - | - | - | - | **3,636** | - | **3,636** |
| InfraCo Fixed | - | - | - | - | - | 2,556 | - | **2,556** | (1,067) | **1,489** |
| Amplitel | - | - | - | - | - | 401 | - | **401** | (335) | **66** |
| Fixed - Active Wholesale | - | - | - | - | - | 403 | - | **403** | - | **403** |
| International | - | - | - | 2,534 | - | - | (105) | **2,429** | (113) | **2,316** |
| One-off nbn DA and connection | - | - | - | - | - | - | 72 | **72** | - | **72** |
| Other | 7 | 4 | 34 | - | 413 | 34 | 584 | **1,076** | (528) | **548** |
| **Total management reported income** | **10,480** | **2,844** | **4,691** | **2,534** | **413** | **3,775** | **551** | **25,288** | **(2,043)** | **23,245** |
| Transactions between segments | (1) | - | (12) | (113) | (321) | (1,426) | (170) | **(2,043)** | 2,043 | **-** |
| **Total external income** | **10,479** | **2,844** | **4,679** | **2,421** | **92** | **2,349** | **381** | **23,245** | **-** | **23,245** |
| Share of net loss from equity accounted entities | - | - | - | (4) | (10) | (18) | 5 | **(27)** | - | **(27)** |
| **EBITDA contribution** | **4,149** | **1,998** | **2,023** | **712** | **(2,512)** | **2,628** | **(1,136)** | **7,862** | **-** | **7,862** |
| Depreciation and amortisation | | | | | | | | | | **(4,470)** |
| **Telstra Group EBIT** | | | | | | | | | | **3,392** |
| Net finance costs | | | | | | | | | | **(529)** |
| **Telstra Group profit before income tax expense** | | | | | | | | | | **2,863** |

Our segment results include impairment losses recognised during the financial year 2024. Refer to note 2.3 for further details.

Certain intra-segment transactions within the Telstra InfraCo segment have not been eliminated within that segment, i.e. $49 million (2023: $44 million) internal income and internal expenses have been presented on a gross basis.

Until 31 December 2022, the effects of the following inter-company transactions with other segments have been reported as external income and expenses in the respective segment EBITDA contribution:

- revenue from external customers in the TE segment included $105 million of inter-segment revenue treated as external expenses in the TC, TB and Telstra InfraCo segments, which was eliminated in the 'All Other' category
- EBITDA contribution in the TI segment included $3 million of inter-segment expenses treated as external revenue in the Telstra InfraCo and eliminated in the 'All Other' category.

Following the completion of the Telstra Group restructure on 1 January 2023, these transactions are governed by the inter-company agreements, included in the internal revenue in the TI segment and eliminated at the Group level.

In the financial year 2023, the transactions between segments in 'All Other' category excluded $163 million inter-company revenue and $163 million inter-company expenses reflecting costs of employees transferred to Telstra Limited on 8 December 2022 in contemplation of the retail and active wholesale business transfer completed on 1 January 2023 as part of the Telstra Group restructure.

Negative revenue amounts in table A related to certain corporate level adjustments and consolidation eliminations.

# Section 2. Our performance (continued)

## 2.1 Segment information (continued)

### 2.1.2 Segment results (continued)

Information about our non-current assets by geographical market is presented in table B.

| **Table B**<br>**Telstra Group** | Year ended 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| ***Carrying amount of non-current assets*** | | |
| Located in Australia | 31,581 | 30,374 |
| Located offshore | 5,009 | 5,095 |
| | **36,590** | **35,469** |

Our geographical operations are split between our Australian and offshore operations. No individual foreign country within our offshore operations has material revenue or non-current assets.

The carrying amount of our segment non-current assets excludes financial assets, inventories, defined benefit assets, deferred contract costs and deferred tax assets.

# Section 2. Our performance (continued)

## 2.2 Income

| **Table A**<br>**Telstra Group** | Year ended 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| Revenue from contracts with customers | 22,537 | 22,365 |
| Revenue from other sources | 391 | 337 |
| **Total revenue (excluding finance income)** | **22,928** | **22,702** |
| ***Other income*** | | |
| Net gain on disposal of property, plant and equipment and intangible assets | 137 | 178 |
| Net gain on disposal of businesses and investments | - | 6 |
| Net gain related to lease arrangements | 113 | 14 |
| nbn disconnection fees | 13 | 69 |
| Government grants | 230 | 222 |
| Net gain on derivative financial instruments not related to financing | 27 | 11 |
| Other miscellaneous income | 34 | 43 |
| | **554** | **543** |
| **Total income (excluding finance income)** | **23,482** | **23,245** |
| ***Finance income*** | | |
| Finance income (excluding income from finance leases) | 89 | 91 |
| Finance income from finance leases (Telstra as a lessor) | 23 | 10 |
| | **112** | **101** |
| **Total income** | **23,594** | **23,346** |

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)
- late payment fees
- our lease arrangements, including finance leases where Telstra is a dealer-lessor and operating leases (refer to note 3.2.2 for further details about our lease arrangements).

Net gain on disposal of property, plant and equipment and intangible assets includes $110 million (2023: $101 million) net gain on sale of our legacy copper assets we continue to recover.

Net gain related to lease arrangements includes $63 million (2023: $14 million) gain on finance leases and $50 million (2023: nil) net gain on sale and leaseback of certain exchange properties.

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.

Government grants include income under the Telstra Universal Service Obligation Performance Agreement, the Federal Government's Mobile Black Spot Program and other individually immaterial government grants. There are no unfulfilled conditions or other contingencies attached to these grants.

# 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 goods and services.

We recognise revenue from contracts with customers when the control of goods or services has been transferred to the customer. Revenue from sale of services is recognised over time, whereas revenue from sale of goods is recognised at a point in time.

Other revenue from contracts with customers includes licensing revenue (recognised either at a point in time or over time) and agency revenue (recognised over time). Refer to note 2.2.2 for further details about our contracts with customers.

| **Table B**<br>**Telstra Group** | TC | TB | TEA | TI | NIT&P | Telstra InfraCo | All Other | Total |
|---|---|---|---|---|---|---|---|---|
| | $m | $m | $m | $m | $m | $m | $m | $m |
| | Year ended 30 June 2024 | | | | | | | |
| Sale of services | 8,398 | 2,664 | 3,854 | 2,266 | - | 2,093 | 293 | **19,568** |
| Sale of goods | 2,012 | 166 | 586 | 73 | 11 | 3 | 22 | **2,873** |
| Other revenue from contracts with customers | 25 | 5 | 50 | - | - | - | 16 | **96** |
| | **10,435** | **2,835** | **4,490** | **2,339** | **11** | **2,096** | **331** | **22,537** |
| | Year ended 30 June 2023 | | | | | | | |
| Sale of services | 8,208 | 2,653 | 3,876 | 2,384 | - | 1,981 | 227 | **19,329** |
| Sale of goods | 1,988 | 168 | 693 | 23 | 66 | - | 27 | **2,965** |
| Other revenue from contracts with customers | 17 | 6 | 47 | - | - | - | 1 | **71** |
| | **10,213** | **2,827** | **4,616** | **2,407** | **66** | **1,981** | **255** | **22,365** |

# Section 2. Our performance (continued)

## 2.2 Income (continued)

### 2.2.1 Disaggregated revenue (continued)

Table C presents total revenue from external customers disaggregated by major products.

| Table C Telstra Group | TC | TB | TEA | TI | NIT&P | Telstra InfraCo | All Other | Total |
|---|---|---|---|---|---|---|---|---|
| | $m | $m | $m | $m | $m | $m | $m | $m |
| | Year ended 30 June 2024 | | | | | | | |
| **Mobile** | **7,089** | **1,795** | **1,354** | **-** | **-** | **484** | **-** | **10,722** |
| Revenue from contracts with customers | 7,066 | 1,782 | 1,354 | - | - | 484 | - | **10,686** |
| Revenue from other sources | 23 | 13 | - | - | - | - | - | **36** |
| **Fixed - C&SB** | **3,421** | **740** | **-** | **-** | **-** | **-** | **-** | **4,161** |
| Revenue from contracts with customers | 3,359 | 732 | - | - | - | - | - | **4,091** |
| Revenue from other sources | 62 | 8 | - | - | - | - | - | **70** |
| **Fixed - Enterprise** | **-** | **333** | **3,185** | **-** | **-** | **-** | **-** | **3,518** |
| Revenue from contracts with customers | - | 331 | 3,136 | - | - | - | - | **3,467** |
| Revenue from other sources | - | 2 | 49 | - | - | - | - | **51** |
| **InfraCo Fixed** | **-** | **-** | **-** | **-** | **-** | **1,390** | **-** | **1,390** |
| Revenue from contracts with customers | - | - | - | - | - | 1,168 | - | **1,168** |
| Revenue from other sources | - | - | - | - | - | 222 | - | **222** |
| **Amplitel** | **-** | **-** | **-** | **-** | **-** | **76** | **-** | **76** |
| Revenue from contracts with customers | - | - | - | - | - | 75 | - | **75** |
| Revenue from other sources | - | - | - | - | - | 1 | - | **1** |
| **Fixed - Active Wholesale** | **-** | **-** | **-** | **-** | **-** | **366** | **-** | **366** |
| Revenue from contracts with customers | - | - | - | - | - | 366 | - | **366** |
| **International** | **-** | **-** | **-** | **2,343** | **-** | **-** | **-** | **2,343** |
| Revenue from contracts with customers | - | - | - | 2,339 | - | - | - | **2,339** |
| Revenue from other sources | - | - | - | 4 | - | - | - | **4** |
| **Other products and services** | **13** | **(10)** | **(5)** | **-** | **11** | **3** | **340** | **352** |
| Revenue from contracts with customers | 10 | (10) | - | - | 11 | 3 | 331 | **345** |
| Revenue from other sources | 3 | - | (5) | - | - | - | 9 | **7** |
| **Total revenue from contracts with customers** | **10,435** | **2,835** | **4,490** | **2,339** | **11** | **2,096** | **331** | **22,537** |
| **Total revenue from other sources** | **88** | **23** | **44** | **4** | **-** | **223** | **9** | **391** |
| | **10,523** | **2,858** | **4,534** | **2,343** | **11** | **2,319** | **340** | **22,928** |
| **Other income** | **195** | **-** | **30** | **12** | **52** | **261** | **4** | **554** |
| | **10,718** | **2,858** | **4,564** | **2,355** | **63** | **2,580** | **344** | **23,482** |

# Section 2. Our performance (continued)

## 2.2 Income (continued)

### 2.2.1 Disaggregated revenue (continued)

| Table C (continued) Telstra Group | TC | TB | TEA | TI | NIT&P | Telstra InfraCo | All Other | Total |
|---|---|---|---|---|---|---|---|---|
| | $m | $m | $m | $m | $m | $m | $m | $m |
| | Year ended 30 June 2023 | | | | | | | |
| **Mobile** | **6,795** | **1,719** | **1,363** | **-** | **-** | **381** | **-** | **10,258** |
| Revenue from contracts with customers | 6,767 | 1,711 | 1,363 | - | - | 381 | - | **10,222** |
| Revenue from other sources | 28 | 8 | - | - | - | - | - | **36** |
| **Fixed - C&SB** | **3,484** | **779** | **-** | **-** | **-** | **-** | **-** | **4,263** |
| Revenue from contracts with customers | 3,436 | 770 | - | - | - | - | - | **4,206** |
| Revenue from other sources | 48 | 9 | - | - | - | - | - | **57** |
| **Fixed - Enterprise** | **-** | **341** | **3,294** | **-** | **-** | **-** | **-** | **3,635** |
| Revenue from contracts with customers | - | 341 | 3,272 | - | - | - | - | **3,613** |
| Revenue from other sources | - | - | 22 | - | - | - | - | **22** |
| **InfraCo Fixed** | **-** | **-** | **-** | **-** | **-** | **1,341** | **-** | **1,341** |
| Revenue from contracts with customers | - | - | - | - | - | 1,125 | - | **1,125** |
| Revenue from other sources | - | - | - | - | - | 216 | - | **216** |
| **Amplitel** | **-** | **-** | **-** | **-** | **-** | **62** | **-** | **62** |
| Revenue from contracts with customers | - | - | - | - | - | 62 | - | **62** |
| **Fixed - Active Wholesale** | **-** | **-** | **-** | **-** | **-** | **403** | **-** | **403** |
| Revenue from contracts with customers | - | - | - | - | - | 403 | - | **403** |
| **International** | **-** | **-** | **-** | **2,407** | **-** | **-** | **(105)** | **2,302** |
| Revenue from contracts with customers | - | - | - | 2,407 | - | - | (105) | **2,302** |
| **Other products and services** | **10** | **5** | **(19)** | **-** | **66** | **10** | **366** | **438** |
| Revenue from contracts with customers | 10 | 5 | (19) | - | 66 | 10 | 360 | **432** |
| Revenue from other sources | - | - | - | - | - | - | 6 | **6** |
| **Total revenue from contracts with customers** | **10,213** | **2,827** | **4,616** | **2,407** | **66** | **1,981** | **255** | **22,365** |
| **Total revenue from other sources** | **76** | **17** | **22** | **-** | **-** | **216** | **6** | **337** |
| | **10,289** | **2,844** | **4,638** | **2,407** | **66** | **2,197** | **261** | **22,702** |
| **Other income** | **190** | **-** | **41** | **14** | **26** | **152** | **120** | **543** |
| | **10,479** | **2,844** | **4,679** | **2,421** | **92** | **2,349** | **381** | **23,245** |

Revenue from other products and services includes revenue generated by Telstra Health and miscellaneous income.

'All Other' category includes eliminations of the inter-segment transactions described in the segment results in note 2.1.2.

Negative revenue amounts disclosed in the tables above related to certain corporate level adjustments and consolidation eliminations.

# Section 2. Our performance (continued)

## 2.2 Income (continued)

### 2.2.1 Disaggregated revenue (continued)

Table D presents total revenue from external customers disaggregated by geographical markets.

Our geographical operations are split between our Australian and offshore operations. No individual foreign country within our offshore operations has material revenue.

| Table D<br>Telstra Group | TC | TB | TEA | TI | NIT&P | Telstra InfraCo | All Other | Total |
|---|---|---|---|---|---|---|---|---|
| | $m | $m | $m | $m | $m | $m | $m | $m |
| | Year ended 30 June 2024 | | | | | | | |
| **Australian customers** | **10,523** | **2,858** | **4,534** | **214** | **11** | **2,319** | **334** | **20,793** |
| Revenue from contracts with customers | 10,435 | 2,835 | 4,490 | 214 | 11 | 2,096 | 325 | **20,406** |
| Revenue from other sources | 88 | 23 | 44 | - | - | 223 | 9 | **387** |
| **Offshore customers** | **-** | **-** | **-** | **2,129** | **-** | **-** | **6** | **2,135** |
| Revenue from contracts with customers | - | - | - | 2,125 | - | - | 6 | **2,131** |
| Revenue from other sources | - | - | - | 4 | - | - | - | **4** |
| **Total revenue from contracts with customers** | **10,435** | **2,835** | **4,490** | **2,339** | **11** | **2,096** | **331** | **22,537** |
| **Total revenue from other sources** | **88** | **23** | **44** | **4** | **-** | **223** | **9** | **391** |
| | **10,523** | **2,858** | **4,534** | **2,343** | **11** | **2,319** | **340** | **22,928** |
| **Other income** | **195** | **-** | **30** | **12** | **52** | **261** | **4** | **554** |
| | **10,718** | **2,858** | **4,564** | **2,355** | **63** | **2,580** | **344** | **23,482** |
| | Year ended 30 June 2023 | | | | | | | |
| **Australian customers** | **10,289** | **2,844** | **4,638** | **231** | **66** | **2,197** | **363** | **20,628** |
| Revenue from contracts with customers | 10,213 | 2,827 | 4,616 | 231 | 66 | 1,981 | 357 | **20,291** |
| Revenue from other sources | 76 | 17 | 22 | - | - | 216 | 6 | **337** |
| **Offshore customers** | **-** | **-** | **-** | **2,176** | **-** | **-** | **(102)** | **2,074** |
| Revenue from contracts with customers | - | - | - | 2,176 | - | - | (102) | **2,074** |
| **Total revenue from contracts with customers** | **10,213** | **2,827** | **4,616** | **2,407** | **66** | **1,981** | **255** | **22,365** |
| **Total revenue from other sources** | **76** | **17** | **22** | **-** | **-** | **216** | **6** | **337** |
| | **10,289** | **2,844** | **4,638** | **2,407** | **66** | **2,197** | **261** | **22,702** |
| **Other income** | **190** | **-** | **41** | **14** | **26** | **152** | **120** | **543** |
| | **10,479** | **2,844** | **4,679** | **2,421** | **92** | **2,349** | **381** | **23,245** |

# Section 2. Our performance (continued)

## 2.2 Income (continued)

### 2.2.2 Our contracts with customers

We generate revenue from external customer contracts, which vary in their form (standard or bespoke), term (casual, short-term and long-term) and customer segment (consumer, small to medium business, government and large enterprise), with the main contracts being:

- retail consumer contracts (mass market prepaid and post-paid mobile, fixed and media plans)
- retail small to medium business contracts (mass market and off-the-shelf technology solutions)
- retail enterprise and government contracts (carriage, standardised and bespoke technology solutions and their management)
- network capacity contracts, mainly Indefeasible Right of Use (IRU)
- wholesale contracts for telecommunication services
- nbn Definitive Agreements (nbn DAs) and related arrangements.

We sell a wide range of goods and services, which are provided either directly by us or by third parties. Generally, we act as principal rather than an agent in our contracts with customers.

The nature and type of contracts with customers are further described below.

***(a) Telstra Consumer (TC) and Telstra Business (TB) contracts***

We offer prepaid and post-paid services to our TC and TB mass market customers. Our mass market contracts are homogeneous in nature and sold directly by us or via our dealer channel. These contracts often offer a bundle of goods and services, including products such as hardware, voice, text and data services, media content and others. Some also include options to purchase additional goods or services free of charge or at a discount (i.e. material rights).

We offer no-lock-in (month to month) post-paid service plans to our fixed and mobile mass market TC and TB customers. In those arrangements, our customers can purchase a device, either outright or on a device repayment contract, together with a no-lock-in service plan. If a customer cancels their no-lock-in service plan, any outstanding device balance becomes payable immediately.

Where we sell a service plan and a device on a device repayment contract together with that plan, and offer a discount to the customer who takes up that bundle and purchases directly from us, or through a dealer that is acting as our agent, we allocate the discount between the device and services based on their relative standalone selling prices. For our service bundle plans sold via dealers, who in their own right also sell the device to the customer, the whole discount is allocated to services only.

TB also offers post-paid mobile plans and technology solutions under fixed term contracts, which incur early termination charges if cancelled by the customer during the fixed term. Fixed term contracts typically have a two to five years term, with the majority of mobile and technology solutions contracts being 24 month contracts. Our long-term mobile contracts often offer a bundle of hardware and services, where customers receive a discount if they purchase goods and services under two separate legal contracts entered into at the same time. In such arrangements the two legal contracts are combined for accounting purposes.

Generally, we allocate the consideration, and any relevant discounts, to all products in the bundle based on a mixture of observable and estimated standalone selling prices of these products.

By and large we recognise revenue from the sale of goods on their delivery and from sale of services based on the passage of time. The consideration allocated at contract inception to material rights is recognised as revenue either when the customer exercises the option and benefits from the free or discounted products or when the rights are forfeited.

We offer deferred payment terms when customers purchase certain handsets and other devices under a device repayment contract.

#### Assessment of a significant financing component in mass market contracts

We have applied judgement to determine that no significant financing component exists in our bundled arrangements offering no-lock-in mobile plans and device repayment contracts sold directly by us to TC customers. We considered factors such as significance of financing in the context of the contract as a whole, commercial objectives of our offers, the duration of deferred payment terms and interest rates prevailing in the marketplace.

Generally, mass market TC and TB contracts are not modified due to their homogeneous nature. However, because our no-lock-in mass market fixed and mobile post-paid service plans are month to month contracts, customers can change plans once each month or cancel their services altogether.

We offer a loyalty program, Telstra Plus, under which our consumer and small business customers can earn points redeemable in the future for certain goods and services. The program also provides customers access to tier benefits in the form of free or discounted services like entertainment or technical support. Points awarded for purchases of Telstra goods and services are accounted for as material rights, with any amount allocated to the points initially recognised as a contract liability in the statement of financial position. When a customer redeems the points or they expire we recognise revenue from sale of goods or services transferred or from forfeiture of the material rights. We also recognise revenue when, based on customers redemption patterns, we expect that the likelihood of the customers utilising the points is remote (i.e. breakage). Discretionary bonus points that do not relate to accounting contracts are classified as a marketing offer and expensed at the time the points are awarded. Tier benefits reduce revenue of the related accounting contracts.

TB offers loyalty programs and technology funds for medium business customers under which they can obtain additional free products. At contract inception, a portion of the consideration is allocated to such products and recognised as a contract liability in the statement of financial position. We recognise revenue when the customer either exercises the option and benefits from the free products or when the rights are forfeited.

# Section 2. Our performance (continued)

## 2.2 Income (continued)

### 2.2.2 Our contracts with customers (continued)

***(b) Telstra Enterprise Australia (TEA) contracts***

TEA transacts with large enterprise and government customers. Large and complex TEA contracts are usually bespoke in nature as they deliver tailored solutions and services. Outside of the large customers, the contracts are mostly standard.

Our TEA legal contracts often are in a form of multi-year framework agreements under which customers can order goods and services. These arrangements include performance conditions and grant different types of discounts or incentives. Such framework agreements are rarely considered contracts for accounting purposes. Instead, revenue recognition rules are applied to goods and services ordered under each valid purchase order or a statement of work raised under the terms of the framework agreement.

In some of our TEA contracts we also act as a dealer-lessor for certain customer premise equipment used by our customers as part of the solutions management and outsourcing services. Leases embedded in those contracts are separately accounted for, usually as dealer-lessor finance leases with finance lease receivables recognised in the statement of financial position.

Some of our TEA contracts include two phases: a build phase followed by the management of the technology solutions. Due to the complex nature of those arrangements, we analyse the facts and circumstances of each contract in order to determine goods and services ordered and timing of revenue recognition. If the build phase (or its components) qualifies as a separate service, we recognise the build phase revenue over the term of the build or at its completion depending on when the customer obtains control over the technology solution.

From time to time our bespoke TEA contracts are varied or renegotiated. When this happens, we assess the scope of the modification or its impact on the contract price in order to determine whether the amendment must be treated as a separate contract, as if the existing contract were terminated and a new contract signed, or whether the amendment must be considered as a change to the existing contract.

Under some of our enterprise arrangements, we receive customer contributions to extend or amend our network assets to ultimately enable delivery of telecommunication services to that customer. Where the counterparty makes a contribution for network construction activities and purchases ongoing services under the same (or linked) contract(s), the upfront contribution is added to the total consideration in the customer contract and is allocated to the goods and services to be delivered under that contract.

Our TEA accounting contracts include multiple goods and services. Generally we allocate the consideration and any relevant discounts to all the products in the accounting contract based on the standalone selling prices. However, some discounts granted under the framework agreements may be allocated to selected goods or services only if specific performance conditions apply. Any consideration allocated to a lease component is based on the relative standalone selling price of the lease.

#### Determining standalone selling prices

We have applied judgement to determine standalone selling prices in order to allocate the consideration to goods and services sold under the same customer contract.

In the absence of observable prices, we use various estimation methods, including an adjusted market assessment and cost plus margin approach, to arrive at a standalone selling price. We have determined that the negotiated prices are largely aligned to the standalone selling prices.

We recognise revenue from management services or fixed fee services based on passage of time and from usage-based carriage contracts when the services have been consumed.

Some of our framework agreements offer enterprise loyalty programs and technology funds under which a customer can obtain additional free products. At contract inception, a portion of the consideration is allocated to such products and recognised as a contract liability in the statement of financial position. We recognise revenue when the customer either exercises the option and benefits from the free products or when the rights are forfeited.

Our large commercial arrangements often incorporate service level agreements, e.g. agreed delivery time or service reinstatement time. If we fail to comply with these commitments, we will compensate the customer. The expected amount of such compensation reduces the revenue for the period in which a service level commitment has not been met, and it is recognised as soon as not meeting the commitment becomes probable. Some arrangements also include benchmarking or consumer price index clauses, which are accounted for as variable consideration, usually from the time the price changes take effect.

***(c) Telstra International (TI) contracts***

TI offers prepaid and post-paid mobile services to consumer customers in South Pacific through our Digicel Pacific business. These contracts often offer a bundle of goods and services, including products such as hardware, voice, text and data services, media content and others. TI also offers mobile services, fixed broadband services and technology solutions to small business and enterprise customers.

TI contracts are either fixed term contracts, where early termination charges apply if the customer cancels the contract; or casual month-to-month contracts, where the customer may cancel the contract at any time without any significant termination penalty. Fixed term contracts are typically short term and rarely exceed five years, with the majority of consumer, small business and enterprise contracts with a term of up to three years.

We recognise TI revenue from sale of goods on their delivery and service revenue is generally recognised based on passage of time.

Where goods and services are provided as a bundle, we allocate the consideration and any relevant discounts to all products in the bundle based on their estimated relative standalone selling prices. Where observable prices are not available, we estimate standalone selling prices based on the cost plus margin approach.

# Section 2. Our performance (continued)

## 2.2 Income (continued)

### 2.2.2 Our contracts with customers (continued)

***(c) Telstra International (TI) contracts (continued)***

Some of our international TI arrangements include long-term network capacity arrangements (some being take-or-pay arrangements) as well as managed services such as security and backups, for which revenue is usually recognised based on passage of time. IRU arrangements often include upfront payments for services which will be delivered over multiple years.

### Assessment of a significant financing component in Indefeasible Right of Use (IRU)

We have applied judgement to assess if a financing component is significant in the context of the contract as a whole and, where relevant, to determine appropriate discount rates.

We account for a significant financing component in our domestic and international bespoke network capacity agreements, i.e. IRUs, where customers make an upfront payment in advance of receiving services. These contracts have an average legal contract term between 10 and 25 years.

Where Telstra receives financing from the customer, revenue recognised over the contract term exceeds the cash payment received in advance of performance by the amount of interest expense recognised in net finance costs.

During the financial year 2024, we recognised $39 million (2023: $41 million) interest expense for our IRU arrangements.

***(d) Telstra InfraCo contracts (excluding contracts with nbn co)***

Telstra InfraCo typically transacts with carriage services providers and internet service providers, who in turn sell their services to their end users.

Revenue arises from fixed network service contracts, including usage-based contracts and fixed bundles, with a term typically of up to three years. Other contracts provide data and IP and mobile products such as interconnect, bulk SMS and pre- and post-paid mobile services.

Telstra InfraCo legal contracts are generally signed as multi-year framework agreements, which set out pricing for the agreed services, the term and any renewal options, incentives, discounts and one-off fees.

Some of our framework agreements specify a minimum spend commitment (i.e. a take-or-pay arrangement), in which case the accounting contract may exist also at the framework agreement level.

Customer contributions to extend or amend our network assets to ultimately enable delivery of telecommunication services are recognised when those services are delivered.

Telstra InfraCo's service revenue is generally recognised over time during the period over which the services are rendered, mostly based on passage of time as the service provider (i.e. our customer) receives unlimited calls and data.

Some of Telstra InfraCo contracts include multiple goods and services. We allocate the consideration, and any relevant discounts, generally to all the products in the accounting contract based on the negotiated prices, which are largely aligned to the estimated standalone selling prices of goods and services promised under the contracts. However, some discounts granted under the framework agreements may be allocated only to selected goods or services based on the specific performance conditions in the framework agreement.

Some of our Telstra InfraCo contracts grant customers access to our passive infrastructure assets. Lease component(s) in those contracts are largely classified as operating leases and we recognise revenue from other sources for those leases.

***(e) Agreements with nbn co***

The main contracts with nbn co are nbn DAs and related arrangements.

Revenue from contracts with nbn co is reported within the Telstra InfraCo segment. Amounts recognised as other income are recorded in TC and Telstra InfraCo segments.

Our nbn DAs and related arrangements include a number of separate legal contracts with both nbn co and the Commonwealth Government which have been negotiated together with a common commercial objective. These contracts have been combined for revenue assessment. The combined contract has a minimum term of 30 years for accounting purposes.

The combined nbn DAs and related arrangements include a number of separately priced elements, some of which are not accounted for under the revenue recognition standard. For example, nbn disconnection fees are presented as other income as they do not relate to our ordinary activities and there is no price dependency on other nbn DAs.

Services provided under the Infrastructure Services Agreement (ISA) are accounted for under the revenue recognition standard. We recognise revenue from providing long-term access to our infrastructure, including ducts and pits, dark fibre and exchange rack spaces, over time, initially based on the cumulative nbn network rollout percentage and after rollout completion based on passage of time.

The build of nbn related infrastructure is not considered a separate service, therefore payments received for it under a separate legal agreement have been combined and accounted for together with the ISA long-term access services. These upfront payments have been recorded as a contract liability in the statement of financial position and are recognised as services transfer over the ISA average contracted period of 35 years. The remaining contracted period of the ISA is 23 years.

The ISA also includes payments for the sale of our infrastructure assets, with the net gain on sale of those assets recognised in other income at a point in time when the control passes to nbn co based on the incremental nbn network rollout percentage.

# Section 2. Our performance (continued)

## 2.2 Income (continued)

### 2.2.2 Our contracts with customers (continued)

***(e) Agreements with nbn co (continued)***

We deliver a number of different services under these arrangements and the consideration includes a number of fixed and variable components 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 nbn Definitive Agreements (nbn DAs)). Subsequently, IAP will continue being indexed to CPI for the remaining contracted period of 23 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 nbn DAs.

In March 2024, Telstra and nbn co signed an amendment to the ISA to finalise the amount and the effective date for the key price adjustments contributing to the uncertainties described above. As a result, the significant variability in amounts that are calculated under the terms of the ISA has been removed.

The terms of the agreement will result in a cash outflow of $250 million, largely payable in the financial year 2026. However, this amount will be recognised in the income statement over the remaining contracted period of 23 years.

As described above, we have applied judgement in determining the amounts of IAP and IOP recognised for the year ended 30 June 2024 and related balance sheet positions. No material impacts resulting from reassessment of the assumptions described above have been identified and, following the agreement with nbn co, the significant variability in amounts that are calculated under the terms of the ISA has been removed. We do not expect the remaining price adjustments under the ISA to give rise to significant adjustments of revenue and other income in the future reporting periods.

## Assessment of a significant financing component in nbn DAs

We have applied judgement to assess if a financing component is significant in the context of the contract as a whole and, where relevant, to determine appropriate discount rates.

We do not separately account for the financing component in our nbn DAs and related arrangements because it is not significant to the accounting contract.

# Section 2. Our performance (continued)

## 2.2 Income (continued)

### 2.2.3 Revenue for contracted goods and services yet to be delivered

Sometimes goods and services purchased under the same customer contract will be transferred to the customer over multiple reporting periods.

Table E presents aggregate consideration allocated to the remaining goods, services and material rights promised under the contracts where a customer has made a firm commitment before the balance date but goods and services will be transferred after 30 June 2024. Any future amounts arising from contracts where the customer has not made a firm commitment, such as usage-based contracts, are not included in the disclosed amounts. Presented time bands best depict the future revenue recognition profile.

| Table E<br>Telstra Group | As at 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| Less than 1 year | 4,316 | 4,264 |
| Between 1 to 2 years | 2,669 | 2,729 |
| Between 2 to 5 years | 4,913 | 4,867 |
| Between 5 to 10 years | 7,605 | 7,125 |
| Between 10 to 20 years | 16,373 | 15,826 |
| More than 20 years | 5,373 | 7,116 |
| | **41,249** | **41,927** |

Future revenue arising from nbn DAs is estimated based on a number of assumptions which are reassessed at each reporting period. However, given its size, long-term nature and a number of variable components impacting the contract consideration (refer to note 2.2.2 for details), the actual amounts recognised in the future periods may still materially differ from our estimates.

Any amounts arising from our existing customer contracts which will be recognised as 'revenue from other sources' or 'other income', for example operating lease income or net gain on sale of assets, are excluded from revenue for contracted goods and services yet to be delivered.

### 2.2.4 Recognition and measurement

Our revenue recognition accounting policies are described below.

***(a) Revenue from contracts with customers***

Revenue from contracts with customers arises from goods and services sold as part of our ordinary activities.

*(i) Accounting contracts with customer*

Revenue recognition principles are applied to accounting contracts which are agreements between two or more parties that create enforceable rights and obligations.

The accounting contract may not align with the legal contract and in some cases multiple legal contracts may need to be combined to form one accounting contract. In other instances, a legal contract may only provide a framework agreement (i.e. an offer) and an accounting contract only exists when the customer commits to purchase goods or services.

Any components of the contract which are accounted for under other accounting standards are separated out and accounted for under those other standards.

*(ii) Goods, services and/or material rights*

Revenue is recognised when Telstra fulfils its contractual obligation to deliver promised goods and services (or a bundle of goods and services) to the customer.

A contractual promise giving the customer an option to purchase additional goods and services at a discount (i.e. material right) is accounted for separately if the incremental discount is at least five per cent compared to other customers.

A good or service is separately accounted for if a customer can benefit from it on its own or together with other readily available resources, and no transformative relationship exists with other promised goods or services.

*(iii) Variable consideration*

If a contractual amount includes a variable component, we estimate the amount to which we will be entitled in exchange for promised goods and services. Examples of variable consideration include discounts, rebates, refunds, credits and price concessions. To estimate an amount of variable consideration, we use either the most likely amount or the expected value method depending on which better predicts the variable amount. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant reversal of cumulative revenue recognised will not occur.

