20 September 2024

Singapore Exchange Securities Trading Limited
2 Shenton Way
#02-00 SGX Centre 1
Singapore 068804

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

ELECTRONIC LODGEMENT

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

Telstra Corporation Limited – Financial Results Full Year ended 30 June 2024

In accordance with the Listing Rules, attached for release to the market by Telstra Corporation Limited are its Financial Results for the Full Year ended 30 June 2024.

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

Further, Craig Emery will be appointed as Company Secretary of Telstra Corporation Limited following the retirement of Sue Laver. The appointment will be effective 16 October 2024.

Release of announcement authorised by

Sue Laver
Company Secretary

Telstra Corporation Group

Financial results for the year ended 30 June 2024

Financial results for the year ended 30 June 2024

Table of contents

Directors' Report

Directors' Report

In accordance with a resolution of the Board of Directors of Telstra Corporation Limited (the Board), the Directors present their report on the consolidated entity (Telstra Corporation Group) consisting of Telstra Corporation Limited (Telstra Entity) and the entities it controlled at the end of or during, the 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.

Principal activity

Our principal activity during the financial year 2024 was to provide passive telecommunication infrastructure access and services. The Telstra Entity serves multiple customer segments, including nbn co (nbn), the broader Telstra group comprising Telstra Group Limited and its controlled entities (Telstra Group) and wholesale customers directly. Our growing asset portfolio includes fibre, ducts, and fixed network facilities including data centres, cable landing stations and satellite ground stations.

Significant changes in the state of affairs

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

Review and results of continuing operations

The current year results reflect a full year of continued operations following the implementation of the Telstra Group Restructure which was completed on 1 January 2023. As a result, the prior year results disclose the income statement as continuing and discontinued operations.

Total revenue for financial year 2024 (excluding finance income) increased by 26 per cent to $2,381 million. This included growth in recurring payments from the nbn Definitive Agreement (nbn DA) reflecting inflation linked price increases. Increase in revenue during the period was also obtained from related party agreements with other legal entities within the Telstra Group. This was offset by a decline in commercial and recoverable works revenue due to the initial nbn rollout nearing completion.

Other income declined by 86 per cent to $239 million. This decline is due to a gain realised in the prior year on disposal of assets classified as a finance lease arrangement of $1,475 million. This was offset by a $50 million net gain on disposed properties in the current year.

Total expenses (excluding finance costs) increased by 36 per cent to $1,007 million due to related party service agreements which became effective from 1 January 2023. Based on the movements described above, earnings before interest, income tax expense, depreciation and amortisation from continuing operations decreased by 43 per cent to $1,604 million reflecting growth in the recurring nbn DA and internal income offset by related party costs and minimal gain on finance leases in the current year.

Business strategies and prospects

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

The decline in commercial and recoverable works revenue due to the initial nbn rollout will continue as the rollout nears completion, while legacy network disposals will arise on a contract-by-contract basis.

Investments in strategic infrastructure projects began in FY23. We expect the new intercity fibre network to deliver growth from FY26 as capacity comes online. Our intercity fibre network is an investment in Australia's future growth, connectivity, and digital prosperity. Previously we announced an expansion of our strategic partnership with Microsoft, including signing contracts for the first routes they will use as a foundational partner on the network. This is an example of the strong demand profile we see for these assets, driven by AI.

Dividends

No dividends were paid by Telstra Corporation Group during the financial year 2024.

Directors

Directors who held office during the year ended 30 June 2024 were:

Director	Period of directorship
Brendon Riley	CEO, Telstra InfraCo since 1 October 2018, Chairman and Director since 1 January 2023
Douglas Rogerson	Director since 1 January 2023
Kathryn Jones	Director since 1 January 2023
Rachel Johnson-Kelly	Director since 1 January 2023 till 29 September 2023

Director shareholdings in Telstra Group Limited

The Telstra Entity is a wholly-owned subsidiary of Telstra Group Limited and therefore no Director holds any shares in the Telstra Entity. Details of the Directors' shareholdings in Telstra Group Limited as at 20 September 2024 are shown in the table below.

Director	Number of shares held[1]
Brendon Riley	1,702,765
Douglas Rogerson	192,600
Rachel Johnson-Kelly	254,346[2]
Kathryn Jones	177,750

During the year, Brendon Riley was entitled to participate in the Telstra Group's Executive Variable Remuneration Plan. Further information is detailed in the Remuneration Report.

Name	Equity Movements						
	Total rights held at 1 July 2023	Rights allocated during FY24	Value of rights allocated ($000)	Rights vested / exercised during FY24	Value of rights vested / exercised ($000)	Other changes (lapsed rights)	Total rights held at 30 June 2024
Brendon Riley	1,050,652	265,580	521	(273,721)	1,095	-	**1,042,511**

Directors' and officers' indemnity and insurance

Details of any indemnity and insurance during the year is outlined below:

a) Constitution

The constitutions of both Telstra Group Limited and Telstra Corporation Limited contain permissive provisions allowing those companies to indemnify, to the maximum extent permitted by law:

- certain officers of Telstra, the Telstra Entity and their related bodies corporate (Telstra Officers), for any liability and legal costs which they may incur in that capacity;
- certain employees of Telstra, the Telstra Entity and their related bodies corporate (Telstra Employees), for any liability which they may incur in that capacity; and
- 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 or the Telstra Entity.

[1] The number of shares held refers to shares held either directly or indirectly by Directors as at 20 September 2024. Shares in which the Director does not have a relevant interest, including shares held by the Directors' related parties (including relatives), are excluded.

[2] The number of shares disclosed is the number held as at the date of cessation as a Director.

b) *Deeds of indemnity*

The Telstra Entity has previously entered into deeds of indemnity in favour of certain directors, secretaries and other officers. Telstra Group Limited executed deeds of indemnity in favour of past and present (amongst others):

- directors, secretaries, senior managers and public officers of Telstra Group Limited and its wholly owned controlled subsidiaries;
- certain directors, secretaries, senior managers and other specified positions of Telstra Group Limited'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 Telstra Group Limited's request) for entities or industry associations, in each case as permitted under Telstra Group Limited's constitution and the Corporations Act 2001.

c) *Directors' and officers' insurance*

Telstra Group Limited 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 Telstra Group Limited and its subsidiaries (including the Telstra Entity and its subsidiaries) and, in certain limited circumstances, other entities. Telstra Group Limited 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.

Events occurring after reporting date

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

Likely developments and expected results of operations

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

Non-audit services

During the financial year 2024, Telstra's auditor, Ernst & Young (EY), have not been engaged on assignments additional to its statutory audit duties. Details of the amounts paid or payable to EY are detailed in note 7.1 of the financial statements in our 2024 Financial report.

Environmental regulation

The Telstra Corporation Group, 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, the Telstra Entity 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. The Telstra Entity's procedures further require that the relevant government authorities are notified of any environmental incidents (where applicable) in compliance with statutory requirements. The Telstra Entity complies with notices issued by government authorities and regulators. It has not been prosecuted for, or convicted of, any significant breaches of environmental regulation during the financial year.

Auditor's independence declaration

A copy of the auditor's independence declaration, as required under section 307C of the Corporations Act 2001, is set out on page A43.

Remuneration Report

Remuneration Report

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

The information below sets out details on how this report has been prepared and the link between this report and the remuneration report prepared by Telstra Group Limited (TGL or Telstra) for year ended 30 June 2024.

Relationship between Telstra Corporation Limited and Telstra Group Limited
TCL is a wholly owned subsidiary of TGL and is required to prepare this report because it has debt securities quoted on the ASX.

TCL was the listed parent entity of the Telstra Group until 31 October 2022. On that date, the 'top hat' component of the scheme of arrangement undertaken by TCL in connection with the corporate restructure of the Telstra Group was implemented, which resulted in TGL becoming the new listed parent entity of the Telstra Group and TCL becoming a wholly owned subsidiary of TGL. On 1 January 2023, the previous TCL directors resigned, and new directors were appointed to TCL.

Key Management Personnel (KMP) covered in this report
TCL's KMP are assessed each year and comprise:
the non-executive Directors of TGL;
the TGL Senior Executives, including the Group Executive (GE) and CEO Telstra InfraCo; and
the TCL Directors.

The GE and CEO Telstra InfraCo is the Chair of TCL (having been appointed on 1 January 2023) and each other TCL Director is an employee of the Telstra Group. In this report, those other TCL Directors are referred to as 'TCL Management Directors'.

The non-executive Directors and Senior Executives of TGL are KMP of TCL because the Telstra Group's governance and delegation frameworks mean they have authority and responsibility for directing and controlling the activities of the whole of the Telstra Group, including authority and responsibility for directing and controlling the activities of TCL.

In this report the term "Senior Executives" refers to the TGL CEO and those executives with authority and responsibility for planning, directing and controlling the activities of Telstra and the Telstra Group, directly or indirectly. Each KMP held their position for the whole of FY24, unless stated otherwise.

TGL non-executive Directors	TGL Senior Executives	
Current	**Current**	**KMP Position**
Craig W Dunn (appointed Chair from 17 October 2023)	Vicki Brady	Chief Executive Officer & Managing Director (CEO)
Eelco Blok	Michael Ackland	Chief Financial Officer and Group Executive (GE) Strategy and Finance (CFO)
Maxine Brenner	Kim Krogh Andersen	GE Product & Technology (P&T)
Roy H Chestnutt	Oliver Camplin-Warner	GE Telstra Enterprise (TE) from 1 March 2024
Ming Long	Amanda Hutton	GE Telstra Business (TB) from 1 January 2024
Bridget Loudon	Brendon Riley	GE and CEO Telstra InfraCo[1]
Elana Rubin	Dean Salter	GE Global Business Services (GBS)
Niek Jan van Damme	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	**Former**	

John P Mullen (retired 17 October 2023) **TCL Management Directors**	Nikos Katinakis David Burns	GE GN&T until 12 January 2024 GE TE until 29 February 2024
Kathryn Jones Douglas Rogerson **Former** Rachel Johnson Kelly (retired 29 September 2023)		

[1] As noted above, Brendon Riley is also the Chair and a director of TCL.

Remuneration disclosed in this report

a) TGL non-executive Directors and Senior Executives

This report includes details of all remuneration received by TGL non-executive Directors and Senior Executives from the Telstra Group during FY24. That is because it is not possible or appropriate to apportion that remuneration between activities relevant to TCL and activities relevant to other parts of the Telstra Group.

b) TCL Management Directors

During FY24, the TCL Management Directors were provided with separate and specific remuneration in their capacity as TCL Directors in the form of Directors fees. That remuneration reflects their workload and responsibilities as TCL Directors and is reviewed by the TGL People and Remuneration Committee (PRC) and approved by the TGL Board each year. As disclosed in the TCL 2023 Remuneration Report, in FY23 these Director fees were only payable from 1 January 2023 when they became TCL KMP (i.e. for FY23, for the period 1 January 2023 to 30 June 2023).

Each of the TCL Management Directors also received remuneration for their other roles within the Telstra Group during FY24. That remuneration is not connected to their roles as TCL Management Directors and therefore has not been disclosed in this report.

Remuneration Framework and Performance Data in this report

The remuneration outcomes in this report are driven by TGL's remuneration frameworks and performance data. TCL does not have separate remuneration frameworks or a separate scorecard that drives remuneration outcomes for KMP. Therefore, the information on remuneration frameworks and performance data reported in the FY24 TGL Remuneration Report is repeated in this report.

All KMP are employed by and remunerated by TGL, except for the directors' fees of the TCL Management Directors, which are paid by TCL. All share based payment awards for KMP of TCL are managed by TGL and settled in TGL shares.

Remuneration at Telstra and FY24 Remuneration Outcomes – Key Highlights

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

<table>
<tr><th>Key area of focus</th><th>Highlights / Details</th></tr>
<tr><td>Individual EVP Outcomes for FY24</td><td>The Individual EVP Outcomes for FY24 were as follows:
<table>
<tr><th></th><th>Individual EVP Outcomes (% of maximum)</th></tr>
<tr><td>CEO</td><td>63.0%</td></tr>
<tr><td>Other Senior Executives (average)</td><td>65.0%</td></tr>
</table>
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</td></tr>
</table>

	was ultimately at the discretion of the Board. 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). 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. 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.

Performance Condition	Telstra's Percentile Rank	% of Performance Rights vesting
RTSR – ASX100 (excluding resource companies) as of 1 July 2019	51st percentile	52%

Table of Contents

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
GEs	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

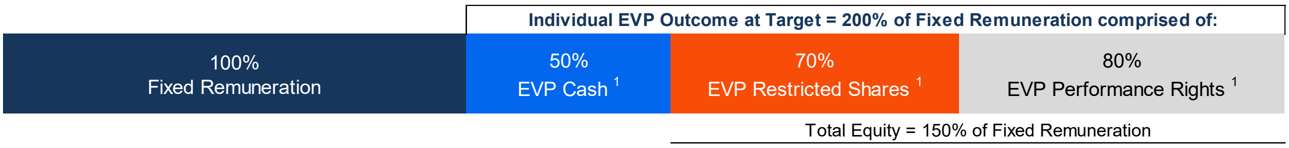
2.1 FY24 remuneration structure

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

Attract, motivate and retain highly skilled people	**Support our strategy and reinforce our culture, behaviours and habits**	**Link financial reward outcomes to employee contribution and company performance**	**Align to long term shareholder value creation**
Fixed Remuneration	**EVP**		
Cash		**Equity**	
Base salary + Superannuation	Each Senior Executive's Individual EVP Outcome was determined having regard to the EVP Scorecard Outcome (based on Telstra's performance against customer, strategic, and financial priorities), their target EVP opportunity and their individual performance, and was ultimately at the discretion of the Board		
Set taking into account both internal and external relativity for roles of a similar size and complexity, any proven and persistent high performance and/or a notable increase in experience and contribution.	25% of the FY24 Individual EVP Outcome is provided in cash	35% of the FY24 Individual EVP Outcome is deferred as Restricted Shares over four years with 25% of the Restricted Shares eligible to vest each year following the end of the Initial Performance Period	40% of the FY24 Individual EVP Outcome is allocated in Performance Rights, which are subject to a 5-year Relative Total Shareholder Return (RTSR) performance condition
		May be forfeited or lapsed if employment ceases other than for a Permitted Reason or a clawback (malus) event occurs	
Internally consistent and market competitive base reward	Recognises sustainable performance in the medium to longer term		
	Rewards annual performance, providing specific focus on strategic priorities	Recognises the criticality of strategic non-financial measures as drivers of longer-term value creation	Focuses on achieving longer-term superior performance for stakeholders

(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

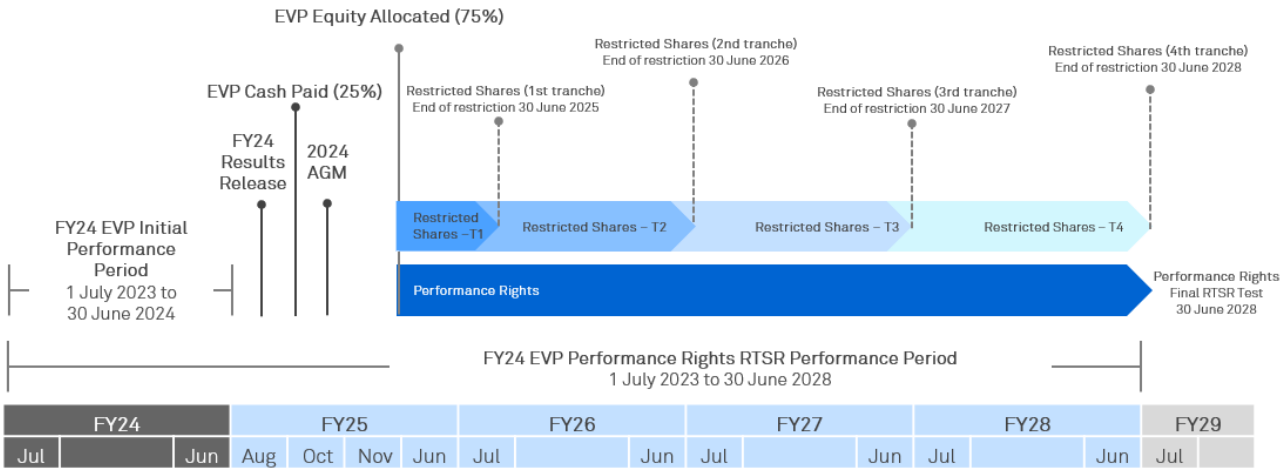
1. Senior Executive Fixed Remuneration as of 30 June 2024.
2. Fixed Remuneration increased by $1,245 on 1 July 2023 to reflect the legislated increase in Superannuation Guarantee Contribution from 10.5% to 11%.
3. Brendon Riley has a 12-month termination payment clause in his contract that was negotiated 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).

