15 February 2024

Market Announcements Office
Australian Securities Exchange
4th Floor, 20 Bridge Street
SYDNEY NSW 2000

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

ELECTRONIC LODGEMENT

- Telstra Group Limited (ACN 650 620 303) – ASX: TLS
- Telstra Corporation Limited (ACN 051 775 556) - ASX: TL1

Telstra Group Limited - Financial results for the half-year ended 31 December 2023

In accordance with the Listing Rules, attached are the following materials for release to the market by Telstra Group Limited:

1. Appendix 4D – Half-Year Report;
2. Directors' Report;
3. Half-Year Results and Operations Review; and
4. Half-Year Financial Report

The materials are also provided for the information of Telstra Corporation Limited noteholders.

The enclosed documents comprise the information required by Listing Rule 4.2A and should be read in conjunction with Telstra's Annual Financial Report for the financial year ended 30 June 2023 and any public disclosures made by Telstra in accordance with the continuous disclosure requirements of the Listing Rules and the Corporations Act 2001.

Telstra will conduct an analyst and media briefing on its 2024 Half-Year results from 9:15am AEDT. The briefings will be webcast live at https://www.telstra.com.au/aboutus/investors/financial-results.

A transcript of the analyst briefing will be lodged with the ASX when available.

Release of announcement authorised by:

The Telstra Group Limited Board

APPENDIX 4D (ASX LISTING RULE 4.2A.3)

HALF-YEAR REPORT
31 December 2023
Telstra Group Limited ABN 56 650 620 303

1. Results for announcement to the market

Telstra Group	Half-year ended 31 Dec			
	2023	2022	Movement	
	$m	$m	$m	%
Revenue (excluding finance income) from ordinary activities	11,425	11,306	119	1.1
Other income	295	277	18	6.5
Total income	**11,720**	**11,583**	**137**	**1.2**
Finance income	54	48	6	12.5
Profit for the period	**1,041**	**934**	**107**	**11.5**
Profit for the period attributable to equity holders of Telstra Entity	964	865	99	11.4
Profit from ordinary activities after tax attributable to equity holders of Telstra Entity	964	865	99	11.4

2. Dividend information

Telstra Entity	Amount per share	Franked amount per share
	cents	cents
Interim dividend per share	**9.0**	**9.0**
Interim dividend dates		
Record date	29 February 2024	
Payment date	28 March 2024	

Refer to note 4.1 to the half-year financial statements and the half-year Directors' Report for other dividend-related disclosures.

3. Net tangible assets per security information

Telstra Group	As at 31 Dec	
	2023	2022
	cents	cents
Net tangible assets per security	30.5	39.1

Net tangible assets are defined as the net assets of the Telstra Group less intangible assets and non-controlling interests. The net assets include both right-of-use assets and corresponding lease liabilities.

The number of Telstra Group Limited shares on issue as at 31 December 2023 was 11,554 million shares (2022: 11,554 million).

The decrease in net tangible assets per security from 31 December 2022 was mainly driven by the acquisition of spectrum licences and other intangible assets, including those purchased via acquisition of controlled entities and businesses. Refer to note 5.1 to the half-year financial statements for further details about acquisitions of controlled entities and businesses completed during the half-year ended 31 December 2023.

4. Details of entities where control has been gained or lost during the period

Telstra Group			% of equity held by ultimate parent	
			As at	
			31 Dec 2023	30 Jun 2023
Name of entity	Country of incorporation	Date of control obtained	%	%
Control gained				
Pacific Business Solutions (China) Beijing[1]	China	15 August 2023	50.0	-
Delta Networks Pty Ltd (formerly known as Dense Air Networks Australia Pty Ltd)[2]	Australia	31 August 2023	100.0	-
Stax-WMS Pty Ltd[2]	Australia	17 November 2023	100.0	-
Versent Group ESS Pty Ltd[2]	Australia	17 November 2023	100.0	-
Versent Pty Ltd[2]	Australia	17 November 2023	100.0	-
Versent SG Pte. Ltd.[2]	Singapore	17 November 2023	100.0	-
Versent US Inc.[2]	United States	17 November 2023	100.0	-

1 During the period, the entity was incorporated.

2 During the period, the entities were acquired.

During the period we have not lost control over any of the entities within the Telstra Group.

A complete list of our controlled entities as at 30 June 2023 is available online at www.telstra.com/aboutus/investors/financial-information/financial-results.

5. Details of investments in joint ventures

Telstra Group			Ownership interest	
			As at	
			31 Dec 2023	30 Jun 2023
Name of entity	Principal activities	Principal place of business / country of incorporation	%	%
3GIS Pty Ltd	Management of former 3GIS Partnership (non-operating)	Australia	50.0	50.0
Reach Limited[1]	International connectivity services	Bermuda	50.0	50.0
Telstra Ventures Fund II, L.P.	Venture capital	Guernsey	62.5	62.5

1 Balance date is 31 December.

6. Details of investments in associated entities

Telstra Group			Ownership interest	
			As at	
			31 Dec 2023	30 Jun 2023
Name of entity	Principal activities	Principal place of business / country of incorporation	%	%
ACN 147 190 118 Pty Ltd	Software service provider	Australia	20.0	20.0
Asia Netcom Philippines Corporation[1]	Ownership of physical property	Philippines	40.0	40.0
Australia-Japan Cable Holdings Limited[1]	Network cable provider	Bermuda	46.9	46.9
Dacom Crossing Corporation[1]	Network cable provider	Korea	49.0	49.0
NXE Australia Pty Limited	Pay television	Australia	35.0	35.0
Pacific Carriage Holdings Limited Inc.[1]	Network cable provider	United States	25.0	25.0
Pivotal Labs Sydney Pty Ltd[2]	Software development	Australia	20.0	20.0
Samoa Submarine Cable Company Limited[3]	Network cable provider	Samoa	16.7	16.7
Southern Cross Cables Holdings Limited[1]	Network cable provider	Bermuda	25.0	25.0
Telstra Converge Inc[1]	Telecommunication services	Philippines	48.0	48.0
Telstra Super Pty Ltd	Superannuation trustee	Australia	100.0	100.0
Telstra Ventures Fund III, L.P.	Venture capital	Guernsey	50.0	50.0
Tianjin TenLink Electronic Technology Co., Ltd.[1]	Control system of industrial internet supplier	China	5.0	5.0
Tonga Cable Limited[3]	Network cable provider	Tonga	16.6	16.6

1 Balance date is 31 December
2 Balance date is 31 January
3 Balance date is 31 March

7. Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) will operate for the interim dividend in the financial year 2024. The election date for participation in the DRP is 1 March 2024.

Additional required Appendix 4D disclosure can be found in the notes to our half-year financial report, the half-year Directors' Report and the Half-year results and operations review lodged with this document.

Directors' Report

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

Review and results of operations

Information on the operations and the results of those operations for the Telstra Group during the half-year ended 31 December 2023 is set out on pages 1 to 14 of the Half year results and operations review accompanying this Directors' Report.

Dividend

Since the end of the half-year, the Directors resolved to pay a fully franked interim dividend for the financial year 2024 of 9.0 cents per ordinary share. The interim dividend will be fully franked at a tax rate of 30 per cent. The record date for the interim dividend will be 29 February 2024, with payment being made on 28 March 2024. From 28 February 2024, shares will trade excluding entitlement to the dividend.

Our final dividend for the financial year ended 30 June 2023 of 8.5 cents per ordinary share ($982 million), was paid by Telstra Group Limited during the half-year ended 31 December 2023. This dividend was fully franked at a tax rate of 30 per cent. The final dividend had a record date of 31 August 2023 and payment was made on 28 September 2023.

The Dividend Reinvestment Plan (DRP) will operate for the interim dividend in the financial year 2024. The election date for participation in the DRP is 1 March 2024.

Directors

Directors who held office during the half-year ended 31 December 2023 and until the date of this report were:

Director	Period of directorships
Craig W Dunn	Chairman since 17 October 2023, Director since 2016
John P Mullen	Chairman and Director until 17 October 2023
Vicki Brady	Chief Executive Officer and Managing Director since 2022
Maxine Brenner	Director since 2023
Eelco Blok	Director since 2019
Roy H Chestnutt	Director since 2018
Ming Long AM	Director since 2023
Bridget Loudon	Director since 2020
Elana Rubin AM	Director since 2020
Niek Jan van Damme	Director since 2018

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration is on page 2 and forms part of this report.