*(iv) Significant financing component*

If the period between when we would transfer the good or service to the customer and when the customer would pay for them is expected to be greater than one year, we assess whether revenue should be adjusted for significant financing component, i.e. reduced if we offer deferred payment terms or increased if we receive an advance payment from customer. The significance of financing is assessed relative to the total contract value and interest rates used reflect credit characteristics of the counterparty receiving financing.

*(v) Allocation of revenue to goods and services*

We allocate the consideration to the goods and services based on their relative standalone selling prices. Standalone selling price is the price for which we would sell the goods or services on a standalone basis, i.e. not in a bundle. We determine standalone selling price at contract inception using an observable price for a standalone sale of substantially the same good or service under similar circumstances and to a similar class of customers. If no observable price is available, we estimate the standalone selling price using an appropriate method, e.g. adjusted market assessment approach, expected cost plus a margin approach or a residual approach.

In some instances, in order to correctly reflect the amount of revenue we expect to be entitled to, we allocate variable consideration, discounts or a significant financing component to some but not all goods, services and/or material rights.

## 2.2 Income (continued)

### 2.2.4 Recognition and measurement (continued)

***(a) Revenue from contracts with customers (continued)***

*(vi) Timing of revenue recognition*

Revenue is recognised when control of the good or service is transferred to the customer, i.e. when the customer can benefit from the good or service and decide how to use them.

We recognise revenue over time when the customer simultaneously receives and consumes the benefits provided to them or we create or enhance an asset controlled by the customer. Otherwise, we recognise revenue at a point in time.

We use either input or output methods to measure progress when selling goods or services. Output methods use direct measurements of the value to the customer, for example, milestones reached. Input methods use our efforts or inputs in measuring the performance, for example, our labour hours used relative to the total expected labour hours.

When revenue is recognised at a point in time, the allocated consideration is recognised when control over a good is transferred to the customer. In determining this, we consider the customer's obligation to pay, transfer of legal title to the good, physical possession of the good, the customer's acceptance, and risks and rewards of ownership.

*(vii) Contract modifications*

From time to time, our contracts are renegotiated after contract inception and their scope and/or price change. A contract modification will result in a cumulative change to revenue already recognised only when the remaining goods and services are not separate from those already delivered.

*(viii) Gross versus net presentation*

When we control the promised goods and services before they are transferred to the customer and we have primary obligation for their delivery, we act as principal in the contract with a customer and recognise revenue at gross amounts. When we act as an agent of a third-party provider, we recognise revenue net of amounts payable to that third party.

***(b) Revenue from other sources***

Revenue from other sources includes income arising from arrangements other than those accounted for under the revenue recognition standard.

Contract terminations generally trigger different rights and obligations. These rights and obligations are not related to our performance and were not considered at inception of the accounting contract. Therefore, where relevant, any income over and above the recovery of the consideration due for the delivered goods or services is not classified as revenue from customer contracts. Instead, we classify it as revenue from other sources.

We earn revenue from some of our lease arrangements described in note 3.2, in particular from finance leases where Telstra is a dealer-lessor of customer premise equipment. We recognise revenue from sale of these goods at a point in time at the commencement date of the lease.

Where a (combined) accounting contract includes lease and non-lease components and Telstra is a lessor, we allocate the consideration to lease and non-lease components applying the relative standalone selling prices requirements for revenue from contracts with customers.

We receive contributions to extend, relocate or amend our network assets. Where the counterparty makes a contribution for network construction activities that is neither a government grant nor relates to the purchase of ongoing services under the same (or linked) contract(s), we recognise revenue over the period of the network construction activities.

Revenue from other sources also includes late payment fees, which are recognised when charged and their collectability is reasonably assured.

***(c) Government grants***

Government grants are recognised where there is reasonable assurance that the grant will be received and Telstra will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the income statement as other income over the period necessary to match them with the costs that they are intended to compensate.

# Section 2. Our performance (continued)

### 2.3 Expenses

We classify expenses (apart from finance costs) by nature as this classification more accurately reflects the type of operations we undertake.

| Telstra Group | Year ended 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| ***Included in our labour expenses are the following:*** | | |
| Employee redundancy | 324 | 80 |
| Share-based payments | 19 | 20 |
| Defined contribution plan expense | 331 | 296 |
| Defined benefit plan expense | 43 | 45 |
| | | |
| Cost of goods sold (included in our goods and services purchased) | 2,883 | 2,853 |
| | | |
| ***Other expenses*** | | |
| Impairment losses (excluding net losses on financial assets) | 534 | 128 |
| General and administration | 1,037 | 1,060 |
| Service contracts and other agreements | 1,047 | 1,056 |
| Promotion and advertising | 294 | 272 |
| Other operating expenses | 202 | 272 |
| | **3,114** | **2,788** |
| ***Depreciation and amortisation*** | | |
| Depreciation of property, plant and equipment | 2,429 | 2,424 |
| Depreciation of right-of-use assets | 619 | 574 |
| Amortisation of intangible assets | 1,431 | 1,472 |
| | **4,479** | **4,470** |
| ***Finance costs*** | | |
| Interest on borrowings | 656 | 570 |
| Interest on lease liabilities (Telstra as a lessee) | 111 | 99 |
| Other | 19 | 32 |
| | **786** | **701** |
| Less: interest on borrowings capitalised | (90) | (71) |
| | **696** | **630** |

Net impairment losses recognised during the financial year 2024 included expenses reported in our segment results in note 2.1.2 as follows:

- $28 million (2023: $12 million) related to property, plant and equipment, with the majority in the 'All Other' category (2023: the majority in NIT&P segment)
- $52 million (2023: nil) related to goodwill in the 'All Other' category (refer to note 3.1.4 for further details)
- $86 million (2023: nil) related to intangible assets other than goodwill in the 'All Other' category
- $82 million (2023: nil) related to right-of-use assets in the 'All Other' category following a review of utilisation of our offices
- $261 million (2023: $95 million) related to deferred contract costs, with $184 million (2023: nil) in the 'All Other' category, $51 million (2023: $70 million) in TC segment and $26 million (2023: $25 million) in TEA segment.

Impairment losses totalling $311 million and relating to property, plant and equipment, intangible assets, deferred contract costs and inventory resulted from our enterprise reset. This reset includes rationalisation and a review of the ongoing profitability of the products and services we offer to market, and resulted in carrying amounts not being recoverable. These impairment losses included $177 million for deferred contract costs related to Data and Connectivity products. In the future any such costs will be expensed as incurred unless they are recoverable in which case they will be deferred. Refer to note 3.6.1 for further details on our policy for capitalised costs.

The impairment losses related to intangible assets other than goodwill also include impairment of our retail energy assets given we have no plans to launch retail energy services.

# Section 2. Our performance (continued)

## 2.3 Expenses (continued)

The following paragraphs provide further information about our expenses and finance costs:

- share-based payments expense relates to both cash-settled and equity-settled share plans. Refer to note 5.2 for further details about our share-based payments arrangements.
- interest on borrowings has been capitalised using a capitalisation rate of 5.0 per cent (2023: 4.6 per cent)
- other finance costs include unrealised valuation impacts on our borrowings and derivatives. These include net losses which arise from changes in the fair value of derivative financial instruments to the extent that hedge accounting is not effective or the hedge accounting criteria are not met. These fair values increase or decrease because of changes in financial indices and prices over which we have no control. All unrealised amounts unwind to nil at maturity of the underlying instrument.

# Section 2. Our performance (continued)

## 2.4 Income taxes

This note sets out our tax accounting policies and provides an analysis of our income tax expense and deferred tax balances, including a reconciliation of tax expense to accounting profit.

Current income tax is based on the accounting profit adjusted for differences in accounting and tax treatments of income and expenses (i.e. taxable income).

Deferred income tax, which is accounted for using the balance sheet method, arises because the accounting income is not always the same as taxable income. This creates temporary differences, which usually reverse over time. Until they reverse, a deferred tax asset or liability must be recognised in the statement of financial position.

This note also provides disclosures which form part of the requirements of the Australian Board of Taxation's Voluntary Tax Transparency Code.

### 2.4.1 Income tax expense

Table A provides a reconciliation of notional income tax expense to actual income tax expense.

| Table A<br>Telstra Group | Year ended 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| ***Major components of income tax expense*** | | |
| Current tax expense | 972 | 748 |
| Deferred tax resulting from the origination and reversal of temporary differences | (287) | 54 |
| (Over)/under provision of tax in prior years | (8) | 10 |
| | **677** | **812** |
| ***Reconciliation of notional income tax expense to actual income tax expense*** | | |
| Profit before income tax expense | 2,465 | 2,863 |
| Notional income tax expense calculated at the Australian tax rate of 30% (2023: 30%) | 740 | 859 |
| ***Notional income tax expense differs from actual income tax expense due to the tax effect of:*** | | |
| Different tax rates in overseas jurisdictions | (41) | (43) |
| Net (non-taxable) and non-deductible items | (14) | 5 |
| Deferred tax liabilities derecognised | - | (10) |
| Amended assessments | - | (9) |
| (Over)/under provision of tax in prior years | (8) | 10 |
| **Income tax expense on profit** | **677** | **812** |
| **Income tax benefit recognised during the year directly in other comprehensive income or equity** | **-** | **(99)** |

Tables B and C include disclosures which form part of the requirements of the Australian Board of Taxation's Voluntary Tax Transparency Code. Any disclosed amounts are determined in accordance with the Australian Accounting Standards.

Table B provides a breakdown of effective income tax rates and Tax Transparency Code effective income tax rates (TTC ETR) for both the Telstra Entity and its Australian resident controlled entities and the Telstra Group.

| Table B<br>Telstra Group | Year ended 30 June | | | |
|---|---|---|---|---|
| | 2024 | | 2023 | |
| | Group | Australia | Group | Australia |
| Effective income tax rate | 27.5% | 27.5% | 28.4% | 26.2% |
| Tax Transparency Code effective income tax rate | 27.9% | 27.9% | 28.1% | 26.2% |

The effective income tax rate for the Telstra Group of 27.5 per cent (2023: 28.4 per cent) was calculated as income tax expense divided by profit before income tax expense. Refer to the key non-taxable and non-deductible items impacting our effective tax rate as detailed below.

The TTC ETR for the Telstra Group of 27.9 per cent (2023: 28.1 per cent) differs from the effective income tax rate due to excluding the impact of under or over provision of tax in prior years and amended assessments. The 2023 TTC ETRs have been updated to include the impact of the net over provision of tax and amended 2023 assessments reflected in the current year income tax expense.

The TTC ETR forms part of the requirements of the Voluntary Tax Transparency Code to disclose the income tax expense borne by Telstra in respect of the Australian and global operations for the individual year.

# Section 2. Our performance (continued)

## 2.4 Income taxes (continued)

### 2.4.1 Income tax expense (continued)

Non-taxable and non-deductible items include the tax effect of:

- $260 million non-taxable income relating to non-controlling interests in trusts, and
- $137 million non-taxable amount related to overseas profits taxed at lower corporate tax rates (i.e. below 30%), offset by
- $117 million non-deductible amount related to current and future withholding taxes for which no tax offset is available, and
- $73 million non-deductible amortisation of intangibles.

Table C provides a reconciliation of income tax expense to income tax paid during the year.

| Table C<br>Telstra Group | Year ended 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| Income tax expense | 677 | 812 |
| Over/(under) provision in prior years | 8 | (10) |
| ***Temporary differences recognised in deferred tax expense*** | | |
| Trade and other receivables and contract assets | 13 | 13 |
| Deferred contract costs | 88 | 44 |
| Property, plant and equipment | (2) | (28) |
| Right-of-use assets | 78 | 38 |
| Intangible assets | 86 | (7) |
| Trade and other payables | 48 | (28) |
| Provision for employee entitlements | 60 | (2) |
| Lease liabilities | (59) | (53) |
| Borrowings and derivative financial instruments | (21) | 2 |
| Contract liabilities and other revenue received in advance | (12) | (17) |
| Other | 8 | (16) |
| | **287** | **(54)** |
| **Current tax expense** | **972** | **748** |
| Income tax (refunds)/payments for prior years | (33) | 66 |
| Net income tax receivable next year | 7 | 114 |
| Other | - | 5 |
| **Income tax paid** | **946** | **933** |

### 2.4.2 Deferred tax assets/(liabilities)

Table D details the amount of deferred tax assets and liabilities recognised in the statement of financial position, which include impact of foreign exchange movements.

| Table D<br>Telstra Group | Year ended/as at 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| ***Deferred tax items recognised in the income statement*** | | |
| Trade and other receivables and contract assets | (190) | (203) |
| Allowance for doubtful debts | 40 | 40 |
| Deferred contract costs | (196) | (284) |
| Investments | (4) | (8) |
| Property, plant and equipment | (1,805) | (1,844) |
| Right-of-use assets | (507) | (736) |
| Intangible assets | (753) | (819) |
| Trade and other payables | 255 | 177 |
| Provision for employee entitlements | 309 | 240 |
| Other provisions | 128 | 104 |
| Lease liabilities | 566 | 776 |
| Defined benefit asset | 132 | 128 |
| Borrowings and derivative financial instruments | 22 | 46 |
| Contract liabilities and other revenue received in advance | 461 | 473 |
| Capital tax losses | 6 | 10 |
| Income tax losses | 27 | 5 |
| Undistributed reserves and withholding taxes | (117) | (96) |
| Other | (7) | 1 |
| | **(1,633)** | **(1,990)** |
| ***Deferred tax items recognised in other comprehensive income or equity*** | | |
| Investments | 2 | 2 |
| Defined benefit asset | (205) | (215) |
| Borrowings and derivative financial instruments | 121 | 131 |
| Other | 6 | 6 |
| | **(76)** | **(76)** |
| **Net deferred tax liability** | **(1,709)** | **(2,066)** |
| ***Comprising:*** | | |
| Deferred tax assets | 74 | 46 |
| Deferred tax liabilities | (1,783) | (2,112) |
| | **(1,709)** | **(2,066)** |

## 2.4 Income taxes (continued)

### 2.4.2 Deferred tax assets/(liabilities) (continued)

#### Unrecognised deferred tax assets

We apply judgement to recognise a deferred tax asset and review its carrying amount at each reporting date. The carrying amount is only recognised to the extent that it is probable that sufficient taxable profit will be available in the future to utilise this benefit. Any amount unrecognised could be subsequently recognised if it has become probable that future taxable profit will allow us to benefit from this deferred tax asset.

Table E details deferred tax assets not recognised in the statement of financial position.

| Table E<br>Telstra Group | Year ended 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| ***Deferred tax assets not recognised*** | | |
| Capital tax losses | 2,615 | 2,622 |
| Income tax losses | 84 | 213 |
| Deductible temporary differences | 95 | 99 |
| | **2,794** | **2,934** |

### 2.4.3 International tax reform - Pillar Two income taxes

On 21 March 2024, the Australian Treasury published for consultation draft primary and subordinate legislation on Pillar Two top up tax rules which includes a minimum 15% effective tax rate by jurisdiction. This has been followed by the introduction of the primary legislation into the Australian Parliament on 4 July 2024. Once both sets of legislation are enacted, the legislation will apply to Telstra from 1 July 2024. Pillar Two legislation has also been enacted or substantively enacted in a number of offshore jurisdictions where our controlled entities operate.

Our initial assessment of the future Pillar Two tax exposure was based on the historical financial information for the financial year 2023 for in-scope constituent entities. The results indicated potential exposure in respect of subsidiaries in Bermuda and Ireland where the transitional safe harbour rules were not satisfied and the headline corporate tax rates are currently 0% and 12.5%, respectively. We do not expect the tax impacts related to these jurisdictions to have a material financial impact on our financial results, however, this will be confirmed based on the information for the financial year 2025.

We continue to closely monitor Pillar Two legislative developments globally to evaluate their potential impact on our future financial results.

### 2.4.4 Tax consolidated group

Under the Australian taxation law, the Telstra Entity and its eligible Australian resident wholly-owned entities (members) form a tax consolidated group and are treated as a single entity for income tax purposes. The Telstra Entity is the head entity of the group and, in addition to its own transactions, it recognises the current tax liabilities and the deferred tax assets arising from unused tax losses and tax credits for all members in the tax consolidated group.

Entities within the tax consolidated group have entered into an income tax sharing agreement and an income tax funding agreement with Telstra Group Limited as the head entity.

The income tax sharing agreement specifies methods of allocating any tax liability in the event the head entity defaults on its group payment obligations and the treatment where a member exits the tax consolidated group.

Under the income tax funding agreement, the head entity will pay the tax consolidated group liabilities to the Commissioner of Taxation and each of the members has agreed to pay/receive a current tax payable to/receivable from the head entity based on the current tax liability or current tax asset recorded in the financial statements of the relevant member. The Telstra Entity will also compensate the members for any deferred tax assets relating to unused tax losses and tax credits.

Amounts receivable (net of allowance for doubtful debts) by the Telstra Entity of $1 billion (2023: $624 million) and payable by the Telstra Entity of $82 million (2023: $76 million) under the income tax funding agreement are due in the next financial year upon final settlement of the current tax payable for the tax consolidated group.

### 2.4.5 Recognition and measurement

Our income tax expense is the sum of current and deferred income tax expenses. Current income tax expense is calculated on accounting profit after adjusting for non-taxable and non-deductible items based on rules set by the tax authorities. Deferred income tax expense is calculated at the tax rates that are expected to apply for the period in which the deferred tax asset is realised or the deferred tax liability is settled. Both our current and deferred income tax expenses are calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Our current and deferred taxes are recognised as an expense in the income statement, except when they relate to items that are directly recognised in other comprehensive income or equity. In this case, our current and deferred tax expenses are also recognised directly in other comprehensive income or equity.

Our current and deferred taxes must also recognise the impact of any uncertain tax positions. If it is probable that a relevant tax authority would accept our tax treatment, our tax balances are recognised under that tax treatment. Otherwise, for each uncertain tax position for which it is not probable that the relevant tax authority will accept the tax treatment, we use the most likely amount or the expected value to estimate our tax balances.

We apply the balance sheet method for calculating our deferred tax balances. Deferred tax is the expected tax payable or recoverable on all taxable and deductible temporary differences determined with reference to the tax bases of assets and liabilities and their carrying amount for financial reporting purposes as at the reporting date.

We generally recognise deferred tax liabilities for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill
- the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither our accounting profit nor our taxable income at the time of the transaction (single transactions where both deductible and taxable temporary differences arise on initial recognition that result in deferred tax assets and liabilities of the same amount are excluded from this exemption).

# Section 2. Our performance (continued)

## 2.4 Income taxes (continued)

### 2.4.5 Recognition and measurement (continued)

For our investments in controlled entities, joint ventures and associated entities, recognition of deferred tax liabilities is required unless we are able to control the timing of our temporary difference reversal and it is probable that the temporary difference will not reverse.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carried forward unused tax losses and tax credits, can be utilised.

Deferred tax assets and deferred tax liabilities are offset in the statement of financial position where they relate to income taxes levied by the same taxation authority and to the extent that we intend to settle our current tax assets and liabilities on a net basis.

## 2.5 Earnings per share

This note outlines the calculation of Earnings per Share (EPS), which is the amount of post-tax profit attributable to each share. EPS excludes profit attributable to non-controlling interests and takes into account the average number of shares weighted by the number of days on issue.

We calculate basic and diluted EPS. Diluted EPS reflects the effects of the equity instruments allocated to our employee share schemes under the Telstra Growthshare Trust.

| Telstra Group | Year ended 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| ***Earnings used in the calculation of basic and diluted EPS*** | | |
| **Profit for the year attributable to equity holders of Telstra Entity** | **1,622** | **1,928** |
| ***Weighted average number of ordinary shares*** | Number of shares (millions) | |
| Weighted average number of ordinary shares used in the calculation of basic EPS | 11,543 | 11,543 |
| Dilutive effect of certain employee share instruments | 10 | 11 |
| **Weighted average number of ordinary shares used in the calculation of diluted EPS** | **11,553** | **11,554** |
| | cents | cents |
| Basic EPS | 14.1 | 16.7 |
| Diluted EPS | 14.0 | 16.7 |

When we calculate the basic EPS, we adjust the weighted average number of ordinary shares to exclude the shares held in trust by Telstra Growthshare Trust (Growthshare).

Information about equity instruments issued under Growthshare can be found in note 5.2.

## 2.6 Notes to the statement of cash flows

### 2.6.1 Reconciliation of profit to net cash provided by operating activities

Table A provides a reconciliation of profit to net cash provided by operating activities.

| Table A<br>Telstra Group | Year ended 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| Profit for the year | 1,788 | 2,051 |
| ***Add/(subtract) items classified as investing/financing activities*** | | |
| Finance income | (112) | (101) |
| Finance costs | 696 | 630 |
| Net gain on disposal of property, plant and equipment and intangible assets | (137) | (178) |
| Net gain on disposal of businesses, controlled entities and equity accounted investments | - | (6) |
| Revenue of a dealer-lessor | (46) | (18) |
| Net gain on lease related transactions | (113) | (14) |
| Government grants received relating to investing activities | (24) | (26) |
| ***Add/(subtract) non-cash items*** | | |
| Depreciation and amortisation | 4,479 | 4,470 |
| Share-based payments | 19 | 20 |
| Defined benefit plan expense | 43 | 45 |
| Share of net loss from joint ventures and associated entities | 16 | 27 |
| Impairment losses (excluding inventories, trade and other receivables, and deferred contract costs) | 251 | 13 |
| Effects of exchange rate changes | 25 | 28 |
| Other | (58) | 18 |
| ***Cash movements in operating assets and liabilities*** | | |
| Increase in trade and other receivables and contract assets | (24) | (42) |
| Increase in inventories | (108) | (69) |
| Increase in prepayments and other assets | (5) | (65) |
| Decrease in deferred contract costs | 267 | 151 |
| Increase/(decrease) in trade and other payables | 212 | (48) |
| (Decrease)/increase in contract liabilities and other revenue received in advance | (59) | 51 |
| Decrease in net taxes liability | (260) | (124) |
| Increase/(decrease) in provisions | 199 | (11) |
| **Net cash provided by operating activities** | **7,049** | **6,802** |

# Section 2. Our performance (continued)

## 2.6 Notes to the statement of cash flows (continued)

### 2.6.2 Cash and cash equivalents

Table B details the nature of our cash and cash equivalents.

| Table B<br>Telstra Group | Year ended 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| Cash at bank and on hand | 557 | 497 |
| Bank deposits and negotiable certificates of deposit | 489 | 435 |
| **Cash and cash equivalents in the statement of cash flows** | **1,046** | **932** |

Cash and cash equivalents in the statement of financial position include $130 million (2023: $142 million) held by our controlled entities in China, Papua New Guinea, India and Indonesia. These amounts are subject to regulatory controls and as a result, our ability to utilise these funds for general operating activities by the other entities within the Telstra Group may be constrained.

### 2.6.3 Recognition, measurement and presentation

***(a) Cash and cash equivalents***

Cash and cash equivalents include cash at bank and on hand, bank deposits and negotiable certificates of deposit that are held to meet short-term cash commitments rather than for investment purposes.

Bank deposits and negotiable certificates of deposit are classified as financial assets held at amortised cost.

***(b) Short-term borrowings in financing cash flows***

Where our short-term borrowings are held for the purposes of meeting short-term cash commitments, we report the cash receipts and subsequent repayments in financing activities on a net basis in the statement of cash flows.

***(c) Goods and Services Tax (GST) (including other value-added taxes)***

We record our revenue, expenses and assets net of any applicable GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivable and payable balances in the statement of financial position, and receipts from customers and payments to suppliers in the statement of cash flows include GST where we have either included GST in our price charged to customers or a supplier has included GST in their price charged to us. The net amount of GST due to the ATO but not paid is included in our current trade and other payables.

# Section 3. Our core assets, lease arrangements and working capital

This section describes our core long-term tangible (owned and leased) and intangible assets underpinning the 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

This note provides details of our tangible and intangible assets, including goodwill, and their impairment assessment.

Our impairment assessment compares the carrying values of our cash generating units (CGUs) with their recoverable amounts determined using a 'value in use' calculation. The value in use calculations use key assumptions such as cash flow forecasts, discount rates and terminal growth rates.

### 3.1.1 Property, plant and equipment

Table A shows movements in the net book value of our property, plant and equipment (PPE) assets during the financial year.

| Table A<br>Telstra Group | Land and buildings | Communication assets | Other plant and equipment | Total property, plant and equipment |
|---|---|---|---|---|
| | $m | $m | $m | $m |
| **Net book value at 1 July 2022** | **615** | **19,664** | **206** | **20,485** |
| Additions | 52 | 2,286 | 90 | **2,428** |
| Acquisitions through business combinations | 33 | 469 | 21 | **523** |
| Depreciation expenses | (74) | (2,253) | (97) | **(2,424)** |
| Impairment losses | - | (12) | - | **(12)** |
| Other movements | (30) | 4 | (5) | **(31)** |
| **Net book value at 30 June 2023 comprising:** | **596** | **20,158** | **215** | **20,969** |
| Cost | 1,184 | 62,453 | 1,159 | **64,796** |
| Accumulated depreciation and impairment | (588) | (42,295) | (944) | **(43,827)** |
| | | | | |
| **Net book value at 1 July 2023** | **596** | **20,158** | **215** | **20,969** |
| Additions | 48 | 2,233 | 123 | **2,404** |
| Acquisitions through business combinations | - | - | 2 | **2** |
| Depreciation expenses | (75) | (2,243) | (111) | **(2,429)** |
| Impairment losses | - | (28) | - | **(28)** |
| Other movements | (3) | (41) | (7) | **(51)** |
| **Net book value at 30 June 2024 comprising:** | **566** | **20,079** | **222** | **20,867** |
| Cost | 1,181 | 60,308 | 1,230 | **62,719** |
| Accumulated depreciation and impairment | (615) | (40,229) | (1,008) | **(41,852)** |

# Section 3. Our core assets, lease arrangements and working capital (continued)

## 3.1 Property, plant and equipment and intangible assets (continued)

### 3.1.1 Property, plant and equipment (continued)

The following paragraphs provide further information about our fixed asset classes:

- additions to PPE include $41 million (2023: $46 million) of capitalised borrowing costs directly attributable to qualifying assets
- land and buildings include leasehold improvements related to right-of-use assets recognised under our leasing arrangements (Telstra as a lessee)
- communication assets include network land and buildings that are essential to the operation of our communication assets
- our buildings and communication assets are mainly used by us to generate revenue, however we also generate rental income from these assets. Given their dual purpose, it is impractical to separately present the assets under the operating lease arrangements. As at 30 June 2024, the total net book value of the assets used for dual purpose was $2,672 million (2023: $2,826 million).
- as at 30 June 2024, $1,385 million (2023: $1,338 million) of PPE was under construction and not installed and not ready for use
- refer to note 2.3 for details on the impairment losses related to our tangible assets
- other movements include $19 million (2023: $54 million) net transfers from/to intangible assets, $35 million decrease (2023: $42 million increase) due to net foreign exchange differences, and other individually insignificant transactions.

### 3.1.2 Goodwill and other intangible assets

Table B shows movements in the net book value of our intangible assets during the financial year.

| Table B<br>Telstra Group | Goodwill | Software assets | Licences | Other intangible assets | Total intangible assets |
|---|---|---|---|---|---|
| | $m | $m | $m | $m | $m |
| **Net book value at 1 July 2022** | **1,769** | **3,709** | **1,995** | **682** | **8,155** |
| Additions | - | 1,272 | 100 | 39 | **1,411** |
| Acquisitions through business combinations | 1,633 | 10 | - | 1,147 | **2,790** |
| Amortisation expense | - | (998) | (296) | (178) | **(1,472)** |
| Other movements | 62 | 52 | (37) | 28 | **105** |
| **Net book value at 30 June 2023 comprising:** | **3,464** | **4,045** | **1,762** | **1,718** | **10,989** |
| Cost | 3,555 | 13,050 | 3,523 | 2,929 | **23,057** |
| Accumulated amortisation and impairment | (91) | (9,005) | (1,761) | (1,211) | **(12,068)** |
| | | | | | |
| **Net book value at 1 July 2023** | **3,464** | **4,045** | **1,762** | **1,718** | **10,989** |
| Additions | - | 1,452 | 1,216 | 71 | **2,739** |
| Acquisitions through business combinations | 232 | 1 | - | 52 | **285** |
| Amortisation expense | - | (992) | (277) | (162) | **(1,431)** |
| Impairment losses | (52) | (86) | - | - | **(138)** |
| Other movements | (5) | (12) | (6) | - | **(23)** |
| **Net book value at 30 June 2024 comprising:** | **3,639** | **4,408** | **2,695** | **1,679** | **12,421** |
| Cost | 3,783 | 14,024 | 4,708 | 3,016 | **25,531** |
| Accumulated amortisation and impairment | (144) | (9,616) | (2,013) | (1,337) | **(13,110)** |

# Section 3. Our core assets, lease arrangements and working capital (continued)

## 3.1 Property, plant and equipment and intangible assets (continued)

### 3.1.2 Goodwill and other intangible assets (continued)

The following paragraphs detail further information about our intangible asset classes:

- additions to software assets include $49 million (2023: $25 million) of capitalised borrowing costs directly attributable to qualifying assets
- software assets mostly comprise internally generated assets
- licences comprise of spectrum and apparatus licences obtained to operate a range of radiocommunications devices
- refer to note 2.3 for details on the impairment losses related to our intangible assets
- other movements include $19 million (2023: $54 million) net transfers to/from property, plant and equipment to intangible assets, $5 million decrease (2023: $92 million increase) due to net foreign exchange differences, nil (2023: $45 million) disposal of licence and other individually insignificant transactions.

## Capitalisation of development costs

We apply judgement to determine whether to capitalise development costs.

Development costs are only capitalised if the project is assessed to be technically and commercially feasible, we are able to use or sell the asset, and we have sufficient resources and intent to complete the development.

As at 30 June 2024, $916 million (2023: $638 million) of software assets were not installed and not ready for use.

### 3.1.3 Depreciation and amortisation

Table C presents the weighted average useful lives of our property, plant and equipment and identifiable intangible assets with a definite useful life.

| Table C<br>Telstra Group | Expected benefit (years) | |
|---|---|---|
| | As at 30 June | |
| | 2024 | 2023 |
| ***Property, plant and equipment*** | | |
| Buildings | 30 | 30 |
| Communication assets | 27 | 27 |
| Other plant and equipment | 7 | 7 |
| ***Intangible assets*** | | |
| Software assets | 9 | 8 |
| Licences | 16 | 14 |
| Other intangibles | 19 | 19 |

## Useful lives and residual values of tangible and intangible 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 intangible assets, specifically business software, useful lives are adjusted to align with expected retirement dates of the relevant applications under the current corporate strategies.

During the financial year 2024, the net effect of the assessment of useful lives was $64 million (2023: $35 million) and $33 million (2023: $33 million) decrease in depreciation and amortisation expenses, respectively.

### 3.1.4 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. Goodwill and intangible assets with an indefinite useful life are not subject to amortisation and are assessed for impairment at least annually. If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to the income statement so as to reduce the carrying amount.

The recoverable amount of an asset is the higher of its fair value less cost of disposal and its value in use. Fair value less cost of disposal is measured with reference to quoted market prices in an active market. Value in use represents the present value of the future amount expected to be recovered through the cash inflows and outflows arising from the asset's continued use and subsequent disposal.

We identify CGUs, the smallest groups of assets that generate largely independent cash inflows from other assets or groups of assets. CGUs to which goodwill is allocated cannot be larger than an operating segment.

# Section 3. Our core assets, lease arrangements and working capital (continued)

## 3.1 Property, plant and equipment and intangible assets (continued)

### 3.1.4 Impairment assessment (continued)

***(a) Telstra Entity ubiquitous telecommunication network***

An impairment assessment is performed at the level of our Telstra Entity ubiquitous telecommunications network CGU.

### Impairment assessment of our ubiquitous telecommunications network

We have determined that assets which form part of the Telstra Entity ubiquitous telecommunications network, comprising the customer access network and the core network, are working together to generate independent cash inflows. No one item of telecommunications equipment is of any value without the other assets to which it is connected to deliver our products and services.

Indicators of impairment may include changes in our operating and economic assumptions or possible impacts from risks such as changing economic and market conditions and climate change. We apply judgement in determining whether certain trends with an adverse impact on our cash flows are considered impairment indicators.

We continue to operate in uncertain economic environments with rising inflation and other economic pressures. However, given the long-lived nature of the majority of our assets and the nature of the services we provide, the expected return on the assets is not significantly impacted. As a result, we did not consider the uncertain economic environment as an impairment indicator of our ubiquitous telecommunications network.

We continue to assess the potential impacts of climate change, including physical climate risks on our assets associated with bushfires, tropical cyclones, coastal erosion and inundation, intense rainfall events and increasing temperatures, as well as the impact of extreme weather events on our operations and service delivery.

While we have already incorporated in our management forecasts some financial impacts related to our short-medium term environmental goals associated with both reducing our absolute scope 1+2 greenhouse gas emissions by 70% by 2030 (from the financial year 2019 baseline) and enabling renewable energy generation equivalent to 100 per cent of our consumption by 2025, work is ongoing to incorporate the potential long-term financial impacts of climate change and our relevant adaptation strategies in our forward plans.

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. In addition, based on the sensitivity analysis performed, the range of financial impacts identified and quantified to date for possible climate scenarios, namely the service disruption payments and asset loss/replacement costs, is not significant compared to the excess of the recoverable amount over the carrying value of our ubiquitous telecommunications network.