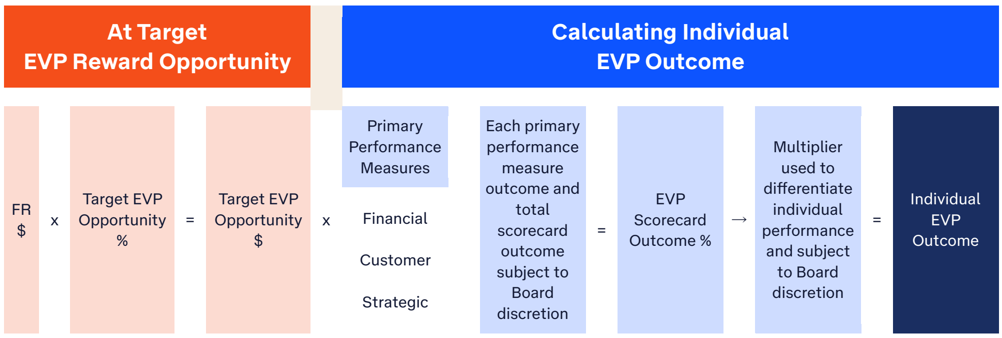
(c) FY24 Executive Variable Remuneration Plan (EVP) structure

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



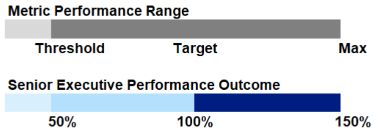
At the 2024 AGM to be held on 15 October 2024, we will seek shareholder approval for the Restricted Shares and Performance Rights to be allocated to Vicki Brady under the FY24 EVP.

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

EVP design attributes	Detail
EVP Reward opportunity	**As a % of Fixed Remuneration** **Threshold**: 100% **Target**: 200% **Maximum**: 300%
Initial Performance Period	1 year (1 July 2023 to 30 June 2024)
Calculation of Individual EVP Outcomes	**Overview** 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 Outcomes** 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.



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.

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.

To assist shareholders' understanding of these measures and their relevance to Telstra's performance, further information on each measure is provided below.

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** Telstra Income (excluding finance income and guidance adjustments)	• Key indicator of financial performance. • Ensures continued focus on income and customer retention and growth. • Aligns to the growth and value pillar of our T25 scorecard.
	Underlying EBITDA Underlying EBITDA is Earnings Before Interest, Tax, Depreciation & Amortisation, and excludes guidance adjustments	• Key indicator of financial performance. • Ensures appropriate focus on profit and cost to deliver. • A strong indicator of underlying company profitability. • Aligns to the growth and value pillar of our T25 scorecard.
	Free Cash Flow (FCF) 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. • Appropriate for a capital-intensive business and critical in managing the Company's ability to pay a dividend and maintain balance sheet strength. • Aligns to the growth and value pillar of our T25 scorecard.
	Underlying Return on Invested Capital (ROIC) Total NOPAT (net operating profit after tax) less guidance adjustments after	• Key indicator of financial performance. • Reflects our T25 strategy focus on growth and financial returns. • Aligns to the growth and value pillar of our T25 scorecard.

<table>
<tr><td></td><td>tax, divided by Average Invested Capital</td><td></td></tr>
<tr><td rowspan="2">Customer (25%)</td><td>Episode NPS
Measures our customer experience from their feedback on each transaction using a Net Promoter Score (NPS)</td><td>Focuses leaders on continuously improving the customer service experience, driving both customer attraction and retention.
Underpins company-wide improvement programs focused on improving our operational excellence by identifying and eliminating the causes of unnecessary customer effort and pain points.
Aligns to the customer experience pillar of our T25 scorecard.</td></tr>
<tr><td>RepTrak
Measures our reputation score on the RepTrak index</td><td>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.
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.
Aligns to the responsible business pillar of our T25 scorecard.</td></tr>
<tr><td rowspan="2">Strategic (15%)</td><td>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)</td><td>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.
<table>
<tr><th>Reduce emissions</th><th>Weight</th><th>Threshold</th><th>Target</th><th>Max</th></tr>
<tr><td>Scope 1 + 2</td><td>50%</td><td>32%</td><td>33%</td><td>35%</td></tr>
<tr><td>Scope 3</td><td>50%</td><td>31%</td><td>32%</td><td>33%</td></tr>
<tr><td>Blended targets (rounded to nearest whole %)</td><td>100%</td><td>32%</td><td>33%</td><td>34%</td></tr>
</table>
Aligns to the responsible business pillar of our T25 scorecard.</td></tr>
<tr><td>Digital Leadership
Launching Application Programming Interface (API)-first products</td><td>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.</td></tr>
</table>

<table>
<tr>
<td></td>
<td>
<table>
<tr><td></td><td>People Engagement
Maintain employee engagement in the high performing norm (90th percentile)</td><td>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.</td></tr>
</table>
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.
</td>
</tr>
<tr>
<td>EVP outcome - cash vs equity balance</td>
<td>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.</td>
</tr>
<tr>
<td>Equity allocation methodology</td>
<td>
<table>
<tr><th>Individual EVP Outcome Components
25% Cash</th><th colspan="4">Equity Allocation Calculation
(face value methodology)</th></tr>
<tr><td>35% Restricted Shares (pro-rata vesting over 4 years)</td><td rowspan="2">÷</td><td rowspan="2">5 Day VWAP</td><td rowspan="2">=</td><td>No. of Restricted Shares allocated</td></tr>
<tr><td>40% Performance Rights
(subject to 5 year RTSR Performance Condition)</td><td>No. of Performance Rights allocated</td></tr>
</table>
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).
</td>
</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

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.

Performance Rights

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.

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</td>
</tr>
</table>

<table>
<tr><td></td><td>
Performance Period.
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.
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.
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
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).
Performance Rights
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>
<tr><td>Leavers</td><td>
Before the Restricted Shares and Performance Rights are allocated
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:

the cash component of their pro-rata Individual EVP Outcome; and
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.

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).
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.
</td></tr>
</table>

	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. 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. **After the Restricted Shares and Performance Rights are allocated** 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. Clawback events include: • 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; • 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; • where the financial results that led to the Performance Rights or Restricted Shares being granted are subsequently shown to be materially misstated; • 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; • 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 • 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.

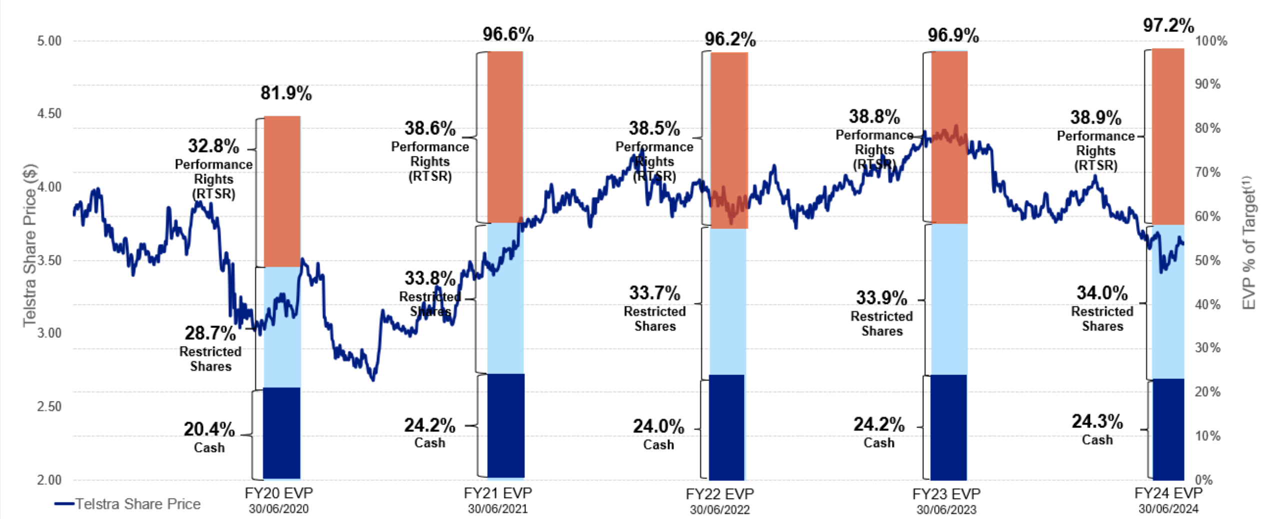
Financial Performance[1]	FY24	FY23	FY22	FY21	FY20
	$m	$m	$m	$m	$m
Earnings					
Total Income	23,482	23,245	22,045	23,132	26,161
EBITDA	7,528	7,862	7,256	7,638	8,905
Net Profit[2]	1,622	1,928	1,688	1,857	1,819
Shareholder Value					
Share Price ($)[3]	3.62	4.30	3.85	3.76	3.13
Total Dividend Paid Per Share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



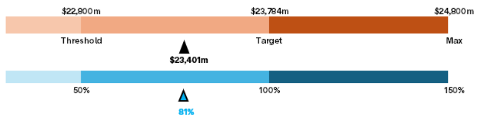
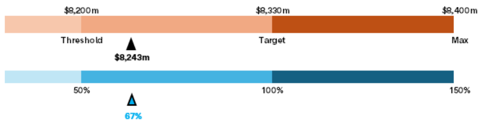
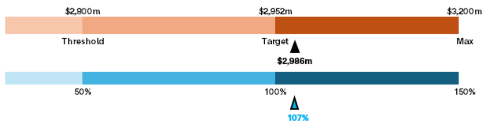
(1) The average Individual EVP outcomes as a percentage of target is shown for all Senior Executives (including the CEO and former Senior Executives) for the relevant period. There have been changes to the EVP structure over this period including to the relative proportions of cash, Restricted Shares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

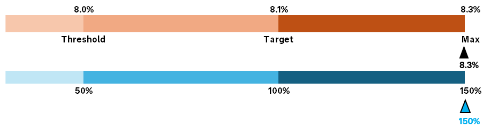
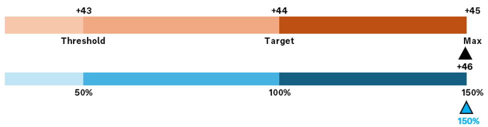
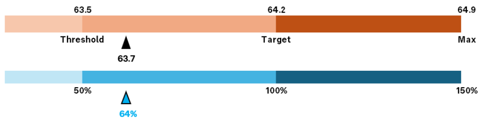
2.2 FY24 EVP Scorecard Outcome

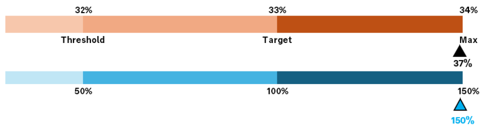
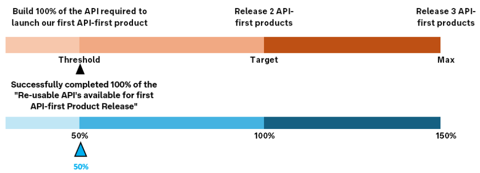
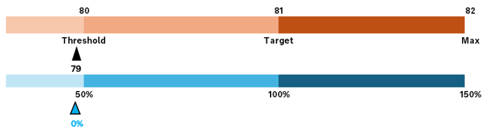
The Board evaluated Telstra's performance against the primary performance measures. The threshold, target and maximum levels for each measure (as outlined in our 2023 Remuneration Report) were set to be robust and appropriately demanding, taking into account the key deliverables and milestones outlined 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.

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).

Measures	Weighting	Targets and Performance Outcomes	Weighted Result (% of Target)	Additional information
Total Income ($m) Telstra Income excluding finance income and guidance adjustments	15%		12.1%	For the 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. The EVP Scorecard Outcome was driven by the results achieved and no adjustments made. Total Income of $23,482m was reported by Telstra for FY24. This included $81m related to Versent which was excluded on a guidance basis.
Underlying EBITDA ($m) Earnings Before Interest, Tax, Depreciation & Amortisation, and excludes guidance adjustments	15%		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. The EVP Scorecard Outcome was driven by the results achieved and no adjustments made. EBITDA of $7,528m was reported by Telstra for FY24 including $715m related to impairments, restructuring costs and other guidance adjustments.
Free Cash Flow ($m) Free Cashflow after lease payments defined as 'operating cash flows' less 'investing cash flows', less 'payments for lease liabilities, and excludes	15%		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. The EVP Scorecard Outcome was driven by the results achieved and no adjustments made. Free cashflow of $2,059m was reported by Telstra for FY24 including $927 million for spectrum payments and M&A and excluding lease payments.

spectrum and guidance adjustments				
Underlying Return on Invested Capital Total NOPAT less guidance adjustments after tax, divided by Average Invested Capital	15%		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. The result excluded impairments, restructuring costs and other guidance adjustments (net of tax) consistent with the calculation of Underlying EBITDA. The EVP Scorecard Outcome was driven by the results achieved and no adjustments made.
Episode NPS Measures our customer experience from their feedback on each transaction using a Net Promoter Score	15%		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. 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. 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.
RepTrak Measures our reputation score on the RepTrak index	10%		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.

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)	5%		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. 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. Excludes Digicel Pacific which Telstra acquired during FY23.
Digital Leadership Launching Application Programming Interface (API)-first products	5%		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. 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.
People Engagement Maintain employee engagement in the high-performing norm (90th percentile)	5%		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. 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.
Total		**% 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	Termination Benefits	Other long-term benefits		Share-based payments Accounting value (at risk) ($)[8]			
Name and title	Year	Salary and fees ($000)[1]	EVP Cash ($000)[2]	Non-monetary benefits ($000)[3]	Other ($000)[4]	Super-annuation ($000)[5]	Termination benefits ($000)[6]	Accrued leave benefits[7] ($000)	Dividend Equivalent Payment Accrual ($000)	Restricted Shares ($000)[9]	Performance Rights ($000)[10]	Cash Rights ($000)[11]	Total ($000)[12]
Vicki Brady	2024	2,364	1,130	39	(7)	27	-	59	162	1,331	537	-	5,642
CEO	2023	2,164	1,231	50	41	25	-	59	110	1,025	543	-	5,248
Michael Ackland	2024	1,224	622	3	41	27	-	31	138	868	446	-	3,400
CFO	2023	1,208	703	-	24	25	-	31	124	786	411	-	3,312
Kim Krogh Andersen	2024	1,075	631	50	3	27	-	27	101	726	357	-	2,997
GE P&T	2023	1,076	511	4	21	25	-	27	66	596	244	-	2,570
Oliver Camplin-Warner	2024	343	174	3	5	7	-	9	-	88	11	-	640
GE TE	2023	-	-	-	-	-	-	-	-	-	-	-	-
Amanda Hutton	2024	508	273	5	(35)	14	-	13	-	167	38	-	983
GE TB	2023	-	-	-	-	-	-	-	-	-	-	-	-
Brendon Riley	2024	1,375	872	41	(27)	27	-	35	160	994	532	-	4,009
GE & CEO InfraCo	2023	1,376	670	45	(16)	25	-	35	160	828	484	-	3,607
Dean Salter	2024	998	522	4	(9)	27	-	26	52	617	452	755	3,444
GE GBS	2023	926	437	10	(4)	25	-	23	23	415	138	-	1,993
Shailin Sehgal	2024	286	145	4	16	7	-	7	-	51	8	-	524
GE GN&T	2023	-	-	-	-	-	-	-	-	-	-	-	-
Kathryn van der Merwe	2024	994	559	2	1,521	27	-	26	-	250	91	-	3,470
GE PC&C	2023	-	-	-	-	-	-	-	-	-	-	-	-
Brad Whitcomb	2024	1,125	717	8	38	27	-	28	9	457	160	-	2,569
GE TC	2023	519	240	7	111	13	-	13	-	62	18	-	983
David Burns	2024	748	-	13	(34)	21	1,051	19	121	776	680	-	3,395
Former GE TE	2023	1,126	432	10	(35)	25	-	28	123	598	360	-	2,667
Nikos Katinakis	2024	570	-	3	17	21	-	15	-	(804)	(723)	-	(901)
Former GE N&IT	2023	1,076	511	18	(51)	25	-	27	112	614	350	-	2,682
Total current and former KMP	2024	11,610	5,645	175	1,529	259	1,051	295	743	5,521	2,589	755	30,172
	2023	9,471	4,735	144	91	188	-	243	718	4,924	2,548	-	23,062

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.
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	% 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

Telstra non-Executive Directors

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.