Rounding of amounts

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

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

Craig W Dunn
Chairman
15 February 2024

Vicki Brady
Chief Executive Officer and Managing Director
15 February 2024

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

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

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

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

Ernst & Young

Ernst & Young

Sarah Lowe

Sarah Lowe
Partner
15 February 2024

Half year results and operations review

Financial results

Summary reported results	1H24	1H23	Change
	$m	$m	%
Revenue (excluding finance income)	11,425	11,306	1.1
Total income (excluding finance income)	**11,720**	**11,583**	**1.2**
Operating expenses	7,698	7,723	(0.3)
Share of net (loss)/profit from equity accounted entities	(15)	1	n/m
EBITDA	**4,007**	**3,861**	**3.8**
Depreciation and amortisation	2,233	2,260	(1.2)
EBIT	**1,774**	**1,601**	**10.8**
Net finance costs	317	252	25.8
Income tax expense	416	415	0.2
Profit for the period	**1,041**	**934**	**11.5**
Profit attributable to equity holders of Telstra Entity	**964**	**865**	**11.4**
Capex[1]	1,845	1,658	11.3
Free cashflow	836	(1,300)	n/m
Earnings per share (cents)	8.4	7.5	12.0

1 Capex is measured on an accrued basis and excludes spectrum and guidance adjustments, externally funded capex, and capitalised leases.

Telstra delivered 1H24 results showing continued growth in reported and underlying earnings, with positive momentum across many key indicators.

Financial performance in 1H24 included:

- Total income (excluding finance income) up 1.2 per cent to $11.7 billion
- EBITDA up 3.8 per cent to $4.0 billion and Underlying EBITDA[1] up 3.1 per cent to $4.0 billion
- Profit for the period up 11.5 per cent to $1.0 billion
- ROIC[2] up 0.7 percentage points to 7.8 per cent and Underlying ROIC[3] up 0.3 percentage points to 7.8 per cent
- Earnings Per Share up 12.0 per cent to 8.4 cents

The Board resolved to pay a fully franked interim dividend of 9.0 cents per share, representing a 5.9 per cent increase compared to last year. This is consistent with our capital management framework to maximise the fully franked dividend and seek to grow it over time.

Telstra's overall momentum was good, driven by continued growth across mobile, Fixed C&SB and infrastructure. Our mobiles business remains central to growth and continues to perform strongly, growing EBITDA almost $300 million in the half driven by more customers, ARPU growth and cost discipline. Our Consumer & Small Business Fixed business more than doubled EBITDA, largely due to productivity. Our Infrastructure businesses also grew, reflecting continued strong demand for our assets.

Within our Enterprise Fixed business, Data & Connectivity is performing as expected, however NAS is clearly a long way from where we need it to be. We have commenced a detailed review of our domestic Enterprise business and have a clear set immediate and significant actions to address performance, which were both cost and revenue based.

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

Given the performance in our NAS business, we are tightening our FY24 Underlying EBITDA[4] guidance[5] range to $8.2 to $8.3 billion. FY24 guidance[4] across other measures is reaffirmed.

We have remained disciplined on reducing our costs, particularly considering the external economic environment. This discipline during the half delivered $64 million core fixed cost out, and cumulatively we've delivered $105 million since FY22. We remain absolutely committed to capital discipline, and delivering our T25 Underlying EBITDA[3], EPS[6] and ROIC[7] growth ambitions. While we're being challenged by cost pressure, we still expect to achieve the large majority of our cost out ambition by the end of FY25.

The positive momentum in the half was reflected in the progress made against Telstra's T25 strategy, which overall is on track. We continue to see the positive impact of product simplification and digitisation on customer experience. We are now using AI to improve half of our key processes, including to automatically detect and resolve fixed services faults, and to solve customer issues faster. Cyber security, identity and scam protections remain extremely important to us and our customers. Through our Cleaner Pipes initiative, we are blocking on average more than 10 million scam calls, 11 million scam SMS's, and almost 280 million scam and unwanted emails reaching our customers each month.

During the half, progress on T25 also included:

- 5G population coverage reached around 87 per cent, with 48 per cent of mobile traffic on 5G.
- The target of an additional 100,000 sq kms of mobile coverage was achieved ahead of time with more than 140,000 sq kms now added since FY21.
- The launch of Telstra's enterprise internet product powered by Starlink, with a world first consumer broadband and voice product powered by Starlink expected to be released in March.
- Progress on the rollout of OneWeb LEO satellite backhaul for remote mobile sites, with hundreds of sites to be migrated over the next 18 months.
- Progress on Telstra's Intercity Fibre network build, with more than 540kms in the ground and five new routes to begin construction in 2025, as well as an expansion to its network in the Pilbara.
- Continued investment in subsea cables and satellite landing stations in Asia and the US to support capacity demand.
- Being on track to achieve all our sustainability targets, including enabling renewable energy output equivalent to 100 per cent of our own electricity consumption by 2025.

Results on a guidance basis[1]	1H24	FY24 Guidance
	$b	$b
Total income	11.7	22.8 to 24.8
Underlying EBITDA[2]	4.0	8.2 to 8.3
Capex	1.8	3.6 to 3.7
Free cashflow after lease payments (FCFaL)	1.0	2.8 to 3.2

Guidance basis versus reported results[1]	1H24 Reported results	1H24 Adjustments	1H24 Guidance basis	1H23 Guidance basis
	$m	$m	$m	$m
Total income	11,720	(15)	11,705	11,583
EBITDA	4,007	9	4,016	3,895
Free cashflow	836	119	955	1,021

1 These tables detail adjustments made to the reported results for the current period to reflect the performance of the business on the basis on which we provided guidance to the market, which excludes material one-offs, such as mergers and acquisitions, disposals, impairments, spectrum, restructuring costs and such other items as determined by the Board and management. A detailed reconciliation of our reported results to guidance can be found in the guidance versus reported results schedule. Underlying EBITDA excludes guidance adjustments, and in FY23 and prior years also excludes net one-off nbn DA receipts less nbn net C2C. Capex is measured on an accrued basis and excludes spectrum and guidance adjustments, externally funded capex, and capitalised leases. 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. Refer to the guidance versus reported results schedule. The adjustments within the tables in this schedule have been reviewed by our auditors.

2 Underlying EBITDA guidance range tightened – previously $8.2 billion to $8.4 billion.

4 Underlying EBITDA (refer footnote 1)

5 This guidance excludes material one-offs, such as mergers and acquisitions, disposals, impairments, spectrum, restructuring costs and such other items as determined by the Board and management.

6 Underlying EPS defined as profit for TLS shareholders attributable to each share, excluding net one-off nbn receipts and guidance adjustments (as defined in footnote 1)

7 Underlying ROIC (refer footnote 2)

Dividend

On 15 February 2024, the Directors of Telstra Group Limited resolved to pay a fully franked interim dividend of 9.0 cents per share representing a 5.9 per cent increase on the prior corresponding period. Shares will trade excluding entitlement to the interim dividend from 28 February 2024 with payment to be made on 28 March 2024.

The interim dividend represents a 107 per cent payout ratio on 1H24 earnings per share and is consistent with Principle 2 of our capital management framework to maximise fully franked dividend and seek to grow over time.

Other information

The following commentary is provided for statutory and management financial results. Consistent with information presented for internal management reporting purposes, the result of each reportable segment is measured based on its EBITDA contribution. Refer to Note 2.1.1 in the Half-Year Financial Report for further detail.

First half performance against our FY24 Executive Variable Remuneration Plan (EVP) metrics is included on pages 13-14. For additional details on EVP metrics and targets, refer to pages 77-79 of our 2023 Annual Report available at https://www.telstra.com.au/aboutus/investors/financial-information/reports.

Segment performance

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

Segment total income breakdown (including internal income)

Total income	1H24 $m	1H23 $m	Change %
Telstra Consumer and Small Business (C&SB)[1]	6,463	6,394	1.1
Telstra Enterprise[1]	3,899	3,851	1.2
Networks, IT and Product[1]	206	204	1.0
Telstra InfraCo[1]	2,045	1,818	12.5
All Other[1]	364	158	n/m
Total management reported income[1]	**12,977**	**12,425**	**4.4**
Transactions between segments	(1,257)	(842)	(49.3)
Total income (excluding finance income)	**11,720**	**11,583**	**1.2**

1 Includes internal income.

Total income (excluding finance income) increased by 1.2 per cent to $11,720 million including growth across mobile services, International, Telstra InfraCo Fixed and Amplitel. Income growth was partly offset by declines across mobile hardware, Fixed – C&SB, Fixed – Enterprise and Fixed – Active Wholesale.

Total management reported income includes internal income between segments eliminated from Total income. Internal income increased by 49.3 per cent to $1,257 million including new intercompany agreements post our corporate restructure related to internal charges for infrastructure, power, international capacity and other services. Internal income comprised $2 million in Telstra C&SB (1H23 nil), $124 million in Telstra Enterprise (1H23 nil), $176 million in Networks, IT and Product (1H23 $130 million),

$759 million in Telstra InfraCo (1H23 $666 million) and $196 million in ‘All Other’ (1H23 $46 million).