As we continue to assess climate impacts to our business, we will incorporate any identified financial impacts into our impairment assessment. Should we identify material adverse effects of climate change or transition to a lower carbon economy on our cash flows, we may deem it an impairment indicator in the future.

Management forecasts require significant judgements and assumptions and are subject to risk and uncertainty that may be beyond our control. Hence, there is a possibility that changes in circumstances will materially alter projections, which may impact our assessment of impairment indicators and the recoverable amount of assets at each reporting date.

We did not identify impairment indicators at the level of the ubiquitous network. However, we have recognised impairment expenses related to our tangible and intangible assets as detailed in note 2.3.

# Section 3. Our core assets, lease arrangements and working capital (continued)

## 3.1 Property, plant and equipment and intangible assets (continued)

### 3.1.4 Impairment assessment (continued)

***(b) Goodwill***

The carrying amount of goodwill has been allocated to the CGUs as detailed in table D.

| Table D<br>Telstra Group | As at 30 June 2024 $m | As at 30 June 2023 $m |
|---|---|---|
| Digicel Pacific[1] | 1,611 | 1,614 |
| Telstra Enterprise International Group[1,2,4] | 628 | 612 |
| Telstra Enterprise Australia Group[2] | 437 | 437 |
| Telstra Consumer & Small Business Group[2,3] | n/a | 341 |
| Telstra Consumer Group[2,3] | 341 | n/a |
| Health Group[2] | 251 | 251 |
| Versent | 221 | n/a |
| PowerHealth Group | 89 | 89 |
| Fetch TV | 32 | 32 |
| Alliance | - | 28 |
| Aqura | - | 24 |
| Other[4,5] | 29 | 36 |
| | **3,639** | **3,464** |

1 These CGUs operate in overseas locations. Therefore, the goodwill allocated to these CGUs will fluctuate in line with movements in applicable foreign exchange rates.

2 The Telstra Enterprise International Group, Telstra Enterprise Australia Group, Telstra Consumer Group and Telstra Business Group (2023: Telstra Consumer & Small Business Group), and Health Group include goodwill from past acquisitions integrated into these businesses.

3 During the financial year 2024, following separation of Telstra Business segment Telstra Consumer & Small Business Group CGU was separated into two CGUs, Telstra Consumer Group and Telstra Business Group, and any existing goodwill remained in Telstra Consumer Group. Telstra Business Group CGU includes goodwill from acquisitions completed in the financial year 2024 and has been included in 'Other' as it is individually immaterial.

4 During the financial year 2024, the operations of Company85 Limited (previously included in 'Other') were integrated into Telstra Enterprise International Group.

5 Other includes other individually immaterial CGUs.

In regard to goodwill recognised in 'Other' from acquisitions completed during the financial year 2024, there were no impairment indicators in relation to these assets since their acquisition date. For all other CGUs with allocated goodwill, we used a value in use calculation to determine the recoverable amount.

## Determining CGUs and their recoverable amount for impairment assessment of goodwill

We apply judgement to identify our CGUs and determine their recoverable amounts using a value in use calculation. These judgements include cash flow forecasts, as well as the selection of growth rates, terminal growth rates and discount rates based on experience and our expectations for the future.

Our cash flow projections are based on five-year management-approved forecasts unless a different period is justified. The forecasts use management estimates to determine income, expenses, capital expenditure and cash flows for each asset and CGU.

We have identified that for two of our CGUs the discounted cash flows do not support the carrying values of these CGUs as detailed below.

As at 30 June 2024, the carrying value of our assets in Alliance and Aqura CGUs (both of which are business operations that provide technology and automation services) were assessed for impairment. The recoverable amount of these CGUs was determined using a value in use calculation and it was lower than their carrying value. As a result, in the income statement we recognised a $52 million impairment charge, writing down the remaining goodwill to zero. The impairment was recorded in other expenses within the income statement and was included in the 'All Other' category in our segment note 2.1. The impairment reflects the evolving market dynamics in our domestic enterprise business and increased competitive pressures on margins and skilled labour.

We have used the following key assumptions in determining the recoverable amount of our material CGUs to which goodwill has been allocated:

| Table E<br>Telstra Group | Discount rate 2024 % | Discount rate 2023 % | Terminal value growth rate 2024 % | Terminal value growth rate 2023 % |
|---|---|---|---|---|
| Digicel Pacific | 13.9 | 13.4 | 3.0 | 3.0 |
| Telstra Enterprise International Group | 8.3 | 8.5 | 2.0 | 2.0 |
| Telstra Enterprise Australia Group | 13.3 | 13.3 | 2.5 | 2.5 |
| Telstra Consumer & Small Business Group | n/a | 12.2 | n/a | 2.5 |
| Telstra Consumer Group | 12.2 | n/a | 2.5 | n/a |
| Health Group | 12.6 | 13.3 | 2.5 | - |
| Versent | 14.8 | n/a | 2.5 | n/a |
| PowerHealth Group | 16.1 | 15.9 | 2.5 | 2.5 |
| Fetch TV | 14.2 | n/a | 2.5 | n/a |
| Alliance | 19.1 | 19.7 | 2.5 | 2.5 |
| Aqura | 18.7 | 20.5 | 2.5 | 2.5 |

# Section 3. Our core assets, lease arrangements and working capital (continued)

## 3.1 Property, plant and equipment and intangible assets (continued)

### 3.1.4 Impairment assessment (continued)

#### *(b) Goodwill (continued)*

The discount rate represents the pre-tax discount rate applied to the cash flow projections. The discount rate reflects the market determined, risk-adjusted discount rate that is adjusted for specific risks relating to the CGU and the countries in which it operates.

The terminal value growth rate represents the growth rate applied to extrapolate our cash flows beyond the forecast period. These growth rates are based on our expectation of the CGUs' long-term performance in their markets.

We also perform sensitivity analyses to examine the effect of a change in a key assumption on the remaining CGUs. The pre-tax discount rate would need to increase by 22 basis points (2023: 90 basis points) or the terminal value growth rate would need to decrease by 33 basis points (2023: 135 basis points) before the recoverable amount of any of the CGUs would equal its carrying value. No other changes in key assumptions will result in a material impairment charge for any of the CGUs.

### 3.1.5 Recognition and measurement

Our policy for recognition and measurement of property, plant and equipment and intangible assets is detailed in the table below.

| Asset class | Recognition and measurement |
| --- | --- |
| **Property, plant and equipment** | Property, plant and equipment, including assets under construction, is recorded at cost less accumulated depreciation and impairment. Cost includes the purchase price and costs directly attributable to bringing the asset to the location and condition necessary for its intended use.<br>We capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. All other borrowing costs are recognised as an expense in our income statement when incurred.<br>Property, plant and equipment other than freehold land are depreciated on a straight-line basis in the income statement from the time when the assets are installed and ready for use. Items of property, plant and equipment excluding leasehold improvements are depreciated over their estimated useful lives. Leasehold improvements are depreciated over the shorter of the lease term and the useful life of the assets. |
| **Goodwill** | Goodwill acquired in a business combination is measured at cost. Cost represents the excess of what we pay for the business combination over the fair value of the identifiable net assets acquired at the date of acquisition.<br>Goodwill is not amortised but is tested for impairment on an annual basis or when an indication of impairment arises.<br>Goodwill arising on the acquisition of joint ventures or associated entities constitutes part of the cost of the investment. |
| **Internally generated intangible assets** | Internally generated intangible assets include mainly IT development costs incurred in design, build and testing of new or improved IT products and systems.<br>Research costs are expensed when incurred.<br>Capitalised development costs include:<br>• external direct costs of materials and services consumed<br>• payroll and payroll-related costs for employees (including contractors) directly associated with the project<br>• borrowing costs that are directly attributable to the qualifying assets.<br>Internally generated intangible assets have a finite life and are amortised on a straight-line basis over their useful lives. |
| **Acquired intangible assets** | We acquire other intangible assets either as part of a business combination or through a separate acquisition. Intangible assets acquired in a business combination are recorded at their fair value at the date of acquisition and recognised separately from goodwill. Intangible assets acquired through a specific acquisition are recorded at cost.<br>Intangible assets that are considered to have a finite life are amortised on a straight-line basis over the useful lives. Intangible assets that are considered to have an indefinite life are not amortised but tested for impairment on an annual basis or when an indication of impairment exists. |

# Section 3. Our core assets, lease arrangements and working capital (continued)

## 3.2 Lease arrangements

This note provides details about our leasing arrangements, where Telstra is either a lessee or a lessor, including arrangements where Telstra is an intermediate lessor (i.e. subleases).

### 3.2.1 Telstra as a lessee

Our most significant lease contracts relate to network and non-network properties, including:

- land and buildings supporting our network assets and data centres
- office buildings, retail spaces and warehouses.

Other lease arrangements include:

- communication assets dedicated to solution management that we provide to our enterprise customers
- spaces on mobile towers
- renewable energy plants
- modem devices
- motor vehicles
- mobile devices, laptops, personal computers and printers.

None of our leases include residual value guarantees. Other features of our leases are described below.

***(a) Leases with extension, termination and purchase options***

We do not have any significant purchase options in our property leases.

Extension options are included in a number of commercial and network property leases and are taken up to maximise the operational flexibility in terms of managing the assets used in our core business operations.

The majority of extension and termination options within our lease contracts are exercisable only by us and not by the respective lessor, with the exception of 'holdover periods' in our property leases, where generally either party can terminate the lease.

The extension, termination and purchase options are considered when determining lease term.

## Determining lease term for property leases

We apply judgement to determine a lease term for leases with extension, termination or purchase options. We also consider lease modifications where we continue to use the same underlying asset for an extended term.

Our property lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions, with typical fixed term periods between one and 15 years.

In determining the lease term, we consider all facts and circumstances that create an economic incentive to exercise an extension, termination or purchase option, including holdover periods where relevant.

In particular, we consider contractual terms under which the lease term can be extended or terminated, potential relocation costs, asset specific factors and any relevant leasehold improvements or our wider strategy and policy decisions.

We also consider long-term inter-company arrangements to access tower sites and exchanges located on land leased from third parties.

Extension options are only included in the lease term if the lease is reasonably certain to be extended. Periods beyond termination options are only included in the lease term if it is reasonably certain that the lease will not be terminated.

The longer the fixed lease term, the less certain a lessee is to exercise an option to extend the lease.

The extension options for leases of office buildings have generally not been included in the lease term due to a competitive marketplace and our commercial ability to either substantially renegotiate or replace these assets instead of exercising the extension options.

Our termination options have been considered reasonably certain not to be exercised; therefore, the lease terms have not been shortened and all future cash flows have been included in the measurement of the lease liability.

The lease term assessment is reviewed if a significant event or change in circumstances occurs which affects this assessment and that is within our control as a lessee.

# Section 3. Our core assets, lease arrangements and working capital (continued)

## 3.2 Lease arrangements (continued)

### 3.2.1 Telstra as a lessee (continued)

***(b) Leases with lease payment increases***

Under most of our lease arrangements, we pay fixed lease payments, which are included in the measurement of lease liabilities at initial recognition or at the time of reassessment. Fixed lease payments in our property leases usually include fixed increases. However, some of our property leases contain other escalation clauses, including increases subject to the consumer price index, the greater of fixed increase or the consumer price index or increases subject to market rates. Market rent review terms are used to respond to competitive market trends and to minimise our fixed costs. No material remeasurement to lease liabilities resulting from such escalation clauses were recognised during the financial year 2024.

***(c) Leases with variable lease payments that do not depend on an index or a rate***

Some of our leases, such as leases of renewable energy plants, include variable lease payments that do not depend on an index or a rate. Such payments are not included in the measurement of the lease liability and are expensed as incurred in 'other expenses' in the income statement.

***(d) Right-of-use assets***

Table A shows movements in net book value of our right-of-use assets during the financial year.

| Table A<br>Telstra Group | Right-of-use assets for underlying assets | | |
|---|---|---|---|
| | Land and buildings | Other | Total |
| | $m | $m | $m |
| **Net book value at 1 July 2022 (reclassified)** | **2,175** | **751** | **2,926** |
| Additions | 295 | 275 | **570** |
| Acquisitions through business combinations | 55 | 2 | **57** |
| Depreciation expense | (407) | (167) | **(574)** |
| Terminations | (23) | (17) | **(40)** |
| Derecognition due to finance subleases | (17) | (70) | **(87)** |
| Other movements | 3 | (30) | **(27)** |
| **Net book value at 30 June 2023 comprising:** | **2,081** | **744** | **2,825** |
| Cost | 3,437 | 1,265 | **4,702** |
| Accumulated depreciation and impairment | (1,356) | (521) | **(1,877)** |
| | | | |
| **Net book value at 1 July 2023** | **2,081** | **744** | **2,825** |
| Additions | 391 | 218 | **609** |
| Acquisitions through business combinations | 5 | - | **5** |
| Depreciation expense | (436) | (183) | **(619)** |
| Impairment losses | (82) | - | **(82)** |
| Terminations | (22) | (9) | **(31)** |
| Derecognition due to finance subleases | - | (9) | **(9)** |
| Other movements | (3) | (29) | **(32)** |
| **Net book value at 30 June 2024 comprising:** | **1,934** | **732** | **2,666** |
| Cost | 3,791 | 1,409 | **5,200** |
| Accumulated depreciation and impairment | (1,857) | (677) | **(2,534)** |

Refer to note 2.3 for details on the impairment losses related to our right-of-use assets. Other movements include other individually insignificant transactions.

# Section 3. Our core assets, lease arrangements and working capital (continued)

## 3.2 Lease arrangements (continued)

### 3.2.1 Telstra as a lessee (continued)

***(d) Right-of-use assets (continued)***

Table B provides information about the weighted average useful lives of our right-of-use assets.

| Table B<br>Telstra Group | Weighted average useful life (years)<br>As at 30 June | |
|---|---|---|
| | 2024 | 2023 |
| ***Right-of-use assets*** | | |
| Land and buildings | 11 | 11 |
| Other | 8 | 9 |

***(e) Lease liabilities***

Lease liabilities do not include liabilities for leases of low value assets or leases with variable payments which do not depend on an index or a rate, for which associated outstanding rental payments as at balance date continue to be included in trade and other payables.

## Determining incremental borrowing rates for property leases

We apply judgement to determine incremental borrowing rates for our property leases because the interest rates implicit in leases are not readily determinable for those arrangements.

The incremental borrowing rates are determined with reference to rates sourced from market-based credit adjusted yield curves which are independently derived and reasonably reflect the credit risk of the lessee. The discount rates also reflect:

- the lease term (based on the weighted average repayment term)
- any guarantees which may be in place
- the impact of any security if significant to pricing.

As at 30 June 2024, the weighted average incremental borrowing rate was 3.2 per cent (2023: 3.0 per cent).

Table C presents maturity analysis of our lease liabilities.

| Table C<br>Telstra Group | As at 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| ***Undiscounted future cash flows*** | | |
| Less than 1 year | 611 | 539 |
| 1 to 2 years | 487 | 591 |
| 2 to 5 years | 1,033 | 1,021 |
| More than 5 years | 1,592 | 1,571 |
| **Total undiscounted lease liabilities** | **3,723** | **3,722** |
| Future finance charges | (615) | (531) |
| **Present value of lease liabilities** | **3,108** | **3,191** |
| ***Comprising:*** | | |
| Current | 530 | 448 |
| Non-current | 2,578 | 2,743 |
| | **3,108** | **3,191** |

Measurement of lease liabilities reflects judgements made about discounted future cash flows arising from reasonably certain extension options and lease modifications, which must be reassessed should the circumstances change.

Potential future cash outflows of $1,669 million (2023: $1,776 million) are not reflected in the measurement of lease liabilities as they relate to leases which are yet to commence and/or extension options that we assessed as not reasonably certain. Almost 90 per cent (2023: 85 per cent) of those cash flows will occur after five years. These outflows represent contractual undiscounted future cash flows estimated based on fixed lease payments only, payable over:

- for leases yet to commence - the legally non-cancellable lease term
- for leases already recognised in the statement of financial position and for those yet to commence - all extension options exercisable only by us (i.e. excluding holdover periods).

Such cash flows are not contractually payable until options have been legally exercised (if at all) and/or until the effective dates of already executed new contracts.

# Section 3. Our core assets, lease arrangements and working capital (continued)

## 3.2 Lease arrangements (continued)

### 3.2.1 Telstra as a lessee (continued)

***(f) Amounts recognised in the income statement and cash outflows for leases***

Table D presents amounts recognised in the income statement and the cash outflows related to our lease arrangements.

| Table D Telstra Group | Year ended 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| ***Amounts recognised in the income statement*** | | |
| Income from operating subleases (in revenue from other sources) | 8 | 8 |
| Net gain on sale and leaseback transactions (in other income) | 50 | - |
| Depreciation of right-of-use assets (in depreciation and amortisation expense) | (619) | (574) |
| Impairment losses (in other expenses) | (82) | - |
| Expense for leases of low value assets and variable payments (in other expenses) | (7) | (14) |
| Interest expense on lease liabilities (in net finance costs) | (111) | (99) |
| ***Cash outflows for leases*** | | |
| In cash flows from operating activities | (7) | (14) |
| In cash flows from financing activities (principal portion) | (643) | (675) |
| In cash flows from financing activities (interest portion) | (108) | (99) |

### 3.2.2 Telstra as a lessor (including a dealer-lessor and an intermediate lessor)

Our lease arrangements where Telstra is a lessor, including a dealer-lessor and intermediate lessor, include the following main categories:

- leases and subleases of property assets, including office and network buildings
- finance leases where Telstra is a dealer-lessor of communication assets dedicated to solution management
- leases of modem devices to our consumer and small business customers
- leases of dark fibre and exchange buildings
- leases of spaces on mobile towers.

Our key finance and operating leases are described below.

***(a) Finance leases***

*(i) Finance leases where Telstra is a dealer-lessor*

We enter into finance lease arrangements with our customers predominantly for communication assets dedicated to solution management. At lease commencement date, we recognise revenue and a selling profit from these transactions as we have no risks associated with the remaining rights in the underlying assets. The weighted average remaining term of the finance leases in our customer contracts is eight years (2023: eight years).

*(ii) Subleases*

Generally, we rent office and network buildings for our own use and not with the intention to earn rental income. However, where our needs or the intended use of the rented properties change and we have assessed that exiting a lease is uneconomical, we may sublease property assets on market terms for all or a part of the remaining non-cancellable lease term of the head lease.

These subleases are either classified as operating lease or finance lease. For finance subleases, at lease commencement date, we record a net gain or loss on the derecognised right-of-use asset and recognise a finance lease receivable. We have no risks associated with any retained rights in the underlying assets as the properties are vacated and returned to the landlords at the end of the non-cancellable lease term.

*(iii) Leases of passive infrastructure assets*

Generally, we hold our infrastructure assets for our own use and not with the intention to earn rental income. However, we also generate some revenue from rental of dark fibre, exchange building floorspace and spaces on mobile towers mainly to our wholesale customers.

These leases are either classified as operating lease or finance lease.

*(iv) Finance lease receivable maturity analysis*

Table E sets out the maturity analysis of undiscounted lease payments receivable and the unearned finance income for our finance lease receivables. No unguaranteed residual values accrue under our finance leases.

| Table E Telstra Group | As at 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| ***Undiscounted lease payments receivable under finance leases*** | | |
| Less than 1 year | 93 | 74 |
| 1 to 2 years | 32 | 22 |
| 2 to 3 years | 57 | 39 |
| 3 to 4 years | 40 | 31 |
| 4 to 5 years | 28 | 24 |
| More than 5 years | 166 | 86 |
| **Total undiscounted lease payments receivables** | **416** | **276** |
| Less: unearned finance income | (130) | (55) |
| **Net investment in the lease** | **286** | **221** |
| Allowance for doubtful debts | (1) | (1) |
| | **285** | **220** |
| ***Comprising*** | | |
| Current | 72 | 63 |
| Non-current | 213 | 157 |
| | **285** | **220** |

During the financial year 2024, we added $128 million (2023: $126 million) new finance lease receivables and recognised interest income of $23 million (2023: $10 million).

Refer to note 3.3.1 for details regarding impairment assessment of our finance lease receivables.

# Section 3. Our core assets, lease arrangements and working capital (continued)

## 3.2 Lease arrangements (continued)

### 3.2.2 Telstra as a lessor (including a dealer-lessor and an intermediate lessor) (continued)

***(b) Operating leases***

The undiscounted future lease payments receivable under our operating leases totalled $223 million (2023: $211 million), with 61 per cent (2023: 65 per cent) of that amount maturing within the next two years.

***(c) Amounts recognised in the income statement***

Table F presents amounts relating to our lease arrangements where Telstra is a lessor (including an intermediate lessor) recognised in the income statement during the financial year.

| Table F<br>Telstra Group | As at 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| Revenue from dealer-lessor finance leases (in revenue from other sources) | 46 | 18 |
| Income from operating leases, including subleases (in revenue from other sources) | 87 | 66 |
| Net gain on derecognition due to finance leases, including subleases (in other income) | 63 | 14 |
| Finance income from finance leases (in finance income) | 23 | 10 |

### 3.2.3 Recognition and measurement

***(a) Lease identification and lease term***

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset, including a physically distinct portion of an asset, for a period of time in exchange for consideration. The customer has the right to control the use of an identified asset if the supplier has no substantive substitution rights, and the customer obtains substantially all of the economic benefits from use of the identified asset and has the right to direct its use.

A contract may include lease and non-lease components, which are accounted for separately. We allocate the consideration to lease and non-lease components based on their relative standalone (selling) prices.

If a lease has been identified at inception of the arrangement, a lease term is determined considering a non-cancellable period and reasonably certain extension, termination or purchase options.

***(b) Telstra as a lessee***

A lessee recognises a right-of-use asset and a lease liability at lease commencement date. The lease liability is initially measured as a present value of the following lease payments:

- fixed payments (including any in-substance fixed lease payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially using the index or rate as at the commencement date
- the exercise price of a purchase option, if the purchase option was assessed as reasonably certain to be exercised
- payments for penalties for terminating the lease, if the lease term reflects that the lessee will exercise that option.

Lease payments expected to be made under a reasonably certain extension option are also reflected in the measurement of the lease liability.

Where lease arrangements include market rent review clauses, lease liabilities are measured excluding any expected impacts from market rent reviews until they are legally binding and can be reliably measured.

The lease payments are discounted using the interest rate implicit in the lease, unless that rate is not readily determinable, in which case the lessee's incremental borrowing rate is used.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the income statement over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that do not depend on an index or a rate are recognised in the income statement in the period in which the event or condition that triggers those payments occurs.

At the commencement of the lease, right-of-use assets are measured at cost, which comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. Where an obligation exists to dismantle, remove or restore a leased asset or the site it is located on and a provision has been raised, the right-of-use asset also includes these restoration costs.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are generally depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. If it is reasonably certain that we will exercise the purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The depreciation starts at the commencement date of the lease.

Right-of-use assets are reviewed for impairment under the same policy as our property, plant and equipment assets. Refer to note 3.1.4 for further details regarding impairment testing.

Costs of improvements to the leased properties are capitalised as leasehold improvements and usually depreciated over the shorter of the useful life of the improvements and the term of the lease.

We reassess lease liability (and make a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed (reflecting reassessment of or exercise of an extension or termination options previously not included in the measurement of the lease liability) or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate
- the future lease payments change due to changes in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

# Section 3. Our core assets, lease arrangements and working capital (continued)

## 3.2 Lease arrangements (continued)

### 3.2.3 Recognition and measurement (continued)

***(c) Telstra as a lessor (including a dealer-lessor and an intermediate lessor)***

We distinguish between finance leases, which effectively transfer substantially all the risks and benefits incidental to ownership of the leased asset from the lessor to the lessee, and operating leases under which the lessor effectively retains substantially all such risks and benefits. Lease classification is made at the inception date and is only reassessed if a lease is modified.

Where we are an intermediate lessor, we account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Where we lease assets via a finance lease, a finance lease receivable (i.e. a net investment in the lease) is recognised at the lease commencement date and measured at the present value of the lease payments receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term and discounted using the interest rate implicit in the lease.

Finance lease receipts are allocated between finance income and a reduction of the finance lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Where we are a dealer-lessor, at the commencement of the lease, in addition to the finance lease receivable we also recognise a selling profit or loss (being the difference between revenue from other sources and the cost of sale) from the sale of the underlying asset.

Income from operating leases is recognised on a straight-line basis over the term of the relevant lease and presented in the income statement as revenue from other sources.

***(d) Sale and leaseback transactions***

When we sell and lease back the same asset, the accounting treatment depends on whether the control of the asset has been transferred to the buyer:

- if yes, we measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the rights retained by us as a seller-lessee. Accordingly, we recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.
- if not, as a seller-lessee we continue to recognise the transferred asset and we recognise a financial liability equal to the transfer proceeds.

## 3.3 Trade and other receivables and contract assets

### 3.3.1 Current and non-current trade and other receivables and contract assets

| Table A<br>Telstra Group | Note | As at 30 June<br>2024<br>$m | <br>2023<br>$m |
|---|---|---|---|
| ***Current*** | | | |
| Trade receivables from contracts with customers | | 2,731 | 2,693 |
| Finance lease receivables | 3.2 | 72 | 63 |
| Accrued revenue | | 227 | 247 |
| Other receivables | | 250 | 387 |
| | | **3,280** | **3,390** |
| Contract assets | 3.5 | 548 | 826 |
| | | **3,828** | **4,216** |
| ***Non-current*** | | | |
| Trade receivables from contracts with customers | | 659 | 577 |
| Finance lease receivables | 3.2 | 213 | 157 |
| Amounts owed by joint ventures and associated entities | 6.4 | 139 | 143 |
| Other receivables | | 51 | 16 |
| | | **1,062** | **893** |
| Contract assets | 3.5 | 280 | 124 |
| | | **1,342** | **1,017** |

The majority of our receivables are in the form of contracted agreements with our customers. In general, the terms and conditions of these contracts require settlement between 14 and 30 days from the date of invoice. Credit risk associated with trade and other receivables and contract assets has been provided for.

Our trade receivables include receivables with deferred payment terms over 12, 24 or 36 months arising from mass market plans of hardware and services. Amounts expected to be collected within 12 months from the reporting date are presented as current assets.

Trade receivables from contracts with customers represent an unconditional right to receive consideration (primarily cash) which normally arises when the goods and services have been delivered and/or a valid invoice has been issued. By contrast, contract assets relate to our rights to consideration for goods or services provided to the customer but for which we do not have an unconditional right to payment at the reporting date.

In general, we invoice customers in advance for services provided under our prepaid or fixed fee (usually monthly) contracts and in arrears for usage-based contracts (e.g. carriage services under enterprise contracts). In those cases, we would recognise a contract liability and a contract asset, respectively.

Refer to note 3.5 for movements in net contract assets and contract liabilities.

# Section 3. Our core assets, lease arrangements and working capital (continued)

## 3.3 Trade and other receivables and contract assets (continued)

### 3.3.1 Current and non-current trade and other receivables and contract assets (continued)

Other current receivables include funds that do not meet the criteria to be classified as cash and cash equivalents as they are not available for use by the Telstra Group. They mainly include $12 million (2023: $18 million) monies held on behalf of our Digicel Pacific customers in respect of the mobile money business and $21 million (2023: nil) held in a designated bank account for financing activities related to our Digicel Pacific business.

***(a) Impairment of trade and other receivables and contract assets***

Trade and other receivables and contract assets are exposed to customers' credit risk and are subject to impairment assessment.

If a credit loss (i.e. a shortfall between the contractual and expected cash flows) is expected, an allowance for doubtful debt is raised to reduce the carrying amount of trade and other receivables and contract assets. For both receivables and contract assets we estimate the expected credit loss using one or a combination of a portfolio approach and/or an individual account by account assessment as detailed below.

*(i) Portfolio approach*

The portfolio approach is based on historical credit loss experience and, where appropriate, adjusted to reflect current conditions and estimates of future economic outlook. This approach is mostly applied to balances arising from our consumer and small to medium business customer contracts. Under this approach, receivables and contract assets are grouped based on shared credit risk characteristics, such as:

- account status (services still active or not)
- customers' payment history
- the days past due.

For each grouping, the expected credit loss is then calculated on the probability that an account within the group will default (i.e. it will become past due by more than 90 days, or when an invoice will be overdue for our no-lock-in consumer plans) and the expected loss rate when they default, both represented as a percentage of the exposure at default and determined at the customer account level.

Our provision rates range from 0.1 per cent (2023: 0.1 per cent) for balances not past due to 91.0 per cent (2023: 91.0 per cent) for balances where the payment is overdue by more than 90 days and the customer's services have been deactivated.

*(ii) Individual approach*

The individual approach is an account by account assessment based on credit history, knowledge of debtor's financial situation, such as insolvency or entering a payment plan, or other known credit risk specific to the debtor, such as judgement based on the debtor's industry. This approach is applied to balances arising from contracts with large enterprise and government customers as well as to other accounts in TEA, TI, Telstra InfraCo, TC and TB segments where some detrimental change in payment behaviour has been noticed or certain thresholds have been exceeded by a customer.

Balances arising from our transactions with nbn co (reported in Telstra InfraCo and TC segments and in 'All Other' category) are separately assessed based on the Australian government credit risk rating.

We estimate our allowance for impairment as detailed below.

## Estimating expected credit losses

We apply judgement to estimate the expected credit losses for our trade and other receivables measured at amortised cost and for contract assets.

For trade receivables and contract assets arising from our Telstra Consumer, Telstra Business and Telstra Enterprise Australia customers, we have implemented a scenario-based approach incorporating base, good and bad economic scenarios. The overall expected credit loss was calculated as a weighted average of the three scenarios.

Our analysis has shown that generally overall macroeconomic factors, such as unemployment rates, interest rates or gross domestic product have no strong correlation with our bad debt losses unless certain thresholds are exceeded. As at 30 June 2024, those macroeconomic factors were within the relevant thresholds.

The aging analysis and loss allowance in relation to trade receivables from contracts with customers, finance lease receivables and contract assets are detailed in table B. The analysis is based on the original due date of the receivables, including where repayment terms for certain long outstanding receivables have been renegotiated. Contract assets are not yet due for collection, thus the entire balance has been included in the 'not past due' category. Unallocated receipts from or credits granted to customers have been included in the 'not past due' category.

| Table B | As at 30 June | | | |
|---|---|---|---|---|
| Telstra Group | 2024 | | 2023 | |
| | Gross | Allow-ance | Gross | Allow-ance |
| | $m | $m | $m | $m |
| Not past due | 4,015 | (58) | 3,978 | (50) |
| Past due 1 - 30 days | 277 | (5) | 273 | (8) |
| Past due 31 - 60 days | 102 | (9) | 119 | (9) |
| Past due 61 - 90 days | 55 | (13) | 49 | (13) |
| Past 91 days | 243 | (104) | 207 | (106) |
| | **4,692** | **(189)** | **4,626** | **(186)** |

Accrued revenue, amounts owed by joint ventures and associated entities, and other receivables (before allowance for doubtful debts) totalling $675 million (2023: $800 million) are subject to impairment assessment using the general approach and include 33 per cent (2023: 35 per cent) of balances with counterparties with an external credit rating of A- or above, and 40 per cent (2023: 30 per cent) of balances with counterparties with an external credit rating between B+ and B-. The remaining balance is related to individually insignificant debtors, and there is no concentration of credit risk in those amounts.

# Section 3. Our core assets, lease arrangements and working capital (continued)

## 3.3 Trade and other receivables and contract assets (continued)

### 3.3.1 Current and non-current trade and other receivables and contract assets (continued)

***(a) Impairment of trade and other receivables and contract assets (continued)***

We hold security for a number of trade receivables, including past due or impaired receivables, in the form of guarantees, letters of credit and deposits. During the financial year 2024, the securities we called upon were insignificant. These trade receivables, along with our trade receivables that are neither past due nor impaired, comprise customers who have a good debt history and are considered recoverable. Further, we limit our exposure to credit risk from trade receivables by establishing a maximum payment period and, in certain instances, cease providing further services after 90 days from the past due date (or 30 days for our no-lock-in consumer plans).

Movements in the allowance for doubtful debts in respect of all our trade and other receivables and contracts assets, regardless of the method used in measuring the impairment allowance, are detailed in table C.

| Table C<br>Telstra Group | Year ended 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| **Opening balance 1 July** | **(193)** | **(210)** |
| Additional allowance | (139) | (130) |
| Amount used | 39 | 62 |
| Amount reversed | 96 | 85 |
| **Closing balance 30 June** | **(197)** | **(193)** |

Impairment allowance related to accrued revenue, amounts owed by joint ventures and associated entities, and other receivables (i.e. balances not presented in table B) amounted to $8 million (2023: $7 million).

### 3.3.2 Recognition and measurement

Trade and other receivables and contract assets are financial assets which are initially recorded at fair value and subsequently measured at amortised cost using the effective interest method.

Contract assets are initially recorded at the transaction price allocated as compensation for goods or services provided to customers for which the right to collect payment is subject to providing other goods or services under the same contract (or group of contracts) and/or we are yet to issue a valid invoice. Contract assets are subsequently measured to reflect relevant transaction price adjustments (where required) and are transferred to trade receivables when the right to payment becomes unconditional.

***(a) Impairment of financial assets***

We estimate the expected credit losses for our financial assets (including contract assets) measured at amortised cost depending on their nature on either of the following basis:

- for accrued revenue, amounts owed by joint ventures and associated entities, and other receivables - using a general approach, i.e. 12-month expected credit loss which results from all possible default events within the 12 months after the reporting date. However, if the credit risk of a financial asset at the reporting date has increased significantly since its initial recognition, loss allowance is calculated based on lifetime expected credit losses.
- for trade receivables from contracts with customers, contract assets and lease receivables - using a simplified approach, i.e. lifetime expected credit loss which results from all possible default events over the expected life of a financial instrument.