TCL Management Directors

In FY24, the TCL Management Directors were provided with separate and specific remuneration in their capacity as TCL Directors. That remuneration comprised a set fee and they did not receive any other remuneration or any performance-based pay in their capacity as TCL Directors. Superannuation contributions were included within these Director fees where required by legislation, and in accordance with the ASX Listing Rules and Telstra policy. Individuals may choose to increase the proportion of their remuneration taken as superannuation, subject to legislative requirements.

TCL does not provide retirement benefits for the TCL Management Directors other than the superannuation contributions noted above and they do not have a minimum TGL shareholding requirement. However, the TGL securities trading restrictions described in Section 1.1(h) of this report do apply.

(a) Telstra non-Executive Directors 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) TCL Management Directors FY24 Board fees

The TCL Board fee structure (inclusive of superannuation) from 1 July 2023 is detailed below. The TCL Board Chair is the GE and CEO InfraCo, who does not receive separate fees and whose remuneration is set out in Section 2.5(b).

FY24 Board Fees	Chair	TCL Management Director (annual base fee)
Board	No fee	$10,000

(c) Changes to the Board and Committee composition

There were a number of changes to Telstra Board and Committee composition during FY24.

- John Mullen retired as Chair of the Telstra Board and as a Telstra Director effective 17 October 2023;
- Craig Dunn was appointed as Chair of the Telstra Board effective 17 October 2023; and
- Maxine Brenner was appointed as the Chair of the Telstra Audit & Risk Committee effective 19 October 2023 (replacing Craig Dunn who continued as a member of the Telstra Audit & Risk Committee).

There was a change to the TCL Board composition during FY24.

- Rachel Johnson-Kelly retired as a TCL Director effective 29 September 2023.

3.2 Detailed remuneration and interests in Telstra shares

(a) Telstra 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]	**2024**	**621**	**-**	**27**	**648**
Chair	2023	283	1	25	309
Eelco Blok[5]	**2024**	**235**	**-**	**5**	**240**
Director	2023	234	-	5	239
Maxine Brenner	**2024**	**272**	**-**	**27**	**299**
Director	2023	93	-	9	102
Roy H Chestnutt[5]	**2024**	**270**	**1**	**5**	**276**
Director	2023	269	-	5	274
Ming Long	**2024**	**277**	**-**	**27**	**304**
Director	2023	131	-	13	144
Bridget Loudon	**2024**	**243**	**1**	**26**	**270**
Director	2023	235	-	24	259
Elana Rubin[6]	**2024**	**277**	**3**	**21**	**301**
Director	2023	349	4	-	353
Niek Jan van Damme[5]	**2024**	**264**	**38**	**5**	**307**
Director	2023	262	-	5	267
John P Mullen[4]	**2024**	**224**	**-**	**11**	**235**
Former Chair	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) TCL Management Director remuneration

Name and title	Year	Short-term employee benefits		Post-employment benefits	Total
		Salary and fees[1]	Non-monetary benefits	Superannuation	
Kathryn Jones	**2024**	**10,000**	**-**	**-**	**10,000**
Management Director	2023	5,000	-	-	5,000

Douglas Rogerson Management Director	**2024**	**10,000**	**-**	**-**	**10,000**
	2023	5,000	-	-	5,000
Rachel Johnson-Kelly[2] Former Management Director	**2024**	**2,423**	**-**	**-**	**2,423**
	2023	5,000	-	-	5,000
Total	**2024**	**22,423**	**-**	**-**	**22,423**
	2023	15,000	-	-	15,000

1. The Management Directors were appointed on 1 January 2023 and so the annual fees described in Section 3.1(b) were prorated in FY23.
2. Rachel Johnson-Kelly retired from the TCL Board of Directors on 29 September 2023.

(c) Telstra 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 & Board 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.

On 28 August 2024, post the release of the TGL Annual Report, Telstra announced that Niek Jan van Damme will retire from the TGL Board at the end of the Annual General Meeting on 15 October 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]	FY25			Rationale for why chosen
					Threshold	Target	Max	
Financial – 60% of total	Fixed Core Cost Reduction	Net fixed cost out from FY23 to FY25	15%	$122m[2]	Aligned to $350m market commitment	Slightly above $350m market commitment	Above $350m market commitment	• Key driver of FY25 financial performance. • Aligns to our external cost reduction commitments. • Aligns to the growth and value pillar of our T25 scorecard.

Underlying EBITDA	Underlying EBITDA is Earnings Before Interest, Tax, Depreciation & Amortisation, and excludes guidance adjustments	15%	$8,243m	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. • Ensures appropriate focus on profit and cost to deliver. • A strong indicator of underlying company profitability. • Aligns to the growth and value pillar of our T25 scorecard.
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	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. • Appropriate for a capital-intensive business and critical in managing the Company's ability to pay a dividend and maintain balance sheet strength. • Aligns to the growth and value pillar of our T25 scorecard.
Underlying Return On Invested Capital	Underlying ROIC is Total NOPAT less guidance adjustments after tax, divided by Average Invested Capital	15%	8.3%	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. • Reflects our T25 strategy focus on growth and financial returns. • Aligns to the growth and value pillar of our T25 scorecard.

FY25 EVP Performance Measures and Targets								
Performance Measure		Metric	Weighting	FY24 EVP Actual[1]	FY25			Rationale for why chosen
					Threshold	Target	Max	
Customer – 25% of total weighting	Episode NPS	Measures our customer experience from their feedback on each transaction using a Net Promoter Score	15%	+46	+43	+45	+48	• Focuses leaders on continuously improving the customer service experience, driving both customer attraction and retention. • Underpins companywide improvement programs focused on improving our operational excellence by identifying and eliminating the causes of unnecessary customer effort and pain points. • Aligns to the customer experience pillar of our T25 scorecard.
	RepTrak	Measures our reputation score on the RepTrak index	10%	63.7	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. • 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. • 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. • It is an indicator of how stakeholders feel about Telstra. • Aligns to the responsible business pillar of our T25 scorecard.

FY25 EVP Performance Measures and Targets								
	Performance Measure	Metric	Weighting	FY24 EVP Actual[1]	FY25 Threshold	FY25 Target	FY25 Max	Rationale for why chosen
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	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. • 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. • Aligns to the responsible business pillar of our T25 scorecard.
Strategic – 15% of total weighting	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	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. • 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. • 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. •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.
	People Engagement	Maintain employee engagement in the high performing norm	5%	79	78	79	82	• Focuses leaders on our employee engagement and the importance of our employees as stakeholders. • 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. • A highly engaged workforce is critical for attracting and retaining the talent required to deliver on our ambitious strategy.

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.
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.

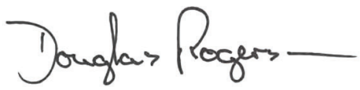
Restructure	The corporate restructure of the Telstra Group implemented during FY23, which included Telstra Group Limited becoming the new parent entity of the Telstra Group with effect from 31 October 2022 (Telstra Corporation Limited was the parent entity of the Telstra Group prior to that date).
Relative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

Rounding of amounts

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

This report is made on 20 September 2024 in accordance with a resolution of the Board and is signed for and on behalf of the Directors.

Brendon Riley
Chairman and CEO, Telstra Corporation Limited
20 September 2024



Douglas Rogerson
Director
20 September 2024

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Building a better working world

Auditor's Independence Declaration to the Directors of Telstra Corporation Limited

As lead auditor for the audit of the financial report of Telstra Corporation 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 Corporation Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Matthew A. Honey
Partner
20 September 2024

Financial Report

Telstra Corporation Limited and controlled entities

Australian Business Number (ABN): 33 051 775 556

Financial report: introduction and contents

As at 30 June 2024

About this report

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

Telstra Corporation Limited is a ‘for profit’ company limited by shares and incorporated in Australia, whose shares ceased to be publicly traded on the Australia Securities Exchange (ASX) on 31 October 2022 as it became a wholly-owned controlled entity of Telstra Group Limited. The changes in ownership of Telstra Corporation Limited resulted from the Telstra Group restructure steps described in note 1.2.

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

This financial report was authorised for issue in accordance with a resolution of the Telstra Board of Directors on 20 September 2024. It should be read in conjunction with Telstra Group Limited's 2024 Annual Report and together with any public announcements made by us and Telstra Group Limited in accordance with the continuous disclosure obligations arising under the ASX listing rules and the Corporations Act 2001, up to the date of the Directors' Declaration. 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 Corporation Group	Note	Year ended 30 June	
		2024	2023
		$m	$m
Income			
Revenue (excluding finance income)	2.2	2,381	1,886
Other income	2.2	239	1,692
		2,620	**3,578**
Expenses			
Labour		152	154
Other expenses	2.3	855	584
		1,007	**738**
Share of net loss from joint ventures and associated entities	6.4	**(9)**	**(14)**
		1,016	**752**
Earnings before interest, income tax expense, depreciation and amortisation (EBITDA)		**1,604**	**2,826**
Depreciation and amortisation	2.3	504	521
Earnings before interest and income tax expense (EBIT)		**1,100**	**2,305**
Finance income	2.2	177	109
Finance costs	2.3	340	464
Net finance costs		**163**	**355**
Profit before income tax expense		**937**	**1,950**
Income tax expense	2.4	284	473
Profit for the year from continuing operations		**653**	**1,477**
Discontinued operations			
Profit for the year from discontinued operations	2.6	-	10,701
Profit for the year from continuing and discontinued operations		**653**	**12,178**
Profit for the year attributable to equity holders of Telstra Entity:			
- continuing operations		616	1,442
- discontinued operations		-	10,650
		616	**12,092**
Profit for the year attributable to non-controlling interests		37	86
Profit for the year from continuing and discontinued operations		**653**	**12,178**

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

Statement of Comprehensive Income

For the year ended 30 June 2024

Telstra Corporation Group	Note	Year ended 30 June	
		2024	2023
		$m	$m
Profit for the year from continuing and discontinued operations:			
Attributable to equity holders of Telstra Entity		616	12,092
Attributable to non-controlling interests		37	86
		653	**12,178**
Items that will not be reclassified to the income statement			
Retained profits			
Actuarial gain on defined benefit plans attributable to equity holders of Telstra Entity		2	42
Income tax on actuarial gain on defined benefit plans		(1)	(13)
Fair value of equity instruments reserve			
Share of other comprehensive income of equity accounted investments		-	(16)
Income tax on share of other comprehensive income of equity accounted investments		-	71
Foreign currency translation reserve			
Translation differences of foreign operations attributable to non-controlling interests		-	10
Translation differences of foreign operations attributable to non-controlling interests derecognised on disposal of controlled entities		-	(10)
		1	**84**
Items that may be subsequently reclassified to the income statement			
Foreign currency translation reserve			
Translation differences of foreign operations attributable to equity holders of Telstra Entity		-	22
Cash flow hedging reserve			
Changes in cash flow hedging reserve	4.5	80	(143)
Share of other comprehensive income of equity accounted investments		(2)	-
Income tax on movements in the cash flow hedging reserve	4.5	(24)	43
Foreign currency basis spread reserve			
Changes in the value of the foreign currency basis spread		(17)	(13)
Income tax on movements in the foreign currency basis spread reserve		5	4
		42	**(87)**
Total other comprehensive income		**43**	**(3)**
Total comprehensive income for the year		**696**	**12,175**
Total comprehensive income for the year attributable to equity holders of Telstra Entity:			
- continuing operations		696	1,448
- discontinued operations		-	10,727
		696	**12,175**

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

Statement of Financial Position

As at 30 June 2024

Telstra Corporation Group	Note	As at 30 June 2024 $m	As at 30 June 2023 $m
Current assets			
Cash and cash equivalents	2.5	18	65
Trade and other receivables and contract assets	3.3	1,704	982
Promissory note receivable	2.6	1,732	2,454
Inventories		18	13
Derivative financial assets	4.4	182	392
Other financial assets	3.7	19	26
Prepayments		7	15
Total current assets		**3,680**	**3,947**
Non-current assets			
Trade and other receivables and contract assets	3.3	2,383	2,406
Promissory note receivable	2.6	14,566	16,894
Inventories		12	28
Investments	6.4	379	390
Property, plant and equipment	3.1	8,840	8,675
Intangible assets		1	1
Right-of-use assets	3.2	369	356
Derivative financial assets	4.4	128	282
Other financial assets	3.7	46	83
Total non-current assets		**26,724**	**29,115**
Total assets		**30,404**	**33,062**
Current liabilities			
Trade and other payables	3.6	403	563
Employee benefits	5.1	46	46
Other provisions		41	38
Lease liabilities	3.2	60	22
Borrowings	4.4	1,709	2,267
Derivative financial liabilities	4.4	68	59
Other financial liabilities	3.7	6	2
Contract liabilities and other revenue received in advance	3.4	74	74
Total current liabilities		**2,407**	**3,071**
Non-current liabilities			
Employee benefits	5.1	9	10
Other provisions		110	110
Lease liabilities	3.2	394	416
Borrowings	4.4	4,570	7,176
Derivative financial liabilities	4.4	168	182
Other financial liabilities	3.7	27	10
Deferred tax liabilities	2.4	1,213	1,211
Contract liabilities and other revenue received in advance	3.4	54	40
Total non-current liabilities		**6,545**	**9,155**
Total liabilities		**8,952**	**12,226**
Net assets		**21,452**	**20,836**

Statement of Financial Position (continued)

As at 30 June 2024

Telstra Corporation Group	Note	As at 30 June 2024 $m	As at 30 June 2023 $m
Equity			
Share capital	4.3	2,963	3,007
Reserves	4.3	(83)	(125)
Retained profits		17,870	17,253
Equity available to Telstra Entity shareholders		**20,750**	**20,135**
Non-controlling interests		702	701
Total equity		**21,452**	**20,836**