Telstra Consumer and Small Business

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

Income increased by 1.1 per cent to $6,463 million including 2.9 per cent growth in mobile income. Mobile services revenue increased with growth in Average Revenue Per User (ARPU) and Services In Operation (SIOs) across postpaid handheld and prepaid handheld. Mobile hardware revenue decreased due to lower handset sales volumes, partly offset by growth in sales of wearables, and sales mix of higher value handsets and accessories. Fixed product income declined 2.3 per cent to $2,211 million including decline in off-net revenue and Foxtel from Telstra revenue.

Telstra Enterprise

Telstra Enterprise provides telecommunication services and advanced technology solutions for government and large enterprise and business customers in Australia and globally. It provides advanced technology solutions through Data and Connectivity (DAC) and Network Applications and Services (NAS) products such as unified communications, cloud, security, industry solutions and integrated services. It provides wholesale services outside of Australia, including voice and data, and provides telecommunication, media and technology products and services to consumer, business and government customers in the South Pacific through Digicel Pacific.

Income increased by 1.2 per cent to $3,899 million. Domestic mobile income increased by 3.2 per cent including growth from Internet of Things (IoT) value-add applications. Domestic fixed revenue declined 2.3 per cent due mostly to declines in DAC. DAC income declined by 10.2 per cent to $380 million driven by ARPU compression from competition, renewals and technology change. NAS revenue increased by 0.1 per cent to $1,348 million including growth in cloud applications, managed services and equipment sales; and $15 million related to the Versent acquisition. NAS revenue declined across calling applications and professional services.

International income increased by 15.0 per cent to $1,320 million including internal revenue of $114 million post corporate restructure (previously eliminated from management reported income), growth in international Wholesale and Enterprise revenue, and growth in Digicel Pacific income.

Networks, IT and Product

Networks, IT and Product consists of two operating segments: Global Networks and Technology (GN&T), and Product and Technology (P&T). G&NT supports the other segments and their respective revenue generating activities by maintaining high level of reliability and security of our global network platforms and cloud infrastructure, maintains our networks, and is accountable for our network intelligence and automation. P&T works with other functions to create and deliver products and solutions for our customers, builds and manages our digital platforms underpinning our customer digital experience, builds and manages software, and provides information technology, data and AI services to all internal functions.

Income increased by 1.0 per cent to $206 million including internal income.

Telstra InfraCo

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

Income increased by 12.5 per cent to $2,045 million due to growth in recurring nbn Definitive Agreement (DA) receipts in line with CPI, increased internal and external access charges, one-off gains related to tower access agreements and upgrades, and growth in wholesale mobility. This was partly offset by expected revenue declines from Fixed – Active Wholesale legacy products.

All Other

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

Income increased by $206 million to $364 million. International ‘All Other’ income increased by $105 million due to removal of elimination post our corporate restructure. Other ‘All Other’ income increased by $146 million largely due to changes associated with our corporate restructure and inclusion of Telstra Energy generation income. Telstra Health income increased by $9 million to $155 million driven by organic growth. One-off nbn DA and connection income decreased by $46 million with this category no longer reported due to a significant reduction in one-off nbn migrations.

Product performance

Product income breakdown (including internal income)

Product income	1H24 $m	1H23 $m	Change %
Mobile	5,325	5,130	3.8
Fixed – C&SB	2,211	2,264	(2.3)
Fixed – Enterprise	1,728	1,769	(2.3)
Fixed – Active Wholesale	188	209	(10.0)
International	1,320	1,148	15.0
InfraCo Fixed	1,326	1,226	8.2
Amplitel (Towers)	229	197	16.2
One-off nbn DA & Connection	-	46	(100.0)
Other	650	436	49.1
Total management reported income	**12,977**	**12,425**	**4.4**
Eliminations	(1,257)	(842)	(49.3)
Total income (excluding finance income)	**11,720**	**11,583**	**1.2**

Product EBITDA margins	1H24 %	2H23 %	1H23 %	FY23 %
Mobile	47.1	46.5	43.2	44.9
Fixed – C&SB	4.7	3.9	2.2	3.0
Fixed – Enterprise	4.1	10.6	12.0	11.3
Fixed – Active Wholesale	27.7	23.7	34.0	29.0
International	26.1	26.4	32.7	29.4
InfraCo Fixed	62.9	64.4	65.8	65.1
Amplitel (Towers)	81.7	77.5	81.2	79.3
One-off nbn DA & Connection	-	42.3	56.5	51.4
Other	(13.4)	(1.7)	0.5	(0.8)

Mobile
Mobile income increased by 3.8 per cent to $5,325 million including 6.0 per cent services revenue growth partly offset by 4.9 per cent hardware decline. Growth in services revenue was achieved across postpaid handheld, prepaid handheld, Internet of Things (IoT) and wholesale. International roaming revenue increased by $21 million to $136 million. Retail mobile SIOs increased by 933,000 in the half to 23.4 million, including 8.9 million postpaid handheld retail SIOs.

Postpaid handheld services revenue increased by 6.4 per cent to $2,826 million with an 81,000 increase in SIOs (including 63,000 in the half) and a 5.4 per cent ARPU increase from $50.47 to $53.18 driven by price rises and higher international roaming.

Prepaid handheld revenue increased by 4.5 per cent to $581 million with a 209,000 increase in unique users (including 99,000 in the half) and 3.5 per cent ARPU decline. Prepaid handheld ARPU reduced due to $42 million of one-off revenue in the prior period from product migration. Excluding one-off revenue in the prior period from product migration, prepaid handheld revenue increased by 13 per cent and ARPU increased by 5 per cent.

Mobile broadband revenue decreased by 2.1 per cent to $330 million due to 4.9 per cent decline in SIOs partly offset by 2.2 per cent uplift in ARPU to $19.00. IoT revenue increased by 2.2 per cent to $142 million with SIOs increasing by 1.5 million (including 783,000 in the half) to 7.9 million.

Wholesale revenue increased by 23.7 per cent to $209 million driven by Wholesale ARPU growth and 335,000 increase in unique users (including 182,000 in the half). Wholesale unique users include postpaid SIOs and prepaid unique users. Wholesale unique users increased to 2.2 million from the continued popularity of Mobile Virtual Network Operator's (MVNO) plans on the Telstra Wholesale mobile network.

Hardware, interconnect and other revenue decreased by 2.9 per cent to $1,227 million largely due to lower hardware revenue. Hardware revenue decreased by 4.9 per cent to $1,143 million due to lower handset sales volumes, partly offset by growth in sales of wearables, and mix of higher value handsets and accessories.

Mobile EBITDA margin increased by 3.9 percentage points to 47.1 per cent due to increased high-margin service revenue and cost-out.

Fixed – Consumer and Small Business (C&SB)
Fixed – C&SB income decreased by 2.3 per cent to $2,211 million. Off-net fixed revenue, which is revenue from services for which we are a reseller, decreased by 1.3 per cent to $1,630 million due to 4.2 per cent decline in C&SB nbn SIOs partly offset by ARPU growth. On-net fixed revenue, which is revenue from services on the Telstra network, was unchanged at $179 million including growth in fixed wireless offset by decline in legacy SIOs. C&SB bundles and standalone data ARPU increased by 2.6 per cent to $81.67 and SIOs declined by 105,000 (including 58,000 in the half) to 3.3 million.

Consumer content and services revenue decreased by 8.1 per cent to $284 million including a 11.6 per cent decline in Foxtel from Telstra SIOs, partly offset by revenue growth from our acquisition of a majority stake in Fetch TV in August 2022.

Fixed – C&SB EBITDA margin increased by 2.5 percentage points to 4.7 per cent due to cost-out and growing contribution from fixed wireless. Off-net nbn resale EBITDA contribution margin increased by 3 percentage points to 10 per cent.

Fixed – Enterprise
Fixed – Enterprise income declined by 2.3 per cent to $1,728 million due mostly to DAC declines. DAC income declined by 10.2 per cent to $380 million driven by ARPU compression from competition, renewals and technology change. DAC SIOs reduced by 9.4 per cent or 16,000 (including 6,000 in the half) mostly in legacy. Our T-Fibre and nbn Enterprise Ethernet customer base was broadly flat in the half.

NAS income increased by 0.1 per cent to $1,348 million including growth in cloud applications, managed services and equipment sales; and $15 million related to the Versent acquisition. Cloud applications revenue increased by 16.0 per cent to $181 million from growth in demand for partner cloud products including Amazon Web Services and Microsoft Azure. Managed services and maintenance revenue increased by 1.6 per cent to $384 million due to an increase in customers attaching cyber security services and service management. Equipment sales revenue increased by 12.2 per cent to $165 million including on large strategic contracts.

NAS revenue declined across calling applications and professional services. NAS calling applications decreased by 17.6 per cent to $210 million due to fixed product exits, including ISDN, and market shift from traditional voice to integrated video and digital solutions. NAS professional services decreased by 12.4 per cent to $233 million due to slower trading environment and large contracts in the prior period not repeating this half.