Any expected credit loss is discounted at the original effective interest rate.

Any customer account with debt more than 90 days past due (or when an invoice is overdue for our no-lock-in (month to month) consumer plans) is considered to be in default.

Trade and other receivables and contract assets are written off against the impairment allowance or directly against their carrying amounts and expensed in the income statement when all collection efforts have been exhausted and the financial asset is considered uncollectable. Factors indicating there is no reasonable expectation of recovery include insolvency and significant time period since the last invoice was issued.

## 3.4 Contract liabilities and other revenue received in advance

Contract liabilities arise from our contracts with customers and represent amounts paid (or due) to us by customers before receiving the goods and/or services promised under the contract.

Revenue received in advance comprises upfront consideration under contracts giving rise to revenue from other sources or other income, for example from sale of assets.

Amounts expected to be recognised as revenue within 12 months from the reporting date are presented as current liabilities.

Table A presents customer payments received in advance under different types of our commercial arrangements.

| Table A<br>Telstra Group | | As at 30 June | |
|---|---|---|---|
| | | 2024 | 2023 |
| | Note | $m | $m |
| ***Current*** | | | |
| Contract liabilities | 3.5 | 1,334 | 1,366 |
| Other revenue received in advance | | 143 | 129 |
| | | **1,477** | **1,495** |
| ***Non-current*** | | | |
| Contract liabilities | 3.5 | 1,062 | 1,000 |
| Other revenue received in advance | | 561 | 534 |
| | | **1,623** | **1,534** |

# Section 3. Our core assets, lease arrangements and working capital (continued)

## 3.5 Net contract assets and contract liabilities

Contract assets and contract liabilities arise due to the timing differences between revenue recognition and customer invoicing. Our billing arrangements for goods and services as well as different types of discounts, credits or other incentives can vary depending on the type and nature of the contracts with customers. As a result, at times under the same accounting contract, we may recognise both a contract asset and a contract liability. At each reporting date, any balances arising from the same accounting contract are presented net in the statement of financial position as either a net contract asset or a net contract liability.

The net presentation mainly impacts our small to medium business and enterprise framework arrangements that offer loyalty programs and technology funds, and nbn Definitive Agreements, where multiple legal contracts have been combined as one accounting contract.

Table A presents opening and closing balances of our current and non-current contract assets and contract liabilities and their total net movement for the period.

| Table A<br>Telstra Group | As at 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| Current contract assets | 548 | 826 |
| Non-current contract assets | 280 | 124 |
| **Total contract assets** | **828** | **950** |
| Current contract liabilities | (1,334) | (1,366) |
| Non-current contract liabilities | (1,062) | (1,000) |
| **Total contract liabilities** | **(2,396)** | **(2,366)** |
| **Total net contract liabilities** | **(1,568)** | **(1,416)** |
| **Increase in net contract liabilities for the year** | (152) | (75) |

Generally, contract assets increase when we recognise revenue for goods and services transferred to the customer before billing and decrease when we invoice customers for already provided goods and services.

On the other hand, contract liabilities increase when we receive consideration in advance of transferring the goods and services to the customer, and decrease when we recognise revenue for the goods and services previously prepaid by the customer.

Other changes in our contract assets and contract liabilities represent movements resulting from changes in the transaction prices due to timing of invoicing and recognition of discounts, credits and other incentives.

The following selected movements contributed to the overall increase of $152 million (2023: $75 million) in the net contract liabilities:

- $1,441 million (2023: $1,422 million) revenue recognised in the reporting period that was included in the contract liabilities balance at the beginning of the reporting period
- $14 million increase (2023: $19 million decrease) reflecting cumulative catch-up adjustments to revenue recognised in the prior reporting periods
- $5 million (2023: $55 million) changes due to business acquisitions.

Refer to note 3.3.1 for details regarding impairment assessment of contract assets.

# Section 3. Our core assets, lease arrangements and working capital (continued)

## 3.6 Deferred contract costs

We pay dealer commissions to acquire customer contracts and we incur upfront set-up and other costs related to customer contracts. When those costs support the delivery of goods and services in the future and are expected to be recovered, they are deferred in the statement of financial position and amortised on a basis consistent with the transfer of goods and services to which these costs relate.

Table A provides movements in net book values of the deferred contract costs.

| **Table A**<br>**Telstra Group** | Costs to obtain a contract | Costs to fulfill a contract | | | Total deferred contract costs |
|---|---|---|---|---|---|
| | Commis-sions | Set-up costs | Costs of service provider | Total | |
| | $m | $m | $m | $m | $m |
| **Net book value at 1 July 2022, comprising:** | **1,022** | **43** | **289** | **332** | **1,354** |
| Current | n/a | - | 116 | 116 | **116** |
| Non-current | 1,022 | 43 | 173 | 216 | **1,238** |
| | | | | | |
| Additions | 268 | 8 | 653 | 661 | **929** |
| Amortisation expense | (320) | (8) | (658) | (666) | **(986)** |
| Impairment losses | (95) | - | - | - | **(95)** |
| **Net book value at 30 June 2023, comprising:** | **875** | **43** | **284** | **327** | **1,202** |
| Current | n/a | - | 114 | 114 | **114** |
| Non-current | 875 | 43 | 170 | 213 | **1,088** |
| | | | | | |
| **Net book value at 1 July 2023** | **875** | **43** | **284** | **327** | **1,202** |
| Additions | 223 | 8 | 386 | 394 | **617** |
| Amortisation expense | (252) | (10) | (362) | (372) | **(624)** |
| Impairment losses | (261) | - | - | - | **(261)** |
| **Net book value at 30 June 2024 comprising:** | **585** | **41** | **308** | **349** | **934** |
| Current | n/a | - | 140 | 140 | **140** |
| Non-current | 585 | 41 | 168 | 209 | **794** |

### Amortisation period of deferred contract costs

We apply judgement to estimate the amortisation period of deferred contract costs to obtain a contract.

For sales commissions paid on acquisition of the initial contract which are not commensurate with recontracting commissions, the amortisation period reflects the average estimated customer life for respective types of contracts.

Refer to note 2.3 for details on the impairment losses related to our deferred contract costs.

# Section 3. Our core assets, lease arrangements and working capital (continued)

## 3.6 Deferred contract costs (continued)

### 3.6.1 Recognition and measurement

We capitalise costs to obtain an accounting contract when the costs are incremental, i.e. would not have been incurred if the contract had not been obtained and are recoverable either directly via reimbursement by the customer or indirectly through the contract margin.

We immediately expense the incremental costs of obtaining contracts if the period of benefit is one year or less.

Costs to fulfil a contract relate directly to an identified good or service or indirectly to other activities that are necessary under the contract but that do not result in a transfer of goods or services.

Costs to fulfil a contract include set-up costs and prepaid costs of a service provider related to goods and services which will be transferred in the future reporting periods.

We capitalise costs to fulfil a contract if:

- the costs relate directly to a contract or a specifically identified anticipated contract
- the costs generate or enhance resources that we control and will use when transferring future goods and services
- we expect to recover the costs.

We amortise deferred contract costs in 'goods and services purchased' expense over the term that reflects the expected period of benefit of the expense. This period may extend beyond the initial contract term to the estimated customer life or average customer life of the class of customers. We use the amortisation pattern consistent with the method used to measure progress and recognise revenue for the related goods or services.

We assess whether deferred contract costs are impaired whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. We recognise impairment losses in 'other expenses'.

## 3.7 Inventories

| Telstra Group | As at 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| ***Current*** | | |
| Goods for resale | 443 | 479 |
| Network and other inventory | 75 | 67 |
| | **518** | **546** |
| ***Non-current*** | | |
| Network and other inventory | 162 | 36 |
| | **162** | **36** |

### 3.7.1 Recognition and measurement

Inventories are valued at the lower of cost and net realisable value. For the majority of inventory items, we assign cost using the weighted average cost basis.

Net realisable value of items expected to be sold is the estimated selling price less the estimated costs incurred in marketing, selling and distribution.

Net realisable value of items expected to be consumed, for example used in the construction of another asset, is the net value expected to be earned through future use.

## 3.8 Trade and other payables

| Telstra Group | As at 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| ***Current*** | | |
| Trade payables | 1,476 | 1,591 |
| Accrued expenses | 1,859 | 1,691 |
| Accrued capital expenditure | 542 | 314 |
| Accrued interest | 157 | 143 |
| Contingent consideration | 67 | 107 |
| Other payables | 525 | 519 |
| | **4,626** | **4,365** |
| ***Non-current*** | | |
| Contingent consideration | - | 144 |
| Other payables | 10 | 64 |
| | **10** | **208** |

Trade payables and other payables are non-interest bearing liabilities. Our payment terms vary, however payments are generally made within 20 days to 90 days from the invoice date.

Contingent consideration relates to payment obligations arising from our acquisitions of controlled entities and is measured at fair value. Refer to note 4.5.6 for further details.

### 3.8.1 Recognition and measurement

Trade and other payables, including accruals, are recorded when we are required to make future payments as a result of purchases of assets or services. Trade and other payables are financial liabilities initially recognised at fair value and carried at amortised cost using the effective interest method.

# 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 Capital management

Capital management is undertaken in accordance with the financial parameters regularly reviewed and approved by the Board.

We manage our capital structure with the aim to provide returns for shareholders and benefits for other stakeholders, while:

- safeguarding our ability to continue as a going concern
- maintaining an optimal capital structure and cost of capital that provides flexibility for strategic investments.

In order to maintain or adjust our capital structure, we may issue or repay debt, adjust the amount of dividends to be paid to shareholders or return capital to shareholders.

Notes 4.3 and 4.4 provide further details on each component of capital, being equity and net debt.

## 4.2 Dividend

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

We currently pay dividends to equity holders of the Telstra Entity twice a year, an interim and a final dividend. Table A below provides details about the dividends paid during the financial year.

| Table A<br>Telstra Entity | Year ended 30 June | | | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | $m | $m | cents | cents |
| Previous year final dividend paid | 982 | 982 | 8.5 | 8.5 |
| Interim dividend paid | 1,040 | 982 | 9.0 | 8.5 |
| | **2,022** | **1,964** | **17.5** | **17.0** |

On 15 August 2024, the Directors of Telstra Group Limited resolved to pay a fully franked final dividend for the financial year 2024 of 9 cents per ordinary share. The final dividend will be fully franked at a tax rate of 30 per cent. The record date for the final dividend will be 29 August 2024, with payment to be made on 26 September 2024. From 28 August 2024, shares will trade excluding entitlement to the dividend.

On 15 August 2024, the Board determined that the Telstra Group Limited Dividend Reinvestment Plan (DRP) will continue to operate for the final dividend for the financial year 2024. The election date for participation in the DRP is 30 August 2024.

As at 30 June 2024, the final dividend for the financial year 2024 was not determined or publicly recommended by the Board. Therefore, no provision for the dividend had been raised in the statement of financial position. A $1,040 million provision for the final dividend payable has been raised as at the date of resolution.

There are no income tax consequences for the Telstra Group resulting from the resolution and payment of the final dividend, except for $446 million of franking debits arising from the payment of this dividend that will be adjusted in our franking account balance.

Table B provides information about our franking account balance.

| Table B<br>Telstra Group | Year ended 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| Franking account balance | (34) | 5 |
| Franking debits that will arise from the receipt of income tax receivable as at 30 June (at a tax rate of 30% on a tax received basis) | (35) | (136) |
| | **(69)** | **(131)** |

We believe that our current balance in the franking account, combined with the franking credits that will arise on income tax instalments expected to be paid in the financial year 2025, will be sufficient to fully frank our 2024 final dividend.

## 4.3 Equity

This note provides information about our share capital and reserves presented in the statement of changes in equity.

We have established the Telstra Growthshare Trust to administer the Company's employee share schemes. The trust is consolidated as it is controlled by us. Shares held within the trust are used to satisfy future vesting of entitlements in these employee share schemes and reduce our contributed equity.

### 4.3.1 Share capital

Table A details components of our share capital balance.

| Table A<br>Telstra Group | As at 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| Contributed equity | 3,130 | 3,130 |
| Shares held by employee share plans | (44) | (46) |
| Net services received under employee share plans | 9 | 11 |
| | **3,095** | **3,095** |

# Section 4. Our capital and risk management (continued)

## 4.3 Equity (continued)

### 4.3.1 Share capital (continued)

***(a) Contributed equity***

As at 30 June 2024, there were 11,554,427,353 authorised fully paid ordinary shares of Telstra Group Limited on issue (2023: 11,554,427,353 fully paid ordinary shares). Each of our fully paid ordinary shares carries the right to one vote on a poll at a meeting of the Company.

Holders of our shares also have the right to receive dividends and to participate in the proceeds from sale of all surplus assets in proportion to the total shares issued in the event of the Company winding up.

***(b) Shares held by employee share plans***

As at 30 June 2024, the number of shares held by employee share plans totalled 11,422,109 shares of Telstra Group Limited (2023: 12,571,257).

During the financial year 2024, Telstra Growthshare Pty Ltd (the trustee of the Telstra Growthshare Trust that administers our employee share schemes) purchased on-market 4,632,390 shares of Telstra Group Limited for the purposes of the employee incentive schemes for a total consideration of $19 million and at the average price per share of $4.01.

***(c) Net services received under employee share plans***

We measure the fair value of services received under employee share plans by reference to the fair value of the equity instruments granted. The net services received under employee share plans represent the cumulative value of share-based payment expense recognised after the establishment of Telstra Group Limited as the parent entity following the Telstra Group restructure completed on 1 January 2023.

# Section 4. Our capital and risk management (continued)

## 4.3 Equity (continued)

### 4.3.2 Reserves

Table B details our reserve balances.

| Table B<br>Telstra Group | Foreign currency translation reserve | Cash flow hedging reserve | Foreign currency basis spread reserve | Fair value of equity instruments reserve | General reserve | Total reserves |
|---|---|---|---|---|---|---|
| | $m | $m | $m | $m | $m | $m |
| **Balance at 1 July 2022** | **84** | **30** | **(8)** | **150** | **2,077** | **2,333** |
| Other comprehensive income | 50 | (79) | (9) | (23) | - | **(61)** |
| Transfer of fair value of equity instruments reserve to retained earnings | - | - | - | (76) | - | **(76)** |
| **Balance at 30 June 2023** | **134** | **(49)** | **(17)** | **51** | **2,077** | **2,196** |
| Other comprehensive income | (38) | 41 | (20) | (14) | - | **(31)** |
| Transactions with non-controlling interests | - | - | - | - | (30) | **(30)** |
| **Balance at 30 June 2024** | **96** | **(8)** | **(37)** | **37** | **2,047** | **2,135** |

The table below details the nature and purpose of our reserves.

| Reserve | Nature and purpose |
|---|---|
| **Foreign currency translation reserve** | Represents exchange differences arising from the conversion of the non-Australian controlled entities' financial statements into Australian dollars. This reserve is also used to record our percentage share of exchange differences arising from our equity accounted non-Australian investments in joint ventures and associated entities. |
| **Cash flow hedging reserve** | Represents the effective portion of gains or losses on remeasuring the fair value of hedge instruments, where a hedge qualifies for hedge accounting. |
| **Foreign currency basis spread reserve** | Represents changes in the fair value of our derivative financial instruments attributable to movements in foreign currency basis spread. Currency basis is included in interest on borrowings in the income statement over the life of the borrowing. |
| **Fair value of equity instruments reserve** | Represents changes in fair value of equity instruments we have elected to measure at fair value through other comprehensive income. |
| **General reserve** | Represents other items we have taken directly to equity. |

### 4.3.3 Recognition and measurement

Issued and paid-up capital is recognised at the fair value of the consideration received by the Telstra Entity.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity, net of income tax, as a reduction of the share proceeds received.

Services received under employee share plans (i.e. share-based payments) increase our share capital balance and vested employee share plans decrease the share capital balance resulting in a net movement in our equity.

We record purchases of the Telstra Entity shares underpinning our employee share plans as a reduction in share capital.

# Section 4. Our capital and risk management (continued)

## 4.4 Net debt

As part of our capital management we monitor net debt. Net debt equals total 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 Group | As at 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| Lease liabilities | (3,108) | (3,191) |
| Borrowings | (13,860) | (12,675) |
| Net derivative financial instruments | 170 | 516 |
| **Gross debt** | **(16,798)** | **(15,350)** |
| Cash and cash equivalents | 1,046 | 932 |
| **Net debt** | **(15,752)** | **(14,418)** |

No components of net debt are subject to any externally imposed capital requirements except for a $200 million non-recourse facility entered into by Telstra PM Pty Ltd with Export Finance Australia. A subset of these facilities contains debt covenants to measure debt serviceability with which we are compliant as at 30 June 2024.

All amounts owing under or in relation to the borrowing facilities with Export Finance Australia in respect of the Digicel Pacific acquisition (referred to as 'non-recourse borrowing facilities' in table B) are secured by:

- substantially all of the assets (including any shares) and undertakings of substantially all of the acquired entities, comprising Digicel Pacific Limited and each of its wholly-owned subsidiaries
- the assets (including any shares) and undertakings of Telstra PM Pty Ltd and BidCo (S) Pte. Ltd
- the shares in Telstra PM Pty Ltd held by Telstra PM Holdings Pty Ltd.

During the financial year 2024, under Interest Rate Benchmark Reform amounts owing under the borrowing facilities with Export Finance Australia were transitioned from LIBOR (London Interbank Offered Rate) to Term SOFR (Secured Overnight Financing Rate).

An amount of $21 million owing under or in relation to the borrowing facilities with Export Finance Australia in respect of the Digicel Pacific acquisition can be settled by $21 million monies held in a designated bank account described in note 3.3.1.

Table B summarises the key movements in net debt during the financial year and provides our gearing ratio. Our gearing ratio equals net debt divided by total capital, where total capital equals equity, as shown in the statement of financial position, plus net debt.

| Table B Telstra Group | Year ended 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| **Opening net debt at 1 July** | **(14,418)** | **(12,720)** |
| Non-recourse borrowing facilities | (54) | (1,127) |
| Debt issuance | (1,198) | (1,487) |
| Drawings (bilateral bank loans) | - | (2) |
| Commercial paper (net) | (1,201) | 15 |
| Revolving bank facilities (net) | (630) | (904) |
| Debt repayments | 1,416 | 1,959 |
| Other borrowings | 31 | (14) |
| Lease liability payments | 643 | 675 |
| **Net cash inflow** | **(993)** | **(885)** |
| ***Fair value (loss)/gain impacting:*** | | |
| Equity | 34 | (127) |
| Other expenses | 13 | (25) |
| Finance costs | 3 | 24 |
| ***Other non-cash movements*** | | |
| Lease liability (Telstra as a lessee) | (560) | (579) |
| Other loans and derivatives | 55 | 2 |
| **Total non-cash movements** | **(455)** | **(705)** |
| **Total increase in gross debt** | **(1,448)** | **(1,590)** |
| Net increase/(decrease) in cash and cash equivalents (including effects of foreign exchange rate changes) | 114 | (108) |
| **Total increase in net debt** | **(1,334)** | **(1,698)** |
| **Closing net debt at 30 June** | **(15,752)** | **(14,418)** |
| Total equity | (17,352) | (17,816) |
| **Total capital** | **(33,104)** | **(32,234)** |
| | % | % |
| Gearing ratio | 47.6 | 44.7 |

During the financial year 2024, we issued debt of $1,198 million, comprised of:

- $449 million 7.5 year (with nominal value of $450 million) Australian dollar bond
- $749 million 10 year (with nominal value of $750 million) Australian dollar bond.

# Section 4. Our capital and risk management (continued)

## 4.4 Net debt (continued)

### 4.4.1 Borrowings

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

| Table C<br>Telstra Group | As at 30 June 2024 | | As at 30 June 2023 | |
|---|---|---|---|---|
| | Carrying value | Fair value | Carrying value | Fair value |
| | $m | $m | $m | $m |
| ***Current borrowings*** | | | | |
| Unsecured notes | 1,556 | 1,533 | 1,814 | 1,812 |
| Bank and other loans - unsecured | 511 | 514 | 410 | 411 |
| Commercial paper - unsecured | 1,623 | 1,623 | 431 | 432 |
| Non-recourse borrowing facilities | 7 | 7 | 6 | 6 |
| Other financial liabilities | 1 | 1 | 1 | 1 |
| | **3,698** | **3,678** | **2,662** | **2,662** |
| ***Non-current borrowings*** | | | | |
| Unsecured notes | 6,808 | 6,888 | 7,198 | 7,044 |
| Bank and other loans - unsecured | 1,745 | 1,751 | 1,257 | 1,336 |
| Non-recourse borrowing facilities | 1,195 | 1,204 | 1,143 | 1,114 |
| Other financial liabilities | 414 | 300 | 415 | 297 |
| | **10,162** | **10,143** | **10,013** | **9,791** |
| **Total borrowings** | **13,860** | **13,821** | **12,675** | **12,453** |

Unsecured notes comprise bonds and private placements.

Our commercial paper is used principally to support working capital and short-term liquidity and continues to be supported by a combination of liquid financial assets, and access to committed bank facilities, as well as to hedge some of our net investments in controlled entities in United States dollars.

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

***(a) Recognition and measurement***

| | Recognition and measurement |
|---|---|
| **Initial recognition and measurement** | Borrowings are recognised initially on the trade date (the date on which we become a party to the contractual provisions of the instrument).<br>All loans and borrowings are initially recorded at fair value, which typically reflects the proceeds received, net of directly attributable transaction costs. |
| **Subsequent measurement** | After initial recognition, all borrowings are stated at amortised cost, using the effective interest method. Any difference between proceeds received net of direct transaction costs and the amount payable at maturity is recognised over the term of the borrowing using the effective interest method.<br>Borrowings that are in designated fair value hedge relationships are adjusted for fair value movements attributable to the hedged risk. |
| **Derecognition** | Borrowings are derecognised when our contractual obligations are discharged, cancelled or expired. A gain or a loss is recognised in the income statement when the borrowing is derecognised. |

Borrowings are classified as non-current borrowings except for those that mature in less than 12 months from the reporting date, which are classified as current borrowings.

# Section 4. Our capital and risk management (continued)

## 4.4 Net debt (continued)

### 4.4.2 Derivatives

Derivatives are financial instruments that derive their value from the price of an underlying item such as interest rate, foreign currency exchange rate, credit spread or other index.

We enter into derivative transactions in accordance with policies approved by the Board to manage our exposure to market risks and volatility of financial outcomes that arise as part of our normal business operations. We do not speculatively trade in derivative financial instruments.

Table D shows the carrying value of each class of derivative financial instruments.

| Table D<br>Telstra Group | As at 30 June 2024 | | As at 30 June 2023 | |
|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities |
| | $m | $m | $m | $m |
| ***Current derivative financial instruments*** | | | | |
| Cross currency swaps | 182 | (77) | 389 | (68) |
| Interest rate swaps | 27 | (8) | 23 | (5) |
| Other derivatives | 23 | (12) | 33 | - |
| | **232** | **(97)** | **445** | **(73)** |
| ***Non-current derivative financial instruments*** | | | | |
| Cross currency swaps | 128 | (176) | 286 | (187) |
| Interest rate swaps | 17 | - | 33 | (2) |
| Other derivatives | 66 | - | 14 | - |
| | **211** | **(176)** | **333** | **(189)** |
| **Total derivative financial instruments** | **443** | **(273)** | **778** | **(262)** |

The terms of a derivative contract are determined at inception, therefore any movements in the price of the underlying item over time will cause the contract value to fluctuate, which is reflected in the change in fair value of the derivative.

Where the fair value of a derivative is positive, it is carried as an asset, and where negative, as a liability. Both parties are therefore exposed to the credit quality of the counterparty. We are exposed to credit risk on derivative assets as a result of the potential failure of the counterparties to meet their contractual obligations.

Refer to note 4.5.3 for information about our credit risk policies.

# Section 4. Our capital and risk management (continued)

## 4.4 Net debt (continued)

### 4.4.2 Derivatives (continued)

***(a) Recognition and measurement***

| | Recognition and measurement |
|---|---|
| **Initial recognition and subsequent measurement** | Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and subsequently remeasured at fair value at each reporting date.<br>Recognition of resulting gains or losses depends on the designation of the derivative as a hedging instrument and the nature of the item being hedged. |
| **Right to set-off** | We record derivative financial instruments on a net basis in our statement of financial position where we have a legally recognised right to set-off the derivative asset and the derivative liability, and we intend to settle on a net basis or simultaneously. |
| **Derecognition** | Derivative assets are derecognised when the rights to receive cash flows from the derivative assets have expired or have been transferred and we have transferred substantially all the risks and rewards of the asset.<br>Derivative liabilities are derecognised when the contractual obligations are discharged, cancelled or expired. |

Derivative financial instruments are presented as current and non-current assets or liabilities based on future cash flows. The portion to be realised or settled within 12 months from the reporting date is classified as current, with the remaining portion classified as non-current.

Derivatives embedded in host contracts that are financial assets are not separated from financial asset hosts and a hybrid contract is classified in its entirety at fair value.

Derivatives embedded in other financial liabilities or host contracts are treated as separate financial instruments when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss.

# Section 4. Our capital and risk management (continued)

## 4.4 Net debt (continued)

### 4.4.3 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<br>Telstra Group | Year ended 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| Interest income | 60 | 45 |
| Finance income from finance leases (Telstra as a lessor) | 23 | 10 |
| Finance income from contracts with customers | 15 | 34 |
| Net interest income on defined benefit plan | 14 | 12 |
| **Total finance income** | **112** | **101** |
| Interest expense on borrowings | (656) | (570) |
| Interest expense on lease liabilities | (111) | (99) |
| **Gross interest on debt** | **(767)** | **(669)** |
| Finance costs from contracts with customers | (50) | (62) |
| Net gains on financial instruments included in remeasurements | 31 | 30 |
| | **(19)** | **(32)** |
| Interest capitalised | 90 | 71 |
| **Total finance costs** | **(696)** | **(630)** |
| **Net finance costs** | **(584)** | **(529)** |

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.

## 4.5 Financial instruments and risk management

Our underlying business activities result in exposure to operational risks and 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 of our financial performance and to support the delivery of our financial targets. Financial risk management is carried out centrally by our treasury department under policies approved by the Board.

Our financial risk management strategies ensure that we can withstand market disruptions for extended periods.

This note summarises how we manage these financial risks. There have been no material changes to our risk management policies since 30 June 2023.

### 4.5.1 Managing our interest rate risk

Interest rate risk arises from changes in market interest rates. Borrowings issued at fixed rates expose us to fair value interest rate risk. Variable rate borrowings give rise to cash flow interest rate risk, which is partially offset by cash and cash equivalents balances held at variable rates.

We manage interest rate risk on our net debt portfolio by:

- setting a target ratio of fixed interest debt to variable interest debt, as required by our debt management policy
- ensuring access to diverse sources of funding
- reducing risks of refinancing by establishing and managing our target maturity profiles
- entering into cross currency and interest rate swaps. Refer to note 4.4.2 for further details on derivatives.

***(a) Exposure***

The use of cross currency and interest rate swaps allows us to manage the level of exposure our borrowings have to interest rate risks.

Table A shows our fixed to floating ratio based on the carrying value of our borrowings. The post hedge position differs from the pre hedge position where we have derivative hedging instruments in place.

| Table A<br>Telstra Group | As at 30 June | | | |
|---|---|---|---|---|
| | 2024 | | 2023 | |
| | Pre hedge | Post hedge | Pre hedge | Post hedge |
| | $m | $m | $m | $m |
| Floating rate borrowings | (4,986) | (5,648) | (3,105) | (3,660) |
| Fixed rate borrowings | (8,458) | (7,796) | (9,151) | (8,596) |
| Other financial liabilities | (416) | (416) | (419) | (419) |
| **Total borrowings** | **(13,860)** | **(13,860)** | **(12,675)** | **(12,675)** |

Refer to note 4.4.1 for further details on our borrowings.

During the financial year 2024, under Interest Rate Benchmark Reform our derivatives previously referenced to LIBOR were transitioned to Term SOFR.

We continue to monitor the developments of international regulations to ensure preparedness for any future changes relating to Interest Rate Benchmark Reform. None of these implemented amendments impacted the Telstra Group's financial results for the financial year 2024.

# Section 4. Our capital and risk management (continued)

## 4.5 Financial instruments and risk management (continued)

### 4.5.1 Managing our interest rate risk (continued)

***(a) Exposure (continued)***

Table B summarises as at 30 June our floating rate derivative instruments showing estimated gross nominal floating rate interest cash flows until maturity, associated nominal amounts in the underlying currency and weighted average maturity.

| Table B Telstra Group | | | As at 30 June 2024 | | | As at 30 June 2023 | | |
|---|---|---|---|---|---|---|---|---|
| | Native currency | Receive/ (pay) | Nominal interest flows | Nominal/ Principal amounts | Weighted average maturity | Nominal Interest flows | Nominal/ Principal amounts | Weighted average maturity |
| | | | $m | $m | years | $m | $m | years |
| **Interest rate swaps** | | | | | | | | |
| 3MBBSW | AUD | Receive | 199 | 550 | 6.4 | 90 | 1,568 | 1.1 |
| 3MBBSW | AUD | Pay | (289) | (775) | 6.6 | (104) | (450) | 4.2 |
| 3MTSOF | USD | Receive | 13 | 100 | 2.7 | 18 | 100 | 4.7 |
| 6MTSOF | USD | Receive | 44 | 350 | 2.4 | 60 | 450 | 2.8 |
| **Cross currency swaps** | | | | | | | | |
| 3MBBSW | AUD | Pay | (483) | (1,343) | 5.9 | (604) | (2,709) | 3.5 |

***(b) Sensitivity***

We have performed a sensitivity analysis based on the interest rate risk exposures of our financial instruments as at 30 June. In accordance with our policy to swap foreign currency borrowings into Australian dollars, interest rate sensitivity relates primarily to movements in the Australian interest rates.

We have selected a sensitivity range of plus 25 basis points (2023: 100 basis points) and minus 25 basis points (2023: 25 basis points) as a reasonably possible shift in interest rates taking into account the current level of both short-term and long-term interest rates, historical volatility and market expectations of future movements. The sensitivity reflects a change in benchmark rates only. This is not a forecast or prediction of future market conditions.

Table C shows the results of our sensitivity analysis on the impacts to profit after tax and on equity.

| Table C Telstra Group | As at 30 June | | | |
|---|---|---|---|---|
| | 2024 | | 2023 | |
| | Gain/(loss) | | | |
| | Net profit | Equity | Net profit | Equity |
| | $m | $m | $m | $m |
| Interest rates (+25bp/+100bp) | (9) | 22 | (31) | 2 |
| Interest rates (-25bp/-25bp) | 9 | (22) | 8 | - |

The results of the sensitivity analysis are driven primarily from the following factors:

- any increase or decrease in interest rates will impact our net unhedged floating rate financial instruments and therefore will directly impact profit or loss
- changes in the fair value of derivatives which are part of effective cash flow hedge relationships are deferred in equity.

The analysis does not include the impact of any management action that might take place if the interest rate shifts were to occur.

# Section 4. Our capital and risk management (continued)

## 4.5 Financial instruments and risk management (continued)

### 4.5.2 Managing our foreign currency risk

Foreign currency risk is our risk that the value of a financial commitment, forecast transaction, recognised asset or liability will fluctuate due to changes in foreign exchange rates. We issue debt offshore and operate internationally and hence we are exposed to foreign exchange risk from various currencies.

This risk exposure arises primarily from:

- borrowings denominated in foreign currencies
- trade and other creditor balances denominated in foreign currencies
- firm commitments or highly probable forecast transactions for receipts and payments settled in foreign currencies or with prices dependent on foreign currencies
- translation risk associated with our net investments in foreign controlled entities (foreign operations).

***(a) Borrowings***

We mitigate the foreign currency exposure on foreign currency denominated borrowings by converting these borrowings to Australian dollars using cross currency swaps.

Table D shows the cross currency swaps that are hedging our unsecured notes and forward foreign exchange contracts that are hedging United States dollar denominated commercial paper.

| **Table D** | As at 30 June 2024 | | | | As at 30 June 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| **Telstra Group** | Exposure | Cross currency swap/forward foreign exchange contract receive/(pay) | Carrying value | | Exposure | Cross currency swap/forward foreign exchange contract receive/(pay) | Carrying value | |
| | Local currency | | Australian dollars | | Local currency | | Australian dollars | |
| | m | m | $m | $m | m | m | $m | $m |
| Euro | (2,350) | 2,350 | (3,793) | (3,669) | (3,425) | 3,425 | (5,159) | (5,457) |
| United States dollars | (1,500) | 1,500 | (1,958) | (2,263) | (1,500) | 1,500 | (1,958) | (2,265) |
| Japanese yen | (5,000) | 5,000 | (62) | (47) | (5,000) | 5,000 | (62) | (53) |
| **Unsecured notes denominated in foreign currency** | | | **(5,813)** | **(5,979)** | | | **(7,179)** | **(7,775)** |
| United States dollars | (750) | 750 | (1,136) | (1,104) | - | - | - | - |
| **Commercial paper** | | | **(1,136)** | **(1,104)** | | | **-** | **-** |

# Section 4. Our capital and risk management (continued)

## 4.5 Financial instruments and risk management (continued)

### 4.5.2 Managing our foreign currency risk (continued)

***(b) Trading***

We have some exposure to foreign currency risk from our operating (transactional) activities. We manage this risk by:

- hedging a proportion of the exposure of foreign exchange transaction risk arising from firm commitments or highly probable forecast transactions denominated in foreign currencies in accordance with our risk management policy. These transactions may be physically settled in a foreign currency or in Australian dollars but with direct reference to quoted currency rates in accordance with a contractual formula.
- economically hedging a proportion of foreign currency risk associated with trade and other creditor balances.