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

Statement of Cash Flows

For the year ended 30 June 2024

Telstra Corporation Group		Year ended 30 June	
		2024	2023
	Note	$m	$m
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax (GST))		1,832	13,465
Payments to suppliers and employees (inclusive of GST)		(1,538)	(9,840)
Government grants received for operating activities		-	161
Net cash generated from operations		**294**	**3,786**
Income taxes paid	2.4	-	(361)
Net cash provided by operating activities		**294**	**3,425**
Cash flows from investing activities			
Payments for property, plant and equipment		(715)	(1,550)
Payments for intangible assets		-	(739)
Capital expenditure (before investments)		**(715)**	**(2,289)**
Payments for shares in controlled entities (net of cash acquired)		-	(2,486)
Payments for equity accounted investments		-	(50)
Total capital expenditure (including investments)		**(715)**	**(4,825)**
Proceeds from sale of property, plant and equipment		136	159
Proceeds from sale and leaseback		87	12
Proceeds from sale of equity accounted and other investments		-	52
Proceeds received from promissory notes held	2.6	3,051	-
Proceeds from sale of businesses and shares in controlled entities	2.6	-	2,579
Cash disposed on sale of businesses	2.6	-	(1,012)
Distributions received from equity accounted investments		-	28
Receipts of the principal portion of finance lease receivables		54	82
Government grants received for investing activities		-	21
Interest received		30	18
Other		3	(17)
Net cash used in investing activities		**2,646**	**(2,903)**
Operating cash flows less investing cash flows		**2,940**	**522**
Cash flows from financing activities			
Proceeds from borrowings		1,150	6,747
Repayment of borrowings		(3,891)	(7,259)
Payment of principal portion of lease liabilities	3.2	(25)	(338)
Purchase of shares for employee share plans		-	(21)
Finance costs paid		(343)	(517)
Finance costs received		158	89
Dividends/distributions paid to non-controlling interests		(36)	(68)
Dividends paid to equity holders of Telstra Entity		-	(982)
Proceeds from issuance of equity-like instrument		-	923
Payment of tax on behalf of Telstra Group		-	(75)
Net cash used in financing activities		**(2,987)**	**(1,501)**
Net decrease in cash and cash equivalents		**(47)**	**(979)**
Cash and cash equivalents at the beginning of the year		65	1,040
Effects of exchange rate changes on cash and cash equivalents		-	4
Cash and cash equivalents at the end of the year	2.5	**18**	**65**

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 Corporation 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		-	-	12,092	**12,092**	86	**12,178**
Other comprehensive income		-	(32)	29	**(3)**	-	**(3)**
Total comprehensive income for the year		**-**	**(32)**	**12,121**	**12,089**	**86**	**12,175**
Dividends		-	-	(6,982)	**(6,982)**	-	**(6,982)**
Transactions with Telstra Group Limited		(77)	-	-	**(77)**	-	**(77)**
Non-controlling interests on acquisitions		-	-	-	**-**	925	**925**
Non-controlling interests on disposal		-	-	-	**-**	(940)	**(940)**
Transactions with non-controlling interests	6.3	-	-	-	**-**	(51)	**(51)**
Transfer of fair value of equity instruments reserve to retained earnings		-	(76)	76	**-**	-	**-**
Additional shares purchased		(21)	-	-	**(21)**	-	**(21)**
Share-based payments		10	-	-	**10**	-	**10**
Transfer related to discontinued entities	4.3	(3)	(2,350)	1,981	**(372)**	(807)	**(1,179)**
Balance at 30 June 2023		**3,007**	**(125)**	**17,253**	**20,135**	**701**	**20,836**
Profit for the year		-	-	616	**616**	37	**653**
Other comprehensive income		-	42	1	**43**	-	**43**
Total comprehensive income for the year		**-**	**42**	**617**	**659**	**37**	**696**
Transactions with non-controlling interests	6.3	-	-	-	**-**	(36)	**(36)**
Intra-group debt guarantees	7.2.2	(44)	-	-	**(44)**	-	**(44)**
Balance at 30 June 2024		**2,963**	**(83)**	**17,870**	**20,750**	**702**	**21,452**

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, 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 1.4.1.

The financial report is prepared on 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 Telstra Group Restructure

During the financial year 2023, significant changes were made to the composition and structure of the Telstra Group. References to the Telstra Group should be considered in the context of these changes that have been outlined below.

The Telstra Group is defined as Telstra Group Limited and its controlled entities, with a separate financial report prepared for the Telstra Group. This financial report has been prepared for Telstra Corporation Limited and its controlled entities as wholly-owned controlled entities of Telstra Group Limited.

(a) Significant changes under the 2023 Telstra Group restructure

Telstra Corporation Limited implemented a scheme of arrangement (Scheme) to support the restructure of the Telstra Group (Restructure) first announced in November 2020. The Restructure was an internal legal reorganisation and did not, by itself, result in any immediate change to the underlying assets or business activities of the Telstra Group.

However, it was an important step in our drive to increase the transparency of our infrastructure assets and to improve management focus on our infrastructure and customer businesses, and consequently provide flexibility to create additional value for our shareholders.

The Scheme was comprised of two components: the top hat component which established Telstra Group Limited as the parent entity of the Telstra Group, and the business restructure component which was used to transfer certain assets and liabilities within the Telstra Group. The Restructure also involved certain other steps in addition to the Scheme. While these steps were completed over a period of time, for accounting purposes, all the steps should be considered together as they were undertaken in contemplation of the Restructure as a whole.

The top hat component of the Scheme was implemented on 31 October 2022 and the business restructure component of the Scheme was implemented on 1 January 2023.

On implementation of the top hat component, all of the shares in Telstra Corporation Limited (11,554,427,353 in total) were transferred to Telstra Group Limited in exchange for the issue of 11,554,427,353 shares in Telstra Group Limited to eligible Telstra Corporation Limited shareholders under the Scheme.

On 31 October 2022, Telstra Group Limited replaced Telstra Corporation Limited, as the new head entity of the Australian tax consolidated group.

On 30 November 2022, Telstra Corporation Limited transferred to Telstra Group Limited its investments in a number of controlled entities, including Telstra ESOP Trustee Pty Ltd, Telstra Finance Limited, Telstra Foundation Ltd, Telstra Growthshare Pty Ltd, Telstra Limited, and Telstra International Holdings Pty Ltd and their controlled entities. Digicel Pacific Limited and its controlled entities (Digicel Pacific) ceased to be controlled by Telstra Corporation Limited when Telstra Group Limited acquired the direct interest in Telstra International Holdings Pty Ltd from Telstra Corporation Limited.

On 30 November 2022, Telstra Group Limited became the sponsoring employer in our Telstra Superannuation Scheme (Telstra Super), and Telstra Corporation Limited became an associated employer in Telstra Super.

On 1 January 2023, the final steps of the Restructure (including the business restructure component of the Scheme) were completed. Those steps involved Telstra Corporation Limited transferring the retail and active wholesale business assets and liabilities and related investments to Telstra Limited, and the international business assets and liabilities and related investments to Telstra International Holdings Pty Ltd and its controlled entities. Telstra Corporation Limited also transferred its interest in Telstra Towerco No. 2 Pty Ltd, being the wholly-owned entity which holds an interest in the Amplitel towers business and related investments, to Telstra Group Limited. As a result, Telstra Corporation Limited continues to operate the Telstra Group's passive fixed infrastructure business and services the nbn Definitive Agreements. From 1 January 2023, Telstra Corporation Limited as a provider of access to passive fixed infrastructure, also recognises revenue and expenses from transactions with related parties, i.e. other entities within the Telstra Group.

Section 1. Basis of preparation (continued)

1.2 Telstra Group restructure (continued)

(a) Significant changes under the 2023 Telstra Group restructure (continued)

Substantially all external borrowings of Telstra Corporation Limited remained with Telstra Corporation Limited upon the Restructure. Effective from 1 January 2023 debt guarantees in favour of holders of specified debt issued by Telstra Corporation Limited and any new debt issued by Telstra Group Limited were put in place as detailed in note 7.2.

The Telstra Corporation Group accounted for the Restructure transfers as disposals and their impact has been reflected in the Telstra Corporation Group financial results as detailed in note 2.6.

Refer to notes 6.1 and 7.2 for further details about changes in our group structure and for parent entity disclosures.

1.3 Terminology used in our income statement

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

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

1.4 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 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 as the Telstra Entity. Adjustments are made to bring the reporting periods in line with those of the Group where necessary.

1.4.1 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 statements	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.

Section 1. Basis of preparation (continued)

1.5 Key accounting estimates and judgements

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

1.5.1 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
Impact of Inter-Company Agreements (ICAs)	2.2	B15
Determining standalone selling prices	2.2	B17
Impact of nbn Infrastructure Services Agreement (ISA) on revenue from customer contracts and other income	2.2	B18
Assessment of a significant financing component in nbn DAs	2.2	B19
Unrecognised deferred tax assets	2.4	B23
Useful lives and residual values of tangible assets	3.1	B30
Determining lease term for property leases	3.2	B32
Determining incremental borrowing rates for property leases	3.2	B34
Estimating expected credit losses	3.3	B37
Long service leave provision	5.1	B59

1.6 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.

1.6.1 Changes in accounting policies

(a) New and amended accounting standards

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

(b) Other changes

The Treasury Laws Amendment (Making Multinationals Pay Their Fair Share-Integrity and Transparency) Act 2024 amended the Corporations Act 2001 and introduced a requirement for public companies to disclose in their annual financial reports certain information about subsidiaries, 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.

1.6.2 New accounting standards to be applied in future reporting periods

In June 2024, the 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 Corporation Group 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.

1.6.3 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 the results and performance of our segments. It also provides disaggregated revenue, details of selected income and expense items, information about taxation, a reconciliation of our profit to net cash generated from operating activities, and the details of our discontinued operations.

2.1 Segment information

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

2.1.1 Operating segments

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

As detailed in note 1.2, the Restructure was completed on 1 January 2023 and, as a result, we have presented the financial results of the Telstra Corporation Group as continuing and discontinued operations. Our segment results show our continuing operations only, and details of our discontinued operations are outlined in note 2.6.

Our segments have been realigned following the organisational changes post Restructure. We have concluded that Telstra Corporation Group consists of the following segments.

Segment	Operations
Core passive	Our passive network infrastructure including the operations of our fixed network sites and fibre cabling.
Commercial works and disposals	Our asset relocation work, nbn-related infrastructure builds and legacy asset disposals.
Other	Mainly consists of income and expenses recorded to reflect compliance with Australian Accounting Standards. These adjustments are required as amounts in our segments are measured based on a 'management view'. Such recognition may differ from the requirements of the Australian Accounting Standards in a number of areas, for example lease accounting. Other than the above accounting adjustments, ‘Other’ includes operations unrelated to the core passive and commercial works and disposals segments such as the operations of Telstra Multimedia Pty Limited and the results of our equity accounted investments.

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

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

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

All segments operate in one geographical area, Australia.

(a) Transactions with discontinued entities in the segment results

In the prior year, our segments transacted with the discontinued entities (referred to as the ‘Disposal Group’ in note 2.6). The Disposal Group consists of entities that were controlled by Telstra Corporation Limited prior to the Restructure on 1 January 2023, however ceased to be controlled post Restructure.

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

- Any transactions with the Disposal Group pre- 1 January 2023 have been included in our segment results and removed in the ‘Eliminations’ column. These transactions represent inter-company transactions that have been eliminated on consolidation of the Telstra Corporation Group and are related to the performance of our core passive segment based on a 'management view', i.e. all charges earned/incurred are recognised as either income or expenses. Such charges may differ from the requirements of the Australian Accounting Standards in a number of areas, for example lease accounting. All other transactions are accounted for in accordance with the Australian Accounting Standards.
- Any transactions with the Disposal Group post-1 January 2023 have been included in our segment results. These transactions have not been eliminated on consolidation as the Disposal Group is an external party to Telstra Corporation Group from 1 January 2023. Further details on our Inter-Company Agreements with related parties are outlined in note 2.2, 2.6 and 3.7.

In the current year, our segments transact with the entities in the Disposal Group through the Inter-Company Agreements as related parties of Telstra Corporation Group.

Section 2. Our performance (continued)

2.1 Segment information (continued)

2.1.2 Segment results

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

Table A	Core passive	Commercial works and disposals	Other	Eliminations	Total
Telstra Corporation Group	$m	$m	$m	$m	$m
	Year ended 30 June 2024				
Revenue from contracts with customers	1,900	66	(166)	-	**1,800**
Revenue from other sources	386	195	-	-	**581**
Other income	62	137	40	-	**239**
Total income from continuing operations	**2,348**	**398**	**(126)**	**-**	**2,620**
Cost of network services	(844)	(143)	(20)	-	**(1,007)**
Other expenses	-	-	-	-	**-**
Share of net loss from equity accounted entities	-	-	(9)	-	**(9)**
Total EBITDA from continuing operations	**1,504**	**255**	**(155)**	**-**	**1,604**
Depreciation and amortisation					(504)
Telstra Corporation Group EBIT from continuing operations					**1,100**
Net finance costs					(163)
Telstra Corporation Group profit before income tax expense from continuing operations					**937**

Amounts in 'Other' relate to the following:

- Income from the disposal of assets accounted for as finance leases arising from Inter-Company Agreements.
- Straight-lining of operating lease revenue arising from Inter-Company Agreements.
- Share of equity accounted investments.

Further details on our Inter-Company Agreements are outlined in note 2.2.

Section 2. Our performance (continued)

2.1 Segment information (continued)

2.1.2 Segment results (continued)

Table A (continued) Telstra Corporation Group	Core passive	Commercial works and disposals	Other	Eliminations	Total
	$m	$m	$m	$m	$m
	Year ended 30 June 2023				
Revenue from contracts with customers	1,903	26	59	(500)	**1,488**
Revenue from other sources	197	201	-	-	**398**
Other income	98	131	1,463	-	**1,692**
Total income from continuing operations	**2,198**	**358**	**1,522**	**(500)**	**3,578**
Cost of network services	(705)	(176)	(6)	179	**(708)**
Other expenses	(11)	(1)	(18)	-	**(30)**
Share of net loss from equity accounted entities	-	-	(14)	-	**(14)**
Total EBITDA from continuing operations	**1,482**	**181**	**1,484**	**(321)**	**2,826**
Depreciation and amortisation					(521)
Telstra Corporation Group EBIT from continuing operations					**2,305**
Net finance costs					(355)
Telstra Corporation Group profit before income tax expense from continuing operations					**1,950**

Section 2. Our performance (continued)

2.2 Income

Table A Telstra Corporation Group	Year ended 30 June	
	2024	2023
	$m	$m
Revenue from contracts with customers	1,800	1,488
Revenue from other sources	581	398
Total revenue (excluding finance income)	**2,381**	**1,886**
Other income		
Net gain on disposal of property, plant and equipment and intangible assets	136	137
Net gain on sale and leaseback transactions	50	11
Net gain on derecognition of assets subject to finance lease	40	1,475
nbn disconnection fees	13	69
	239	**1,692**
Total income (excluding finance income)	**2,620**	**3,578**
Finance income		
Finance income (excluding income from finance leases)	19	30
Finance income from finance leases (Telstra as a lessor)	158	79
	177	**109**
Total income	**2,797**	**3,687**

Total revenue includes income from ICAs in the above table.

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

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

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

Revenue from other sources includes income from:

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

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

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 on sale and leaseback transactions relates to the divestment of exchange properties during the year. Refer to note 3.2.1 for further details.

Impact of Inter-Company Agreements (ICAs)

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

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

During the year, we recognised a gain of $40 million (2023: 1,475 million) in other income and derecognised $20 million of property, plant and equipment (2023: $762 million). At 30 June 2024, we held $2,211 million of finance lease receivables (2023: $2,209 million) due to finance lease arrangements.

Section 2. Our performance (continued)

2.2 Income (continued)

2.2.1 Disaggregated revenue

Table B presents the disaggregated revenue from contracts with customers based on the nature and the timing of transfer of services and major products.

We recognise revenue from contracts with customers when the control of goods or services has been transferred to the customer.

Refer to note 2.2.2 for further details about our contracts with customers.

Table B **Telstra Corporation Group**	Year ended 30 June	
	2024	2023
	$m	$m
Revenue from contracts with customers disaggregated by:		
Nature and timing of transfer of goods and services		
Sale of services	1,800	1,488
	1,800	**1,488**
Major products		
Commercial & recoverable works	21	26
NBN recurring	1,046	987
Other external	104	119
Inter-Company Agreements (ICAs)	629	356
	1,800	**1,488**
Reconciliation to segment results		
Revenue from contracts with customers	1,800	1,488
Revenue from other sources including operating lease revenue (note 3.2)	581	398
Other income	239	1,692
Total external income	**2,620**	**3,578**

In our reportable segments, we recognised $1,067 million (2023: $1,014 million) of revenue from transactions with one external customer and $943 million (2023: $480 million) of revenue from transactions with a related party.