Fixed – Enterprise EBITDA margin declined by 7.9 percentage points to 4.1 per cent due to DAC and NAS EBITDA margin declines, and an increased mix of lower margin NAS income. DAC EBITDA margin declined by 10.1 percentage points to 14.2 per cent due to revenue reduction and increased costs. NAS EBITDA margin declined by 6.9 percentage points to 1.3 per cent due mostly to decline in calling applications and professional services.

Fixed – Active Wholesale

Fixed – Active Wholesale income declined by 10.0 per cent to $188 million largely due to legacy product decline. Data and Connectivity revenue decreased by 8.5 per cent to $130 million reflecting decline in wideband products partly offset by growth in Telstra Wholesale Internet. Legacy calling and fixed revenue declined by 13.4 per cent to $58 million from continued legacy fixed product decline.

Fixed – Active Wholesale EBITDA margin decreased by 6.3 percentage points to 27.7 per cent due to continued legacy and nbn revenue decline offset partly by cost-out. The margin improved sequentially in the half due to lower costs.

International

International income increased by 15.0 per cent to $1,320 million including foreign exchange impacts and inclusion of internal revenue post corporate restructure (previously eliminated from management reported income). Digicel Pacific income increased by 4.2 per cent to $371 million due mostly to positive USD foreign exchange impacts. In Papua New Guinea (PNG), mobile SIOs increased by 1.6 per cent and ARPU was broadly flat in Papua New Guinean Kina (PGK) but decreased in AUD. In markets outside PNG, mobile SIOs decreased by 0.7 per cent and ARPU grew in USD and AUD.

Excluding Digicel Pacific, International income increased by 19.8 per cent to $949 million due to inclusion of internal revenue of $114 million post corporate restructure (previously eliminated from management reported income); and growth in Wholesale and Enterprise revenue of 5.4 per cent to $835 million including positive foreign exchange impacts and growth in Ethernet Private Line, internet and professional services.

International EBITDA margin decreased by 6.6 percentage points to 26.1 per cent due to foreign exchange impacts and inclusion of internal revenue and cost post corporate restructure. Excluding Digicel Pacific, internal revenue and cost post restructure, and other one-off impacts, Wholesale and Enterprise EBITDA contribution increased by 3 per cent in constant currency due to growth in Ethernet Private Line, Internet and professional services.

InfraCo Fixed

InfraCo Fixed income increased by 8.2 per cent to $1,326 million. Recurring nbn DA income increased by 7.1 per cent to $515 million reflecting CPI linked price increases. Recurring nbn DA income includes infrastructure services across ducts, racks and fibre provided to nbn co. External infrastructure revenue increased by 8.0 per cent to $135 million including $60m from disposal of legacy network assets (1H23 $51 million). Internal infrastructure access revenue increased by 12.0 per cent to $560 million. Commercial and recoverable works revenue declined by 3.3 per cent due to decline in nbn commercial works as contracts end.

InfraCo Fixed income grew 9.0 per cent excluding commercial and recoverable works and legacy network disposals.

InfraCo Fixed EBITDA margin reduced by 2.9 percentage points to 62.9 per cent reflecting increased internal costs, and increased investment in asset maintenance; partly offset by growth in recurring nbn DA and internal income. InfraCo Fixed EBITDA after leases (EBITDAaL) reduced by 2.6 percentage points to 60.1 per cent.

Amplitel (Towers)

Amplitel income grew by 16.2 per cent to $229 million due to contracted growth, continued demand for new tower builds and 5G upgrades. Amplitel external revenue grew by 64.5 per cent to $51 million including contracted growth, continued demand and one-off gains of $11 million related to tower access agreements and upgrades. Amplitel internal revenue grew by 7.2 per cent to $178 million.

Amplitel EBITDA margin increased by 0.5 percentage points to 81.7 per cent due to higher income, partly offset by increased service and employment costs. Amplitel EBITDAaL reduced 0.1 percentage points to 65.9 per cent.

One-off nbn DA & connection

One-off nbn DA & connection income in prior period included receipts from nbn co for disconnecting customers from our legacy network, and one-off income from customers to connect to the nbn network. Income decreased by $46 million with this category no longer reported due to a significant reduction in one-off nbn migrations.

Other

Other income increased by 49.1 per cent to $650 million including internal and external income (including Telstra Energy, Telstra Health and corporate adjustments). 'Other' internal income increased by $220 million to $396 million post our corporate restructure. 'Other' external income decreased by 2.3 per cent to $254 million including $48 million reduction in Telstra Energy income due to lower energy generation revenue and fair value gains on energy firming derivatives in the prior period not repeating this half. Telstra Health income increased by $9 million to $155 million driven by organic growth. 'Other' external income included one-off gain of $47 million related to tower access agreements.

Other EBITDA margin reduced by 13.9 percentage points including impact of bond rate changes on employee liabilities, other corporate adjustments and reduction in Telstra Energy EBITDA contribution; partly offset by one-off gain related to tower access agreements and increased Telstra Health EBITDA contribution.

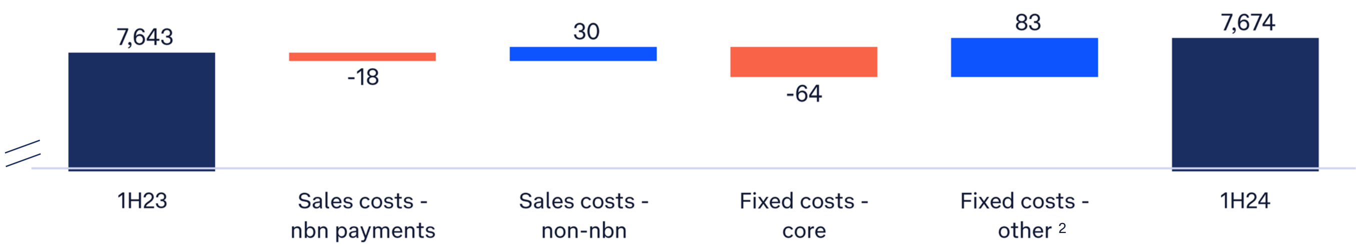
Eliminations

Eliminations for internal income increased to $1,257 million comprising $560 million in InfraCo Fixed, $178 million in Amplitel, $114 million in International, $9 million in Fixed - Enterprise NAS and $396 million in Other.

Expense performance

Operating expenses	1H24	1H23	Change	
	$m	$m	$m	%
nbn payments	1,012	1,030	(18)	(1.7)
Non-nbn	2,935	2,905	30	1.0
Sales costs	**3,947**	**3,935**	**12**	**0.3**
Core[1]	3,343	3,407	(64)	(1.9)
Other[2]	384	301	83	27.6
Fixed costs	**3,727**	**3,708**	**19**	**0.5**
Underlying	**7,674**	**7,643**	**31**	**0.4**
One-off nbn DA and nbn cost to connect	-	20	(20)	(100.0)
Guidance adjustments[3]	24	60	(36)	(60.0)
Total	**7,698**	**7,723**	**(25)**	**(0.3)**

Underlying operating expenses $m



[1] Core fixed costs include commissions.

[2] Other fixed costs include Telstra Health, corporate adjustments, and current and prior year acquisitions including Digicel Pacific.

[3] Guidance adjustments include material one-offs, such as mergers and acquisitions, disposals, impairments, spectrum, restructuring costs and such other items as determined by the Board and management.

Total operating expenses decreased by $25 million to $7,698 million. Adjusted for one-off nbn costs and guidance adjustments, underlying operating expenses increased by $31 million or 0.4 per cent due to higher sales and fixed costs.

Sales costs, which are direct costs associated with revenue and customer growth, increased by 0.3 per cent to $3,947 million. This included a $30 million increase in non-nbn sales costs associated with higher NAS cloud applications, managed security and equipment sales, partly offset by lower mobile hardware sales volumes. Payments to nbn reduced by $18 million due to decline in C&SB nbn SIOs.

Core fixed costs decreased by 1.9 per cent or $64 million with productivity gains and lower commissions partly offset by cost inflation (labour and non-labour including energy). Productivity gains included process simplification and improvement across back of house and support functions.

Other fixed costs increased by $83 million due to impact of bond rate changes on employee liabilities and other corporate adjustments.

One-off nbn DA and nbn cost to connect declined by $20 million with these costs now included in underlying operating expenses due to a significant reduction in one-off nbn migrations. Guidance adjustments for operating expenses decreased by $36 million due to prior period transaction costs of $44 million relating to our corporate restructure not repeating this half; partly offset by $8 million higher M&A adjustment this half including for our Versent acquisition.