We hedge the above risks using forward foreign exchange contracts.

Table E summarises forward foreign exchange contracts that are hedging our transactional currency exposures.

| Table E Telstra Group | As at 30 June 2024 | | | | As at 30 June 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Exposure | Forward foreign exchange contract receive/(pay) | | | Exposure | Forward foreign exchange contract receive/(pay) | | |
| | Local currency | | Australian dollars | Average exchange rate | Local currency | | Australian dollars | Average exchange rate |
| | m | m | $m | $ | m | m | $m | $ |
| ***Transactions to and from WOCE*** | | | | | | | | |
| British pounds sterling | (47) | 24 | (46) | 0.52 | (43) | 22 | (41) | 0.54 |
| Other (various currencies) | - | - | - | - | - | - | 16 | - |
| ***Forecast transactions*** | | | | | | | | |
| United States dollars | (336) | 170 | (254) | 0.67 | (391) | 231 | (333) | 0.69 |
| Indian rupee | (15,491) | 6,196 | (110) | 56.24 | (11,966) | 5,828 | (104) | 55.99 |
| Philippine peso | (610) | 244 | (6) | 39.41 | (1,136) | 454 | (12) | 38.06 |
| ***Trade payables*** | | | | | | | | |
| United States dollars | (45) | 45 | (67) | 0.67 | (19) | 19 | (29) | 0.67 |

# Section 4. Our capital and risk management (continued)

## 4.5 Financial instruments and risk management (continued)

### 4.5.2 Managing our foreign currency risk (continued)

***(c) Natural offset***

Our direct foreign exchange exposure arising from the impact of translation of the results of our foreign entities to Australian dollars is, in part, naturally offset at the Group level by foreign currency denominated operating and capital expenditure of functions, for which we do not have hedges in place.

***(d) Sensitivity***

We have performed a sensitivity analysis based on our foreign currency risk exposures existing at balance date.

Table F shows the impact that a 10 per cent shift in applicable exchange rates would have on our profit after tax and on equity.

| Table F<br>Telstra Group | As at 30 June | | | |
|---|---|---|---|---|
| | 2024 | | 2023 | |
| | Gain/(loss) | | | |
| | Net profit | Equity | Net profit | Equity |
| | $m | $m | $m | $m |
| Exchange rates (+10%) | 83 | 7 | 76 | 16 |
| Exchange rates (-10%) | (95) | (9) | (87) | (20) |

A shift of 10 per cent has been selected as a reasonably possible change taking into account the current level of exchange rates and the volatility observed both on a historical basis and on market expectations of future movements. This is not a forecast or prediction of future market conditions. We have disclosed the sensitivity analysis on a total portfolio basis and not separately by currency.

Any unhedged foreign exchange positions associated with our transactional exposures will directly affect profit or loss as a result of foreign currency movements.

There is no significant impact on profit or loss from foreign currency movements associated with our borrowings portfolio that are swapped to Australian dollars as an offsetting entry will be recognised on the associated hedging instrument.

We are exposed to equity impacts from foreign currency movements associated with our offshore investments and our derivatives in cash flow hedges. The translation of our foreign entities' results into the Group's presentation currency has not been included in the above sensitivity analysis as this represents translation risk rather than transaction risk.

The analysis does not include the impact of any management action that might take place if these events occurred.

### 4.5.3 Managing our credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss. We are exposed to credit risk from our operating activities (primarily customer credit risk) and financing activities.

We manage credit risk by:

- applying Board approved credit policies
- monitoring exposure to high-risk debtors
- requiring collateral where appropriate
- assigning credit limits to all financial counterparties.

We may also be subject to credit risk on transactions not included in the statement of financial position, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in notes 7.3.1 and 7.4.2.

***(a) Customer credit risk***

Trade and other receivables and contract assets consist of a large number of customers, spread across the consumer, business, enterprise, government and international sectors. Our credit management team assesses customers' credit quality, and defines and monitors credit limits by customer. Sales to overdue customers are prohibited unless appropriately approved. Compliance with credit limits and approval process is regularly monitored. Other than nbn co, we do not have any significant credit risk exposure to a single customer or group of customers.

Refer to note 3.3 for details about our trade and other receivables and contract assets.

***(b) Treasury credit risk***

We are exposed to credit risk from the investment of surplus funds (primarily deposits) and from the use of derivative financial instruments.

We have a number of exposures to individual counterparties. To manage this risk, we have Board approved policies that limit the amount of credit exposure to any single counterparty. Counterparty credit ratings and market conditions are reviewed continually with limits being revised and utilisation adjusted where appropriate.

We also manage our credit exposure using a value at risk (VaR) methodology, which is an industry standard measure that estimates the maximum potential exposure of our risk positions as a result of future movements in market rates. This helps to ensure that we do not underestimate credit exposure with any single counterparty. Using VaR analysis at 30 June 2024, 100 per cent (2023: 100 per cent) of our derivative credit exposure was with counterparties that have a credit rating of A- or better.

### 4.5.4 Managing our liquidity risk

Our objective is to maintain a balance between continuity and flexibility of funding through the use of liquid financial instruments, long-term and short-term borrowings, and committed available bank facilities.

We manage liquidity risk by:

- defining minimum levels of cash and cash equivalents
- defining minimum levels of cash and cash equivalents plus undrawn bank facilities
- closely monitoring rolling forecasts of liquidity reserves on the basis of expected business cash flows
- using instruments which trade in highly liquid markets with highly rated counterparties
- investing surplus funds in liquid instruments.

# Section 4. Our capital and risk management (continued)

## 4.5 Financial instruments and risk management (continued)

### 4.5.4 Managing our liquidity risk (continued)

Our access to commercial paper programs continue to be supported by a combination of liquid financial assets, and access to committed bank facilities.

Table G shows our total and undrawn committed bank facilities. As at 30 June 2024, we had total available facilities of $4,029 million, the majority of which were held by the Telstra Entity.

Our committed facilities mature on a staggered basis over the next 5 years with $3,871 million maturing beyond 12 months. Drawings under our bank facilities and commercial paper issues are shown on a gross basis in the statement of cash flows.

| Table G<br>Telstra Group | As at 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| Facilities available | 4,029 | 3,613 |
| Facilities used | (1,553) | (918) |
| **Facilities unused** | **2,476** | **2,695** |

Table H shows the maturity profile of our financial liabilities including estimated interest payments. We reduce refinancing risk by ensuring that our borrowings mature in different periods. Table H also includes derivative financial assets as these assets have a direct relationship with an underlying financial liability and both the asset and the liability are managed together.

The amounts disclosed are undiscounted contractual future cash flows and therefore do not reconcile to the amounts in the statement of financial position.

| Table H<br>Telstra Group | Contractual maturity | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 30 June 2024 | | | | | As at 30 June 2023 | | | | |
| | Less than 1 year | 1 to 2 years | 2 to 5 years | More than 5 years | Total | Less than 1 year | 1 to 2 years | 2 to 5 years | More than 5 years | Total |
| | $m | $m | $m | $m | $m | $m | $m | $m | $m | $m |
| Unsecured notes | (1,556) | (1,210) | (2,923) | (2,814) | **(8,503)** | (1,814) | (1,564) | (3,187) | (2,627) | **(9,192)** |
| Commercial paper | (1,658) | - | - | - | **(1,658)** | (433) | - | - | - | **(433)** |
| Bank and other loans | (511) | (341) | (1,402) | (2) | **(2,256)** | (410) | (906) | (351) | - | **(1,667)** |
| Non-recourse borrowing facilities | (7) | (13) | (149) | (1,033) | **(1,202)** | (6) | (5) | (86) | (1,052) | **(1,149)** |
| Other financial liabilities | (19) | (19) | (57) | (744) | **(839)** | (18) | (20) | (63) | (729) | **(830)** |
| Interest on unsecured notes, non-recourse facilities, bank and other loans | (379) | (308) | (702) | (540) | **(1,929)** | (362) | (294) | (523) | (530) | **(1,709)** |
| Lease liabilities | (611) | (487) | (1,033) | (1,592) | **(3,723)** | (539) | (591) | (1,021) | (1,571) | **(3,722)** |
| Trade/other payables and accrued expenses | (4,626) | (10) | - | - | **(4,636)** | (4,365) | (208) | - | - | **(4,573)** |
| Derivative financial assets | 3,441 | 1,380 | 2,085 | 1,860 | **8,766** | 2,529 | 1,753 | 2,321 | 2,750 | **9,353** |
| Derivative financial liabilities | (3,382) | (1,415) | (2,208) | (2,021) | **(9,026)** | (2,203) | (1,675) | (2,373) | (2,939) | **(9,190)** |
| **Total** | **(9,308)** | **(2,423)** | **(6,389)** | **(6,886)** | **(25,006)** | **(7,621)** | **(3,510)** | **(5,283)** | **(6,698)** | **(23,112)** |

# Section 4. Our capital and risk management (continued)

## 4.5 Financial instruments and risk management (continued)

### 4.5.5 Hedge accounting

Hedging refers to the way in which we use financial instruments, primarily derivatives, to manage our exposure to financial risks. The gain or loss on the underlying item (the 'hedged item') is expected to move in the opposite direction to the gain or loss on the derivative (the 'hedging instrument'), therefore offsetting our risk position. Hedge accounting allows the matching of the gains and losses on hedged items and associated hedging instruments in the same accounting period to minimise volatility in the income statement.

In order to qualify for hedge accounting, prospective hedge effectiveness testing must meet all of the following criteria:

- an economic relationship exists between the hedged item and hedging instrument
- the effect of credit risk does not dominate the value changes resulting from the economic relationship
- the hedge ratio is the same as that resulting from actual amounts of hedged items and hedging instruments for risk management.

To the extent permitted by the Australian Accounting Standards, we formally designate and document our financial instruments by hedge type as follows:

| | Fair value hedges | Cash flow hedges | Net investment hedges |
|---|---|---|---|
| **Objectives of this hedging arrangement** | To hedge the exposure to changes in the fair value of borrowings which are issued at a fixed rate, or denominated in foreign currency, by converting to floating rate borrowings denominated in Australian dollars. | To hedge the exposure to changes in cash flows from borrowings that bear floating interest rates or are denominated in foreign currency. Cash flow hedging is also used to mitigate the foreign currency exposure arising from highly probable and committed future foreign currency cash flows. | To offset the foreign exchange exposure arising from the translation of our foreign investments from their functional currency to Australian dollars. |
| **Instruments used** | We enter into cross currency and interest rate swaps to mitigate our exposure to changes in the fair value of our long-term borrowings. | We enter into cross currency and interest rate swaps to hedge future cash flows arising from our borrowings.<br><br>We use forward foreign exchange contracts to hedge a portion of firm commitments and highly probable forecast transactions. | Where we choose to hedge our net investment exposures, we use forward foreign exchange contracts, cross currency swaps and/or borrowings in the relevant currency of the investment. |
| **Economic relationships** | In all our hedge relationships, the critical terms of the hedging instrument and hedged item (including face values, cash flows and currency) are generally aligned. | | |
| **Discontinuation of hedge accounting** | Hedge accounting is discontinued when a hedging instrument expires, is sold, terminated, or no longer meets the criteria for hedge accounting. At that time, any cumulative gains or losses relating to cash flow hedges recognised in equity are initially retained in equity and subsequently recognised in the income statement as the previously hedged item affects profit or loss.<br><br>For fair value hedges, the cumulative adjustment recorded against the carrying value of the hedged item at the date hedge accounting ceases is amortised to the income statement using the effective interest method.<br><br>For net investment hedges, any cumulative gains or losses that have been accumulated in the foreign currency translation reserve are initially retained in equity and subsequently recognised in the income statement on the disposal or partial disposal of the foreign operation. | | |

# Section 4. Our capital and risk management (continued)

## 4.5 Financial instruments and risk management (continued)

### 4.5.5 Hedge accounting (continued)

Table I shows the carrying value of each component of our gross debt including derivative financial instruments categorised by hedge type.

| **Table I** **Telstra Group** | As at 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| ***Borrowings by hedge designation*** | | |
| Fair value hedges | (1,357) | (1,391) |
| Cash flow hedges | (4,839) | (6,526) |
| Net investment hedge | (395) | (406) |
| Not in an accounting hedge relationship | (7,269) | (4,352) |
| **Total borrowings** | **(13,860)** | **(12,675)** |
| Lease liabilities | (3,108) | (3,191) |
| **Total borrowings and lease liabilities** | **(16,968)** | **(15,866)** |
| ***Derivative assets by hedge designation*** | | |
| Fair value hedges | - | 24 |
| Cash flow hedges | 343 | 713 |
| Not in an accounting hedge relationship | 100 | 41 |
| **Total derivative assets** | **443** | **778** |
| ***Derivative liabilities by hedge designation*** | | |
| Fair value hedges | (236) | (242) |
| Cash flow hedges | (23) | (17) |
| Not in an accounting hedge relationship | (14) | (3) |
| **Total derivative liabilities** | **(273)** | **(262)** |
| **Total gross debt** | **(16,798)** | **(15,350)** |

The principal value of our gross debt on an equivalent basis was $16,812 million (2023: $15,260 million). Principal value represents contractual obligations less future finance charges, excluding fair value remeasurements and for foreign denominated balances equates to the principal value in the underlying currency converted at the spot exchange rate as at 30 June 2024.

***(a) Derivatives not in an accounting hedge relationship***

Some derivatives may not qualify for hedge accounting or are specifically not designated as a hedge as natural offset achieves substantially the same accounting results. This includes:

- forward foreign currency contracts that are used to economically hedge exchange rate fluctuations associated with trade payables or other liability and asset balances denominated in a foreign currency
- power purchase agreements accounted for as derivative financial instruments.

***(b) Fair value hedges***

All changes in the fair value of the underlying item relating to the hedged risk are recognised in the income statement together with the changes in the fair value of derivatives. The net difference is recorded in the income statement as ineffectiveness. The carrying value of borrowings in effective fair value hedge relationships is adjusted for gains or losses attributable to the risk(s) being hedged.

Table J outlines the cumulative amount of fair value hedge adjustments that are included in the carrying amount of borrowings in the statement of financial position.

| **Table J** **Telstra Group** | As at 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| Principal value | (1,482) | (1,557) |
| Unamortised discounts/premiums | 10 | 8 |
| **Amortised cost** | **(1,472)** | **(1,549)** |
| Cumulative fair value hedge adjustments | 115 | 158 |
| **Carrying amount** | **(1,357)** | **(1,391)** |

Table K shows the ineffectiveness recognised in the income statement. We have excluded foreign currency basis spreads from our designated fair value and cash flow hedge relationships.

| **Table K** **Telstra Group** | Year ended 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | (Gain)/ loss | (Gain)/ loss |
| | $m | $m |
| Remeasurement of hedged item used to measure ineffectiveness | (13) | 1 |
| Change in value of hedging instruments | 1 | (6) |
| **Net gain before tax from ineffectiveness** | **(12)** | **(5)** |
| Net gain after tax | (8) | (4) |

## 4.5 Financial instruments and risk management (continued)

### 4.5.5 Hedge accounting (continued)

***(c) Cash flow hedges***

The portion of the gain or loss on the hedging instrument that is effective (i.e. offsets the movement on the hedged item) is recognised directly in the cash flow hedging reserve in equity and any ineffective portion is recognised within net finance costs directly in the income statement.

Gains or losses deferred in the cash flow hedging reserve are subsequently:

- transferred to the income statement when the hedged transaction affects profit or loss
- included in the measurement of the initial cost of the assets where the hedged item is for purchases of property, plant and equipment
- transferred immediately to the income statement if a forecast hedged transaction is no longer expected to occur.

During the financial years 2024 and 2023, there was no material impact on profit or loss resulting from ineffectiveness of our cash flow hedges or from discontinuing hedge accounting for forecast transactions no longer expected to occur.

Table L presents the hedge gains or losses transferred to and from the cash flow hedging reserve.

| Table L<br>Telstra Group | Year ended 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| Changes in fair value of cash flow hedges | (42) | 193 |
| Changes in fair value transferred to other expenses | 33 | (389) |
| Changes in fair value transferred to goods and services purchased | (3) | (10) |
| Changes in fair value transferred to finance costs | 77 | 98 |
| Changes in fair value transferred to property, plant and equipment | (3) | (4) |
| **Changes in cash flow hedging reserve** | **62** | **(112)** |
| Income tax on movements in the cash flow hedging reserve | (19) | 33 |
| | **43** | **(79)** |

Table M shows when the cash flows are expected to occur with respect to items in cash flow hedges (i.e. notional cash outflows). These amounts are the undiscounted cash flows reported in Australian dollars.

| Table M<br>Telstra Group | As at 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| ***Non-capital items*** | | |
| Within 1 year | (651) | (695) |
| Within 1 to 5 years | - | (13) |
| ***Capital items*** | | |
| Within 1 year | (153) | (132) |
| Within 1 to 5 years | - | (2) |
| ***Borrowings*** | | |
| Within 1 year | (1,623) | (1,798) |
| Within 1 to 5 years | (3,122) | (3,776) |
| After 5 years | (434) | (1,455) |
| | **(5,983)** | **(7,871)** |

Non-capital items will be recognised in the income statement in the same period in which the cash flows are expected to occur. For capital items, the hedged assets affect the income statement as the assets are depreciated over their useful lives.

# Section 4. Our capital and risk management (continued)

## 4.5 Financial instruments and risk management (continued)

### 4.5.6 Valuation and disclosures within fair value hierarchy

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 financial year 2024, 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.

The table below summaries the methods used to estimate the fair value of our financial instruments. As at 30 June 2024, there were no financial instruments measured using level 1 inputs.

| Level | Financial instrument | Fair value |
|---|---|---|
| **Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities** | Listed investments in equity instruments | Quoted prices in active markets. |
| **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. |
| **Level 3: one or more key inputs for the instrument are not based on observable market data (unobservable inputs)** | Unlisted investments in equity instruments, power purchase agreements accounted for as derivatives | Valuation techniques (where one or more of the significant inputs is not based on observable market data) include reference to discounted cash flows and fair values of recent orderly sell transactions between market participants involving instruments that are substantially the same. |
| | Contingent consideration | Initial recognition: expectations of future performance of the business. Subsequent measurement: present value of the future expected cash flows. |

# Section 4. Our capital and risk management (continued)

## 4.5 Financial instruments and risk management (continued)

### 4.5.6 Valuation and disclosures within fair value hierarchy (continued)

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

| Table N<br>Telstra Group | As at 30 June 2024 | | | As at 30 June 2023 | | |
|---|---|---|---|---|---|---|
| | Level 2 | Level 3 | Total | Level 2 | Level 3 | Total |
| | $m | $m | $m | $m | $m | $m |
| ***Assets*** | | | | | | |
| Derivative financial instruments | 362 | 81 | **443** | 752 | 26 | **778** |
| Investments in unlisted securities | - | 33 | **33** | - | 22 | **22** |
| | **362** | **114** | **476** | **752** | **48** | **800** |
| ***Liabilities*** | | | | | | |
| Derivative financial instruments | (273) | - | **(273)** | (262) | - | **(262)** |
| Contingent consideration | - | (67) | **(67)** | - | (251) | **(251)** |
| | **(273)** | **(67)** | **(340)** | **(262)** | **(251)** | **(513)** |
| **Total** | **89** | **47** | **136** | **490** | **(203)** | **287** |

Fair value of borrowings presented in table C in note 4.4.1 was measured using level 2 inputs.

Table O details movements in contingent consideration measured using level 3 inputs.

| Table O<br>Telstra Group | Year ended 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| **Opening balance at 1 July** | **(251)** | **(72)** |
| Amounts recognised on acquisition | - | (243) |
| Cash settlements made during the period | 114 | 88 |
| Remeasurements recognised in the income statement | 61 | (10) |
| Interest recognised in the income statement | (6) | (10) |
| Translation impacts recognised in foreign currency translation reserve | 2 | (4) |
| Transfer to other provisions | 13 | - |
| **Closing balance at 30 June** | **(67)** | **(251)** |

# Section 4. Our capital and risk management (continued)

## 4.5 Financial instruments and risk management (continued)

### 4.5.7 Offsetting and netting arrangements

Table P presents financial assets and financial liabilities that are offset, or subject to enforceable master netting arrangements or other similar agreements but not offset.

The column 'net amounts' shows the impact on the statement of financial position if all set-off rights were exercised. 'Related amounts not offset in the statement of financial position' reflect amounts subject to conditional offsetting arrangements.

| Table P<br>Telstra Group | Effects of offsetting in the statement of financial position | | | Related amounts not offset in the statement of financial position | | |
|---|---|---|---|---|---|---|
| | Gross amounts | Gross amounts offset in the statement of financial position | Net amounts presented in the statement of financial position | Financial instruments | Collateral received or pledged | Net amounts |
| | $m | $m | $m | $m | $m | $m |
| | A | B | C=A-B | D | E | F=C-D-E |
| | As at 30 June 2024 | | | | | |
| Cash and cash equivalents | 519 | 468 | **51** | - | - | **51** |
| Borrowings | (468) | (468) | **-** | - | - | **-** |
| Trade and other receivables and contract assets | 311 | 79 | **232** | 47 | 9 | **176** |
| Trade and other payables | (173) | (79) | **(94)** | (47) | - | **(47)** |
| Derivative financial assets | 362 | - | **362** | 101 | - | **261** |
| Derivative financial liabilities | (273) | - | **(273)** | (101) | - | **(172)** |
| **Total** | **278** | **-** | **278** | **-** | **9** | **269** |
| | As at 30 June 2023 | | | | | |
| Cash and cash equivalents | 250 | 204 | **46** | - | - | **46** |
| Borrowings | (204) | (204) | **-** | - | - | **-** |
| Trade and other receivables and contract assets | 319 | 102 | **217** | 50 | 8 | **159** |
| Trade and other payables | (207) | (102) | **(105)** | (50) | - | **(55)** |
| Derivative financial assets | 752 | - | **752** | 171 | - | **581** |
| Derivative financial liabilities | (262) | - | **(262)** | (171) | - | **(91)** |
| **Total** | **648** | **-** | **648** | **-** | **8** | **640** |

A number of the Telstra Group wholly-owned subsidiaries have entered into customary multi-entity bank account set-off facilities, under which bank accounts are managed on an aggregated basis. As a result cash and overdraft balance sheet positions of different legal entities are presented net in the statement of financial position.

Our rights of set-off that are not otherwise included in column B of table P, related to:

- our inter-operative tariff arrangements with some of our international roaming partners, where we have executed agreements that allow the netting of amounts payable and receivable by us on cessation of the contract
- our wholesale customers, where we have executed Customer Relationship Agreements that allow for the netting of amounts payable and receivable by us in certain circumstances where there is a right to suspend the supply of services or on the expiration or termination of the agreement
- our derivative financial instruments, where we have executed master netting arrangements under our International Swaps and Derivatives Association agreements. These agreements allow for the netting of amounts payable and receivable by us or the counterparty in the event of default or a credit event. In line with contractual provisions, in the event of insolvency all derivatives with a positive or negative fair value that exist with the respective counterparty are offset against each other, leaving a net receivable or liability.

# Section 5. Our people

We are working to attract and retain employees with the skills and passion to best serve our markets. This section provides information about our employee benefits obligations. It also includes details of our employee share plans and compensation paid to key management personnel.

## 5.1 Employee benefits

### 5.1.1 Aggregate employee benefits

Our employee related obligations include:

- liabilities for wages and salaries and related on-costs (presented within current trade and other payables)
- annual leave, long service leave and employee incentives (presented within current and non-current employee benefits) and
- redundancy provisions (presented within current other provisions).

Table A provides a summary of all these employee obligations.

| Table A<br>Telstra Group | As at 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| Accrued labour and on-costs | 623 | 520 |
| Current employee benefits | 721 | 684 |
| Non-current employee benefits | 130 | 125 |
| Current redundancy provisions | 199 | - |
| | **1,673** | **1,329** |

As at 30 June 2024, $199 million (2023: nil) provision has been raised for redundancy costs based on the detailed formal plan developed and communicated to the Telstra Group employees likely to be affected. The execution of the detailed formal plan for which a redundancy provision has been raised is expected to be completed by the end of the financial year 2025.

We apply judgement and use estimates in measuring our provisions for employee benefits.

## Long service leave provision

We applied judgement to determine the following key assumptions used in the calculation of long service leave entitlements:

- 3.7 per cent (2023: 3.8 per cent) weighted average projected increases in salaries
- 5.4 per cent (2023: 5.6 per cent) discount rate.

The discount rate used to calculate the present value has been determined by reference to market yields at 30 June 2024 on eight year (2023: nine year) high quality corporate bonds which have due dates similar to those of our liabilities.

For the amounts of the provision presented as current, we do not have the right at the end of the financial year to defer settlement for any of these obligations. However, based on experience, we do not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. Amounts disclosed in table B have been determined in accordance with an actuarial assessment and reflect leave that is not expected to be taken or paid within the next 12 months.

| Table B<br>Telstra Group | As at 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| Leave obligations expected to be settled after 12 months | 367 | 363 |

### 5.1.2 Recognition and measurement

The liabilities for employee benefits relating to wages and salaries, annual leave and other current employee benefits are accrued at their nominal amounts. These are calculated based on remuneration rates expected to be current at the settlement date and include related costs.

Certain employees who have been employed by Telstra for at least 10 years are entitled to long service leave of three months or more depending on the actual length of employment. We accrue liabilities for long service leave not expected to be paid or settled within 12 months of the reporting date at present values of future amounts expected to be paid. This is based on the projected increases in wage and salary rates over an average of 10 years, experience of employee departures and periods of service.

Provisions are recognised when:

- the Telstra Group has 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.

We recognise a provision for redundancy costs when a detailed formal plan for the redundancies has been developed and a valid expectation has been created that the redundancies will be carried out in respect of the employees likely to be affected.

# Section 5. Our people (continued)

## 5.2 Employee share plans

We have a number of employee share plans pursuant to which equity is awarded to executives as part of their total remuneration. Active share plans are conducted through the Telstra Growthshare Trust (Growthshare). Telstra wholly owns Telstra Growthshare Pty Ltd, the corporate trustee for Growthshare (the Trustee). The results of the Trustee are consolidated into our Telstra Group financial report.

A transaction will be classified as share-based compensation where the Group receives services from employees and pays for these either in shares or similar equity instruments or in cash but the amounts due are based on the Telstra share price.

This note summarises the primary employee share plans conducted through Growthshare and the key events in the share-based payment arrangements that have occurred during the financial year.

We have granted the following types of equity instruments as part of our equity-settled employee share plans:

- restricted shares
- performance rights.

Restricted shares are Telstra shares that are subject to a restriction period.

Performance rights are rights to Telstra shares subject to the satisfaction of certain performance measures and service conditions over a defined performance period.

Telstra has discretion to provide the holder of a performance right with a share or a cash amount equivalent to the value of a share on vesting of a performance right. Further information can be found in note 5.2.1.

The table below provides a summary of the instruments granted under the equity-settled employee share plans outstanding at 30 June 2024.

| Type of equity instrument | Financial year granted | Restriction period | Date of testing against performance hurdles | Performance hurdles | Number of instruments allocated and outstanding at 30 June 2024 |
|---|---|---|---|---|---|
| Executive Variable Remuneration Plan (EVP) restricted shares | FY24 | Four equal tranches with the respective tranches restricted from one to four years from the end of the initial performance period | n/a | n/a | The restricted shares for FY24 are expected to be allocated in the first half of FY25 |
| | FY23 | | n/a | n/a | 1,634,217 |
| | FY22 | | n/a | n/a | 997,289 |
| | FY21 | | n/a | n/a | 877,428 |
| | FY20 | | n/a | n/a | 377,540 |

### 5.2 Employee share plans (continued)

| Type of equity instrument | Financial year granted | Restriction period | Date of testing against performance hurdles | Performance hurdles | Number of instruments allocated and outstanding at 30 June 2024 |
|---|---|---|---|---|---|
| Short-term incentive (STI) restricted shares | FY24 | Three equal tranches with the respective tranches restricted from one to three years from the end of the performance period | n/a | n/a | The STI restricted shares for FY24 are expected to be allocated in the first half of FY25 |
| | FY23 | | n/a | n/a | 2,104,731 |
| | FY22 | | n/a | n/a | 1,182,328 |
| | FY21 | One tranche restricted for three years from the end of the performance period | n/a | n/a | 1,853,079 |
| EVP performance rights | FY24 | n/a | 30 June 2028 | Relative Total Shareholder Return (RTSR) | The performance rights for FY24 are expected to be allocated in the first half of FY25 |
| | FY23 | n/a | 30 June 2027 | RTSR | 1,867,678 |
| | FY22 | n/a | 30 June 2026 | RTSR | 1,519,677 |
| | FY21 | n/a | 30 June 2025 | RTSR | 2,005,541 |
| | FY20 | n/a | 30 June 2024 | RTSR | 1,725,880 |

We will also grant cash rights in lieu of restricted shares and performance rights under the FY24 EVP to Dean Salter who ceased employment as Group Executive, Global Business Services in July 2024. The cash rights are expected to be allocated in the first half of the financial year 2025. The cash rights provided in lieu of restricted shares are subject to the same time condition as restricted shares and the cash rights provided in lieu of performance rights are subject to the same performance hurdle as performance rights.

Provided they have not been forfeited earlier, the EVP and STI restricted shares, as well as shares allocated on the vesting of EVP performance rights, will be transferred to the relevant executive on the first day of the first trading window occurring under Telstra's Securities Trading policy following the end of the relevant restriction period or the vesting date, as applicable.

The definition of Relative Total Shareholder Return (RTSR) is set out in the Remuneration Report Glossary (the Remuneration Report forms part of the Directors' Report).

#### 5.2.1 Description of share-based payment arrangements

***(a) Executive Variable Remuneration Plan (EVP)***

Under the EVP, the amount earned by the CEO and eligible Group Executives is determined at the end of an initial one year performance period based on certain factors, including Telstra's performance against certain predetermined performance measures and the executive's individual performance (including their performance relative to other executives), with the Board retaining discretion to adjust the outcome to ensure it is appropriate. A component of the amount earned under the EVP is provided in restricted shares and a component in performance rights.

Refer to the Remuneration Report for further details on the FY24 EVP structure.

# Section 5. Our people (continued)

## 5.2 Employee share plans (continued)

### 5.2.1 Description of share-based payment arrangements (continued)

***(a) Executive Variable Remuneration Plan (continued)***

The allocation of restricted shares and performance rights under the FY24 EVP is expected to be made after the 2024 Annual General Meeting. Shareholder approval will be sought at the 2024 Annual General Meeting for the CEO's FY24 EVP equity allocation.

If an executive leaves Telstra other than for a Permitted Reason (the definition of which is set out in the Remuneration Report Glossary) before the end of the relevant performance or restriction period, their performance rights will lapse and restricted shares will be forfeited. Performance rights and restricted shares may also lapse or be forfeited if certain clawback (malus) events occur before the performance rights vest or restricted shares are transferred to the executive following the end of the relevant restriction period.

*(i) Restricted shares (equity-settled)*

The table summarising the instruments granted under the equity-settled employee share plans lists the restriction periods for each EVP restricted share plan. No further performance hurdles will apply once the restricted shares are allocated. During the restriction period, executives are entitled to vote and earn dividends on their restricted shares from the actual allocation date. However, they are restricted from dealing with the shares during this period.

*(ii) Performance rights (equity-settled)*

Once allocated, the EVP performance rights are tested against a RTSR measure over a five year period inclusive of the initial one year performance period (refer to the table summarising the instruments granted under the equity-settled employee share plans for testing dates).

The FY24, FY23, FY22 and FY21 EVP performance rights will vest on a straight-line scale, with 50 per cent of the performance rights vesting if Telstra's RTSR ranks at the 50$^{th}$ percentile against a comparator group comprising the ASX100, excluding resource companies (Comparator Group) over the performance period, up to 100 per cent of the performance rights vesting where Telstra's RTSR ranks at the 75$^{th}$ percentile of the Comparator Group or above.

No performance rights will vest if Telstra's RTSR ranks below the 50th percentile of the Comparator Group. Any performance rights that do not vest following testing against the RTSR measure will lapse.

Testing of the outstanding FY20 EVP performance rights as at 30 June 2024 resulted in 52 per cent of those performance rights to vest due to the RTSR performance hurdle being met. Telstra ranked at the 51st percentile against the Comparator Group over the performance period.

No dividends are paid on performance rights prior to vesting. For performance rights that do vest, a cash payment equivalent to dividends paid by Telstra during the period between allocation of the performance rights and vesting will be made at or around the time of vesting, subject to applicable taxation. This cash entitlement is not included in the grant date fair values of the performance rights as this is accounted for separately.

*(iii) Cash rights (cash-settled)*

Under the EVP, the executives who cease employment for a Permitted Reason before allocation of the restricted shares and performance rights will receive cash rights in lieu of restricted shares and performance rights.

As at 30 June 2024, we recorded a $5 million (2023: $7 million) liability pertaining to the outstanding cash rights issued to certain former executives that ceased employment for a Permitted Reason in prior financial years.

***(b) STI restricted shares***

Under the STI arrangements, 25 per cent of an eligible executive's actual STI payment is provided as restricted shares. The table summarising the instruments granted under the equity-settled employee share plans lists the restriction periods for each STI restricted share plan.