Section 2. Our performance (continued)

2.2 Income (continued)

2.2.2 Our contracts with customers

(a) Telstra Corporation Group contracts (excluding contracts with nbn co)

Telstra Corporation Group transacts with carriage services providers, related parties and internet service providers, who in turn sell their services to their end users.

Telstra Corporation Group's 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 Corporation Group's service revenue is generally recognised over time during the period over which the services are rendered, mostly based on passage of time.

Certain Telstra Corporation Group contracts include multiple goods and services. We allocate the consideration, and any relevant discounts, generally to all the products or services 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.

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.

Telstra Corporation Group has contracts that 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.

(b) Agreements with nbn co

The main contracts with nbn co are the nbn Definitive Agreements (DAs) and related arrangements.

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)

(b) 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's are indexed to consumer price index (CPI) and will grow in line with the nbn network rollout until its completion (as defined under the DAs). Subsequently, IAP will continue being indexed to CPI for the remaining average contracted period of 23 years.

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

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

The nbn network rollout is substantially complete but its progress and its completion date are controlled by nbn co and the final number of the fixed line premises may continue to change even after all the relevant assets have been transferred to nbn co. Therefore, the final price adjustments and the resulting cash flows, including interest payable where relevant, will not be known until the nbn network rollout is complete in accordance with the DAs.

In March 2024, Telstra and nbn co signed an agreement on the true-up amounts 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.

Section 2. Our performance (continued)

2.2 Income (continued)

2.2.2 Our contracts with customers (continued)

(b) Agreements with nbn co (continued)

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.

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 C 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 C	As at 30 June	
Telstra Corporation Group	2024	2023
	$m	$m
Less than 1 year	1,160	1,174
Between 1 to 2 years	1,174	1,188
Between 2 to 5 years	3,632	3,637
Between 5 to 10 years	6,638	6,486
Between 10 to 20 years	15,852	15,328
More than 20 years	5,373	7,066
	33,829	**34,879**

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 customers

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 a 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.

Section 2. Our performance (continued)

2.2 Income (continued)

2.2.4 Recognition and measurement (continued)

(a) Revenue from contracts with customers (continued)

(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.

(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 it.

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. This includes lease revenue arising from ICAs with related parties.

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 lessor. 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.

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 Corporation Group	Year ended 30 June	
	2024	2023
	$m	$m
Included in our labour expenses are the following:		
Employee redundancy	9	6
Defined contribution plan expense	14	5
Defined benefit plan expense	3	11
Other expenses		
General and administration	155	157
Service contracts and other agreements	646	396
Other operating expenses	54	31
	855	**584**
Depreciation and amortisation		
Depreciation of property, plant and equipment	480	504
Depreciation of right-of-use assets	24	16
Amortisation of intangible assets	-	1
	504	**521**
Finance costs		
Interest on borrowings	312	486
Interest on lease liabilities (Telstra as a lessee)	10	5
Other	18	(26)
	340	**465**
Less: interest on borrowings capitalised	-	(1)
	340	**464**

The following paragraphs provide further information about our expenses and finance costs:

- other expenses include $439 million (2023: $209 million) of goods and services purchased from related parties through the ICAs. Further detail is provided in note 3.7.
- 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.

2.4.1 Income tax expense

Table A provides a reconciliation of notional income tax expense to actual income tax expense.

Table A Telstra Corporation Group	Year ended 30 June	
	2024	2023
	$m	$m
Major components of income tax expense		
Current tax expense	285	331
Deferred tax resulting from the origination and reversal of temporary differences	(7)	139
Under/(over) provision of tax in prior years	6	3
	284	**473**
Reconciliation of notional income tax expense to actual income tax expense		
Profit before income tax expense	937	1,950
Notional income tax expense calculated at the Australian tax rate of 30% (2022: 30%)	281	585
Notional income tax expense differs from actual income tax expense due to the tax effect of:		
Net non-deductible and (non-taxable) items	(3)	(66)
Amended assessments	-	(22)
Under provision of tax in prior years	6	3
Other	-	(27)
Income tax expense on profit	**284**	**473**
Income tax (benefit)/expense recognised during the year directly in other comprehensive income or equity	**20**	**(105)**

Section 2. Our performance (continued)

2.4 Income taxes (continued)

2.4.2 Deferred tax assets/(liabilities)

Table B details the amount of deferred tax assets and liabilities recognised in the statement of financial position.

Table B Telstra Corporation 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	(208)	(200)
Property, plant and equipment	(806)	(822)
Right-of-use assets	(711)	(710)
Intangible assets	25	33
Trade and other payables	34	3
Provision for employee entitlements	18	24
Other provisions	16	18
Lease liabilities	67	69
Borrowings and derivative financial instruments	(7)	22
Contract liabilities and other revenue received in advance	187	189
Other	5	16
	(1,380)	**(1,358)**
Deferred tax items recognised in other comprehensive income or equity		
Borrowings and derivative financial instruments	166	146
Other	1	1
	167	**147**
Net deferred tax liability	**(1,213)**	**(1,211)**
Comprising:		
Deferred tax assets	-	-
Deferred tax liabilities	(1,213)	(1,211)
	(1,213)	**(1,211)**

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 C details deferred tax assets not recognised in the statement of financial position.

Table C Telstra Corporation Group	Year ended 30 June	
	2024	2023
	$m	$m
Deferred tax assets not recognised		
Deductible temporary differences	91	92
	91	**92**

2.4.3 Tax consolidated group

Under Australian taxation law, Telstra Group Limited (head entity of Telstra Group) 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 a member of the Telstra Group Limited tax consolidated group.

The 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 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 head entity will also compensate the members for any deferred tax assets relating to unused tax losses and tax credits.

Amounts payable by the Telstra Entity of $285 million (2023: $407 million) under the tax funding agreement are due in the next financial year upon final settlement of the current tax payable for the tax consolidated group.

Section 2. Our performance (continued)

2.4 Income taxes (continued)

2.4.4 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).

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 Notes to the statement of cash flows

2.5.1 Reconciliation of profit to net cash provided by operating activities

Table A **Telstra Corporation Group**	Year ended 30 June 2024 $m	Year ended 30 June 2023 $m
Profit for the year	653	12,178
Add/(subtract) items classified as investing/financing activities		
Finance income	(177)	(140)
Finance costs	340	566
Net gain on disposal of property, plant and equipment and intangible assets	(136)	(159)
Net gain from sale and leaseback	(87)	(12)
Net (gain)/loss on leases	-	(52)
Add/(subtract) non-cash items		
Depreciation and amortisation	504	2,528
Share-based payments	-	10
Defined benefit plan expense	3	11
Share of net loss from joint ventures and associated entities	9	28
Net gain on disposal of businesses, controlled entities and equity accounted investments	-	(9,270)
Net gain on finance lease arrangements	172	(1,391)
Other	(44)	-
Cash movements in operating assets and liabilities		
(Increase)/decrease in trade and other receivables and contract assets	(818)	(696)
Increase in inventories	11	(242)
(Increase)/decrease in prepayments and other assets	8	(30)
Decrease in deferred contract costs	-	26
(Decrease)/increase in trade and other payables	(160)	620
Increase/(decrease) in contract liabilities and other revenue received in advance	14	118
Decrease in net taxes payable	-	(647)
(Decrease)/increase in provisions	2	(21)
Net cash provided by operating activities	**294**	**3,425**

Section 2. Our performance (continued)

2.5 Notes to the statement of cash flows (continued)

2.5.2 Cash and cash equivalents

Table B Telstra Corporation Group	Year ended 30 June	
	2024	2023
	$m	$m
Cash at bank and on hand	18	65
Cash and cash equivalents in the statement of cash flows	**18**	**65**

2.5.3 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.

(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.

On 1 November 2022, Telstra formed a GST group. The members of this group were Telstra Group Limited (as representative member), and most of the Australian entities in which it owns a 90% or more interest, including Telstra Corporation Limited.

Under Australian taxation law, entities forming a GST group are treated as a single entity for GST purposes. The representative entity is responsible for meeting the GST obligations for transactions entered into by all members of the group, in addition to its own transactions. Transactions between members of the group are ignored for GST purposes.

Entities within the GST group have entered into an indirect tax sharing agreement and an indirect tax funding agreement with Telstra Group Limited. The indirect tax sharing agreement specifies methods of allocating any GST liability in the event the representative entity defaults on its group payment obligations and the treatment where a member exits the GST group. Under the indirect tax funding agreement, the representative entity will pay the GST consolidated group liability to the Commissioner of Taxation and each of the members have agreed to pay a current payable to / receivable from the representative entity based on the group member's share of the consolidated group's GST position.

2.6 Discontinued operations

As detailed in note 1.2, the final Restructure steps were completed on 1 January 2023. On this date, Telstra Corporation Limited transferred:

- the retail and active wholesale business assets and liabilities and related investments to Telstra Limited
- the international business assets and liabilities and related investments to Telstra International Holdings Pty Ltd and its controlled entities
- the interest in Telstra Towerco No. 2 Pty Ltd, being the wholly-owned entity which holds an interest in the Amplitel towers business and related investments (Amplitel), to Telstra Group Limited.

In accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, the financial results of these three businesses (referred to as the Disposal Group) in the 2023 financial year have been disclosed as discontinued operations and the carrying value of assets and liabilities of the Disposal Group have been measured at the lower of carrying amount and fair value less costs to sell prior to their disposal. Discontinued operations also include the financial results of Digicel Pacific. Refer to note 6.1.3 for further details.

Telstra Corporation Group continued to transact with the Disposal Group pre and post 1 January 2023. The operations, assets and liabilities of the Disposal Group disclosed do not include any transactions with controlled entities prior to 1 January 2023 as outlined in note 2.1. This is because in accordance with the principles of consolidation, all transactions with controlled entities, i.e. those related to both continuing and discontinued operations, have been eliminated on consolidation of the Telstra Corporation Group (i.e. they have not been grossed up between continuing and discontinued operations).

From 1 January 2023, following the Restructure, Telstra Corporation Group as a provider of access to passive fixed infrastructure, recognizes revenue and expenses through the ICAs with related parties, i.e. the Disposal Group.

Section 2. Our performance (continued)

2.6 Discontinued operations (continued)

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

Table A Telstra Corporation Group	Year ended 30 June	
	2024	2023
	$m	$m
Revenue	-	10,557
Other income	-	166
Expenses	-	8,646
Profit before income tax expense	**-**	**2,077**
Income tax expense	-	646
Profit after income tax expense from discontinued operations	**-**	**1,431**
Gain on disposal of discontinued entities pre 1 January 2023	-	40
Gain on disposal of discontinued operations on 1 January 2023 (refer to Table C)	-	9,230
Profit from discontinued operations	**-**	**10,701**
Net cash provided by operating activities	-	1,977
Net cash used in investing activities	-	(4,213)
Net cash provided by financing activities	-	1,619
Net (decrease)/increase in cash and cash equivalents	**-**	**(617)**

Table B presents the assets and liabilities of the Disposal Group that were transferred on 1 January 2023.

Table B Disposal Group	As at 1 Jan 2023 Total $m
Current assets	
Cash and cash equivalents	912
Trade and other receivables and contract assets	3,384
Deferred contract costs	151
Inventories	682
Current tax receivables	38
Prepayments	250
Total current assets	**5,417**
Non-current assets	
Trade and other receivables and contract assets	662
Deferred contract costs	1,229
Inventories	23
Investments – accounted for using the equity method	376
Investments – other	18
Property, plant and equipment	11,497
Intangible assets	8,344
Right-of-use assets	2,855
Derivative financial assets	3
Deferred tax assets	46
Total non-current assets	**25,053**
Total assets	**30,470**
Current liabilities	
Trade and other payables	3,858
Employee benefits	48
Other provisions	97
Lease liabilities	493
Borrowings	112
Current tax payables	-
Contract liabilities and other revenue received in advance	1,429
Total current liabilities	**6,037**
Non-current liabilities	
Other payables	158
Employee benefits	12
Other provisions	8
Lease liabilities	2,536
Borrowings	89
Deferred tax liabilities	1,274
Defined benefit liabilities	11
Contract liabilities and other revenue received in advance	1,366
Total non-current liabilities	**5,370**
Total liabilities	**11,491**
Net assets	**18,979**

Section 2. Our performance (continued)

2.6 Discontinued operations (continued)

Table C provides details on how the net gain on disposal has been determined. It also shows the reserves that have been reclassified to our income statement that formed part of the gain on sale of the Disposal Group.

Table C Telstra Corporation Group	As at 1 Jan 2023 $m
Consideration on disposal	
Non-cash consideration on disposal	**27,467**
Cash and cash equivalents disposed	(912)
Total inflow on disposal	**26,555**
Assets/(liabilities) at disposal date	
Assets disposed as part of the Restructure (including cash disposed)	30,470
Liabilities disposed as part of the Restructure	(11,491)
Net assets disposed	**18,979**
Cash flow hedging reserve (net of income tax) reclassified to the income statement	(2)
Foreign currency translation reserve (net of income tax) reclassified to the income statement	(101)
Adjustment for non-controlling interests	(790)
Other adjustments	151
Net book value of assets disposed	**18,237**
Gain on disposal	**9,270**

Telstra Corporation Group recognized a $9,230 million net gain on transfer of the Disposal Group.

In addition, on the transfer of the Disposal Group, Telstra Corporation Group transferred to retained earnings a $2,077 million general reserve and a $129 million fair value equity investments reserve related to the disposed investments.

Other adjustments related to inter-company balances which were part of the disposed assets and liabilities and were previously eliminated on consolidation of the Telstra Corporation Group.

Table D presents the assets and liabilities of Digicel Pacific on 30 November 2022. During the 2023 financial year, we acquired Digicel Pacific on 13 July 2022 and we disposed of the business as part of the Restructure on 30 November 2022 (refer to note 6.1.3). This information has been presented separately as assets and liabilities of Digicel Pacific were transferred prior to 1 January 2023.

Table D Digicel Pacific and its controlled entities	As at 30 Nov 2022 Total $m
Current assets	
Cash and cash equivalents	100
Trade and other receivables and contract assets	275
Deferred contract costs	3
Inventories	11
Prepayments	26
Total current assets	**415**
Non-current assets	
Investments - accounted for using the equity method	8
Property, plant and equipment	487
Intangible assets	2,511
Right-of-use assets	55
Derivative financial assets	41
Deferred tax assets	23
Total non-current assets	**3,125**
Total assets	**3,540**
Current liabilities	
Trade and other payables	372
Employee benefits and other provisions	192
Lease liabilities	7
Borrowings	1,161
Current tax payables	3
Contract liabilities and other revenue received in advance	50
Total current liabilities	**1,780**
Non-current liabilities	
Employee benefits and other provisions	70
Lease liabilities	58
Deferred tax liabilities	162
Total non-current liabilities	**289**
Total liabilities	**2,069**
Net assets	**1,471**

As part of the sale of entities prior to 1 January 2023, we recognised net $40 million gain on disposal and $460 million of additional promissory notes.

Section 2. Our performance (continued)

2.6 Discontinued operations (continued)

As at 30 June 2024, Telstra Corporation Group holds $16,297 million (2023: $19,348 million) of promissory notes related to the consideration on disposal. Table E shows the movement of the promissory notes.

Table E Telstra Corporation Group	Year ended 30 June	
	2024	2023
	$m	$m
Total promissory notes held 1 July	**19,348**	**-**
Add: Promissory notes received from sale of the Disposal Group and Digicel Pacific and its controlled entities	-	27,927
Less: Non-cash dividends paid through the promissory note	-	(6,000)
Less: Receipts from promissory notes	(3,051)	(2,579)
Total promissory notes at 30 June	**16,297**	**19,348**
Current portion	1,732	2,454
Non-current portion	14,565	16,894
Total promissory notes at 30 June	**16,297**	**19,348**

The promissory notes are non-interest bearing and are repayable upon demand.

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

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

Refer to notes 1.2, 6.1 and 7.2 for further details about the Restructure, changes in our group structure and for parent entity disclosures.