Operating expenses on a statutory reported basis

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

Operating expenses on a statutory reported basis	1H24	1H23	Change
	$m	$m	%
Labour	2,054	2,046	0.4
Goods and services purchased	4,209	4,221	(0.3)
Net impairment losses on financial assets	53	38	39.5
Other expenses	1,382	1,418	(2.5)
Total	**7,698**	**7,723**	**(0.3)**

Labour
Total labour expenses increased by 0.4 per cent or $8 million to $2,054 million including due to increased total direct full time staff equivalents (FTE) and wages as agreed in our Enterprise Agreement. Total direct FTE increased by 3.0 per cent or 945 to 32,579 including Versent acquisition, and growth across Telstra Business and software engineering.

Goods and services purchased
Total goods and services purchased decreased by 0.3 per cent or $12 million to $4,209 million. Cost of goods sold, which includes mobile handsets and accessories, tablets, mobile broadband hardware, modems and other fixed hardware, decreased by 3.0 per cent or $42 million mostly due to lower postpaid mobile hardware volumes. Commissions decreased by 9.8 per cent due to insourcing of Telstra branded retail stores. Network payments decreased by 1.4 per cent or $23 million mostly due to decline in nbn payments. Other goods and services increased by 9.1 per cent or $81 million due to higher NAS cloud applications, managed security and equipment sales.

Other expenses
Total other expenses decreased by 2.5 per cent or $36 million to $1,382 million. Impairment losses (excluding net losses on financial assets) decreased by $14 million including lower deferred commissions due to insourcing of our retail channel. Excluding impairment, other expenses decreased by $22 million due to cost reduction initiatives.

Depreciation and amortisation
Depreciation and amortisation decreased by 1.2 per cent or $27 million to $2,233 million. Amortisation of intangible assets decreased by 6.6 per cent or $50 million including net reduction from assessment of software useful lives and surrender of 900MHz spectrum licence in December 2022. Depreciation of right-of-use assets increased by $24 million due to new PC leases and insourcing of Telstra branded retail stores.

Net finance costs
Net finance costs increased by 25.8 per cent or $65 million to $317 million due to a $46 million increase in interest on borrowings and $25 million net increase in other financing items (as set out in note 4.2.4 in the Half Year Financial Report); partly offset by $6 million increase in finance income. Interest on borrowings increased due to higher interest rates and higher average gross debt. Our average gross borrowing rate increased from 4.4 per cent to 5.0 per cent reflecting higher market interest rates. Our borrowing portfolio is more than 50 per cent fixed.

Cash flows

Summary statement of cash flows	1H24	1H23	Change
	$m	$m	%
Net cash provided by operating activities	3,033	2,866	5.8
Net cash used in investing activities	(2,197)	(4,166)	47.3
- Capital expenditure (before investments)	(1,968)	(1,862)	(5.7)
- Other investing cash flows	(229)	(2,304)	90.1
Free cashflow	**836**	**(1,300)**	**n/m**
Net cash (used in)/provided by financing activities	(744)	1,298	n/m
Net increase/(decrease) in cash and cash equivalents	**92**	**(2)**	**n/m**
Cash and cash equivalents at the beginning of the period	932	1,040	(10.4)
Effects of exchange rate changes on cash and cash equivalents	(8)	4	n/m
Cash and cash equivalents at the end of the period	**1,016**	**1,042**	**(2.5)**

Free cashflow used in operating and investing activities was $836 million representing an increase of $2,136 million due to increase in net cash provided by operating activities and decrease in net cash used in investing activities. Significant acquisitions included Digicel Pacific in the prior period and Versent in this period.

Net cash provided by operating activities increased by $167 million to $3,033 million mainly due to a $310 million decrease in payments to suppliers and employees, partly offset by a $110 million decrease in receipts from customers. The increase in net cash provided by operating activities included higher reported EBITDA and working capital benefit; partly offset by higher tax paid in this period.

Net cash used in investing activities decreased by $1,969 million to $2,197 million. This included a $2,117 million decrease in payments for shares in controlled entities mostly due to the acquisition of Digicel Pacific in the prior period, partly offset by the acquisition of Versent in this period. Capital expenditure (before investments) increased by $106 million including due to higher payments for intangible assets of $85 million mostly associated with increased spend on software.

Accrued capital expenditure on a guidance basis was $1,845 million or 16.5 per cent of sales revenue. This included around $100 million for Digicel Pacific and around $50 million of strategic investment for the inter-city fibre and Viasat infrastructure projects.

Net cash used in financing activities increased by $2,042 million to $744 million. This included an increase in repayments of borrowings of $899 million, decrease in proceeds from borrowings of $166 million, and decrease in proceeds from the issue of equity-like securities of $900 million including due to the prior period including the issue of equity-like securities to Export Finance Australia as part funding for the Digicel Pacific acquisition. Finance costs paid increased by $83 million including due to higher interest rates and higher average gross debt.

On a guidance basis, free cashflow after operating lease payments was $955 million. Free cashflow after operating lease payments on a guidance basis excludes mergers and acquisitions ($371 million including Versent) and spectrum payments ($103 million); and includes lease payments ($355 million).

Debt position

Debt issuance	1H24
	$m
Revolving bank facilities (net)	1,189
Commercial paper (net)	1,174
Non-recourse borrowing facilities	46
Total	**2,409**

Debt repayments	1H24
	$m
Euro bond	1,268
Euro/AUD private placements	148
Other loans	15
Total	**1,431**

Our gross debt position was $16,153 million comprising borrowings of $13,100 million, lease liabilities of $3,120 million, partly offset by $67 million in net derivative assets. Gross debt increased by 5.2 per cent or $803 million reflecting debt issuance of $2,409 million and non-cash decrease of $128 million; partly offset by debt repayments (including other loans) of $1,431 million and $303 million in lease liability payments.

Net debt increased by 5.0 per cent or $719 million to $15,137 million reflecting the increase in gross debt, partly offset by $84 million increase in cash holdings.

Financial settings	1H24	Comfort zone
Debt servicing[1]	1.9x	1.5x to 2.0x
Gearing[2]	46%	50% to 70%
Interest cover[3]	11.9	>7x

[1] Debt servicing ratio is calculated as net debt/EBITDA.

[2] Gearing ratio is calculated as net debt/total net debt plus equity.

[3] Interest cover is calculated as EBITDA/net interest on debt (excluding capitalised interest and non-cash accounting impacts within net finance costs).

We remain within our comfort zones, or better, for our credit metrics. Our debt servicing is 1.9 times, gearing ratio is 46 per cent and interest cover is 11.9 times.

Financial position

Summary statement of financial position	1H24	FY23	Change
	$m	$m	%
Current assets	6,561	6,733	(2.6)
Non-current assets	38,977	38,296	1.8
Total assets	**45,538**	**45,029**	**1.1**
Current liabilities	9,953	10,092	(1.4)
Non-current liabilities	17,866	17,121	4.4
Total liabilities	**27,819**	**27,213**	**2.2**
Net assets	**17,719**	**17,816**	**(0.5)**
Total equity	**17,719**	**17,816**	**(0.5)**
Return on invested capital (%)	7.8	7.9	(0.1pp)
Return on average equity (%)	12.6	12.5	0.1pp

Our balance sheet is in a strong position with net assets of $17,719 million. Current assets decreased by 2.6 per cent to $6,561 million. Derivative financial assets decreased by $400 million due to maturities. Inventories increased by $140 million due to higher network inventory to support major project activity and mitigate supply chain issues. Cash and cash equivalent increased by $84 million.

Non-current assets increased by 1.8 per cent to $38,977 million. Intangible assets increased by $781 million due to $273 million related to acquisition of Versent and additions (including for software and spectrum) exceeding amortisation expenses. Refer to Note 5.1.1 in the Half Year Financial Report for further detail on Versent. Trade and other receivables and contract assets increased by $85 million including $38 million increase in trade receivables from contracts with customers and $51 million increase in finance lease receivables; partly offset by $15 million reduction in contract assets. Trade and other receivables and contract assets increased by $43 million related to acquisition of Versent. Property, plant and equipment decreased by $76 million due to depreciation expenses exceeding additions and foreign currency impact.

Current liabilities decreased by 1.4 per cent to $9,953 million. Borrowings decreased by $505 million due to maturity of Euro and AUD bonds, partly offset commercial paper used to support working capital and short-term liquidity. Trade and other payables increased by $376 million including $546 million relating to capitalisation of mid band spectrum licence, increased accruals for capex and increased GST payable; partly offset by reduced employee incentives.

Non-current liabilities increased by 4.4 per cent to $17,866 million. The increase was primarily due to borrowings increasing by $930 million including revolving bank facilities entered in the half. Deferred tax liabilities decreased by $70 million primarily due to over provision in prior period. Other payables decreased by $99 million mostly due to deferred payments for Digicel Pacific.