Performance hurdles are applied in determining the number of restricted shares allocated to executives, and therefore, restricted shares are not subject to any other performance hurdles once they have been allocated. During the restriction period, from the actual grant date, executives are entitled to vote and earn dividends on their restricted shares. However, they are restricted from dealing with the shares during this period.

If an executive leaves Telstra other than for a Permitted Reason before the end of the relevant restriction period, their restricted shares are forfeited. Restricted shares may also be forfeited if certain clawback (malus) events occur before the restricted shares are transferred to the executive following the end of the relevant restriction period.

### 5.2.2 Fair value measurement

***(a) EVP restricted shares***

EVP restricted shares were measured based on the Board approved dollar amount outcome for the financial year 2024, with a final number of shares to be allocated after Telstra's 2024 Annual General Meeting. The estimated fair value per share granted in the financial year 2024 was $3.88 (2023: $4.24).

***(b) EVP performance rights***

Table A provides a weighted average of the inputs used in measuring the fair value of EVP performance rights at grant date.

| Table A | Year ended 30 June | |
|---|---|---|
| Telstra Group | 2024 | 2023 |
| Share price | $4.07 | $3.98 |
| Risk free rate | 4.03% | 3.27% |
| Dividend yield | 4.75% | 5.04% |
| Expected life in years | 4.6 years | 4.7 years |
| Expected stock volatility | 21% | 22% |
| Fair value ($) | $2.00 | $2.03 |

The expected stock volatility is a measure of the amount by which the price is expected to fluctuate during a period. This is based on an annualised historical daily volatility of closing share prices over a certain period to the measurement date.

# Section 5. Our people (continued)

## 5.2 Employee share plans (continued)

### 5.2.3 Expense recognised in the income statement

Refer to note 2.3 for details about the related employee benefit expenses.

### 5.2.4 Recognition and measurement

For each of our equity-settled employee share plans, we measure the fair value of the equity instrument at grant date and recognise in the income statement the expense over the relevant vesting period with a corresponding increase in equity (i.e. share capital). The expense is adjusted to reflect actual and expected levels of vesting.

Grant date is the date when there is a shared understanding between employees and Telstra of the terms and conditions of the plan and the employees have accepted the offer. This often occurs prior to the allocation of equity instruments to the employees.

The fair values of our equity instruments are calculated by taking into account the terms and conditions of the individual plan and as follows:

| Equity instrument | Fair value approach |
|---|---|
| Restricted shares | By reference to the dollar amount outcome approved by the Board |
| Performance rights | Black-Scholes methodology and utilises Monte Carlo simulations |

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense in the income statement.

## 5.3 Post-employment benefits

We participate in, or sponsor, defined benefit and defined contribution schemes for our employees. This note provides details of our Telstra Superannuation Scheme (Telstra Super) defined benefit plan.

Our employer contributions to Telstra Super are based on the recommendations from the actuary of Telstra Super in line with any legislative requirements. The net defined benefit asset/(liability) at balance date is also affected by the valuation of Telstra Super's investments and our obligations to members of Telstra Super.

### 5.3.1 Net defined benefit plan asset/(liability)

Table A details our net defined benefit plan asset/(liability) recognised in the statement of financial position.

| Table A | As at 30 June | |
|---|---|---|
| Telstra Group | 2024 | 2023 |
| | $m | $m |
| Fair value of defined benefit plan assets | 1,516 | 1,529 |
| Present value of the defined benefit obligation | 1,293 | 1,255 |
| **Net defined benefit asset** | **223** | **274** |
| ***Attributable to:*** | | |
| Telstra Super | 237 | 285 |
| Other | (14) | (11) |
| | **223** | **274** |

### 5.3.2 Telstra Superannuation Scheme (Telstra Super)

Telstra Group Limited participates in and is the sponsoring employer in Telstra Super, a regulated fund in accordance with the *Superannuation Industry (Supervision) Act 1993 (Cth)* governed by the Australian Prudential Regulation Authority. Certain controlled entities in the Telstra Group are associated employers participating in Telstra Super.

Telstra Super's board of directors operates and governs the plan, including making investment decisions.

Telstra Super has both defined benefit and defined contribution divisions. The defined benefit divisions, which are closed to new members, provide benefits based on years of service and final average salary paid as a lump sum. Post-employment benefits do not include payments for medical costs.

On an annual basis, we engage qualified actuaries to calculate the present value of the defined benefit obligations.

Contribution levels made to the defined benefit divisions are determined by the Telstra Entity after obtaining the advice of the actuary and in consultation with Telstra Super Pty Ltd (the Trustee). These are designed to ensure that benefits accruing to members and beneficiaries are fully funded as they fall due. The benefits received by members of each defined benefit division take into account factors such as each employee's length of service, final average salary, and employer and employee contributions.

# Section 5. Our people (continued)

## 5.3 Post-employment benefits (continued)

### 5.3.2 Telstra Superannuation Scheme (Telstra Super) (continued)

Telstra Super is exposed to inflation, credit risk, liquidity risk and market risk. Market risk includes interest rate risk, equity price risk and foreign currency risk. The strategic investment policy of the fund is to build a diversified portfolio of assets to match the projected liabilities of the defined benefit plan.

An internal funding policy is in place between the sponsoring employer (i.e. the Telstra Entity) and the associated employers (i.e. other legal entities under common control which participate in Telstra Super). Refer to note 7.3.2 for further details.

***(a) Fair value of defined benefit plan assets***

Table B provides a reconciliation of fair value of defined benefit plan assets from the opening to the closing balance.

| Table B Telstra Super | As at 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| **Fair value of defined benefit plan assets at the beginning of the year** | **1,529** | **1,552** |
| Employer contributions | 11 | 12 |
| Member contributions | 16 | 18 |
| Benefits paid (including contributions tax) | (116) | (123) |
| Plan expenses after tax | (4) | (4) |
| Interest income on plan assets | 80 | 75 |
| Actual asset loss | - | (1) |
| **Fair value of defined benefit plan assets at the end of the year** | **1,516** | **1,529** |

***(b) Present value of the wholly funded defined benefit obligation***

Table C provides a reconciliation of the present value of defined benefit obligation from the opening to the closing balance.

| Table C Telstra Super | As at 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| **Present value of defined benefit obligation at the beginning of the year** | **1,244** | **1,278** |
| Current service cost | 37 | 39 |
| Interest cost | 66 | 63 |
| Member contributions | 7 | 7 |
| Past service cost | 7 | 9 |
| Benefits paid | (116) | (123) |
| Actuarial loss/(gain) due to change in financial assumptions | 10 | (9) |
| Actuarial loss due to change in demographic assumptions | 12 | 1 |
| Actuarial loss/(gain) due to experience | 12 | (21) |
| **Present value of wholly funded defined benefit obligation at the end of the year** | **1,279** | **1,244** |

The actual return on defined benefit plan assets was 5.3 per cent gain (2023: 5.2 per cent gain). Net actuarial loss recognised in other comprehensive income for Telstra Super amounted to $34 million (2023: $28 million gain).

***(c) Categories of plan assets***

Table D details the weighted average allocation as a percentage of the fair value of total defined benefit plan assets by class based on their nature and risks.

| Table D Telstra Super | As at 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | % | % |
| ***Asset allocations*** | | |
| ***Equity instruments*** | | |
| Australian equity[1] | 10 | 10 |
| International equity[1] | 12 | 12 |
| ***Debt instruments*** | | |
| Fixed interest[1] | 63 | 62 |
| ***Other*** | | |
| Property | 9 | 10 |
| Cash and cash equivalents | 3 | 4 |
| Other | 3 | 2 |
| | **100** | **100** |

1 These assets have quoted prices in active markets.

*(i) Related party disclosures*

The related party disclosures below relate to Telstra Super as a whole, rather than just the defined benefit plan.

As at 30 June 2024, Telstra Super owned 33,746,397 shares (2023: 37,615,162) in the Telstra Entity at a cost of $144 million (2023: $146 million) and a market value of $122 million (2023: $162 million). All these shares were fully paid at 30 June 2024. During the financial year 2024, we paid a dividend to Telstra Super of $6 million (2023: $7 million). We own 100 per cent of the equity of Telstra Super Pty Ltd, the Trustee of Telstra Super. We have significant influence over Telstra Super Pty Ltd, which is accounted for as an associated entity. Refer to note 6.4.1 for further details.

Telstra Super also holds fixed interest securities issued by Telstra Corporation Limited and the Telstra Entity. As at 30 June 2024, these securities had a cost of $2 million (2023: $1 million) and a market value of $2 million (2023: $1 million).

All purchases and sales of Telstra shares and fixed interest securities by Telstra Super are on an arm's length basis and are determined by the Trustee and/or its investment managers on behalf of the members of Telstra Super.

## 5.3 Post-employment benefits (continued)

**5.3.2 Telstra Superannuation Scheme (Telstra Super) (continued)**

***(d) Actuarial assumptions and sensitivity analysis***

### Defined benefit plan

The following key assumptions were used in the calculation of our defined benefit obligations:

- 3.3 per cent (2023: 3.3 per cent) average expected rate of increase in future salaries
- 5.3 per cent (2023: 5.5 per cent) discount rate.

We have used a six year (2023: seven year) high quality corporate bond rate to determine the discount rate as the term matches closest to the term of the defined benefit obligations.

Our assumption for the salary inflation rate for Telstra Super reflects our long-term expectation for salary increases.

If the estimates prove to be different to actual experience, this may materially affect balances in the next reporting period.

Table E summarises how the defined benefit obligation as at 30 June 2024 would have increased/(decreased) as a result of a change in the respective assumptions by one percentage point (1pp).

| **Table E** <br> **Telstra Super** | Defined benefit obligation | |
|---|---|---|
| | 1pp increase | 1pp decrease |
| | $m | $m |
| Discount rate | (60) | 66 |
| Expected rate of increase in future salaries | 58 | (54) |

***(e) Employer contributions***

During the financial year 2024, we paid contributions totalling $11 million (2023: $12 million) at the average rate of five per cent (2023: five per cent) to our defined benefit divisions, following recommendations from the actuary of Telstra Super.

The current five per cent contribution rate is currently under the triennial actuarial review as at 30 June 2024, to be completed by 31 December 2024.

Table F shows the expected proportion of benefits paid from the defined benefit obligation in future years.

| **Table F** <br> **Telstra Super** | Year ended 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | % | % |
| Within 1 year | 16 | 8 |
| Between 1 and 4 years | 24 | 24 |
| Between 5 and 9 years | 27 | 29 |
| Between 10 and 19 years | 31 | 36 |
| After 20 years | 2 | 3 |
| | **100** | **100** |

The weighted average duration of the defined benefit plan obligations at the end of the reporting period was six years (2023: seven years).

**5.3.3 Other defined benefit schemes**

Our controlled entities also participate in both funded and unfunded defined benefit schemes, which are individually and in aggregate immaterial.

**5.3.4 Recognition and measurement**

***(a) Defined contribution plans***

Our commitment to defined contribution plans is limited to making contributions in accordance with our minimum statutory requirements and other obligations. The contributions are recorded as an expense in the income statement as they become payable. We recognise a liability when we are required to make future payments as a result of employee services provided.

***(b) Defined benefit plans - Telstra Superannuation Scheme***

We currently sponsor a post-employment defined benefit plan under the Telstra Superannuation Scheme.

At a reporting date, where the fair value of the plan assets is less than the present value of the defined benefit obligations, the net deficit is recognised as a liability. In the reverse situation, the net surplus is recognised as an asset. We recognise the asset to the extent that we have the ability to control this surplus to generate future funds that will be available to us in the form of reductions in future contributions or as a cash refund.

The actuaries use the projected unit credit method to estimate the present value of the defined benefit obligations of the plan. This method determines each year of service as giving rise to an additional unit of benefit entitlement. Each unit is measured separately to calculate the final obligation. The present value is determined by discounting the estimated future cash outflows using rates based on high quality corporate bonds.

We recognise all our defined benefit costs in the income statement, with the exception of actuarial gains and losses that are recognised directly in other comprehensive income.

Actuarial gains and losses are based on an actuarial valuation of each defined benefit plan at a reporting date. Actuarial gains and losses represent the differences between previous actuarial assumptions of future outcomes and the actual outcome, in addition to the effect of changes in actuarial assumptions.

# Section 5. Our people (continued)

## 5.4 Key management personnel compensation

Key management personnel (KMP) refer to those who have authority and responsibility for planning, directing and controlling the activities of the Telstra Group. KMP are deemed to include the following:

- the non-executive Directors of the Telstra Entity
- certain executives in the Chief Executive Officer's (CEO's) senior leadership team, including the CEO.

### 5.4.1 KMP aggregate compensation

During the financial years 2024 and 2023, the aggregate compensation of our KMP was:

| Telstra Group | Year ended 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $000 | $000 |
| Short-term employee benefits | 21,685 | 18,469 |
| Post-employment benefits | 413 | 331 |
| Other long-term benefits | 1,038 | 1,094 |
| Termination benefits | 1,051 | 838 |
| Share-based payments | 8,865 | 10,426 |
| | **33,052** | **31,158** |

Refer to the Remuneration Report, which forms part of the Directors' Report for further details regarding KMP remuneration.

### 5.4.2 Other transactions with our KMP and their related parties

During the financial years 2024 and 2023, apart from transactions trivial and domestic in nature and on normal commercial terms and conditions, there were no other transactions with our KMP and their related parties.

# Section 6. 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.

## 6.1 Changes in the group structure

### 6.1.1 Current year acquisitions

During the financial year 2024, we acquired a number of controlled entities and incorporated others as detailed below:

- Pacific Business Solutions (China) Beijing (incorporated on 15 August 2023) of which we own 48 per cent
- Delta Networks Pty Ltd (formerly known as Dense Air Networks Australia Pty Ltd) (acquired on 31 August 2023), of which we own 100 per cent
- Versent Pty Ltd and its controlled entities (acquired on 17 November 2023), of which we own 100 per cent.

Details of the significant acquisitions have been disclosed below.

***(a) Versent Pty Ltd***

On 17 November 2023, we completed the acquisition of 100 per cent of the shares in Versent Pty Ltd and its controlled entities (Versent) for a total consideration of $284 million.

Australian-based Versent is a leading cloud technology consultancy business with AWS services capability and deep-domain expertise across cloud, security, data, digital, and identity and access management. It also provides a self-serve cloud management platform for enterprise and mid-market customers which enables them to design, build and run their own cloud.

The accounting for this acquisition gave rise to $221 million goodwill reflecting expected opportunities to scale Telstra Purple technology services business, drive NAS growth and support the digitisation of businesses. Goodwill is not deductible for income tax purposes.

Table A summarises the effects of the accounting for this acquisition.

| Table A<br>Versent | Year ended 30 June<br>2024<br>$m |
|---|---|
| ***Consideration for acquisition*** | |
| Cash consideration | 284 |
| **Total purchase consideration** | **284** |
| Cash balances acquired | (15) |
| **Outflow of cash on acquisition** | **269** |
| Acquisition costs incurred included in other expenses in the income statement | 3 |
| | Fair value |
| ***Assets/(liabilities) at acquisition date*** | |
| Cash and cash equivalents | 15 |
| Trade and other receivables and contract assets | 45 |
| Deferred contract costs | 2 |
| Prepayments | 2 |
| Property, plant and equipment | 1 |
| Right-of-use assets | 5 |
| Intangible assets | 50 |
| Deferred tax assets | 8 |
| Trade and other payables | (23) |
| Employee benefits | (7) |
| Lease liabilities | (5) |
| Contract liabilities and other revenue received in advance | (13) |
| Deferred tax liabilities | (17) |
| **Net assets** | **63** |
| Goodwill on acquisition | 221 |
| **Total purchase consideration** | **284** |
| ***Contributions to the Group's performance from acquisition date to 30 June 2024*** | |
| Income (excluding finance income) | 81 |
| Loss before income tax expense | (1) |

***(b) Individually immaterial acquisitions***

During the financial year 2024, we acquired a number of individually immaterial businesses for a total consideration of $11 million and recognised $11 million goodwill based on the provisional accounting for these acquisitions.

# Section 6. Our investments (continued)

## 6.1 Changes in the group structure (continued)

### 6.1.1 Current year acquisitions (continued)

***(c) Telstra Group result if all acquisitions occurred on 1 July 2023***

If all the acquisitions made during the financial year 2024 had occurred on 1 July 2023, our adjusted consolidated income (excluding finance income) and consolidated profit before income tax expense for the financial year 2024 would have been $23,542 million and $2,450 million, respectively.

### 6.1.2 Current year disposals

During the financial year 2024, Cordoba Holdings Limited was deregistered. This transaction had no significant financial impact on our results.

## 6.2 Investments in controlled entities

### 6.2.1 Investments in controlled entities

Telstra Group has a direct or indirect interest in over 210 controlled entities across approximately 30 countries. We have controlled entities in Australia, Asia, the South Pacific, New Zealand, Europe, Middle East and the United States of America. We conduct most of our business through our controlled entities Telstra Limited and Telstra Corporation Limited, which in total constituted 94 per cent of the Group's EBITDA.

Refer to the consolidated entity disclosure statement for a full list of our controlled entities within the Telstra Group.

***(a) Power Health***

On 9 November 2021, we completed the acquisition of 70 per cent of the shares in Power Solutions Holdings Pty Ltd and its subsidiaries (Power Health). On acquisition, we recognised a financial liability for our commitment to purchase the remaining 30 per cent of the shares in Power Health between the end of years two and five from completion or otherwise obligatory acquisition by year five.

The acquisition of Power Health is accounted as a 100 per cent wholly-owned group as detailed below.

#### Determining non-controlling interests in Power Health

On 9 November 2021, we acquired 70 per cent of shares in Power Health, however, we applied judgement to determine that we control 100 per cent on the acquisition date. This is because we have a contractual obligation to purchase the remaining 30 per cent interest from the founding shareholder by 2026. Therefore, the non-controlling interest is deemed to have been acquired at the acquisition date.

We account for our obligation to purchase the remaining interest as a financial liability.

This liability is remeasured to its fair value at each reporting date, with any remeasurements recognised in the income statement. No earnings are attributed to the non-controlling interests. As at 30 June 2024, the fair value of the financial liability was $28 million (2023: $35 million).

On 2 July 2024, i.e. after the balance date, we completed the acquisition of the remaining 30 per cent of the shares in Power Health for a total cash consideration of $30 million, taking our ownership interest to 100 per cent.

As detailed above, judgement was previously applied to determine that we controlled 100 per cent on the original acquisition date. On acquisition of the remaining 30 per cent interest, we derecognised the $28 million financial liability.

***(b) Fred IT***

During the financial year 2024, we completed the acquisition of the remaining 50 per cent of stake in Fred IT Group Pty Ltd and its subsidiaries (Fred IT) for a total cash consideration of $32 million, taking our ownership interest to 100 per cent.

As these were transactions with non-controlling interests that did not result in a loss of control, at the Telstra Group level, they were treated as transactions with the equity owners of Fred IT. Therefore, on acquisition of the remaining 50 per cent interest, we derecognised the non-controlling interests with the $30 million difference between the amount recognised as non-controlling interests and the consideration paid recognised in general reserve within equity attributable to the Telstra Group, as disclosed in the reserves movements in note 4.3.2.

***(c) Digicel Pacific***

In July 2022, we completed the acquisition of 100 per cent of the shares in Digicel Pacific Limited and its controlled entities (Digicel Pacific). This acquisition was partly funded by equity-like securities issued by the Telstra Group to the Australian Government, through Export Finance Australia.

#### Equity-like securities issued to the Australian Government

During the financial year 2024, we issued $28 million (2023: $923 million) of equity-like securities to the Australian Government, through Export Finance Australia. The securities are perpetual, subordinated, unsecured and redeemable in certain circumstances. The securities do not grant the Australian Government any recourse, voting rights, or earnings in respect of the Telstra Group.

We applied judgement to classify the issued securities as equity and present them as non-controlling interests in our consolidated statement of changes in equity.

As at 30 June 2024, the non-controlling interests related to the equity-like securities issued to the Australian Government were $951 million.

Following the acquisition of Digicel Pacific in July 2022, as at 30 June 2023 we recognised $191 million other provisions for tax related matters, and a corresponding $191 million other receivables for the indemnity provided by the vendor. During the financial year 2024, those tax matters have been resolved by the vendor, therefore we derecognised the liability related to the tax matters and the corresponding indemnification asset.

# Section 6. Our investments (continued)

## 6.2 Investments in controlled entities (continued)

### 6.2.2 Deed of cross guarantee

Telstra Group Limited and each of the wholly-owned subsidiaries set out below (together the 'Closed Group'), are party to a deed of cross guarantee (Deed), as defined in Australian Securities and Investments Commission (ASIC) legislative instrument: 'ASIC Corporations (Wholly-owned Companies) Instrument 2016/785' (ASIC Instrument).

The effect of the Deed is that each entity in the Closed Group guarantees the payment in full of all debts of the other entities in the Closed Group in the event of their winding up.

Pursuant to the ASIC Instrument, the wholly-owned subsidiaries within the Closed Group that are eligible for the benefit of the ASIC Instrument are relieved from the requirement to prepare and lodge separate financial statements, directors' reports and auditors' reports.

The statement of comprehensive income and statement of financial position disclosed in this section present consolidated results of the Closed Group.

The following entities are party to the Deed and part of the Closed Group:

- Telstra Group Limited (holding entity)
- Alliance Automation Pty Ltd
- Aqura Technologies Pty Ltd
- Clinical Technology Holdings Pty Limited
- Clinical Technology Systems Pty Limited
- DLM Automation Pty Ltd
- Epicon IT Solutions Pty. Ltd.
- Fone Zone Pty Ltd
- Fred IT Group Pty Ltd
- Health Communication Network Pty Limited
- Merricks NewCo Pty Ltd
- Mobile Tracking and Data Pty Ltd
- MTData Holdings Pty Ltd
- muru-D Pty Ltd
- Pacnet Internet (A) Pty Ltd
- Pacnet Services (A) Pty. Ltd.
- Service Potential Pty Ltd
- Telstra 3G Spectrum Holdings Pty Ltd
- Telstra Australia Networks Pty Limited
- Telstra Broadcast Services Pty Limited
- Telstra Communications Limited
- Telstra Corporation Limited
- Telstra Energy (Generation) Pty Ltd
- Telstra Energy (Holdings) Pty Ltd
- Telstra Energy (Retail) Pty Ltd
- Telstra Health Pty Ltd
- Telstra Health Services Pty Ltd
- Telstra Holdings Pty Ltd
- Telstra International (Aus) Limited
- Telstra International Holdings Pty Ltd
- Telstra International Networks Pty Limited
- Telstra International Operations Pty Limited
- Telstra Limited
- Telstra Multimedia Pty Limited
- Telstra OnAir Holdings Pty Ltd
- Telstra Pay TV Pty Ltd
- Telstra Plus Pty Ltd
- Telstra Purple Pty Ltd
- Telstra Reach Holdings Pty Ltd
- Telstra Services Solutions Holdings Limited
- Telstra Software Group Pty Ltd
- Telstra Towerco No.2 Pty Ltd
- Telstra Ventures Pty Limited
- Versent Pty Ltd.

The following entities were added as parties to the Deed via assumption deeds and are also part of the Closed Group:

- Versent Pty Ltd on 18 June 2024
- Fred IT Group Pty Ltd on 28 June 2024.

The following entities obtained financial reporting relief under the ASIC Instrument for the financial year 2023, but were ineligible for this relief in respect of the financial year 2024 because they were small proprietary companies (as defined in section 45A(2) of the *Corporations Act*) for that year:

- Telstra Energy (Generation) Pty Ltd
- Telstra Energy (Holdings) Pty Ltd.

There are no other members of the Extended Closed Group (as defined in the ASIC instrument). Telstra Finance Limited is trustee under the Deed, however, it is not a member of the Closed Group or the Extended Closed Group.

# Section 6. Our investments (continued)

## 6.2 Investment in controlled entities (continued)

### 6.2.2 Deed of cross guarantee (continued)

Financial information of the members of the Closed Group presented in tables A to C excludes Telstra Finance Limited. Transactions between the members have been eliminated.

Table A presents statement of financial position of the Closed Group.

| Table A Closed Group | As at 30 June 2024 $m | As at 30 June 2023 $m |
|---|---|---|
| ***Current assets*** | | |
| Cash and cash equivalents | 585 | 530 |
| Trade and other receivables and contract assets | 3,771 | 3,963 |
| Deferred contract costs | 140 | 110 |
| Inventories | 485 | 513 |
| Derivative financial assets | 206 | 421 |
| Current tax receivables | 35 | 136 |
| Prepayments | 247 | 255 |
| **Total current assets** | **5,469** | **5,928** |
| ***Non-current assets*** | | |
| Trade and other receivables and contract assets | 1,315 | 1,057 |
| Deferred contract costs | 791 | 1,088 |
| Inventories | 162 | 36 |
| Investments – controlled entities | 6,208 | 6,137 |
| Investments – accounted for using the equity method | 613 | 680 |
| Investments – other | 33 | 22 |
| Property, plant and equipment | 19,342 | 19,507 |
| Right-of-use assets | 2,128 | 2,313 |
| Intangible assets | 8,649 | 7,196 |
| Derivative financial assets | 164 | 300 |
| Deferred tax assets | 9 | - |
| Defined benefit asset | 237 | 285 |
| **Total non-current assets** | **39,651** | **38,621** |
| **Total assets** | **45,120** | **44,549** |
| ***Current liabilities*** | | |
| Trade and other payables | 3,998 | 3,893 |
| Employee benefits | 694 | 657 |
| Other provisions | 350 | 106 |
| Lease liabilities | 368 | 363 |
| Borrowings | 5,269 | 4,138 |
| Derivative financial liabilities | 97 | 73 |
| Contract liabilities and other revenue received in advance | 1,339 | 1,336 |
| **Total current liabilities** | **12,115** | **10,566** |

| Table A (continued) Closed Group | As at 30 June 2024 $m | As at 30 June 2023 $m |
|---|---|---|
| ***Non-current liabilities*** | | |
| Other payables | 10 | 102 |
| Employee benefits | 128 | 122 |
| Other provisions | 127 | 115 |
| Lease liabilities | 1,983 | 2,259 |
| Borrowings | 11,527 | 11,529 |
| Derivative financial liabilities | 176 | 189 |
| Deferred tax liabilities | 1,262 | 1,602 |
| Contract liabilities and other revenue received in advance | 886 | 791 |
| **Total non-current liabilities** | **16,099** | **16,709** |
| **Total liabilities** | **28,214** | **27,275** |
| **Net assets** | **16,906** | **17,274** |
| ***Equity*** | | |
| Share capital | 3,111 | 3,095 |
| Reserves | 77 | 79 |
| Retained profits | 13,718 | 14,100 |
| **Equity available to the Closed Group** | **16,906** | **17,274** |

Table B presents statement of comprehensive income of the Closed Group.

| Table B Closed Group | Year ended 30 June 2024 $m | Year ended 30 June 2023 $m |
|---|---|---|
| **Profit for the year for the Closed Group** | **1,653** | **1,680** |
| **Total other comprehensive income for the Closed Group** | **(17)** | **(92)** |
| **Total comprehensive income for the year for the Closed Group** | **1,636** | **1,588** |

Table C provides a reconciliation of retained profits of the Closed Group from the opening to the closing balance.

| Table C Closed Group | As at 30 June 2024 $m | As at 30 June 2023 $m |
|---|---|---|
| **Retained profits at the beginning of the financial year available to the Closed Group** | **14,100** | **-** |
| Effect on retained profits from addition of entities to the Closed Group | 11 | 14,365 |
| Total comprehensive income recognised in retained profits | 1,629 | 1,699 |
| Dividend | (2,022) | (1,964) |
| **Retained profits at the end of the financial year available to the Closed Group** | **13,718** | **14,100** |

# Section 6. Our investments (continued)

## 6.3 Non-controlling interests

Summarised financial information of the Telstra Group entities which have material non-controlling interests is detailed below.

### 6.3.1 Amplitel business

Table A summarises financial information of the entities which have material non-controlling interests, i.e. Towers Business Operating Trust and Amplitel Pty Ltd (Amplitel business), amalgamated for the year ended and as at 30 June 2024. It represents the amounts before inter-company eliminations of transactions with other entities within the Telstra Group, with the exception of the transactions within the Amplitel business which have been eliminated.

| Table A<br>Amplitel business | Year ended/as at 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| ***Statement of financial position*** | | |
| Current assets | 291 | 262 |
| Non-current assets | 2,182 | 2,015 |
| **Total assets** | **2,473** | **2,277** |
| Current liabilities | 225 | 170 |
| Non-current liabilities | 938 | 814 |
| **Total liabilities** | **1,163** | **984** |
| **Net assets** | **1,310** | **1,293** |
| | | |
| **Accumulated non-controlling interests** | **755** | **764** |
| ***Statement of comprehensive income*** | | |
| Revenue | 255 | 198 |
| **Profit/total comprehensive income for the year** | **285** | **155** |
| | | |
| **Profit allocated to non-controlling interests** | **123** | **90** |
| **Distributions paid/payable to non-controlling interests** | **131** | **120** |
| ***Statement of cash flows*** | | |
| Net cash inflow from operating activities | 198 | 54 |
| Net cash inflow from investing activities | 105 | 138 |
| Net cash outflow from financing activities | (289) | (270) |
| **Net cash inflow/(outflow)** | **14** | **(78)** |

### 6.3.2 Telstra PM Pty Ltd and its controlled entities (Telstra PM Group)

During the financial year 2024, our controlled entity within the Telstra PM Group issued $28 million (2023: $923 million) of equity-like securities to the Australian Government, through Export Finance Australia. The issued securities are classified as equity and recognised as non-controlling interest.

Table B summarises financial information for the year ended and as at 30 June 2024 of Telstra PM Group which have material non-controlling interests. The financial information represents the amounts before inter-company eliminations of transactions with other entities within the Telstra Group, with the exception of the transactions within the Telstra PM Group which have been eliminated.

| Table B<br>Telstra PM Group | Year ended/as at 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| ***Statement of financial position*** | | |
| Current assets | 292 | 460 |
| Non-current assets | 3,354 | 3,353 |
| **Total assets** | **3,646** | **3,813** |
| Current liabilities | 341 | 537 |
| Non-current liabilities | 1,836 | 1,861 |
| **Total liabilities** | **2,177** | **2,398** |
| **Net assets** | **1,469** | **1,415** |
| | | |
| **Accumulated non-controlling interests** | **964** | **938** |
| ***Statement of comprehensive income*** | | |
| Revenue | 738 | 738 |
| **Profit/(loss)/total comprehensive income for the period attributable to Telstra PM Group** | **45** | **(7)** |
| | | |
| **Profit allocated to non-controlling interests** | **3** | **1** |
| ***Statement of cash flows*** | | |
| Net cash inflow from operating activities | 257 | 216 |
| Net cash outflow from investing activities | (292) | (2,525) |
| Net cash inflow from financing activities | 38 | 2,402 |
| **Net cash inflow** | **3** | **93** |

### 6.3.3 The Exchange Trust

As at 30 June 2024, our controlled entity The Exchange Trust, which holds a portfolio of 36 Telstra exchanges in Australia, had a 49 per cent (2023: 49 per cent) non-controlling interest balance of $702 million (2023: $701 million). The trustee of the Exchange Trust is Merricks NewCo Pty Ltd, our wholly-owned controlled entity. During the financial year 2024, we paid the minority unit holder of the trust a $36 million (2023: $33 million) dividend.

# Section 6. Our investments (continued)

## 6.4 Investments in joint ventures and associated entities

We account for joint ventures and associated entities using the equity method. Under this method, we recognise the investment at cost and subsequently adjust it for our share of profits or losses, which are recognised in the income statement and our share of other comprehensive income, which is recognised in the statement of comprehensive income. Generally, dividend received reduces the carrying value of the investment.

The movements in the carrying amount of equity accounted investments in our joint ventures and associated entities are summarised in table A.

| **Table A**<br>**Telstra Group** | As at 30 June | | | |
|---|---|---|---|---|
| | Joint ventures | | Associated entities | |
| | 2024 | 2023 | 2024 | 2023 |
| | $m | $m | $m | $m |
| **Carrying amount of investments at beginning of year** | **159** | **284** | **527** | **530** |
| Additions | 4 | 6 | 43 | 27 |
| Acquisitions through business combinations | - | - | - | 8 |
| Gain on dilution of shareholding recognised in other comprehensive income | - | - | - | 7 |
| | **163** | **290** | **570** | **572** |
| Share of net loss | (7) | (3) | (9) | (24) |
| Provision for diminution | - | - | (3) | - |
| Share of distributions | (55) | (45) | (7) | - |
| Share of reserves | (11) | (83) | (5) | (21) |
| **Carrying amount of investments at end of year** | **90** | **159** | **546** | **527** |

Additions of associated entities include $43 million (2023: $27 million) of new investments in Telstra Ventures Fund III, L.P.

Share of joint ventures' reserves includes $11 million loss (2023: $83 million) in our share of other comprehensive income.