Section 3. Our core assets, lease arrangements and working capital

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

3.1 Property, plant and equipment

This note provides details of our tangible assets and their impairment assessment.

3.1.1 Property, plant and equipment

Table A shows movements in the net book value of our property, plant and equipment assets during the financial year.

Table A Telstra Corporation Group	Land and buildings $m	Communication assets $m	Other plant and equipment $m	Total property, plant and equipment $m
Net book value at 1 July 2022	**615**	**19,664**	**206**	**20,485**
Additions	52	1,367	46	**1,465**
Additions due to acquisitions of controlled entities	33	469	21	**523**
Depreciation expenses	(47)	(897)	(50)	**(994)**
Disposals from Digicel Pacific disposal (note 2.6)	(29)	(438)	(20)	**(487)**
Disposals from Restructure (note 2.6)	(152)	(11,155)	(190)	**(11,497)**
Disposals of PPE arising from finance leases on Inter-Company Agreements	-	(762)	-	**(762)**
Other movements	(28)	(17)	(13)	**(58)**
Net book value at 30 June 2023 comprising:	**444**	**8,231**	**-**	**8,675**
Cost	695	20,563	-	**21,258**
Accumulated depreciation and impairment	(251)	(12,332)	-	**(12,583)**
Net book value at 1 July 2023	**444**	**8,231**	**-**	**8,675**
Additions	23	733	-	**756**
Depreciation expenses	(22)	(458)	-	**(480)**
Disposals of PPE arising from finance leases on Inter-Company Agreements	-	(20)	-	**(20)**
Other movements	-	(91)	-	**(91)**
Net book value at 30 June 2024 comprising:	**445**	**8,395**	**-**	**8,840**
Cost	712	20,999	-	**21,711**
Accumulated depreciation and impairment	(267)	(12,604)	-	**(12,871)**

The following paragraphs provide further information about our fixed asset classes:

- land and buildings include leasehold improvements related to right-of-use assets recognised under our leasing arrangements (Telstra as a lessee).
- communication assets include certain network land and building assets that are essential to operate communication assets
- as at 30 June 2024, $449 million (2023: $284 million) of property, plant and equipment was under construction and not installed or ready for use.
- our property, plant and equipment assets include buildings and network assets which are used by us to generate significant rental income from related parties through the ICAs.
- $20 million (2023: 762 million) of communication assets were derecognised due to accounting for finance leases under the ICAs.
- other movements relate to disposals of property, plant and equipment during the year and includes $19m (2023: nil) of network assets disposed from sale and leaseback transactions, nil (2023: $43 million) net transfers to intangible assets, nil increase (2023: $2 million increase) due to net foreign exchange differences and other individually insignificant transactions.

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

3.1 Property, plant and equipment (continued)

3.1.2 Depreciation and amortisation

Table B presents the weighted average useful lives of our property, plant and equipment.

Table B	Expected benefit (years)	
Telstra Corporation Group	As at 30 June	
	2024	2023
Property, plant and equipment		
Buildings	39	39
Communication assets	45	44
Other plant and equipment	8	n/a
Intangible assets		
Software assets	10	10

Useful lives and residual values of tangible assets

We apply judgement to estimate useful lives and residual values of our assets and review them each year. If useful lives or residual values need to be modified, the depreciation 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.

In the financial year, the net effect of the assessment of useful lives was nil (2023: $35 million decrease) in depreciation expenses.

3.1.3 Impairment assessment

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

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

Other indicators include physical climate risks to our assets, operations and service delivery, such as bushfires, tropical cyclones, coastal inundation, coastal erosion, intense rainfall events and chronic temperature rise.

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.

We identify cash generating units, the smallest groups of assets that generate largely independent cash inflows from other assets or groups of assets. We have concluded that one cash generating unit exists for Telstra Corporation Group similar to the prior financial year.

Based on our assessment, and as a result of considering all potential indicators, we did not identify any indicators of impairment. No impairment charge was required in the year.

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

3.1 Property, plant and equipment (continued)

3.1.4 Recognition and measurement

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. 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. 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.
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. Research costs are expensed when incurred. Capitalised development costs include: • external direct costs of materials and services consumed • payroll and payroll-related costs for employees (including contractors) directly associated with the project • borrowing costs that are directly attributable to the qualifying assets. Internally generated intangible assets have a finite life and are amortised on a straight-line basis over their useful lives.

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.

Other lease arrangements include:

- heavy plant equipment used for network construction and maintenance and motor vehicles.

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.

On 1 January 2023, the assets and liabilities related to the Disposal Group (outlined in note 1.2 and 2.6) were transferred. Upon transfer of the Disposal Group, Telstra Corporation Group established a number of ICAs with the Disposal Group including long-term arrangements to access fibre and fixed network sites, some of which are located on leased land.

We consider the ICAs as a significant event impacting our judgement when reassessing the lease term of our external leases and assess the lease term for those leases where the related party sub-leases extend beyond the period of our previous judgement.

Based on our assessment, there were no material impacts to our lease liabilities or right-of-use assets (2023: nil).

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 three and 30 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 ICAs 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.

None of our termination options have been considered reasonably certain 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 adjustments to lease liabilities resulting from such escalation clauses were recognised during the financial year 2023.

(c) Leases with variable lease payments that do not depend on an index or a rate

Some of our leases 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 Telstra Corporation 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	391	124	**515**
Additions due to acquisitions of controlled entities and businesses	56	-	**56**
Depreciation expense	(133)	(64)	**(197)**
Disposals from Digicel Pacific disposal (note 2.6)	(55)	-	**(55)**
Disposals from Restructure (note 2.6)	(2,054)	(801)	**(2,855)**
Other movements	(24)	(10)	**(34)**
Net book value at 30 June 2023 comprising:	**356**	**-**	**356**
Cost	423	-	**423**
Accumulated depreciation and impairment	(67)	-	**(67)**
Net book value at 1 July 2023	**356**	**-**	**356**
Additions	32	6	**38**
Depreciation expense	(23)	(1)	**(24)**
Terminations	(1)	-	**(1)**
Other movements	(2)	2	**-**
Net book value at 30 June 2024 comprising:	**362**	**7**	**369**
Cost	452	10	**462**
Accumulated depreciation and impairment	(90)	(3)	**(93)**

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 Telstra Corporation Group	Weighted average useful life (years)	
	As at 30 June	
	2024	2023
Right-of-use assets		
Land and buildings	21	21
Other	5	n/a

(e) Lease liabilities

Lease liabilities do not include liabilities for leases of low value assets (such as personal computers, laptops and printers) 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 1.8 per cent (2023: 1.6 per cent).

Table C presents maturity analysis of our lease liabilities.

Table C Telstra Corporation Group	As at 30 June	
	2024	2023
	$m	$m
Undiscounted future cash flows		
Less than 1 year	61	32
1 to 2 years	38	42
2 to 5 years	113	112
More than 5 years	362	384
Total undiscounted lease liabilities	**574**	**570**
Future finance charges	(120)	(132)
Present value of lease liabilities	**454**	**438**
Comprising:		
Current	60	22
Non-current	394	416
	454	**438**

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.

(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 Corporation Group	Year ended 30 June	
	2024	2023
	$m	$m
Amounts recognised in the income statement		
Depreciation of right-of-use assets (in depreciation and amortisation expense)	(24)	(16)
Interest expense on lease liabilities (in net finance costs)	(10)	(5)
Net gain on sale and leaseback transactions (in other income)	50	11
Cash outflows for leases		
In cash flows from financing activities (principal portion)	(25)	(338)
In cash flows from financing activities (interest portion)	(10)	(1)

During the financial year, we recognised a $50 million net gain from sale and leaseback transactions for our exchange properties and received $87 million in sales proceeds. We also recognised $25 million lease liabilities and $7 million right-of-use assets for those transactions.

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

3.2 Lease arrangements (continued)

3.2.2 Telstra as a lessor

Our lease arrangements where Telstra is a lessor include the following main categories:

- leases and subleases of property assets, including office and network buildings
- access and/or usage of network infrastructure

Our key finance and operating leases are described below.

(a) Finance leases

(i) Finance leases where Telstra is a lessor

Certain arrangements provide usage of network infrastructure and are accounted for as a finance lease arrangement. These arrangements mainly arise with our related parties through the ICAs (outlined in note 1.2, 2.2 and 3.7).

During the year, we recognised a gain of $40 million (2023: 1,475 million) in other income and derecognised $20 million of property, plant and equipment (2023: $762 million). At the end of the financial year, as a result of the finance lease arrangements, we held $2,211 million of finance lease receivables (2023: $2,209 million).

The weighted average remaining term of the finance leases of these assets is 34 years (2023: 35 years).

(ii) 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 Corporation Group	As at 30 June	
	2024	2023
	$m	$m
Undiscounted lease payments receivable under finance leases		
Less than 1 year	213	212
1 to 2 years	213	212
2 to 3 years	213	212
3 to 4 years	213	212
4 to 5 years	213	210
More than 5 years	6,071	6,240
Total undiscounted lease payments receivables	**7,136**	**7,298**
Less: unearned finance income	(4,925)	(5,089)
Net investment in the lease	**2,211**	**2,209**
Comprising		
Current	56	56
Non-current	2,155	2,153
	2,211	**2,209**

Refer to note 3.3.1 for details regarding impairment assessment of our finance lease receivables.

(b) Operating leases

Our ICAs with related parties provide long-term access to our passive infrastructure. Certain ICAs, or components of those ICAs, were accounted for as operating leases.

The undiscounted future lease payments receivable under our operating leases totalled $2,500 million (2023: $2,881 million), with 31 per cent (2023: 36 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 Telstra Corporation Group	As at 30 June	
	2024	2023
	$m	$m
Net gain on disposal of assets arising from finance lease arrangements	40	1,475
Income from operating leases, including subleases (in revenue from other sources)	385	194
Interest income on finance leases from related parties	157	79

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.

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

3.2 Lease arrangements (continued)

3.2.3 Recognition and measurement (continued)

(b) Telstra as a lessee

A lessee recognises a right-of-use asset and a lease liability at a 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.

Payments associated with leases of low value assets are recognised on a straight-line basis as an expense in the income statement.

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 3.1.3 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.

(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 there is a lease modification.

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.

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

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 Telstra Corporation Group	Note	As at 30 June 2024 $m	 2023 $m
Current			
Trade receivables from contracts with customers		341	317
Trade receivables from related parties	3.7	1,165	444
Finance lease receivables	3.2	56	56
Accrued revenue		28	64
Other receivables		23	4
		1,613	**885**
Contract assets	3.5	91	97
		1,704	**982**
Non-current			
Finance lease receivables	3.2	2,155	2,153
Amounts owed by joint ventures and associated entities	6.4	139	143
		2,294	**2,296**
Contract assets	3.5	89	110
		2,383	**2,406**

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 45 days from the date of invoice. Credit risk associated with trade and other receivables and contract assets has been provided for.

Trade receivables from contracts with customers represent an unconditional right to receive consideration 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.

Trade receivables from related parties include receivables with entities controlled by the Telstra Group, not within the Telstra Corporation Group. These related party receivables primarily relate to the ICAs entered into on 1 January 2023.

Refer to note 3.5 for movements in net contract assets and contract liabilities.

(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 an individual account by account assessment.

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 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 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.

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 and 30 June 2023, those macroeconomic factors were within the relevant thresholds.

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)

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.

Table B Telstra Corporation Group	As at 30 June			
	2024		2023	
	Gross	Allow-ance	Gross	Allow-ance
	$m	$m	$m	$m
Not past due, including measured at:				
- amortised cost	3,893	-	3,174	-
	3,893	**-**	**3,174**	**-**
Past due 1 - 30 days	2	-	-	-
Past due 31 - 60 days	1	-	1	-
Past due 61 - 90 days	-	-	1	-
Past 91 days	1	-	1	-
	3,897	**-**	**3,177**	**-**

Accrued revenue, amounts owed by related parties, joint ventures and associated entities, and other receivables (before allowance for doubtful debts) totalling $1,356 million (2023: $655 million) are subject to impairment assessment using the general approach.

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.

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 Telstra Corporation Group	Year ended 30 June	
	2024	2023
	$m	$m
Opening balance 1 July	**-**	**(210)**
Additional allowance	-	(94)
Amount used	-	25
Amount reversed	-	81
Disposal of controlled entities	-	198
Closing balance 30 June	**-**	**-**

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 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.

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

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 of 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 Telstra Corporation Group	Note	As at 30 June 2024 $m	 2023 $m
Current			
Contract liabilities	3.5	2	2
Other revenue received in advance		72	72
		74	**74**
Non-current			
Contract liabilities	3.5	23	16
Other revenue received in advance		31	24
		54	**40**

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 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 Telstra Corporation Group	As at 30 June 2024 $m	 2023 $m
Current contract assets	91	97
Non-current contract assets	89	110
Total contract assets	**180**	**207**
Current contract liabilities	(2)	(2)
Non-current contract liabilities	(23)	(16)
Total contract liabilities	**(25)**	**(18)**
Total net contract liabilities	**155**	**189**
Increase in net contract liabilities for the year	(34)	1,530

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.

Refer to note 3.3.1 for details regarding impairment assessment of contract assets.

3.6 Trade and other payables

Telstra Corporation Group	As at 30 June 2024 $m	 2023 $m
Current		
Trade payables	54	217
Trade and other payables to related parties	-	127
Accrued expenses	69	80
Accrued capital expenditure	226	26
Accrued interest	51	105
Other payables	3	8
	403	**563**

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.

3.6.1 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 3. Our core assets, lease arrangements and working capital (continued)

3.7 Related party transactions

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

Related party transactions during the year mainly consist of the following:

- transactions with any controlled entities of Telstra Group Limited that are not eliminated on consolidation post the Restructure on 1 January 2023.
- transactions with joint ventures or associated entities outlined in note 6.4.

Note any transactions prior to 1 January 2023 in the prior comparative year have been eliminated on consolidation as these entities were controlled by Telstra Corporation Limited (note 1.2 and 2.6). Post the 1 January 2023 Restructure, the entities that constitute the Disposal Group are no longer subsidiaries of Telstra Corporation Group.

Table A details transactions which occurred with related parties for the year excluding transactions with our joint ventures or associated entities which have been separately outlined in note 6.4.

Table A Telstra Corporation Group	Year ended 30 June	
	2024	2023
	$m	$m
Income		
Sale of goods and services	629	332
Lease and access revenue	359	153
Gain on entering finance leases	40	1,475
Gain on sale arising from Restructure (note 1.2 and 2.6)	-	9,270
Finance income	158	79
Expenses		
Purchase of network-related services under agreements	419	195
Purchase of management services	12	7
Other expenses (including depreciation and finance costs)	15	7
Other transactions		
Dividends paid to Telstra Group Limited	-	6,000

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

Table B details outstanding balances at the end of the reporting period in relation to transactions with related parties excluding transactions with our joint ventures or associated entities outlined in note 6.4.

Table B Telstra Corporation Group	As at 30 June	
	2024	2023
	$m	$m
Current assets		
Trade receivables	1,165	444
Finance lease receivables	56	56
Promissory note	1,732	2,454
Other financial assets	19	26
Non-current assets		
Finance lease receivables	2,155	2,153
Promissory note	14,566	16,894
Right-of-use assets	218	219
Other financial assets	46	83
Current liabilities		
Trade and other payables	-	127
Lease liabilities	13	3
Other financial liabilities	6	2
Non-current liabilities		
Lease liabilities	227	223
Other financial liabilities	27	10
Net assets to/from related parties	**19,684**	**21,964**

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

For details on the promissory note, refer to note 2.6.

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

Section 4. Our capital and risk management

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

4.1 Capital management

Capital management is undertaken in accordance with the financial parameters regularly reviewed and approved by the Telstra Group Limited Board (the 'Group 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 draw down or repay debt, adjust the amount of dividend 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 dividend and any current year dividends paid.