Guidance versus reported results

This schedule details adjustments made to the reported results for the current and comparative periods to reflect the performance of the business on the basis on which we provided guidance to the market, which excludes material one-offs, such as mergers and acquisitions, disposals, impairments, spectrum, restructuring costs and such other items as determined by the Board and management. Underlying EBITDA excludes guidance adjustments, and in FY23 and prior years also excludes net one-off nbn DA receipts less nbn net C2C. Free cashflow after lease payments (FCFaL) defined as 'operating cash flows' less 'investing cash flows' less 'payments for lease liabilities', and excludes spectrum and guidance adjustments.
The following adjustments provide a detailed reconciliation from reported to guidance results for each guidance measure:

	Total Income			Underlying EBITDA			Free Cashflow	
	1H23	1H24		1H23	1H24		1H23	1H24
	$m	$m		$m	$m		$m	$m
Reported Total Income	**11,583**	**11,720**	**Reported EBITDA**	**3,861**	**4,007**	**Reported Free Cashflow**	**(1,300)**	**836**
Adjustments								
M&A adjustment[1]	0	**(15)**	M&A adjustment[1]	16	9	M&A adjustment[1]	2,594	371
Restructuring costs[2]	n/a	**n/a**	Restructuring costs[2]	44	0	Restructuring costs[2]	n/a	n/a
Net one-off NBN receipts[3]	n/a	**n/a**	Net one-off NBN receipts[3]	(26)	0	Net one-off NBN receipts[3]	n/a	n/a
Spectrum payments[4]	n/a	**n/a**	Spectrum payments[4]	n/a	n/a	Spectrum payments[4]	91	103
Lease[5]	n/a	**n/a**	Lease[5]	n/a	n/a	Lease[5]	(364)	(355)
Guidance Total Income	**11,583**	**11,705**	**Guidance Underlying EBITDA**	**3,895**	**4,016**	**Guidance Free Cashflow**	**1,021**	**955**

The adjustments set out in the above tables have been reviewed by our auditor for consistency with the guidance basis as set out on this page.

Note:

1 Adjustments relating to acquisitions and disposals of controlled entities, joint ventures, associates and other investments and any associated net gains or losses, and contingent consideration. 1H24 also adjusted for Versent trading performance.
During 1H23 we paid stamp duty relating to Amplitel Pty Ltd (Amplitel) and acquired:
- Digicel Pacific Limited and its subsidiaries (Digicel Pacific);
- Media Innovations Holdings Pty Ltd and its subsidiaries (Fetch TV).
During 1H24 we:
- acquired Versent Pty Ltd and its subsidiaries (Versent).
- contributed additional equity to Silicon Quantum Computing Pty Ltd.
- paid for multiple individually immaterial Telstra Business Technology Centres.
- paid ~$90m for FY23 Digicel Pacific earn-out.

2 1H23 adjustments include costs for Telstra's legal restructure including legal and IT costs.

3 1H23 Adjustments for net one-off nbn receipts which is defined as net nbn one off Definitive Agreement receipts (consisting of PSAA and Infrastructure Ownership) less nbn net cost to connect.

4 Adjustment relating to the impact on free cashflow associated with our spectrum purchases and renewals for 1H24 including:
- $56m for renewal of our national spectrum licence in the 26 GHz band
- $42m payment to Dense Air Networks Australia to acquire 2 x 10 MHz of 2600 MHz spectrum to supplement Telstra's existing spectrum holdings in that band
- $5m for renewal of our national spectrum licence in the 3.6 GHz band and payments for spectrum and apparatus licences in various spectrum bands.

5 Adjustment to Free Cashflow for payment of lease liabilities and interest.

n/a Adjustment is not relevant to the respective guidance measure.

Executive Variable Remuneration Plan (EVP) Metric Additional Detail

First half performance against FY24 EVP Performance Measures and Targets

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

FY24 EVP Performance Measures and Targets

	Performance measure	Metric	Weighting	FY23	FY24			1H24
				Actual^	Threshold	Target	Max	Actual^^
Financial 60% of total weighting	Total Income	Telstra Income (excluding finance income)	15%	$23,245m	Aligned to bottom end of Market Guidance*	Aligned to Midpoint of Market Guidance*	Aligned to top end of Market Guidance*	$11,705m
	Underlying EBITDA	Underlying EBITDA is Earnings Before Interest, Tax, Depreciation & Amortisation, and excludes guidance adjustments	15%	$7,950m				$4,016m
	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%	$2,784m				$955m
	Underlying Return On Invested Capital	Underlying ROIC is Total NOPAT less guidance adjustments after tax, divided by Average Invested Capital	15%	8.1%				7.8%
Customer 25% of total weighting	Episode NPS	Measures our customer experience from their feedback on each transaction using a Net Promoter Score	15%	+43	+43	+44	+45	+44
	RepTrak	Measures our reputation score on the RepTrak index	10%	63.5	63.5	64.2	64.9	63.1
Strategic 15% of total weighting	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%	30% reduction in scope 1 + 2 emissions 28% reduction in scope 3 emissions	32%**	33%**	34%**	n/a
	Digital Leadership	Launching Application Programming Interface (API)-first products	5%	89% of FY23 target build achieved	Build 100% of the APIs required to launch our first API first product	Release 2 API-first products	Release 3 API-first products	76% of FY24 target build achieved
	People Engagement	Maintain employee engagement in the high performing norm (90th percentile)	5%	80	80	81	82	79

^ For metrics continuing from FY23, the FY23 EVP Actual refers to the FY23 EVP performance outcomes as outlined in Section 2.2 of the 2023 Remuneration Report. For Underlying EBITDA and Underlying ROIC refer to section 2.1 of the 2023 Remuneration Report for the FY23 definitions. For Responsible Business the FY23 EVP Actual refers to the actual performance outcomes for the reduction in scope 1, 2 and 3 greenhouse gas emissions in FY23. For metrics that are new in FY24, the FY23 EVP Actual (where available) is our current internal measurement to the end of June 2023 where this provides relevant context to the determination of Threshold, Target and Maximum for FY24.

^^ For the financial metrics only, the 1H24 actuals are calculated on a guidance basis.

* Market Guidance means guidance for FY24 as set out in Telstra's ASX announcement dated 17 August 2023. Threshold, Target and Maximum levels for Underlying ROIC align to the corresponding Threshold, Target and Maximum for Underlying EBITDA (which align to Market Guidance as described above).

** Calculation of Blended Responsible Business Metric for FY24:

Performance measure	Metric	Weighting	FY23	FY24		
			Actual^	Threshold	Target	Max
Respon-sible Business	Scope 1 + 2	50%	30%	32%	33%	35%
	Scope 3	50%	28%	31%	32%	33%
	Blended targets (rounded to nearest whole %)	**100%**		**32%**	**33%**	**34%**

Telstra Group Limited
and controlled entities

Australian Business Number (ABN): 56 650 620 303

Financial report

for the half-year ended 31 December 2023

About this report

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

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

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

Reading the financials

Section introduction

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

Note and topic summary

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

Narrative table

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

Information panel

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

Contents

Income Statement

For the half-year ended 31 December 2023

Telstra Group	Note	Half-year ended 31 Dec 2023 $m	Half-year ended 31 Dec 2022 $m
Income			
Revenue (excluding finance income)	2.2	11,425	11,306
Other income	2.2	295	277
		11,720	**11,583**
Expenses			
Labour		2,054	2,046
Goods and services purchased		4,209	4,221
Net impairment losses on financial assets		53	38
Other expenses		1,382	1,418
		7,698	**7,723**
Share of net (loss)/profit from joint ventures and associated entities		**(15)**	**1**
		7,713	**7,722**
Earnings before interest, income tax expense, depreciation and amortisation (EBITDA)		**4,007**	**3,861**
Depreciation and amortisation		2,233	2,260
Earnings before interest and income tax expense (EBIT)		**1,774**	**1,601**
Finance income	2.2	54	48
Finance costs		371	300
Net finance costs	4.2	**317**	**252**
Profit before income tax expense		**1,457**	**1,349**
Income tax expense		416	415
Profit for the period		**1,041**	**934**
Profit for the period attributable to:			
Equity holders of Telstra Entity		964	865
Non-controlling interests		77	69
		1,041	**934**
Earnings per share (cents per share)		cents	cents
Basic		8.4	7.5
Diluted		8.3	7.5

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

Statement of Comprehensive Income

For the half-year ended 31 December 2023

Telstra Group	Half-year ended 31 Dec	
	2023	2022
	$m	$m
Profit for the period attributable to:		
Equity holders of Telstra Entity	964	865
Non-controlling interests	77	69
	1,041	**934**
Items that will not be reclassified to the income statement		
Retained profits		
Actuarial (loss)/gain on defined benefit plans attributable to equity holders of Telstra Entity	(32)	28
Income tax on actuarial (loss)/gain on defined benefit plans	10	(8)
Fair value of equity instruments reserve		
Share of other comprehensive income of equity accounted investments	(19)	(54)
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	(1)	-
	(42)	**37**
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	(69)	19
Cash flow hedging reserve		
Changes in cash flow hedging reserve	60	(142)
Share of other comprehensive income of equity accounted investments	(2)	-
Income tax on movements in the cash flow hedging reserve	(19)	42
Foreign currency basis spread reserve		
Changes in the value of the foreign currency basis spread	(23)	(15)
Income tax on movements in the foreign currency basis spread reserve	7	4
	(46)	**(92)**
Total other comprehensive income	**(88)**	**(55)**
Total comprehensive income for the period	**953**	**879**
Total comprehensive income for the period attributable to:		
Equity holders of Telstra Entity	877	810
Non-controlling interests	76	69