# Section 6. Our investments (continued)

## 6.4 Investments in joint ventures and associated entities (continued)

### 6.4.1 List of our investments in joint ventures and associated entities

Table B presents a list of our investments in joint ventures and associated entities, their principal place of business/country of incorporation and our ownership interest.

| Table B<br>Telstra Group | | | Ownership interest<br>As at 30 June | |
|---|---|---|---|---|
| | | | 2024 | 2023 |
| Name of entity | Principal activities | Principal place of business/country of incorporation | % | % |
| **Joint ventures** | | | | |
| 3GIS Pty Ltd | Management of former 3GIS Partnership (non-operating) | Australia | 50.0 | 50.0 |
| Reach Limited | International connectivity services | Bermuda | 50.0 | 50.0 |
| Telstra Ventures Fund II, L.P. | Venture capital | Guernsey | 62.5 | 62.5 |
| **Associated entities** | | | | |
| ACN 147 190 118 Pty Ltd[1] | n/a | Australia | - | 20.0 |
| Asia Netcom Philippines Corporation | Ownership of physical property | Philippines | 40.0 | 40.0 |
| Australia-Japan Cable Holdings Limited | Network cable provider | Bermuda | 46.9 | 46.9 |
| Dacom Crossing Corporation | Network cable provider | Korea | 49.0 | 49.0 |
| NXE Australia Pty Limited | Pay television | Australia | 35.0 | 35.0 |
| Pacific Carriage Holdings Limited Inc. | Network cable provider | United States | 25.0 | 25.0 |
| Pivotal Labs Sydney Pty Ltd | Software development | Australia | 20.0 | 20.0 |
| Samoa Submarine Cable Company Limited | Network cable provider | Samoa | 16.7 | 16.7 |
| Southern Cross Cables Holdings Limited | Network cable provider | Bermuda | 25.0 | 25.0 |
| Telstra Converge Inc. | Telecommunication services | Philippines | 48.0 | 48.0 |
| Telstra Super Pty Ltd | Superannuation trustee | Australia | 100.0 | 100.0 |
| Telstra Ventures Fund III, L.P. | Venture capital | Guernsey | 50.0 | 50.0 |
| Tianjin TenLink Electronic Technology Co., Ltd. | Control system of industrial internet supplier | China | 4.8 | 5.0 |
| Tonga Cable Limited | Network cable provider | Tonga | 16.6 | 16.6 |

1 ACN 147 190 118 Pty Ltd was deregistered on 5 June 2024.

# Section 6. Our investments (continued)

### 6.4 Investments in joint ventures and associated entities (continued)

**6.4.1 List of our investments in joint ventures and associated entities (continued)**

We apply judgement to determine if we have significant influence or joint control over our investments as detailed below.

## Joint control of Telstra Ventures Fund II, L.P.

We applied judgement to determine that we have joint control of our investment in Telstra Ventures Fund II, L.P.. While we hold 62.5 per cent of the partnership interest on a fully committed basis, key decisions for the entity require the unanimous approval of the Advisory Committee, on which we hold one of the two seats, or a majority of at least 75.0 per cent of the fully committed capital.

## Significant influence over Telstra Super Pty Ltd

We applied judgement to determine that we do not control Telstra Super Pty Ltd even though we own 100.0 per cent of its equity.

Telstra Super Pty Ltd is the trustee for the Telstra Superannuation Scheme. We do not consolidate Telstra Super Pty Ltd as we do not control the board of directors. The board of directors consists of an equal number of employer and member representatives and an independent chairman. Our voting power over the relevant activities is 44.0 per cent, which is equivalent to our representation on the board. The entity is therefore classified as an associated entity as we have significant influence over it.

## Significant influence over Telstra Ventures Fund III, L.P.

We applied judgement to determine that we have significant influence of our investment in Telstra Ventures Fund III, L.P.. While we hold 50.0 per cent (2023: 50.0 per cent) on a committed capital amount basis, we have a seat on the Advisory Committee. This gives us the power to participate in the financial and operating policy decisions of the investment.

***(a) NXE Group***

Telstra has a 35 per cent interest in NXE Australia Pty Limited and its controlled entities (NXE Group), an associated entity which provides subscription TV and streaming services. In the consolidated financial statements Telstra's interest in NXE Australia Pty Limited is accounted for using the equity method.

Financial information of NXE Group for the financial year 2024 is summarised in table C based on their consolidated management financial statements prepared in accordance with the Australian Accounting Standards. The information disclosed reflects the amounts presented in the financial statements of NXE Group and not Telstra’s share of those amounts. The management financial information has been adjusted to reflect adjustments made by Telstra when using the equity accounting method, including fair value adjustments and modifications for differences in accounting policy and impairment of our investment.

| **Table C** | Year ended 30 June | |
|---|---|---|
| **NXE Group** | 2024 | 2023 |
| | $m | $m |
| Current assets | 694 | 682 |
| Non-current assets | 3,200 | 3,542 |
| Current liabilities | (881) | (1,360) |
| Non-current liabilities | (2,243) | (1,992) |
| **Equity** | **770** | **872** |
| Telstra's share in equity 35% (2023: 35%) | 270 | 305 |
| Equity accounting adjustments | 107 | 83 |
| **Telstra's carrying amount of the investment** | **377** | **388** |
| Revenue | 2,911 | 2,866 |
| Operating expenses | (3,055) | (2,979) |
| **Loss before tax** | **(144)** | **(113)** |
| Income tax benefit | 48 | 36 |
| **Loss for the year** | **(96)** | **(77)** |
| Other comprehensive income | (5) | (7) |
| **Total comprehensive income for the year** | **(101)** | **(84)** |
| Equity accounting adjustments | 70 | 44 |
| Adjusted comprehensive income for the year | (31) | (40) |
| **Telstra's share of comprehensive income for the year (35%; 2023: 35%)** | **(11)** | **(14)** |

## 6.4 Investments in joint ventures and associated entities (continued)

### 6.4.2 Other joint ventures and associated entities

Table D presents our share of the aggregate financial information of joint ventures and associated entities.

| Table D<br>Telstra Group | Year ended/As at 30 June | | | |
|---|---|---|---|---|
| | Joint ventures | | Associated entities | |
| | 2024 | 2023 | 2024 | 2023 |
| | $m | $m | $m | $m |
| **Carrying amount of investment** | **90** | **159** | **546** | **527** |
| ***Group's share of:*** | | | | |
| Loss | (7) | (3) | (9) | (24) |
| Other comprehensive income | (11) | (83) | (5) | (14) |
| **Total comprehensive income** | **(18)** | **(86)** | **(14)** | **(38)** |

### 6.4.3 Suspension of equity accounting

Table E presents our unrecognised share of losses for the financial year and cumulatively for our entities where equity accounting has ceased and the investment is recorded at zero due to losses made by these entities and/or reductions in the equity accounted carrying amount.

| Table E<br>Telstra Group | Year ended 30 June | | | |
|---|---|---|---|---|
| | Period | Cumula-tive | Period | Cumula-tive |
| | 2024 | 2024 | 2023 | 2023 |
| | $m | $m | $m | $m |
| ***Joint ventures*** | | | | |
| Reach Limited | (4) | (562) | (5) | (558) |
| ***Associated entities*** | | | | |
| Australia-Japan Cable Holdings Limited | - | (70) | (1) | (70) |
| | **(4)** | **(632)** | **(6)** | **(628)** |

### 6.4.4 Transactions with our joint ventures and associated entities

Details of key transactions with our joint ventures and associated entities recorded in the income statement and statement of financial position are provided below.

***(a) Sale and purchase of goods and services***

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

Details of individually significant transactions were as follows:

- we purchased from NXE Group pay television services amounting to $467 million (2023: $540 million). The purchases enabled resale of Foxtel services, including Pay TV content, to our existing customers.
- we sold to NXE Group broadband system services, network access services and other professional services totalling $44 million (2023: $69 million) and wholesale services totalling $63 million (2023: $68 million).

***(b) Amounts owed by associated entities***

In February 2020, we entered into a subordinated loan agreement with NXE Australia Pty Limited under which we made available to NXE Australia Pty Limited a loan facility of up to $170 million at commercial rates of interest. The facility matures on 22 December 2027. As at 30 June 2024, the outstanding balance drawn under this facility was $139 million (2023: $143 million).

***(c) Trade and other payables***

As at 30 June 2024, we had $75 million (2023: $72 million) trade payables to NXE Group for purchases of pay television services.

### 6.4.5 Recognition and measurement

***(a) Investments in joint ventures***

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Our interests in joint ventures are accounted for using the equity method of accounting.

***(b) Investments in associated entities***

These are investments in entities over which we have the ability to exercise significant influence but we do not control the decisions of the entity. Our interests in associated entities are accounted for using the equity method of accounting.

***(c) Equity method of accounting***

Investments in associated entities and joint ventures are carried in the consolidated balance sheet at cost plus post-acquisition changes in our share of the investment's net assets and net of impairment loss. Goodwill relating to an investment in an associated entity or joint venture is included in the carrying value of the investment and is not amortised. When Telstra's share of losses exceeds our investment in an associated entity or joint venture, the carrying amount of the investment is reduced to nil and no further losses are recognised.

The equity accounted investments are assessed for impairment annually or when there are impairment indicators.

# Section 7. Other information

This section provides information and disclosures not included in the other sections, for example our external auditor's remuneration, commitments and contingencies, parent entity disclosures and significant events occurring after reporting date.

## 7.1 Auditor's remuneration

Our external auditor of the Group is Ernst & Young (EY). In addition to the audit and review of our financial reports, EY provides other services throughout the year. This note details the total fees to our external auditors.

| Telstra Group | Year ended 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| ***Fees to Ernst & Young (Australia)*** | | |
| Category 1 | 10.598 | 10.225 |
| Category 2 | 0.043 | 0.043 |
| Category 3 | 1.969 | 2.505 |
| Category 4 | - | 0.359 |
| **Total fees to Ernst & Young (Australia)** | **12.610** | **13.132** |
| ***Fees to other overseas member firms of Ernst & Young (Australia)*** | | |
| Category 1 | 4.477 | 4.170 |
| Category 2 | - | 0.052 |
| Category 3 | 0.059 | 0.030 |
| Category 4 | 0.144 | 0.099 |
| **Total fees to other overseas member firms of Ernst & Young (Australia)** | **4.680** | **4.351** |
| **Total auditor's remuneration** | **17.290** | **17.483** |

Audit and non-audit fees are disclosed in the following categories:

- Category 1: fees to the group auditor for auditing the statutory financial report of the parent covering the group, and for auditing the statutory financial report of any controlled entities
- Category 2: fees for assurance services that are required by legislation to be provided by the auditor
- Category 3: fees for other assurance and agreed-upon procedures services where there is discretion as to whether the service is provided by the auditor or another firm
- Category 4: fees for other services (e.g. tax compliance).

Services in Category 3 included IT security control assessments, various assurance and agreed-upon procedures services.

Services in Category 4 included tax and other advisory services.

We have processes in place to maintain the independence of our external auditor, including the nature of expenditure on non-audit services. EY also has specific internal processes and policies in place to ensure auditor independence.

## 7.2 Other provisions

The table below provides a summary of our current and non-current other provisions.

| Telstra Group | As at 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| Current other provisions | 349 | 327 |
| Non-current other provisions | 196 | 186 |
| | **545** | **513** |

As at 30 June 2024, other provisions included $199 million redundancy provisions as detailed in note 5.1.1.

As at 30 June 2023, other provisions included $191 million provisions for tax matters related to the acquisition of Digicel Pacific which have been resolved during this financial year 2024. Refer to note 6.2.1 for further details.

## 7.3 Parent entity disclosures

This note provides details of Telstra Entity's financial performance and financial position as a standalone entity. The results include transactions with its controlled entities.

On 31 October 2022, as part of the Telstra Group restructure completed on 1 January 2023 Telstra Group Limited became the parent entity of the Telstra Group.

Tables A and B provide a summary of the financial information for the Telstra Entity.

| Table A<br>Telstra Entity | As at 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| ***Statement of financial position*** | | |
| Total current assets | 1,593 | 2,355 |
| Total non-current assets | 44,471 | 44,334 |
| **Total assets** | **46,064** | **46,689** |
| Total current liabilities | 22,970 | 24,112 |
| Total non-current liabilities | 4,197 | 1,660 |
| **Total liabilities** | **27,167** | **25,772** |
| Share capital | 3,095 | 3,095 |
| Reorganisation reserve | (53) | (53) |
| Cash flow hedging reserve | 14 | 9 |
| Foreign currency basis spread reserve | (8) | - |
| Retained profits | 15,849 | 17,866 |
| **Total equity** | **18,897** | **20,917** |

# Section 7. Other information (continued)

## 7.3 Parent entity disclosures (continued)

Reorganisation reserve represents the amounts recognised as a result of the establishment of the new parent entity and other steps of the Telstra Group restructure completed on 1 January 2023.

| Table B<br>Telstra Entity | Year ended 30 June | |
|---|---|---|
| | 2024 | 2023 |
| | $m | $m |
| ***Statement of comprehensive income*** | | |
| Profit for the year | 49 | 5,924 |
| Total comprehensive income | 2 | 5,919 |

Total current assets include $34 million (2023: $34 million) of provision for impairment losses recognised during the financial year 2024 relating to impairment of intercompany receivables due from certain subsidiaries within our Australian tax consolidated group under the income tax funding agreement. This impairment has been eliminated on consolidation of the Telstra Group.

As at 30 June 2024, the Telstra Entity did not have any capital commitments. Refer to note 7.4.1 for details about the Group capital commitments.

### 7.3.1 Contingent liabilities and guarantees

Following the completion of the Telstra Group restructure on 1 January 2023, Telstra Entity became the parent entity in the Telstra Group and the operating businesses are carried out by separate legal entities controlled by it. As a result, the performance obligations under a number of our existing contractual arrangements now apply to these separate legal entities. Where contractually required or otherwise agreed with counterparties, the Telstra Entity has provided parent company guarantees, however those guarantees did not change the overall economic exposure the Telstra Group had under these arrangements prior to the Telstra Group restructure.

***(a) Intra-group debt guarantees***

The Telstra Entity has entered into the following intra-group debt guarantees as part of the Telstra Group restructure completed on 1 January 2023:

- a debt guarantee in favour of holders of specified debt issued by Telstra Corporation Limited (including unsecured notes, bank loans, commercial paper and derivatives covering cross currency swaps, interest rate swaps and forward foreign exchange contracts) under which each of Telstra Group Limited and Telstra Limited guarantee all amounts due and payable but unpaid by Telstra Corporation Limited in respect of the guaranteed debt. The guarantee will apply for the term of the guaranteed debt, subject to early release in certain circumstances, including if the guaranteed debt is repaid, redeemed, purchased, exchanged, transferred or substituted (or similar) earlier, and, subject to certain applicable limitations and conditions, may also be released early in respect of the guarantee given by Telstra Group Limited. Following the issuance of the debt guarantee Telstra Group Limited recognised a financial guarantee liability (measured at fair value), and a contribution increasing its investment in Telstra Corporation Limited.
- a debt guarantee in favour of holders of specified debt issued by Telstra Group Limited under which each of Telstra Limited and Telstra Corporation Limited guarantee all amounts due and payable but unpaid by Telstra Group Limited in respect of the guaranteed debt. Guaranteed debt entered into by Telstra Group Limited comprises of unsecured notes, a bank loan, commercial paper, derivatives covering cross currency swaps and forward foreign exchange contracts. The guarantee will apply for the term of the guaranteed debt, subject to early release in certain circumstances, including if the guaranteed debt is repaid, redeemed, purchased, exchanged, transferred or substituted (or similar) earlier, and, subject to certain applicable limitations and conditions, may also be released early in respect of the guarantee given by Telstra Corporation Limited. Following the issuance of the debt guarantee, it was measured at fair value and accounted for as an adjustment to the guaranteed debt of Telstra Group Limited, with a corresponding reduction in its investments in Telstra Corporation Limited and Telstra Limited.

The financial impact of all intra-group debt guarantees has been eliminated at the Telstra Group level.

***(b) Contingent liabilities and other guarantees***

We have also provided the following indemnities, performance guarantees and financial support through the Telstra Entity:

- guarantees to nbn co in respect of payment obligations of Telstra Limited or Telstra Corporation Limited to nbn co up to a maximum of $2.5 billion in respect of the Subscriber Agreement, and $2.5 billion in respect of the Infrastructure Services Agreement. At the reporting date, the likelihood of any claims under these guarantees is considered remote.
- Telstra Group Limited, Telstra Limited, and Telstra Corporation Limited have entered into (i) a multi entity bank account set off facility; and (ii) banking services agreement, for their transactional banking requirements. A cross guarantee and indemnity has been provided by each of Telstra Group Limited, Telstra Limited and Telstra Corporation Limited in respect of amounts due and payable to the applicable bank counterparty under each of these arrangements.
- parent guarantee under which the Telstra Entity has provided a guarantee in favour of Amplitel Pty Ltd as trustee for the Towers Business Operating Trust in respect of obligations from Telstra Limited under the Master Services Agreement.
- guarantees in favour of counterparties in respect of specified obligations of one of our controlled entities under contracts executed under the International Swaps and Derivatives Association agreement (ISDA) between the controlled entity and the swap counterparty. As at 30 June 2024, there was no exposure under those contracts.

# Section 7. Other information (continued)

## 7.3 Parent entity disclosures (continued)

### 7.3.2 Recognition and measurement

The accounting policies for the Telstra Entity are consistent with those of the Telstra Group, except for those noted below:

- under our income tax funding agreement, amounts receivable (or payable) recognised by the Telstra Entity for the current tax payable (or receivable) assumed from our Australian wholly-owned entities are booked as current assets or liabilities. These tax amounts are measured using a 'stand-alone taxpayer' approach. Refer to note 2.4.4 for details about amounts receivable and payable by the Telstra Entity under the income tax funding agreement.
- investments in controlled entities, included within non-current assets, are recorded at cost less impairment of the investment value
- under an internal funding policy between the sponsoring employer of Telstra Super (i.e. the Telstra Entity) and the associated employers (i.e. other legal entities under common control which participate in Telstra Super) each entity recognises the net defined benefit cost related to its employees who are members of Telstra Super. Both the Telstra Entity and the associated employers account for their share of the net deficit (i.e. net defined benefit liability) where the fair value of the plan assets allocated to that entity based on the defined benefit obligations of the employees who are members of Telstra Super is less than the present value of the defined benefit obligations of those employees. The Telstra Entity also accounts for any surplus (i.e. net defined benefit asset) where the fair value of the total plan assets exceeds the total present value of the defined benefit obligations of Telstra Super as a whole.
- where the Telstra Entity grants its equity instruments to employees of a subsidiary, the subsidiary records an expense, with a corresponding credit to equity, representing a capital contribution from the Telstra Entity and the Telstra Entity records an increase in its investment in the subsidiary equivalent to the expense in the subsidiary, with a corresponding credit to equity.

## 7.4 Commitments and contingencies

This note provides details of our commitments for capital expenditure arising from our contractual agreements.

This note also includes information about contingent liabilities for which no provisions have been recognised due to the uncertainty regarding the outcome of future events and/or inability to reliably measure such liabilities.

### 7.4.1 Capital expenditure commitments

Table A shows capital expenditure commitments contracted for at balance date but not recorded in the financial statements.

| Table A<br>Telstra Group | As at 30 June<br>2024<br>$m | <br>2023<br>$m |
|---|---|---|
| Property, plant and equipment commitments | 885 | 772 |
| Intangible assets commitments | 184 | 716 |

In the financial year 2023, intangible assets commitments included $616 million commitment to purchase the 20-year spectrum licences in the Australian Communications and Media Authority (ACMA)'s 850/950 MHz auction. During the financial year 2024, we obtained control of these licences, recognised them as assets, and settled our liability with ACMA.

### 7.4.2 Contingent liabilities and contingent assets

Details and estimated maximum amounts (where reasonable estimates can be made) of contingent liabilities for the Telstra Entity are disclosed in note 7.3.1.

***(a) Investigations by regulators***

The Telstra 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 Group 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 Group is subject to investigations and reviews from time to time by regulators, including certain current investigations into whether the Telstra Group has complied with relevant laws and regulations. These are taking place in an environment of heightened scrutiny and regulator expectation and include where the Telstra Group 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, disclosures will be made as required by the accounting standards, or our other legal disclosure obligations. Provisions will be made for potential liabilities, if arising, in accordance with the accounting standards.

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

***(b) Common law claims***

Certain common law claims by employees and third parties are yet to be resolved. As at 30 June 2024, management believes that the resolution of these contingencies will not have a significant effect on the Telstra Group's financial results.

# Section 7. Other information (continued)

## 7.4 Commitments and contingencies (continued)

### 7.4.2 Contingent liabilities and contingent assets (continued)

***(c) Indemnities, performance guarantees and financial guarantees***

In addition to the items disclosed in note 7.3.1, we have provided the following indemnities, performance guarantees and financial support through our controlled entities:

- indemnities to financial institutions to support bank guarantees to the value of $234 million (2023: $254 million) in respect of the performance of contracts
- indemnities and corporate guarantees to financial institutions and other third parties in respect of performance and other obligations of our controlled entities, with the maximum amount of our contingent liabilities of $278 million (2023: $274 million). After the balance date, guarantees totalling $60 million expired or were cancelled.
- letters of comfort to indicate support for certain controlled entities to the amount necessary to enable those entities to meet their obligations as and when they fall due, subject to certain conditions (including that the entity remains our controlled entity)
- an internal indemnity arrangement in connection to bank guarantees procured from, and indemnities granted to, financial institutions to the value of $234 million (2023: $254 million) in respect of the performance of contracts.

***(d) Other contingent liabilities***

Other contingent liabilities identified for the Telstra Group relate to the ASIC deed of cross guarantee. A list of the companies that are party to the deed and part of the Closed Group are included in note 6.2.2. Each of these companies that are part of the Closed Group guarantees the payment in full of the debts of the other companies in the Closed Group in the event of their winding up.

In addition to the above matters, entities within the Telstra Group may be recipients of, or defendants in, certain claims, regulatory or legal proceedings and/or complaints made, commenced or threatened. As at 30 June 2024, management believes that the resolution of these contingencies are not at a stage which supports a reasonable evaluation of the likely outcome of the matter and therefore, no provision has been made.

***(e) Contingent assets***

We had no significant contingent assets as at 30 June 2024.

## 7.5 Events after reporting date

We are not aware of any matter or circumstance that has occurred since 30 June 2024 that, in our opinion, has significantly affected or may significantly affect in future years:

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

other than the following:

### 7.5.1 Final dividend

The details of the final dividend for the financial year 2024 are disclosed in note 4.2.

### 7.5.2 Acquisition of the remaining 30 per cent in Power Health

On 2 July 2024 we completed the acquisition of the remaining 30 per cent of the shares in Power Health for a total cash consideration of $30 million, taking our ownership interest to 100 per cent. Refer to note 6.2.1 for further details.

# Consolidated Entity Disclosure Statement



### As at 30 June 2024

The consolidated entity disclosure statement is required by section 295(3A) of the *Corporations Act*. It includes disclosures about entities consolidated within the Telstra Group as at 30 June 2024, including details about tax residency of each entity.

The consolidated entity disclosure statement sets out a complete list of Telstra Group and its controlled entities as at 30 June 2024 as detailed in the table below.

Joint ventures (as determined under the accounting standards) are not consolidated as controlled entities in the Telstra Group.

The table below includes the following details:

- the name of each entity consolidated within the Telstra Group, its country of incorporation or formation, and the ownership percentage of equity held by the subsidiary's immediate and ultimate parent, respectively
- entities which had a different or an additional tax residency from their country of incorporation are referenced with (a) with further details provided below the table
- entities which were a partnership or trust (with all other entities being companies/body corporates) are referenced with (b) with further details provided below the table
- entities which were a trustee of a trust within the Telstra Group, or a partner in a partnership within the Telstra Group are referenced with (b) with further details provided below the table.

Further details about entities within the Telstra Group should be read together with the table below following the alphabetical references next to the entity's name.

| **Telstra Group** | | % of equity held by immediate parent | % of equity held by ultimate parent |
|---|---|---|---|
| | | As at 30 June 2024 | |
| Name of entity | Country of incorporation | % | % |
| Parent entity | | | |
| Telstra Group Limited | Australia | | |
| Controlled entities | | | |
| Telstra Corporation Limited | Australia | 100.0 | 100.0 |
| • DCA eHealth Solutions Pty Ltd | Australia | 100.0 | 100.0 |
| • • Argus Connecting Care Pty Ltd | Australia | 100.0 | 100.0 |
| • • Communicare eHealth Solutions Pty Ltd | Australia | 100.0 | 100.0 |
| • Medinexus Pty Ltd | Australia | 100.0 | 100.0 |
| • Merricks NewCo Pty Ltd (b) | Australia | 100.0 | 100.0 |
| • Telstra Multimedia Pty Limited | Australia | 100.0 | 100.0 |
| Telstra ESOP Trustee Pty Limited | Australia | 100.0 | 100.0 |
| Telstra Finance Limited | Australia | 100.0 | 100.0 |
| Telstra Foundation Ltd (b) | Australia | n/a | n/a |
| Telstra Growthshare Pty Ltd (b) | Australia | 100.0 | 100.0 |
| Telstra International Holdings Pty Ltd | Australia | 100.0 | 100.0 |

## Consolidated Entity Disclosure Statement (continued)

| **Telstra Group (continued)** | | % of equity held by immediate parent | % of equity held by ultimate parent |
|---|---|---|---|
| | | As at 30 June 2024 | |
| Name of entity | Country of incorporation | % | % |
| • Telstra Holdings Pty Ltd (b) | Australia | 100.0 | 100.0 |
| • Telstra International Operations Pty Limited | Australia | 100.0 | 100.0 |
| • Telstra International Networks Pty Limited | Australia | 100.0 | 100.0 |
| • Telstra Australia Networks Pty Limited | Australia | 100.0 | 100.0 |
| • Telstra Global (Malaysia) Sdn. Bhd. | Malaysia | 61.0 | 61.0 |
| • Pacnet Limited | Bermuda | 100.0 | 100.0 |
| • Pacnet Services Corporation Ltd | Bermuda | 100.0 | 100.0 |
| • Asia Netcom Pacnet (Ireland) Limited | Ireland | 100.0 | 100.0 |
| • Pacnet Global Corporation (S) Pte Ltd | Singapore | 100.0 | 100.0 |
| • Pacnet Services (Korea) Limited | Republic of Korea | 100.0 | 100.0 |
| • Pacnet Services South Asia (Philippines) Inc. | Philippines | 100.0 | 100.0 |
| • Pacnet Services (UK) Limited | United Kingdom | 100.0 | 100.0 |
| • Telstra Services (USA) Inc. | United States | 100.0 | 100.0 |
| • Pacnet Services (Japan) Corp. | Japan | 39.6 | 100.0 |
| • Pacnet Services Holdings (Taiwan) Limited | Taiwan | 100.0 | 100.0 |
| • Telstra Services (Taiwan) Inc. | Taiwan | 11.0 | 100.0 |
| • Telstra Internet (S) Pte Ltd | Singapore | 100.0 | 100.0 |
| • Pacnet Internet (HK) Limited | Hong Kong | 100.0 | 100.0 |
| • Pacific Business Solutions (China) | China | 48.0 | 48.0 |
| • Pacific Business Solutions (China) Xi'an | China | 100.0 | 48.0 |
| • Pacific Business Solutions (China) Chongqing | China | 100.0 | 48.0 |
| • Pacific Business Solutions (China) Tianjin | China | 100.0 | 48.0 |
| • Pacific Business Solutions (China) Shanghai | China | 100.0 | 48.0 |
| • Telstra PBS Limited | Hong Kong | 100.0 | 48.0 |
| • Pacific Business Solutions (China) CQ | China | 100.0 | 48.0 |
| • Pacific Business Solutions (China) Beijing | China | 100.0 | 48.0 |
| • Pacific Internet India Private Limited | India | 99.9 | 100.0 |
| • Pacnet Network Limited | Bermuda | 100.0 | 100.0 |
| • Pacnet Network (UK) Limited | United Kingdom | 100.0 | 100.0 |
| • Pacnet Network (Korea) Limited | Republic of Korea | 100.0 | 100.0 |
| • Pacnet Network (Philippines) Inc. | Philippines | 100.0 | 100.0 |
| • Pacnet Services (Japan) Corp. | Japan | 57.8 | 100.0 |
| • Pacnet Cable Limited | Bermuda | 100.0 | 100.0 |
| • C2C Pacnet (Ireland) Limited | Ireland | 100.0 | 100.0 |
| • Pacnet Cable (Korea) Limited | Republic of Korea | 100.0 | 100.0 |
| • Telstra Network & Business Services Korea Co., Ltd. | Republic of Korea | 49.0 | 100.0 |
| • Pacnet Cable (Taiwan) Limited | Taiwan | 100.0 | 100.0 |
| • Pacnet Cable (USA) Inc. | United States | 100.0 | 100.0 |
| • Pacnet Services (Japan) Corp. | Japan | 2.6 | 100.0 |

| Telstra Group (continued) | | % of equity held by immediate parent | % of equity held by ultimate parent |
|---|---|---|---|
| | | As at 30 June 2024 | |
| Name of entity | Country of incorporation | % | % |
| • • Asia Communications Investment Holdings (Taiwan) Limited | Taiwan | 100.0 | 100.0 |
| • • • Asia Communications Investment (Taiwan) Limited | Taiwan | 100.0 | 100.0 |
| • • • • Telstra Services (Taiwan) Inc. | Taiwan | 40.0 | 100.0 |
| • • Telstra Services (Taiwan) Inc. | Taiwan | 49.0 | 100.0 |
| • Beijing Australia Telecommunications Technical Consulting Services Co. Ltd | China | 100.0 | 100.0 |
| • Reach Network India Private Limited | India | 99.9 | 99.9 |
| • Telstra Asia Limited | British Virgin Islands | 100.0 | 100.0 |
| • • Telstra SE Asia Holdings Limited | British Virgin Islands | 100.0 | 100.0 |
| • • • PT Reach Network Services Indonesia | Indonesia | 90.0 | 90.0 |
| • • Telstra Asia Regional Holdings Limited | British Virgin Islands | 100.0 | 100.0 |
| • • • Telstra Malaysia Sdn. Bhd. | Malaysia | 51.0 | 51.0 |
| • • • Telstra (Thailand) Co. Ltd | Thailand | 49.0 | 49.0 |
| • • • Telstra Philippines Holdings Limited | British Virgin Islands | 100.0 | 100.0 |
| • • • • Incomgen Holdings Inc. | Philippines | 40.0 | 40.0 |
| • • • • • Telstra Web Holdings Inc. | Philippines | 60.0 | 64.0 |
| • • • • • • Telstra Philippines Inc. | Philippines | 60.0 | 78.4 |
| • • • • Telstra Philippines Inc. | Philippines | 40.0 | 78.4 |
| • • • • Telstra Web Holdings Inc. | Philippines | 40.0 | 64.0 |
| • Telstra Global Holdings Limited | British Virgin Islands | 100.0 | 100.0 |
| • • Telstra International Limited | Hong Kong | 100.0 | 100.0 |
| • • • Telstra Global (HK) Limited | Hong Kong | 100.0 | 100.0 |
| • • • • Pacnet Global Communications (India) Private Limited | India | 0.01 | 100.0 |
| • • • Telstra Cable (HK) Limited | Hong Kong | 100.0 | 100.0 |
| • Telstra Global Limited | United Kingdom | 100.0 | 100.0 |
| • • PT Telstra Nusantara | Indonesia | 95.0 | 95.0 |
| • • Telstra UK Limited (a) | United Kingdom | 100.0 | 100.0 |
| • • • Company 85 Limited | United Kingdom | 100.0 | 100.0 |
| • Telstra Holdings Singapore Pte Ltd | Singapore | 100.0 | 100.0 |
| • Telstra Incorporated (a) | United States | 100.0 | 100.0 |
| • Telstra India (Private) Limited | India | 99.9 | 100.0 |
| • • Pacific Internet India Private Limited | India | 0.1 | 100.0 |
| • Telstra International PNG Limited | Papua New Guinea | 100.0 | 100.0 |
| • Telstra Japan K. K. | Japan | 100.0 | 100.0 |
| • Telstra Network Services NZ Limited | New Zealand | 100.0 | 100.0 |
| • Telstra Services Korea Limited | Republic of Korea | 100.0 | 100.0 |
| • • Telstra Network & Business Services Korea Co., Ltd. | Republic of Korea | 51.0 | 100.0 |
| • Telstra Singapore Pte Ltd | Singapore | 100.0 | 100.0 |
| • • Telstra India (Private) Limited | India | 0.1 | 100.0 |
| • • • Pacific Internet India Private Limited | India | 0.1 | 100.0 |