Historically as the parent entity of the Telstra Group, Telstra Corporation Limited paid dividends to equity holders twice a year, an interim and a final dividend. Table A below provides details about the dividends paid during the financial year.

As detailed in note 1.2, on 31 October 2022, the shares of Telstra Corporation Limited were exchanged for shares in Telstra Group Limited.

In connection with the Restructure, the Group Board resolved to discontinue the Telstra Corporation Limited's Dividend Reinvestment Plan (DRP) and a new DRP was established by Telstra Group Limited. Any residual balances in the Telstra Corporation Limited DRP were transferred to the Telstra Group Limited DRP.

Table A	Year ended 30 June			
Telstra Corporation Group	2024	2023	2024	2023
	$m	$m	cents	cents
Dividends paid	-	6,982	-	60.4
	-	**6,982**	**-**	**60.4**

As at 30 June 2024, a dividend for the financial year 2024 had not been determined by the Group Board. Therefore no provision for a dividend had been raised in the statement of financial position.

4.3 Equity

This note provides information about our share capital and reserves presented in the statement of changes in equity.

4.3.1 Share capital

Table A details components of our share capital balance.

Table A	As at 30 June	
Telstra Corporation Group	2024	2023
	$m	$m
Contributed equity	2,963	3,007
	2,963	**3,007**

(a) Contributed equity

As detailed in note 1.2, on implementation of the top hat component of the Restructure in 2023, eligible shareholders of Telstra Corporation Limited exchanged their shares in that company for shares in Telstra Group Limited. As a result, Telstra Group Limited became the parent entity of the Telstra Group, including Telstra Corporation Limited and its controlled entities.

As at 30 June 2024, there were 11,554,427,353 (2023: 11,554,427,353) fully paid ordinary shares of Telstra Corporation Limited on issue, which were wholly-owned by Telstra Group Limited.

Section 4. Our capital and risk management (continued)

4.3 Equity (continued)

4.3.2 Reserves

Table B details our reserve balances.

Table B Telstra Corporation Group	Foreign currency transla-tion reserve $m	Cash flow hedging reserve $m	Foreign currency basis spread reserve $m	Fair value of equity instru-ments reserve $m	General reserve $m	Total reserves $m
Balance at 1 July 2022	**84**	**30**	**(8)**	**150**	**2,077**	**2,333**
Other comprehensive income	22	(100)	(9)	55	-	**(32)**
Transfer of fair value of equity instruments reserve to retained earnings	-	-	-	(76)	-	**(76)**
Transfer related to Discontinued Entities	(106)	(40)	2	(129)	(2,077)	**(2,350)**
Balance at 30 June 2023	**-**	**(110)**	**(15)**	**-**	**-**	**(125)**
Other comprehensive income	-	54	(12)	-	-	**42**
Balance at 30 June 2024	**-**	**(56)**	**(27)**	**-**	**-**	**(83)**

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.

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 including lease liabilities and derivative financial instruments, less cash and cash equivalents.
This note provides information about components of our net debt and related finance costs.

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

Table A Telstra Corporation Group	As at 30 June	
	2024	2023
	$m	$m
Lease liabilities	(454)	(438)
Borrowings	(6,279)	(9,443)
Net derivative financial instruments	74	433
Gross debt	**(6,659)**	**(9,448)**
Cash and cash equivalents	18	65
Net debt	**(6,641)**	**(9,383)**

No components of net debt are subject to any externally imposed capital requirements. We did not have any defaults or breaches under any of our agreements with our lenders during the financial year 2024.

Table B summarises the key movements in net debt during the financial year.

Table B Telstra Corporation Group	Year ended 30 June	
	2024	2023
	$m	$m
Opening net debt at 1 July	**(9,383)**	**(12,720)**
Drawings (bilateral bank loans)	600	(1,127)
Commercial paper (net)	-	441
Revolving bank facilities (net)	725	(725)
Debt repayments	1,416	1,932
Other borrowings	-	(9)
Lease liability payments	25	338
Net cash (inflow)/outflow	**2,766**	**850**
Fair value (loss)/gain impacting:		
Equity	63	(283)
Other expenses	-	65
Finance costs	4	6
Other non-cash movements		
Lease liability (Telstra as a lessee)	(41)	(676)
Other loans and derivatives	(3)	(52)
Loans disposed through sale of controlled entities	-	1,176
Reclassification to liabilities held for sale	-	3,226
Total non-cash movements	**23**	**3,462**
Total decrease/(increase) in gross debt	**2,789**	**4,312**
Net decrease in cash and cash equivalents (including effects of foreign exchange rate changes)	(47)	(975)
Total decrease/(increase) in net debt	**2,742**	**3,337**
Closing net debt at 30 June	**(6,641)**	**(9,383)**
Total equity	(21,452)	(20,836)
Total capital	**(28,093)**	**(30,219)**

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 Telstra Corporation 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	-	-	300	300
Promissory notes	152	152	152	152
Other external financial liabilities	1	1	1	1
	1,709	**1,686**	**2,267**	**2,265**
Non-current borrowings				
Unsecured notes	4,155	4,076	5,736	5,526
Bank and other loans - unsecured	-	-	1,025	1,032
Other external financial liabilities	415	300	415	297
	4,570	**4,376**	**7,176**	**6,855**
Total borrowings	**6,279**	**6,062**	**9,443**	**9,120**

Unsecured notes comprise bonds and private placements.

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

(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). 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. 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, canceled 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 Group 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 Telstra Corporation 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	(68)	389	(57)
Interest rate swaps	-	-	1	-
Forward foreign exchange contracts	-	-	2	(2)
	182	**(68)**	**392**	**(59)**
Non-current derivative financial instruments				
Cross currency swaps	128	(168)	282	(182)
	128	**(168)**	**282**	**(182)**
Total derivative financial instruments	**310**	**(236)**	**674**	**(241)**

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. 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. 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.

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	Year ended 30 June	
Telstra Corporation Group	2024	2023
	$m	$m
Interest income	19	30
Finance income from finance leases (Telstra as a lessor)	158	79
Total finance income	**177**	**109**
Interest expense on borrowings	(312)	(486)
Interest expense on lease liabilities	(10)	(5)
Gross interest on debt	**(322)**	**(491)**
Net gains on financial instruments included in remeasurements	(18)	26
	(18)	**26**
Interest capitalised	-	1
Total finance costs	**(340)**	**(464)**
Net finance costs	**(163)**	**(355)**

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.

Section 4. Our capital and risk management (continued)

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 Group 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 in the current year.

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 Telstra Group 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 Telstra Corporation Group	As at 30 June			
	2024		2023	
	Pre hedge	Post hedge	Pre hedge	Post hedge
	$m	$m	$m	$m
Floating rate borrowings	-	(727)	(1,325)	(2,212)
Fixed rate borrowings	(5,711)	(4,984)	(7,547)	(6,660)
Other financial liabilities	(568)	(568)	(571)	(571)
Total borrowings	**(6,279)**	**(6,279)**	**(9,443)**	**(9,443)**

Refer to note 4.4.1 for further details on our borrowings.

As at 30 June 2024, we held some floating rate derivative instruments hedging term debt issuances which have a reference to a benchmark rate.

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 Corporation Group's financial results for the financial year 2024.

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 Corporation 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	-	-	-	13	1,268	0.2
3MBBSW	AUD	Pay	-	-	-	(2)	(50)	0.5
Cross currency swaps								
3MBBSW	AUD	Pay	(317)	(924)	5.4	(407)	(2,290)	2.7

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)

(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 Corporation Group	As at 30 June			
	2024		2023	
	Gain/(loss)			
	Net profit	Equity	Net profit	Equity
	$m	$m	$m	$m
Interest rates (2024:+25bp)/ (2023:+100bp)	-	15	(20)	(7)
Interest rates (-25bp)	-	(15)	5	2

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 denominated in foreign currency.

Table D	As at 30 June 2024				As at 30 June 2023			
Telstra Corporation Group	Exposure	Cross currency swap receive/(pay)		Carrying value	Exposure	Cross currency swap receive/(pay)		Carrying value
	Local currency		Australian dollars		Local currency		Australian dollars	
	m	m	$m	$m	m	m	$m	$m
Euro	(1,850)	1,850	(2,955)	(2,857)	(2,925)	2,925	(4,321)	(4,639)
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			**(4,975)**	**(5,167)**			**(6,341)**	**(6,957)**

(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.

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 (continued)

Table E summarises forward foreign exchange contracts that are hedging our transactional currency exposures.

Table E **Telstra Corporation 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	$
Forecast transactions								
United States dollars	(10)	10	(14)	0.69	(46)	46	(66)	0.69

(c) 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 **Telstra Corporation Group**	As at 30 June			
	2024		2023	
	Gain/(loss)			
	Net profit	Equity	Net profit	Equity
	$m	$m	$m	$m
Exchange rates (+10%)	(4)	9	(3)	17
Exchange rates (-10%)	4	(11)	4	(21)

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.

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.

The analysis does not include the impact of any management action that might take place if these events occurred.

Section 4. Our capital and risk management (continued)

4.5 Financial instruments and risk management (continued)

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 Group 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 note 7.2.2.

(a) Customer credit risk

Trade and other receivables and contract assets post the Restructure consists mainly of business customers for network-related services and access to our passive network. 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 and Telstra Limited (related party), 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 Group 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 at the Telstra Group level 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.

Our access to commercial paper programs was 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 nil (2023: $3,150 million) which were held by the Telstra Entity. Drawings under our bank facilities and commercial paper issues are shown on a gross basis in the statement of cash flows.

Table G	As at 30 June	
Telstra Corporation Group	2024	2023
	$m	$m
Facilities available	-	3,150
Facilities used	-	(725)
Facilities unused	**-**	**2,425**

Section 4. Our capital and risk management (continued)

4.5 Financial instruments and risk management (continued)

4.5.4 Managing our liquidity risk (continued)

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 Telstra Corporation 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)	(2,273)	(807)	**(5,846)**	(1,814)	(1,564)	(2,537)	(1,806)	**(7,721)**
Promissory notes payable	(152)	-	-	-	**(152)**	(152)	-	-	-	**(152)**
Bank and other loans	-	-	-	-	**-**	(300)	(725)	(300)	-	**(1,325)**
Other financial liabilities	(19)	(20)	(57)	(744)	**(840)**	(18)	(20)	(63)	(729)	**(830)**
Interest on unsecured notes, non-recourse facilities, bank and other loans	(129)	(82)	(123)	(8)	**(342)**	(204)	(146)	(195)	(30)	**(575)**
Lease liabilities	(61)	(38)	(113)	(362)	**(574)**	(32)	(42)	(112)	(384)	**(570)**
Trade/other payables and accrued expenses	(403)	-	-	-	**(403)**	(563)	-	-	-	**(563)**
Derivative financial assets	1,679	1,270	1,824	815	**5,588**	1,976	1,687	2,128	1,836	**7,627**
Derivative financial liabilities	(1,604)	(1,294)	(1,911)	(916)	**(5,725)**	(1,676)	(1,603)	(2,159)	(1,964)	**(7,402)**
Total	**(2,245)**	**(1,374)**	**(2,653)**	**(2,022)**	**(8,294)**	**(2,783)**	**(2,413)**	**(3,238)**	**(3,077)**	**(11,511)**

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.

Section 4. Our capital and risk management (continued)

4.5 Financial instruments and risk management (continued)

4.5.5 Hedge accounting (continued)

To the extent permitted by Australian Accounting Standards, we formally designate and document our financial instruments by hedge type as follows:

	Fair value hedges	Cash flow 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.
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. We use forward foreign exchange contracts to hedge a portion of firm commitments and highly probable forecast transactions.
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. 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.	

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 Corporation Group	As at 30 June	
	2024	2023
	$m	$m
Borrowings by hedge designation		
Fair value hedges	(726)	(885)
Cash flow hedges	(4,438)	(6,117)
Not in an accounting hedge relationship	(1,115)	(2,441)
Total borrowings	**(6,279)**	**(9,443)**
Lease liabilities	(454)	(438)
Total borrowings and lease liabilities	**(6,733)**	**(9,881)**
Derivative assets by hedge designation		
Fair value hedges	-	24
Cash flow hedges	310	650
Total derivative assets	**310**	**674**
Derivative liabilities by hedge designation		
Fair value hedges	(216)	(223)
Cash flow hedges	(20)	(18)
Total derivative liabilities	**(236)**	**(241)**
Total gross debt	**(6,659)**	**(9,448)**

The principal value of our gross debt on an equivalent basis was $6,309 million (2023: $9,270 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.

(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 Corporation Group	As at 30 June	
	2024	2023
	$m	$m
Principal value	(854)	(1,046)
Unamortised discounts/premiums	8	6
Amortised cost	**(846)**	**(1,040)**
Cumulative fair value hedge adjustments	120	155
Carrying amount	**(726)**	**(885)**

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 Corporation Group	Year ended 30 June	
	2024	2023
	(Gain)/ loss	(Gain)/ loss
	$m	$m
Remeasurement of hedged item used to measure ineffectiveness	(6)	14
Change in value of hedging instruments	7	(25)
Net gain before tax from ineffectiveness	**1**	**(11)**
Net gain after tax	1	(8)

Section 4. Our capital and risk management (continued)

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 current and prior financial years, 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 Telstra Corporation Group	Year ended 30 June	
	2024	2023
	$m	$m
Changes in fair value of cash flow hedges	(33)	138
Changes in fair value transferred to other expenses	42	(380)
Changes in fair value transferred to finance costs	71	99
Cash flow hedging reserve	**80**	**(143)**
Income tax on movements in the cash flow hedging reserve	(24)	43
	56	**(100)**

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 Telstra Corporation Group	As at 30 June	
	2024	2023
	$m	$m
Non-capital items		
Within 1 year	(12)	(46)
Within 1 to 5 years	-	(13)
Capital items		
Within 1 year	(3)	(9)
Within 1 to 5 years	-	(2)
Borrowings		
Within 1 year	(1,608)	(1,782)
Within 1 to 5 years	(3,062)	(3,714)
After 5 years	-	(999)
	(4,685)	**(6,565)**

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.

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)	Trade receivables from contracts with customers	Trade receivables from contracts with customers measured at fair value are such where the instrument does not meet the classification requirements of financial assets at amortised cost. A valuation technique is used, where the estimated future cash flows are discounted to their present value using a discount rate determined using a risk-free rate plus a risk adjustment reflecting the credit risk associated with the cash flows.
	Unlisted investments in equity instruments	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	As at 30 June 2024		As at 30 June 2023	
Telstra Corporation Group	Level 2	Total	Level 2	Total
	$m	$m	$m	$m
Assets				
Derivative financial instruments	310	**310**	674	**674**
	310	**310**	**674**	**674**
Liabilities				
Derivative financial instruments	(236)	**(236)**	(241)	**(241)**
	(236)	**(236)**	**(241)**	**(241)**
Total	**74**	**74**	**433**	**433**

As at 30 June 2024, there were no financial instruments measured using level 1 or level 3 inputs (2023: nil).

Fair value of borrowings presented in Table C in note 4.4.1 was measured using level 2 inputs.

Section 4. Our capital and risk management (continued)

4.5 Financial instruments and risk management (continued)

4.5.7 Offsetting and netting arrangements

Table O 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 Telstra Corporation 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	82	64	**18**	-	-	**18**
Derivative financial assets	310	-	**310**	74	-	**236**
Derivative financial liabilities	(236)	-	**(236)**	(74)	-	**(162)**
Total	**156**	**64**	**92**	**-**	**-**	**92**
	As at 30 June 2023					
Cash and cash equivalents	194	129	65	-	-	65
Derivative financial assets	674	-	674	-	150	524
Derivative financial liabilities	(241)	-	(241)	-	(150)	(91)
Total	**627**	**129**	**498**	**-**	**-**	**498**

Entities of the Telstra Corporation Group 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, related to:

- 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 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 Telstra Corporation Group	As at 30 June	
	2024	2023
	$m	$m
Accrued labour and on-costs	24	12
Current employee benefits	46	46
Non-current employee benefits	9	10
Current redundancy provisions	7	-
	86	**68**

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 Telstra Corporation Group	As at 30 June	
	2024	2023
	$m	$m
Leave obligations expected to be settled after 12 months	27	28

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 Corporation 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.