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

Statement of Financial Position

As at 31 December 2023

Telstra Group	Note	As at 31 Dec 2023 $m	As at 30 Jun 2023 $m
Current assets			
Cash and cash equivalents		1,016	932
Trade and other receivables and contract assets	3.2	4,205	4,216
Deferred contract costs		151	114
Inventories		686	546
Derivative financial assets	4.2	45	445
Current tax receivables		152	152
Prepayments		306	328
Total current assets		**6,561**	**6,733**
Non-current assets			
Trade and other receivables and contract assets	3.2	1,102	1,017
Deferred contract costs		1,062	1,088
Inventories		107	36
Investments – accounted for using the equity method		655	686
Investments – other		32	22
Property, plant and equipment		20,893	20,969
Intangible assets		11,770	10,989
Right-of-use assets		2,777	2,825
Derivative financial assets	4.2	277	333
Deferred tax assets		60	46
Defined benefit asset		242	285
Total non-current assets		**38,977**	**38,296**
Total assets		**45,538**	**45,029**
Current liabilities			
Trade and other payables		4,741	4,365
Employee benefits		714	684
Other provisions		319	327
Lease liabilities		438	448
Borrowings	4.2	2,157	2,662
Derivative financial liabilities	4.2	107	73
Current tax payables		4	38
Contract liabilities and other revenue received in advance		1,473	1,495
Total current liabilities		**9,953**	**10,092**
Non-current liabilities			
Other payables		109	208
Employee benefits		134	125
Other provisions		220	186
Lease liabilities		2,682	2,743
Borrowings	4.2	10,943	10,013
Derivative financial liabilities	4.2	148	189
Deferred tax liabilities		2,042	2,112
Defined benefit liabilities		12	11
Contract liabilities and other revenue received in advance		1,576	1,534
Total non-current liabilities		**17,866**	**17,121**
Total liabilities		**27,819**	**27,213**
Net assets		**17,719**	**17,816**

Statement of Financial Position (continued)

As at 31 December 2023

Telstra Group	Note	As at 31 Dec 2023 $m	As at 30 Jun 2023 $m
Equity			
Share capital		3,085	3,095
Reserves		2,131	2,196
Retained profits		10,076	10,116
Equity available to Telstra Entity shareholders		**15,292**	**15,407**
Non-controlling interests		2,427	2,409
Total equity		**17,719**	**17,816**

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

Statement of Cash Flows

For the half-year ended 31 December 2023

Telstra Group	Note	Half-year ended 31 Dec 2023 $m	Half-year ended 31 Dec 2022 $m
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax (GST))		12,489	12,599
Payments to suppliers and employees (inclusive of GST)		(9,117)	(9,427)
Government grants received for operating activities		185	161
Net cash generated from operations		**3,557**	**3,333**
Income taxes paid		(524)	(467)
Net cash provided by operating activities		**3,033**	**2,866**
Cash flows from investing activities			
Payments for property, plant and equipment		(1,155)	(1,134)
Payments for intangible assets		(813)	(728)
Capital expenditure (before investments)		**(1,968)**	**(1,862)**
Payments for shares in controlled entities (net of cash acquired)		(369)	(2,486)
Payments for equity accounted investments		(41)	(46)
Payments for other investments		-	(4)
Total capital expenditure (including investments)		**(2,378)**	**(4,398)**
Proceeds from sale of property, plant and equipment		73	78
Proceeds from sale of equity accounted and other investments		-	52
Distributions received from equity accounted investments		28	28
Receipts of the principal portion of finance lease receivables		40	54
Government grants received for investing activities		17	21
Interest received		30	13
Settlement of hedges of net investments		(16)	(17)
Other		9	3
Net cash used in investing activities		**(2,197)**	**(4,166)**
Operating cash flows less investing cash flows		**836**	**(1,300)**
Cash flows from financing activities			
Proceeds from borrowings		4,844	5,010
Repayment of borrowings		(3,866)	(2,967)
Payment of principal portion of lease liabilities		(303)	(322)
Purchase of shares for employee share plans		(19)	(21)
Finance costs paid		(358)	(275)
Dividends/distributions paid to non-controlling interests		(85)	(68)
Dividends paid to equity holders of Telstra Entity	4.1	(982)	(982)
Proceeds from issuance of equity-like instrument	5.2	23	923
Proceeds from sale of non-controlling interests		2	-
Net cash (used in)/provided by financing activities		**(744)**	**1,298**
Net increase/(decrease) in cash and cash equivalents		**92**	**(2)**
Cash and cash equivalents at the beginning of the period		932	1,040
Effects of exchange rate changes on cash and cash equivalents		(8)	4
Cash and cash equivalents at the end of the period	2.3	**1,016**	**1,042**

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

Statement of Changes in Equity

For the half-year ended 31 December 2023

Telstra Group	Note	Share capital $m	Reserves $m	Retained profits $m	Total $m	Non-controlling interests $m	Total equity $m
Balance at 30 June 2023		**3,095**	**2,196**	**10,116**	**15,407**	**2,409**	**17,816**
Profit for the period		-	-	964	**964**	77	**1,041**
Other comprehensive income		-	(65)	(22)	**(87)**	(1)	**(88)**
Total comprehensive income for the period		**-**	**(65)**	**942**	**877**	**76**	**953**
Dividend	4.1	-	-	(982)	**(982)**	-	**(982)**
Transactions with non-controlling interests		-	-	-	**-**	(58)	**(58)**
Additional shares purchased		(19)	-	-	**(19)**	-	**(19)**
Share-based payments		9	-	-	**9**	-	**9**
Balance at 31 December 2023		**3,085**	**2,131**	**10,076**	**15,292**	**2,427**	**17,719**
Balance as at 30 June 2022		**3,098**	**2,333**	**10,057**	**15,488**	**1,488**	**16,976**
Profit for the period		-	-	865	**865**	69	**934**
Other comprehensive income		-	(75)	20	**(55)**	-	**(55)**
Total comprehensive income for the period		**-**	**(75)**	**885**	**810**	**69**	**879**
Dividend	4.1	-	-	(982)	**(982)**	-	**(982)**
Non-controlling interests on acquisitions		-	-	-	**-**	925	**925**
Transactions with non-controlling interests		-	-	-	**-**	(51)	**(51)**
Transfer of fair value of equity instruments reserve to retained earnings		-	(76)	76	**-**	-	**-**
Additional shares purchased		(21)	-	-	**(21)**	-	**(21)**
Share-based payments		10	-	-	**10**	-	**10**
Balance at 31 December 2022		**3,087**	**2,182**	**10,036**	**15,305**	**2,431**	**17,736**

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

Section 1. Basis of preparation

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

1.1 Basis of preparation of the half-year financial report

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

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

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

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

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

1.2 Terminology used in our income statement

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

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

1.3 Key accounting estimates and judgements

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

1.3.1 Summary of key management judgements

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

Key accounting estimates and judgements	Note	Page
Impact of nbn Infrastructure Services Agreement (ISA) on revenue from customer contracts and other income	2.2	18
Determining CGUs and their recoverable amount for impairment assessment of goodwill	3.1	20
Impairment assessment of our ubiquitous telecommunications network	3.1	21
Useful lives and residual values of tangible and intangible assets	3.1	22
Estimating expected credit losses	3.2	22
Equity-like securities issued to the Australian Government	5.2	30

1.4 Other accounting policies

1.4.1 Changes in accounting policies

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

1.4.2 New accounting standards to be applied in future reporting periods

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

Section 2. Our performance

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

2.1 Segment information

Segment information is based on the information that management uses to make decisions about operating matters and allows users to review operations of the Group through the eyes of management.

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

2.1.1 Operating segments

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

During the half-year ended 31 December 2023, there were no changes to our operating segments.

In our segment results, two operating segments, being Global Networks and Technology and Product and Technology, have been combined for reporting purposes as they have similar economic characteristics and provide support functions underpinning operations of the other segments. The 'All Other' category includes functions that do not qualify as operating segments as well as the operating segments which are not material to be reported individually.