## Consolidated Entity Disclosure Statement (continued)

| Telstra Group (continued) | | % of equity held by immediate parent | % of equity held by ultimate parent |
|---|---|---|---|
| | | As at 30 June 2024 | |
| Name of entity | Country of incorporation | % | % |
| • Telstra Telecommunications Private Limited | India | 0.1 | 100.0 |
| • Pacnet Global Communications (India) Private Limited | India | 99.9 | 100.0 |
| • Telstra Telecommunications Private Limited | India | 99.9 | 100.0 |
| • Telstra Global Business Services LLP (b) | India | 50.0 | 100.0 |
| • Telstra GmbH | Germany | 100.0 | 100.0 |
| • Telstra SARL | France | 100.0 | 100.0 |
| • Telstra PM Holdings Pty Ltd | Australia | 100.0 | 100.0 |
| • Telstra PM Pty Ltd | Australia | 100.0 | 100.0 |
| • BidCo (S) Pte. Ltd | Singapore | 100.0 | 100.0 |
| • Digicel Pacific Limited | Bermuda | 100.0 | 100.0 |
| • Digicel (Nauru) Corporation | Nauru | 80.0 | 80.0 |
| • Digicel International Resources Ltd | Cayman Islands | 100.0 | 100.0 |
| • Digicel Carrier Services (Pacific) Limited | Hong Kong | 100.0 | 100.0 |
| • Digicel (Singapore) Private Limited | Singapore | 100.0 | 100.0 |
| • Digicel (PNG) Limited | Papua New Guinea | 100.0 | 100.0 |
| • Digicel (PNG) Financial Services Ltd | Papua New Guinea | 100.0 | 100.0 |
| • Digicel PNG Foundation Inc. | Papua New Guinea | n/a | n/a |
| • Site & Towers (PNG) Limited | Papua New Guinea | 100.0 | 100.0 |
| • Hitron Limited | Papua New Guinea | 100.0 | 100.0 |
| • Digicel (Aus) Pty Ltd | Australia | 100.0 | 100.0 |
| • Diaspora Talktime (Australia) Pty Ltd | Australia | 100.0 | 100.0 |
| • Digicel Australia Pty Ltd | Australia | 100.0 | 100.0 |
| • Diaspora Talktime (New Zealand) Limited | New Zealand | 100.0 | 100.0 |
| • Digicel Central Resources (Fiji) Pte Limited | Fiji | 99.0 | 100.0 |
| • Digicel Pacific Finance Limited | Bermuda | 100.0 | 100.0 |
| • Digicel (Fiji Islands) Pte Limited | Fiji | 100.0 | 100.0 |
| • Digicel (Fiji) Pte Limited | Fiji | 49.0 | 100.0 |
| • Digicel (Fiji) Pte Limited | Fiji | 51.0 | 100.0 |
| • Digicel Central Resources (Fiji) Pte Limited | Fiji | 1.0 | 100.0 |
| • Digicel (Tonga) Limited | Tonga | 100.0 | 100.0 |
| • Digicel Media Ventures (Tonga) Limited | Tonga | 100.0 | 100.0 |
| • Digicel (Tonga) Financial Services Limited | Tonga | 100.0 | 100.0 |
| • Digicel (Vanuatu) Limited | Vanuatu | 100.0 | 100.0 |
| • Highrise Properties Ltd | Vanuatu | 100.0 | 100.0 |
| • Digicel Properties (Vanuatu) Limited | Vanuatu | 100.0 | 100.0 |
| • Digicel (Samoa) Limited | Samoa | 80.0 | 80.0 |
| • Digicel (Samoa) Financial Services Ltd | Samoa | 100.0 | 80.0 |
| • Telstra Reach Holdings Pty Ltd | Australia | 100.0 | 100.0 |
| Telstra Limited | Australia | 100.0 | 100.0 |

| Telstra Group (continued) | | % of equity held by immediate parent | % of equity held by ultimate parent |
|---|---|---|---|
| | | As at 30 June 2024 | |
| Name of entity | Country of incorporation | % | % |
| • Bridge Point Communications Pty Ltd | Australia | 100.0 | 100.0 |
| • CloudMed Pty Ltd | Australia | 100.0 | 100.0 |
| • Heritage Telecommunications Ltd | Australia | n/a | n/a |
| • Mobile Payment Gateway Pty Limited | Australia | 100.0 | 100.0 |
| • MTData Holdings Pty Ltd | Australia | 100.0 | 100.0 |
|   • Mobile Tracking and Data Pty Ltd | Australia | 100.0 | 100.0 |
|     • Transport Compliance Services Pty Ltd | Australia | 100.0 | 100.0 |
|   • MTData NZ Limited | New Zealand | 100.0 | 100.0 |
| • NDC Global Holdings Pty Limited | Australia | 100.0 | 100.0 |
| • NDC Global Services Pty Limited | Australia | 100.0 | 100.0 |
| • Pacnet Services (A) Pty. Ltd. | Australia | 100.0 | 100.0 |
| • Pacnet Internet (A) Pty Ltd | Australia | 100.0 | 100.0 |
|   • Hunterlink Pty Limited | Australia | 100.0 | 100.0 |
| • Quantium Telstra Pty Ltd | Australia | 50.1 | 50.1 |
| • Telstra Communications Limited | Australia | 100.0 | 100.0 |
| • Telstra Energy (Holdings) Pty Ltd | Australia | 100.0 | 100.0 |
|   • Telstra Energy (Retail) Pty Ltd | Australia | 100.0 | 100.0 |
|   • Telstra Energy (Markets) Pty Ltd | Australia | 100.0 | 100.0 |
|   • Telstra Energy (Generation) Pty Ltd | Australia | 100.0 | 100.0 |
| • Telstra Foundation (Philippines), Inc. | Philippines | n/a | n/a |
| • Telstra Health Pty Ltd | Australia | 100.0 | 100.0 |
|   • Telstra Health Services Pty Ltd | Australia | 100.0 | 100.0 |
|   • Clinical Technology Holdings Pty Limited | Australia | 100.0 | 100.0 |
|     • Clinical Technology Systems Pty Limited | Australia | 100.0 | 100.0 |
|       • Health Communication Network Pty Limited | Australia | 100.0 | 100.0 |
|         • Phoenix Medical Publishing Pty Limited | Australia | 100.0 | 100.0 |
|         • MedicalDirector (NZ) Limited (a) | New Zealand | 100.0 | 100.0 |
|         • MedicalDirector Limited | United Kingdom | 100.0 | 100.0 |
|   • Power Solutions Holdings Pty Ltd | Australia | 70.0 | 70.0 |
|     • Powerhealth Solutions W.L.L. | Bahrain | 100.0 | 70.0 |
|     • Power Solutions DTD Pty Ltd | Australia | 100.0 | 70.0 |
|       • Power Solutions Health Management Consulting Limited | Saudi Arabia | 100.0 | 70.0 |
|       • PowerHealth Solutions Canada Inc | Canada | 100.0 | 70.0 |
|       • Power Solutions DTD Limited | Ireland | 100.0 | 70.0 |
|       • PowerHealth Solutions Limited (a) | United Kingdom | 100.0 | 70.0 |
|       • PowerHealth Solutions Limited | New Zealand | 100.0 | 70.0 |
|       • Power Health Solutions Limited (a) | Hong Kong | 100.0 | 70.0 |
|   • Fred IT Group Pty Ltd | Australia | 100.0 | 100.0 |
|     • Fred Health Pty Ltd | Australia | 100.0 | 100.0 |

## Consolidated Entity Disclosure Statement (continued)

| **Telstra Group (continued)** | | % of equity held by immediate parent | % of equity held by ultimate parent |
|---|---|---|---|
| | | As at 30 June 2024 | |
| Name of entity | Country of incorporation | % | % |
| • Fred Retail Pty Ltd | Australia | 100.0 | 100.0 |
| • Medication Knowledge Pty Ltd | Australia | 100.0 | 100.0 |
| • MedView Services Pty Ltd (formerly ERX Script Exchange Pty Ltd) | Australia | 100.0 | 100.0 |
| • Pharmacy Research Network Pty. Ltd. | Australia | 100.0 | 100.0 |
| • Telstra Health UK (Holdings) Limited | United Kingdom | 100.0 | 100.0 |
| • Dr Foster Research Ltd | United Kingdom | 100.0 | 100.0 |
| • Telstra Health UK Ltd | United Kingdom | 100.0 | 100.0 |
| • Telstra International Philippines Inc. | Philippines | 100.0 | 100.0 |
| • Telstra OnAir Holdings Pty Ltd | Australia | 100.0 | 100.0 |
| • Telstra Pay TV Pty Ltd | Australia | 100.0 | 100.0 |
| • Telstra Purple Pty Ltd | Australia | 100.0 | 100.0 |
| • Alliance Automation Pty Ltd | Australia | 100.0 | 100.0 |
| • DLM Automation Pty Ltd | Australia | 100.0 | 100.0 |
| • Aqura Technologies Pty Ltd | Australia | 100.0 | 100.0 |
| • Epicon IT Solutions Pty. Ltd. | Australia | 100.0 | 100.0 |
| • Service Potential Pty Ltd | Australia | 100.0 | 100.0 |
| • Epicon Software Pty Ltd | Australia | 100.0 | 100.0 |
| • Telstra Broadcast Services Pty Limited | Australia | 100.0 | 100.0 |
| • Versent Pty Ltd | Australia | 100.0 | 100.0 |
| • Stax-WMS Pty Ltd | Australia | 100.0 | 100.0 |
| • Versent SG Pte. Ltd. | Singapore | 100.0 | 100.0 |
| • Versent US Inc. | United States | 100.0 | 100.0 |
| • Versent Group ESS Pty Ltd | Australia | 100.0 | 100.0 |
| • Telstra Services Solutions Holdings Limited | Australia | 100.0 | 100.0 |
| • Telstra 3G Spectrum Holdings Pty Ltd | Australia | 100.0 | 100.0 |
| • Telstra International (Aus) Limited (b) | Australia | 100.0 | 100.0 |
| • Telstra Global Business Services LLP (b) | India | 50.0 | 100.0 |
| • Telstra Plus Pty Ltd | Australia | 100.0 | 100.0 |
| • Telstra Ventures Pty Limited | Australia | 100.0 | 100.0 |
| • Fone Zone Pty Ltd | Australia | 100.0 | 100.0 |
| • Fone Zone People Pty Ltd | Australia | 100.0 | 100.0 |
| • Sprout Corporation Pty Ltd | Australia | 100.0 | 100.0 |
| • Kel 2000 Pty Ltd | Australia | 100.0 | 100.0 |
| • Kel 2010 Pty Ltd | Australia | 100.0 | 100.0 |
| • One Zero Communications Pty Ltd | Australia | 100.0 | 100.0 |
| • One Xerro TLS (Bundaberg) Pty Ltd | Australia | 100.0 | 100.0 |
| • Geek Squad Australia Pty Ltd | Australia | 100.0 | 100.0 |
| • Computer Geek Squad Pty Ltd | Australia | 100.0 | 100.0 |
| • One Zero TCS (Warwick) Pty Ltd | Australia | 100.0 | 100.0 |

| Telstra Group (continued) | | % of equity held by immediate parent | % of equity held by ultimate parent |
|---|---|---|---|
| | | As at 30 June 2024 | |
| Name of entity | Country of incorporation | % | % |
| • Virtual Machine Technology Pty Ltd | Australia | 100.0 | 100.0 |
| • Sapio Pty Ltd | Australia | 51.0 | 51.0 |
| • Media Innovations Holdings Pty Ltd | Australia | 51.4 | 51.4 |
| • Media Innovations IP Pty Ltd | Australia | 100.0 | 51.4 |
| • Media Innovations Pty Ltd | Australia | 100.0 | 51.4 |
| • Media Innovations Management Pty Ltd | Australia | 100.0 | 51.4 |
| • Convergent Media Investments Pty Ltd | Australia | 100.0 | 51.4 |
| • FetchTV Pty Ltd | Australia | 100.0 | 51.4 |
| • Fetch TV Retail Pty Ltd | Australia | 100.0 | 51.4 |
| • FetchTV Content Pty Ltd | Australia | 100.0 | 51.4 |
| • FetchTV Management Pty Ltd | Australia | 100.0 | 51.4 |
| • Media Innovations Services Sdn. Bhd. (a) | Malaysia | 100.0 | 51.4 |
| • Telstra Software Group Pty Ltd | Australia | 100.0 | 100.0 |
| • muru-D Pty Ltd | Australia | 100.0 | 100.0 |
| • Delta Networks Pty Ltd (formerly known as Dense Air Networks Australia) | Australia | 100.0 | 100.0 |
| Telstra Towerco No.2 Pty Ltd | Australia | 100.0 | 100.0 |
| • Amplitel Pty Ltd (b) | Australia | 51.0 | 51.0 |

**(a) Entities where tax residency differed from country of incorporation**

Section 295(3A) of the *Corporations Act* requires disclosure of the tax residency of each entity included in the consolidated entity disclosure statement.

In certain cases, determining tax residency involves judgement as it can be fact dependent and subject to interpretation, requiring consideration of matters such as location of central management and control or place of effective management. We applied the following interpretations in determining tax residency:

- Australian tax residency has been assessed based on current legislation and judicial precedent, including having regard to the Commissioner of Taxation's existing public guidance
- Foreign tax residency has been assessed based on applicable foreign legislation, judicial precedent and regulator guidance.

As at 30 June 2024, the following entities with reference (a) in the table above had a different or an additional tax residency from their country of incorporation:

- Media Innovations Services Sdn. Bhd. is incorporated in Malaysia and a tax resident in Australia
- MedicalDirector (NZ) Limited is incorporated in New Zealand and tax resident in Australia
- PowerHealth Solutions Limited is incorporated in the United Kingdom and tax resident in Australia
- Power Health Solutions Limited is incorporated in Hong Kong and tax resident in Australia
- Telstra UK Limited is incorporated in the United Kingdom and has a taxable presence in the United Arab Emirates and Sweden
- Telstra Incorporated is incorporated in the United States and has a taxable presence in Canada.

### (b) Entities which were a partnership or trust, or a trustee of a trust, or a partner in a partnership

Entities with reference '(b)' were a partnership or trust, a trustee of a trust within the Telstra Group, or a partner in a partnership within the Telstra Group as at 30 June 2024.

The entities have been classified as partnerships or trusts following the accounting requirements. Refer to note 6.4.5 for our accounting policy regarding recognition and measurement of joint ventures and associated entities.

The following entities were partners in Telstra Global Business Services LLP, a partnership within the Telstra Group:

- Telstra Holdings Pty Ltd
- Telstra International (Aus) Limited.

The table below presents the entities which were a trustee of a trust within the Telstra Group and the trusts that they were trustees of:

| Trustee | Trust |
|---|---|
| Amplitel Pty Ltd | Towers Business Operating Trust |
| Merricks NewCo Pty Ltd | The Exchange Trust |
| Telstra Foundation Limited | Telstra Foundation Community Development Fund |
| Telstra Growthshare Pty Ltd | Telstra Growthshare Trust |

# Directors' Declaration

This Directors' Declaration is required by the *Corporations Act 2001* of Australia.

The Directors of Telstra Group Limited have made a resolution that declared:

(a) in the Directors' opinion, the financial statements and notes of the Telstra Group for the financial year ended 30 June 2024 as set out in the financial report are in accordance with the *Corporations Act 2001*, including:
   (i) complying with the Accounting Standards applicable in Australia, International Financial Reporting Standards and Interpretations (as disclosed in note 1.1 to the financial statements), and Corporations Regulations 2001
   (ii) giving a true and fair view of the financial position of Telstra Group Limited and the Telstra Group as at 30 June 2024 and of the performance of Telstra Group Limited and the Telstra Group, for the year ended 30 June 2024

(b) they have received declarations as required by section 295A of the *Corporations Act 2001*

(c) at the date of this declaration, in the Directors' opinion, there are reasonable grounds to believe that Telstra Group Limited will be able to pay its debts as and when they become due and payable

(d) at the date of this declaration there are reasonable grounds to believe that the members of the extended closed group identified in note 6.2.2 to the financial statements, as parties to a Deed of Cross Guarantee, will be able to meet any liabilities to which they are, or may become, subject to because of the Deed of Cross Guarantee described in note 6.2.2.

(e) in the Directors' opinion, the consolidated entity disclosure statement required by section 295(3A) of the *Corporations Act 2001* for the year ended 30 June 2024 is true and correct.

For and on behalf of the board

Craig W Dunn
Chairman

Vicki Brady
Chief Executive Officer and
Managing Director

15 August 2024

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# Independent Auditor's Report to the Shareholders of Telstra Group Limited

## Report on the audit of the financial report

### Opinion

We have audited the financial report of Telstra Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including all material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2024 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### 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 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

### Revenue recognition

| Why significant | How our audit addressed the key audit matter |
|---|---|
| The Group exercises significant judgement relating to revenue recognition in the following areas:<br>• Accounting for new products and plans including bundles of products and/or services;<br>• Accounting for large Network Application Services (NAS) contracts; and<br>• Accounting for NBN revenue under the revised Definitive Agreements (DAs) with nbn co and the Commonwealth Government.<br><br>The accuracy of amounts recorded as revenue and related balance sheet amounts is an inherent industry risk due to the complexity of billing systems, the complexity of products and services, and the combination of products sold and price changes in the year.<br><br>The complexity of the billing systems was also considered as part of the 'Reliance on automated processes and controls' Key Audit Matter outlined below.<br><br>Disclosures relating to revenue recognition can be found at Section 2.2 Income. | We evaluated the design and operating effectiveness of key controls over the capture and measurement of revenue transactions across all significant revenue streams, including evaluating the relevant IT systems.<br><br>We examined the processes and controls over the capture and assessment of the timing of revenue recognised for new products and plans.<br><br>We assessed the Group accounting policies as set out in Section 2.2, and the adequacy of disclosures for compliance with the revenue recognition requirements of Australian Accounting Standards.<br><br>For all significant revenue streams, we selected a sample of revenue transactions recorded during the year and obtained supporting evidence such as customer contracts, statements of work, other contractual agreements, service detail records and evidence of customer payment.<br><br>We used data analytic tools to identify revenue related manual journals posted to the general ledger and traced these back to underlying source documentation, to evaluate the validity, completeness and accuracy of the postings.<br><br>For customer contracts that include NAS revenues, we focused our work on those which we regarded as higher risk because of the nature of the contract, its stage of delivery and those which were significant by size. |

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**Revenue recognition *(continued)***

| Why significant | How our audit addressed the key audit matter |
|---|---|
| | In performing this testing, we assessed the appropriateness of the assumptions and estimates supporting the accounting for these contracts as follows:<br>• We tested the effectiveness of controls that operate across the contract life cycle.<br>• We obtained and read the relevant sections of certain contracts, to identify the contracted revenues, key provisions in the event of contract termination (such as penalties or the ability for the Group to recover costs) and assessed the appropriateness of identified performance obligations, contract transaction price and fulfilment costs.<br>• Using data analytic techniques, we identified a sample of contracts where performance obligations are met at a point in time and obtained evidence to support delivery and/or customer acceptance for recorded revenue transactions.<br>• For those contracts where performance obligations were met over a period of time, we obtained evidence to support how the respective performance obligations were transferred. This included customer acknowledgement of service delivery and comparison of actual contract costs incurred with estimated costs to complete.<br>• We considered the future forecast profitability and the contractual terms to assess the recoverability of the contract-specific assets and to determine if any loss provisions are required.<br><br>We assessed the appropriateness of the assumptions and estimates supporting the accounting for the revised DAs following the updated deed of amendment as part of the total included premises (TIP) settlement, including understanding the timing of disconnections, the progress of the NBN rollout and the transfer of the copper and Hybrid Fibre Coaxial (HFC) networks to nbn co.<br><br>We also considered the impact of recent regulatory investigations on the recognition of revenue to date. |

**Reliance on automated processes and controls**

| Why significant | How our audit addressed the key audit matter |
|---|---|
| A significant part of the Group's financial processes is reliant on IT systems with automated processes and controls over the valuation and recording of transactions. This is a key part of our audit because of the:<br>• Complex IT environment supporting diverse business processes;<br>• Mix of manual and automated controls;<br>• Multiple internal and outsourced support arrangements; and<br>• Complexity of the billing systems which calculate the revenue being recognised.<br><br>The Group continued its implementation of new and upgraded IT systems during the year, a number of which were significant to our audit. | In combination with our IT specialists we assessed the Group's manual and automated controls relating to IT systems relevant to financial reporting, including the recognition of revenue. When testing controls was not considered an appropriate or efficient testing approach, alternative audit procedures were performed on the financial information being produced by those systems.<br><br>We analysed the impact on our audit strategy of new and upgraded systems that are significant to our audit. This included assessing the design and implementation of relevant processes and controls and evaluating the effectiveness of those controls. |

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**Capitalisation of assets, including useful lives and amortisation**

| Why significant | How our audit addressed the key audit matter |
|---|---|
| There are a number of areas where judgements significantly impact the carrying value of property, plant and equipment, software intangible assets and their respective depreciation and amortisation profiles. These areas are as follows:<br>• The decision to capitalise or expense costs;<br>• The annual assessment of useful lives;<br>• The timeliness of the transfer from assets in the course of construction; and<br>• Significant changes that have taken place during the period or are expected to take place in the near future, which will impact the extent to which, or manner in which, an asset is used or is expected to be used.<br><br>Changes in these judgements can have a significant impact on the results of the Group. Accordingly, this was considered a key audit matter.<br><br>Disclosures relating to the capitalisation of assets can be found at Section 3.1 Property, Plant and Equipment and Intangible Assets. | Our audit procedures included the following:<br>• Assessed the effectiveness of the Group's controls over the acquisition and disposal of assets and the transfer from assets in the course of construction.<br>• Evaluated the appropriateness of capitalisation policies.<br>• Selected a sample of costs capitalised during the year to determine whether capitalisation was appropriate.<br>• Assessed the appropriateness of the date from which assets commenced being depreciated.<br><br>We assessed the application of the Group's annual assessment of useful lives. This included assessing judgements made by the Group on:<br>• The nature of underlying costs capitalised; and<br>• The appropriateness of asset lives applied in the calculation of depreciation and amortisation.<br><br>We evaluated the adequacy of disclosures included in Section 3.1. |

**Information other than the financial report and auditor's report thereon**

The directors are responsible for the other information. The other information comprises the information included in the Group's 2024 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the directors for the financial report**

The directors of the Company are responsible for the preparation of:

a. The financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

b. The consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*; and

for such internal control as the directors determine is necessary to enable the preparation of:

(i) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

(ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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## Auditor's responsibilities for the audit of the financial report *(continued)*

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the audit of the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Telstra Group Limited for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Sarah Lowe

Sarah Lowe
Partner
Melbourne
15 August 2024

# Shareholder information

# Shareholder information

## Listing information

**Stock Exchange Listing**
Telstra Group Limited is solely listed, and its issued shares are quoted on the Australian Securities Exchange (ASX).

**Markets on which our debt securities are listed**
Telstra Group Limited also has debt securities listed on the ASX. In addition, Telstra Corporation Limited has debt securities listed on the ASX and the Singapore Stock Exchange.

## Voting rights

Shareholders (whether residents or non-residents of Australia) may vote at a meeting of shareholders in person, directly or by proxy, attorney or representative, depending on whether the shareholder is an individual or a company.

Subject to any rights or restrictions attaching to our shares, on a show of hands each shareholder present in person or by proxy, attorney or representative has one vote and, on a poll, has one vote for each fully paid share held. Presently, we have only one class of fully paid ordinary shares and these do not have any voting restrictions. If shares are not fully paid, on a poll the number of votes attaching to the shares is pro-rated accordingly.

## Distribution of securities and security holdings

The following table shows the number of listed shares on issue at 31 July 2024:

| Title of class | Identity of person or group | Amount owned | % |
|---|---|---|---|
| **Listed shares** | Listed shareholders | 11,554,427,353 | 100 |

## Distribution of shares

The following table summarises the distribution of our listed shares as at 31 July 2024:

| Size of holding | Number of shareholders | % | Number of shares | % |
|---|---|---|---|---|
| **1–1,000** | 556,718 | 48.53% | 300,513,137 | 2.60% |
| **1,001–5,000** | 398,607 | 34.75% | 947,419,882 | 8.20% |
| **5,001–10,000** | 98,858 | 8.62% | 708,621,914 | 6.13% |
| **10,001–100,000** | 89,794 | 7.83% | 2,176,560,309 | 18.84% |
| **100,001 and over** | 3,196 | 0.28% | 7,421,312,111 | 64.23% |
| **Total** | **1,147,173** | **100.00%** | **11,554,427,353** | **100.00%** |

The number of shareholders holding less than a marketable parcel of shares was 27,769 holdings totalling 1,910,347 shares (based on the closing market price on 31 July 2024).

## Substantial shareholding

As at 31 July 2024, the following organisations have disclosed a substantial shareholding notice on the ASX:

| Name | Number of shares | % of voting power |
|---|---|---|
| STATE STREET CORPORATION AND SUBSIDIARIES[1] | 697,178,937 | 6.03 |

## Twenty largest shareholders as at 31 July 2024

The following table sets out the Top 20 holders of our shares:

| | Shareholder name | Amount owned | % |
|---|---|---|---|
| 1 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 1,426,605,158 | 12.35% |
| 2 | J P MORGAN NOMINEES AUSTRALIA PTY LIMITED | 1,333,172,605 | 11.54% |
| 3 | CITICORP NOMINEES PTY LIMITED | 1,139,243,250 | 9.86% |
| 4 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 1,056,396,990 | 9.14% |
| 5 | BNP PARIBAS NOMINEES PTY LIMITED <AGENCY LENDING A/C> | 527,129,805 | 4.56% |
| 6 | NATIONAL NOMINEES LIMITED | 216,163,338 | 1.87% |
| 7 | BNP PARIBAS NOMS PTY LIMITED | 138,587,418 | 1.20% |
| 8 | BUTTONWOOD NOMINEES PTY LTD | 100,868,000 | 0.87% |
| 9 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C> | 83,647,419 | 0.72% |
| 10 | BNP PARIBAS NOMINEES PTY LIMITED <HUB24 CUSTODIAL SERV LTD>> | 66,636,446 | 0.58% |
| 11 | CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C> | 51,456,916 | 0.45% |
| 12 | NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C> | 51,418,412 | 0.45% |
| 13 | AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED | 47,525,000 | 0.41% |
| 14 | BNP PARIBAS NOMS PTY LTD <DEUTSCHE BANK TCA> | 43,483,540 | 0.38% |
| 15 | ARGO INVESTMENTS LIMITED | 42,000,000 | 0.36% |
| 16 | IOOF INVESTMENT SERVICES LIMITED <IPS SUPERFUND A/C> | 31,482,128 | 0.27% |
| 17 | CUSTODIAL SERVICES LIMITED <BENEFICIARIES HOLDING A/C> | 25,322,382 | 0.22% |
| 18 | BNP PARIBAS NOMS(NZ) LTD | 22,469,387 | 0.19% |
| 19 | NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C> | 22,001,041 | 0.19% |
| 20 | IOOF INVESTMENT SERVICES LIMITED <IOOF IDPS A/C> | 19,328,394 | 0.17% |
| | **Total for Top 20** | **6,444,937,629** | **55.78%** |
| | **Total other Investors** | **5,109,489,724** | **44.22%** |
| | **Grand Total** | **11,554,427,353** | **100.00%** |

1. Substantial shareholding as at 14 May 2024, as per notice lodged on 16 May 2024.

# Reference
# tables

# Reference tables

## Guidance versus reported results

This schedule details adjustments made to the reported results for the current and comparative periods to reflect the performance of the business on the basis on which we provided guidance to the market, which excludes material one-offs, such as mergers and acquisitions, disposals, impairments, spectrum, restructuring costs and such other items as determined by the Board and management. Underlying EBITDA excludes guidance adjustments, and in FY23 and prior years also excludes net one-off nbn DA receipts less nbn net C2C. For acquisitions, Underlying EBITDA includes earnout adjustments in the second and subsequent years following acquisition in accordance with our policy. Free cashflow after lease payments (FCFaL) defined as 'operating cash flows' less 'investing cash flows' less 'payments for lease liabilities', and excludes spectrum and guidance adjustments.

The following adjustments provide a detailed reconciliation from reported to guidance results for each guidance measure:

| | Total Income | | | Underlying EBITDA | | | Free Cashflow | |
|---|---|---|---|---|---|---|---|---|
| | FY23 $m | FY24 $m | | FY23 $m | FY24 $m | | FY23 $m | FY24 $m |
| **Reported Total Income** | **23,245** | **23,482** | **Reported EBITDA** | **7,862** | **7,528** | **Reported Free Cashflow** | **851** | **2,059** |
| **Adjustments** | | | | | | | | |
| M&A adjustment[1] | 0 | (81) | M&A adjustment[1] | 34 | 30 | M&A adjustment[1] | 2,595 | 394 |
| Telstra Enterprise reset & impairments[2] | n/a | n/a | Telstra Enterprise reset & impairments[2] | n/a | 438 | Telstra Enterprise reset & impairments[2] | n/a | n/a |
| Restructuring costs[3] | n/a | n/a | Restructuring costs[3] | 91 | 247 | Restructuring costs[3] | n/a | n/a |
| Net one-off NBN receipts[4] | n/a | n/a | Net one-off NBN receipts[4] | (37) | n/a | Net one-off NBN receipts[4] | n/a | n/a |
| Spectrum payments[5] | n/a | n/a | Spectrum payments[5] | 0 | n/a | Spectrum payments[5] | 112 | 1,284 |
| Lease[6] | n/a | n/a | Lease[6] | 0 | n/a | Lease[6] | (774) | (751) |
| **Guidance Total Income** | **23,245** | **23,401** | **Guidance Underlying EBITDA** | **7,950** | **8,243** | **Guidance Free Cashflow** | **2,784** | **2,986** |

The adjustments set out in the above tables have been reviewed by our auditor for consistency with the guidance basis as set out on this page.

**Notes:**

1. M&A adjustments relating to acquisitions and disposals of controlled entities, joint ventures, associates and other investments and any associated net gains or losses, and contingent consideration.

   FY24 also adjusted for Versent Pty Ltd and its subsidiaries (Versent) trading performance and additional operating costs related to multiple individually immaterial Telstra Business Technology Centres acquired.

   During FY23 we paid stamp duty relating to Amplitel Pty Ltd (Amplitel) and acquired:
   – Digicel Pacific Limited and its subsidiaries (Digicel Pacific);
   – a 51.4% stake in Media Innovations Holdings Pty Ltd and its subsidiaries (Fetch TV).

   During FY24 we:
   – acquired Versent.
   – paid for multiple individually immaterial Telstra Business Technology Centres and associated additional operating costs.
   – contributed additional equity to Silicon Quantum Computing Pty Ltd.
   – paid ~$111m for FY23 Digicel Pacific earn-out.

2. FY24 Impairments including for Telstra Enterprise reset ($311m), right-of-use assets following a review of utilisation of our office building leases ($82m), and Retail Energy business ($45m). Telstra Enterprise reset including $177m for deferred contract costs and $134m for goodwill, software and inventory.

3. FY23 adjustments include costs for Telstra's legal restructure including legal and IT costs.
   FY24 adjustments, over and above normal business as usual redundancies, that relate to organisational changes to simplify operations and improve productivity.

4. FY23 Adjustments for net one-off nbn receipts which is defined as net nbn one off Definitive Agreement receipts (consisting of PSAA and Infrastructure Ownership) less nbn net cost to connect.

5. Adjustment relating to the impact on free cashflow associated with our spectrum purchases and renewals for FY24 including:
   – $616m payment for spectrum licence in the 850 MHz band
   – $546m payment for spectrum licence in the 3.4 GHz and 3.7 GHz bands
   – $56m instalment payment for our national spectrum licence in the 26 GHz band
   – $42m payment for the acquisition of Dense Air Networks Australia holding 2 x 10 MHZ of 2600 MHz spectrum to supplement Telstra's existing spectrum holdings in that band
   – $4m spectrum lease payment to TPG as a short-term supplement to our national spectrum licence in the 3.6 GHz band
   – $20m payments for area-wide and apparatus licences in various spectrum bands.

6. Adjustment to Free Cashflow for payment of lease liabilities (including principal and interest).

**n/a** Adjustment is not relevant to the respective guidance measure.

## ISSB IFRS S2 and TNFD content index

| ISSB IFRS S2 requirements / TNFD recommendations | 2024 Annual Report page number |
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| **Nature Strategy** | |
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| Interactions with nature | 44 |
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| **Risk Management** | 46 |
| **Climate Targets** | 34 |
| **Additional Climate Metrics** | 48 |
| **Nature Metrics** | 38 |

# 2025 indicative financial calendar[1]

| | |
|---|---|
| **Half Year Results announcement** | Thursday 20 February 2025 |
| **Ex-dividend share trading commences** | Wednesday 26 February 2025 |
| **Record date for interim dividend** | Thursday 27 February 2025 |
| **DRP election date** | Friday 28 February 2025 |
| **Interim dividend paid** | Friday 28 March 2025 |
| **Director nominations open** | Friday 6 June 2025 |
| **Director nominations close (by 5pm)** | Friday 8 August 2025 |
| **Annual Results announcement** | Thursday 14 August 2025 |
| **Ex-dividend share trading commences** | Wednesday 27 August 2025 |
| **Record date for final dividend** | Thursday 28 August 2025 |
| **DRP election date** | Friday 29 August 2025 |
| **Final dividend paid** | Thursday 25 September 2025 |
| **Annual General Meeting** | Tuesday 14 October 2025 |

1. Timing of events may be subject to change. Any change will be notified to the Australian Securities Exchange (ASX).

# Contact details

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PO Box A942, Sydney South, NSW 1234 Australia

Link Group is now known as MUFG Pension & Market Services. Link Market Services will progressively rebrand to its new name MUFG Corporate Markets, a division of MUFG Pension & Market Services.

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## Sustainability

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## Online Shareholder Information

Telstra's Investor Centre at telstra.com/investor has the latest news and information available for shareholders.

Shareholders can also easily manage their shareholding online at linkmarketservices.com.au/telstra. Use the Portfolio Login to securely access your shareholding. If you do not have a Portfolio Login, please click 'Register Now' to create your login. To add your Telstra shareholding to your portfolio you need your SRN or HIN. This can be found on your Holding Statement.

Select the following menu to access or update your details:

- **Payments & Tax** – for dividend payment history, tax information, payment instructions and to provide your TFN. This is where you update your payment instructions (bank account details or register for the DRP if eligible. Please read the DRP rules at telstra.com/drp). A foreign currency payment service is also available to individual registered holders to pay dividends in various currencies.
- **Communication** – to update your postal and email addresses.

## Telstra Group Limited

ABN 56 650 620 303
Incorporated in Victoria. Telstra Group Limited's shares are listed on the Australian Securities Exchange.

## Websites

Telstra Investor Centre: telstra.com/investor
Telstra Sustainability: telstra.com/sustainability/report
Telstra Corporate Governance: telstra.com/governance
Contact Telstra: telstra.com.au/contact-us

## Keeping informed

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