5.2 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.

5.2.1 Telstra Superannuation Scheme (Telstra Super)

As detailed in note 1.2, on 30 November 2022, Telstra Group Limited became the sponsoring employer in Telstra Super, a regulated fund in accordance with the Superannuation Industry Supervision Act governed by the Australian Prudential Regulation Authority. On the same date, Telstra Corporation Limited became an associated employer participating in Telstra Super.

As part of the Restructure, an internal funding policy has been put in place between the sponsoring employer (i.e. Telstra Group Limited) and the associated employers (i.e. other legal entities under common control which participate in Telstra Super). Under that policy each entity recognises the net defined benefit cost related to its employees who are members of Telstra Super. Both the sponsoring 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. Telstra Group Limited 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.

Contribution levels made to the defined benefit divisions are determined by Telstra after obtaining the advice of the actuary and in consultation with Telstra Super Pty Ltd (the Super 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.

Further information on our defined benefit plans can be found in the Telstra Group annual financial report available below:

https://www.telstra.com.au/aboutus/investors/reports

5.2.2 Other defined benefit schemes

Our controlled entities also participate in both funded and unfunded defined benefit schemes, which are individually and in aggregate immaterial.

5.2.3 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

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 was recognised as an asset up until 30 November 2022. Post 30 November 2022, any net surplus is held by Telstra Group Limited as the sponsoring employer in Telstra Super. Up to this date, we recognised the asset to the extent that we had the ability to control this surplus to generate future funds that would 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)

5.3 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 Corporation Group. KMP are deemed to include the following:

- the non-executive Directors of Telstra Group Limited
- the Directors of Telstra Corporation Limited
- certain executives in the Telstra Group Chief Executive Officer's (CEO's) senior leadership team, including the CEO of both Telstra Group Limited and Telstra Corporation Limited.

5.3.1 KMP aggregate compensation

During the financial years 2024 and 2023, the aggregate compensation of our KMP was:

Telstra Corporation Group	Year ended 30 June	
	2024	2023
	$000	$000
Short-term employee benefits	23,360	19,705
Post-employment benefits	488	331
Other long-term benefits	1,057	1,106
Termination benefits	1,457	838
Share-based payments	9,038	10,522
	35,400	**32,502**

The Directors of Telstra Corporation Limited from 1 January 2023 are also employees of Telstra Group Limited which is a related party of Telstra Corporation Limited. With the exception of Directors who are also part of the Telstra Group CEO's senior leadership team, these Directors are paid a separate fee for their role as Directors of Telstra Corporation Limited, which is included in the Remuneration Report and in the table above, however their compensation for employment services paid by Telstra Group Limited is not included in the Remuneration Report but is included in the table above. Any amounts paid to Directors by Telstra Group Limited are recharged to Telstra Corporation Limited and have been outlined in note 3.7.

Refer to the Remuneration Report, which forms part of the Directors' Report for further details regarding KMP remuneration.

5.3.2 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 Changes to the Telstra Corporation Group

During the financial year 2024, there were no changes to the Telstra Corporation Group structure.

As detailed in note 1.2, during the financial year 2023 the Telstra Group completed the Restructure, which resulted in the following changes to the Telstra Group's structure:

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

6.1.2 Current year acquisitions and disposals

There were no acquisitions or disposals during the year.

6.1.3 Prior year acquisitions and disposals

(a) Acquisition and disposal of Digicel Pacific

On 13 July 2022, we completed the acquisition of 100 per cent of the shares in Digicel Pacific.

Digicel Pacific is a leading provider of communication services across Papua New Guinea (PNG), Fiji, Nauru, Samoa, Tonga and Vanuatu. The acquisition of Digicel Pacific expands Telstra Group's international footprint and supports our growth strategy.

The final consideration paid and payable consisted of $2,378 million upfront cash payment, and up to $370 million deferred payments contingent on Digicel Pacific's performance over the financial years 2022, 2023 and 2024. The consideration was funded by Telstra's contribution of $400 million and a combination of non-recourse debt facilities from, and equity like securities issued by the Telstra Group to, the Australian Government, through Export Finance Australia. The issued securities were classified as equity and presented as non-controlling interests in the consolidated statement of changes in equity. The total acquisition cost for the acquisition was $22 million, of which, $7 million was incurred and paid during the financial year 2022.

On 30 November 2022, as one of the steps of the Restructure we disposed of Digicel Pacific as part of the transfer of Telstra International Holdings Pty Ltd and its controlled entities to Telstra Group Limited. We recognised a $49 million net gain on that transfer.

The financial results of Digicel Pacific for the period from its acquisition to its disposal were included in the discontinued operations results disclosed in note 2.6.

6.2 Investments in controlled entities

6.2.1 Investments in controlled entities

As a result of the Restructure and changes in the group structure outlined in note 1.2, 2.6 and 6.1, Telstra Corporation Limited holds investments in the following wholly owned Australian entities at 30 June 2024:

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

Most of our business is conducted through the Telstra Entity and none of the controlled entities is individually material to the Telstra Corporation Group's EBITDA.

Section 6. Our investments (continued)

6.3 Non-controlling interests

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

6.3.1 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.

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 Telstra Corporation 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	**-**	**284**	**390**	**530**
Additions	-	4	-	13
Additions obtained via acquisition of controlled entity	-	-	-	8
Gain on dilution of shareholding recognised in other comprehensive income	-	-	-	8
	-	**288**	**390**	**559**
Share of net loss	-	(2)	(9)	(16)
Share of distributions	-	(28)	-	-
Share of reserves	-	(51)	(2)	(14)
Disposals from Restructure (note 1.2 and 2.6)	-	(207)	-	(139)
Carrying amount of investments at end of year	**-**	**-**	**379**	**390**

Share of joint ventures' reserves includes nil (2023: $51 million loss) 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 Telstra Corporation Group			Ownership interest As at 30 June	
			2024	2023
Name of entity	Principal activities	Principal place of business/country of incorporation	%	%
Associated entities				
NXE Australia Pty Limited	Pay television	Australia	**35.0**	35.0
Pivotal Labs Sydney Pty Ltd	Software development	Australia	**20.0**	20.0

We apply judgement to determine if we have significant influence or joint control over our investments as detailed below. Except for our investment in NXE Australia Pty Limited and Pivotal Labs Sydney Pty Ltd, all other investments in joint ventures and associated entities were discontinued as a result of the Restructure outlined in note 1.2 and 2.6.

(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 NXE Group	Year ended 30 June	
	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 period	(31)	(40)
Telstra's share of comprehensive income for the year (35%)	**(11)**	**(14)**

Section 6. Our investments (continued)

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 Telstra Corporation Group	Year ended/As at 30 June			
	Joint ventures		Associated entities	
	2024	2023	2024	2023
	$m	$m	$m	$m
Carrying amount of investment		**-**	**379**	**390**
Group's share of:				
Loss	-	(2)	(9)	(16)
Other comprehensive income	-	(51)	(2)	(14)
Total comprehensive income	**-**	**(53)**	**(11)**	**(30)**

6.4.3 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.

As a result of the Restructure (note 1.2 and 2.6), from 1 January 2023, Telstra Corporation Group only provides network access services to NXE Group from 1 January 2023.

Details of individually significant transactions were as follows:

- we purchased from NXE Group pay television services amounting to nil (2023: $266 million). The purchases enabled resale of Foxtel services, including Pay TV content, to our existing customers as part of our ongoing product bundling initiatives.
- we sold to NXE Group broadband system services, network access services and other professional services totalling nil (2023: $40 million) and wholesale services totalling nil (2023: $33 million).

(b) Amounts owed by joint ventures and 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 balance drawn under this facility was $139 million (2023: $143 million).

6.4.4 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 Telstra Corporation 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 Corporation Group	Year ended 30 June	
	2024	2023
	$m	$m
Fees to Ernst & Young (Australia)		
Audit and review of financial reports	0.737	0.867
Total fees to Ernst & Young (Australia)	**0.737**	**0.867**

We have processes in place to maintain the independence of our external auditor, including the nature of any expenditure on non-audit services. EY also has specific internal processes and policies in place to ensure auditor independence.

7.2 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.

Tables A and B provide a summary of the financial information for the Telstra Entity.

Table A Telstra Entity	As at 30 June	
	2024	2023
	$m	$m
Statement of financial position		
Total current assets	3,378	3,930
Total non-current assets	27,489	29,841
Total assets	**30,867**	**33,771**
Total current liabilities	2,151	3,054
Total non-current liabilities	7,961	10,582
Total liabilities	**10,112**	**13,636**
Share capital	3,123	3,168
Cash flow hedging reserve	(56)	(110)
Foreign currency basis spread reserve	(27)	(15)
Retained profits	17,715	17,092
Total equity	**20,755**	**20,135**

Table B	Year ended 30 June	Year ended 30 June
Telstra Entity	2024	2023
	$m	$m
Statement of comprehensive income		
Profit for the year	625	10,635
Total comprehensive income	668	10,555

Section 7. Other information (continued)

7.2 Parent entity disclosures (continued)

7.2.1 Capital expenditure commitments

As at 30 June 2024, the Telstra Entity's commitments for the acquisition of property, plant and equipment amounted to $378 million (2023: $273 million).

7.2.2 Contingent liabilities and guarantees

(a) Intra-group debt guarantees

As detailed in note 1.2, Telstra Group Limited replaced Telstra Corporation Limited as the head entity of the Australian tax consolidated group (Telstra Group) on 31 October 2022. Where contractually required or otherwise agreed with counterparties, Telstra Corporation Limited has provided and received guarantees to and from Telstra Group Limited on Restructure.

The following debt guarantees have been entered/received:

- 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. When the guarantee was issued, Telstra Corporation Limited recognised a financial guarantee asset (measured at fair value), and an increase in share capital.
- 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. When the guarantee was issued, it was measured at fair value and accounted for as a financial guarantee liability, with a corresponding reduction in share capital.

We have also entered/received the following indemnities, performance guarantees and financial support from Telstra Group Limited:

- 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.

(b) 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).

(c) 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 Entity's financial results.

Section 7. Other information (continued)

7.2 Parent entity disclosures (continued)

7.2.2 Contingent liabilities and guarantees (continued)

(d) Indemnities, performance guarantees and financial support

We have provided the following indemnities, performance guarantees and financial support through the Telstra Entity:

- 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 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 $122 million (2023: $125 million)
- 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)

(e) Other

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. At 30 June 2024, management believes that the resolution of these contingencies will not have a material effect on the financial position of the Telstra Group, or are not at a stage which supports a reasonable evaluation of the likely outcome of the matter.

7.2.3 Recognition and measurement

The accounting policies for the Telstra Entity are consistent with those of the Telstra Corporation Group, except for those noted below:

- under our tax funding arrangements, 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
- investments in controlled entities, included within non-current assets, are recorded at cost less impairment of the investment value
- our interests in associated entities and joint ventures, including partnerships, are accounted for using the cost method of accounting and are included within non-current assets.

7.3 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.

7.3.1 Capital expenditure commitments

Table A shows capital expenditure commitments contracted for at balance date but not recorded in the financial statements. It includes the Telstra Entity's commitments disclosed in note 7.2.1.

Table A **Telstra Corporation Group**	As at 30 June	
	2024	2023
	$m	$m
Property, plant and equipment commitments	378	273

7.3.2 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 7.2.2.

We had no significant contingent assets as at 30 June 2024.

7.4 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.

Consolidated Entity Disclosure Statement

The consolidated entity disclosure statement is required by section 295(3A) of the *Corporations Act 2001*. It includes disclosures about entities consolidated within the Telstra Corporation 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 Corporation Group and its controlled entities as at 30 June 2024. All controlled entities were incorporated in Australia, were an Australian tax resident and 100% owned by Telstra Corporation Limited.

The required details to be disclosed under section 295(3A) of the *Corporations Act 2001* are outlined in Table A.

Table A **Telstra Corporation Group**	Entity type	Country of incorporation	% of share capital held	Country of tax residence
	As at 30 June 2024			
Parent entity				
Telstra Corporation Limited	Body Corporate	Australia		Australia
Controlled entities				
Telstra Multimedia Pty Limited	Body Corporate	Australia	100	Australia
Merricks NewCo Pty Ltd (Trustee of The Exchange Trust)	Body Corporate	Australia	100	Australia
DCA eHealth Solutions Pty Ltd	Body Corporate	Australia	100	Australia
- Argus Connecting Care Pty Ltd	Body Corporate	Australia	100	Australia
- Communicare eHealth Solutions Pty Ltd	Body Corporate	Australia	100	Australia
Medinexus Pty Ltd	Body Corporate	Australia	100	Australia

Directors' Declaration

This Directors' Declaration is required by the *Corporations Act 2001* of Australia.

The Directors of Telstra Corporation Limited have made a resolution that declared:

(a) in the Directors' opinion, the financial statements and notes of the Telstra Corporation 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 Corporation Limited and the Telstra Corporation Group as at 30 June 2024 and of the performance of Telstra Corporation Limited and the Telstra Corporation Group, for the year ended 30 June 2024

(b) they have received declarations as required by section 295A of the *Corporations Act 2001*

(c) 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

(d) at the date of this declaration, in the Directors' opinion, there are reasonable grounds to believe that Telstra Corporation Limited will be able to pay its debts as and when they become due and payable

For and on behalf of the board

Brendon Riley
Chairman and CEO,
Telstra Corporation Limited

Douglas Rogerson
Director

20 September 2024
Melbourne, Australia

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Independent Auditor's Report to the Shareholders of Telstra Corporation Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Telstra Corporation Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including 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 judgment, 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 operates the Telstra Group's passive fixed infrastructure business and services the revised Definitive Agreements (DAs) with nbn co and the Commonwealth Government. As a provider of access to passive fixed infrastructure, the Group also recognises revenue and expenses from intercompany agreements (ICAs) with other legal entities within the Telstra Group. The Group exercises significant judgement relating to revenue recognition and lease accounting in the following areas: ▸ Accounting for the ICAs with other legal entities within the Telstra Group, including assessing the fair value of assets subject to the lease, lease classification, lease term, and the relative stand-alone price of lease and non-lease components. ▸ Accounting for NBN revenue under the revised DAs. As disclosed in Section 2.2 Income, the Group recorded $0.4 billion of operating lease income and access revenue for lease arrangements under the ICAs. The Group also recognised $2.2 billion of finance lease receivables as disclosed in Section 3.2 Lease arrangements. Disclosures relating to revenue recognition can be found at Section 2.2 Income and disclosures relating to leases can be found at Section 3.2 Lease arrangements.	Our audit procedures included the following: ▸ Assessed the Group's accounting policies as set out in Sections 2.2 and 3.2 for compliance with the revenue recognition and lease accounting requirements of Australian Accounting Standards. ▸ 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. ▸ Selected a sample of revenue transactions recorded during the year and obtained supporting evidence such as the customer contract, service detail records and evidence of customer payment. ▸ Assessed the appropriateness of the assumptions and estimates supporting the accounting for the revised DAs 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. ▸ Tested the calculation of finance lease receivables, interest income and operating lease income, their consistency with invoiced ICA charges, and compliance with the Group's accounting policies. ▸ Assessed the adequacy of disclosures with respect to the Group's significant revenue streams and lease arrangements, and the current year impact of the ICAs on the financial performance and position of the Group.

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 are 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: ▸ Complex IT environment supporting diverse business processes; ▸ Mix of manual and automated controls; ▸ Multiple internal and outsourced support arrangements; and ▸ Complexity of the billing systems which calculate the revenue being recognised. The Group continued its implementation of new and upgraded IT systems during the year, a number of which were significant to our audit.	Our IT specialists 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. 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.

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, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do 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, 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:

- The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

- 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:

- 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

- 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment 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 Corporation 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

Matthew A. Honey
Partner
Melbourne
20 September 2024