We have four reportable segments as follows:

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

Section 2. Our performance (continued)

2.1 Segment information (continued)

2.1.1 Operating segments (continued)

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

In particular, segment results include inter-company transactions arising from agreements entered into as a result of the Telstra Group restructure completed on 1 January 2023 and reflect inter-company charges for use of our infrastructure assets and for other services. Reporting these inter-company transactions for management purposes supports our drive to increase the transparency of our infrastructure assets and to improve management focus on our infrastructure and customer businesses.

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

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

Section 2. Our performance (continued)

2.1 Segment information (continued)

2.1.1 Operating segments (continued)

The table below provides further details how some transactions are allocated and managed and, as a result, how they are reflected in our segment results.

<table>
<tr><th>Nature of transaction</th><th>TC&SB</th><th>TE</th><th>NIT&P</th><th>Telstra InfraCo</th><th>All Other</th></tr>
<tr><td>Until 30 June 2023 income from nbn disconnection fees and associated expenses</td><td colspan="2">EBITDA contribution does not include these transactions</td><td>n/a</td><td>EBITDA contribution does not include these transactions</td><td>EBITDA contribution includes these transactions</td></tr>
<tr><td>Network service delivery expenses other than those supporting passive infrastructure</td><td colspan="2">EBITDA contribution does not include the network service delivery expense for TC&SB and TE customers</td><td>EBITDA contribution includes network service delivery expenses related to TC&SB, TE and Telstra InfraCo customers</td><td>EBITDA contribution does not include the network service delivery expense for customers serviced by Telstra InfraCo's passive infrastructure</td><td>EBITDA contribution includes network service delivery expenses related to TC&SB, TE and Telstra InfraCo customers</td></tr>
<tr><td>From 1 January 2023 Telstra Limited's redundancy and restructuring expenses</td><td colspan="4">EBITDA contribution does not include those expenses</td><td>EBTIDA contribution include those expenses</td></tr>
<tr><td>Until 31 December 2022 Telstra Corporation Limited's redundancy and restructuring expenses</td><td colspan="4">EBITDA contribution does not include those expenses</td><td>EBITDA contribution includes those expenses</td></tr>
<tr><td>From 1 January 2023 inter-company transactions for international connectivity disclosed as internal income and internal expenses</td><td>EBITDA contribution includes inter-segment internal expenses recharged by TE</td><td>EBITDA contribution includes inter-segment internal income (earned from TC&SB and Telstra InfraCo)</td><td>n/a</td><td>EBITDA contribution includes inter-segment internal expenses (recharged by TE)</td><td>n/a</td></tr>
</table>

Section 2. Our performance (continued)

2.1 Segment information (continued)

2.1.1 Operating segments (continued)

Nature of transaction	TC&SB	TE	NIT&P	Telstra InfraCo	All Other
Until 31 December 2022 inter-company transactions for international connectivity disclosed as revenue from external customers and external expenses	EBITDA contribution includes inter-segment expenses recharged by TE	EBITDA contribution includes inter-segment revenue (earned from TC&SB and Telstra InfraCo) and expenses (recharged by Telstra InfraCo)	n/a	EBITDA contribution includes inter-segment revenue (earned from TE) and expenses (recharged by TE)	Elimination of inter-company transactions

Section 2. Our performance (continued)

2.1 Segment information (continued)

2.1.2 Segment results

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

Table A Telstra Group	TC&SB	TE	NIT&P	Telstra InfraCo	All Other	Subtotal	Eliminations	Total
	$m	$m	$m	$m	$m	$m	$m	$m
	Half-year ended 31 Dec 2023							
Mobility	4,248	846	-	231	-	**5,325**	-	**5,325**
Fixed - C&SB	2,211	-	-	-	-	**2,211**	-	**2,211**
Fixed - Enterprise	-	1,728	-	-	-	**1,728**	(9)	**1,719**
InfraCo Fixed	-	-	-	1,326	-	**1,326**	(560)	**766**
Amplitel	-	-	-	229	-	**229**	(178)	**51**
Fixed - Active Wholesale	-	-	-	188	-	**188**	-	**188**
International	-	1,320	-	-	-	**1,320**	(114)	**1,206**
Other	4	5	206	71	364	**650**	(396)	**254**
Total management reported income	**6,463**	**3,899**	**206**	**2,045**	**364**	**12,977**	**(1,257)**	**11,720**
Transactions between segments	(2)	(124)	(176)	(759)	(196)	**(1,257)**	1,257	**-**
Total external income	**6,461**	**3,775**	**30**	**1,286**	**168**	**11,720**	**-**	**11,720**
Share of net loss from equity accounted entities	-	(3)	(8)	-	(4)	**(15)**	-	**(15)**
EBITDA contribution	**3,062**	**1,452**	**(1,271)**	**1,432**	**(668)**	**4,007**	**-**	**4,007**
Depreciation and amortisation								**(2,233)**
Telstra Group EBIT								**1,774**
Net finance costs								**(317)**
Telstra Group profit before income tax expense								**1,457**
	Half-year ended 31 Dec 2022							
Mobility	4,128	820	-	183	(1)	**5,130**	-	**5,130**
Fixed - C&SB	2,264	-	-	-	-	**2,264**	-	**2,264**
Fixed - Enterprise	-	1,769	-	-	-	**1,769**	-	**1,769**
InfraCo Fixed	-	-	-	1,226	-	**1,226**	(500)	**726**
Amplitel	-	-	-	197	-	**197**	(166)	**31**
Fixed - Active Wholesale	-	-	-	209	-	**209**	-	**209**
International	-	1,253	-	-	(105)	**1,148**	-	**1,148**
One-off nbn DA and connection	-	-	-	-	46	**46**	-	**46**
Other	2	9	204	3	218	**436**	(176)	**260**
Total management reported income	**6,394**	**3,851**	**204**	**1,818**	**158**	**12,425**	**(842)**	**11,583**
Transactions between segments	-	-	(130)	(666)	(46)	**(842)**	842	**-**
Total external income	**6,394**	**3,851**	**74**	**1,152**	**112**	**11,583**	**-**	**11,583**
Share of net profit/(loss) from equity accounted entities	-	-	(4)	-	5	**1**	-	**1**
EBITDA contribution	**2,838**	**1,615**	**(1,251)**	**1,285**	**(626)**	**3,861**	**-**	**3,861**
Depreciation and amortisation								**(2,260)**
Telstra Group EBIT								**1,601**
Net finance costs								**(252)**
Telstra Group profit before income tax expense								**1,349**

Section 2. Our performance (continued)

2.1 Segment information (continued)

2.1.2 Segment results (continued)

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

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

Following the completion of the Telstra Group restructure in January 2023, these transactions are governed by the new inter-company agreements, reported as internal revenue in the TE segment and eliminated at the Group level.

In the half-year ended 31 December 2022, the transactions between segments in 'All Other' category excluded $163 million inter-company revenue and $163 million inter-company expenses reflecting costs of employees transferred to Telstra Limited on 8 December 2022 in contemplation of the retail and active wholesale business transfer completed on 1 January 2023.

Negative revenue amounts in the tables related to certain corporate level adjustments.

2.2 Income

Table A Telstra Group	Half-year ended 31 Dec	
	2023	2022
	$m	$m
Revenue from contracts with customers	11,210	11,134
Revenue from other sources	215	172
Total revenue (excluding finance income)	**11,425**	**11,306**
Other income		
Net gain on disposal of property, plant and equipment and intangible assets	66	68
Net gain on disposal of businesses and investments	5	4
Net gain related to lease arrangements	61	-
Net foreign currency translation gain	9	-
nbn disconnection fees	7	42
Government grants	119	119
Net gain on derivative financial instruments not related to financing	9	20
Other miscellaneous income	19	24
	295	**277**
Total income (excluding finance income)	**11,720**	**11,583**
Finance income		
Finance income (excluding income from finance leases)	45	45
Finance income from finance leases (Telstra as a lessor)	9	3
	54	**48**
Total income	**11,774**	**11,631**

Revenue from other sources includes income from:

- customer contributions to extend, relocate or amend our network assets, where the customer does not purchase any ongoing services under the same (or linked) contract(s)
- late payment fees
- our lease arrangements, including finance leases where Telstra is a dealer-lessor and operating leases.

Net gain related to lease arrangements includes $60 million (2022: nil) gain recognised on our mobile towers leased under finance 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.

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

Section 2. Our performance (continued)

2.2 Income (continued)

2.2.1 Disaggregated revenue

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

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

Other revenue from contracts with customers includes licensing revenue (recognised either at a point in time or over time) and agency revenue (recognised over time).

Table B Telstra Group	TC&SB	TE	NIT&P	Telstra InfraCo	All Other	Total
	$m	$m	$m	$m	$m	$m
	Half-year ended 31 Dec 2023					
Sale of services	5,250	3,360	2	1,024	156	**9,792**
Sale of goods	1,033	342	-	2	2	**1,379**
Other revenue from contracts with customers	10	28	-	-	1	**39**
	6,293	**3,730**	**2**	**1,026**	**159**	**11,210**
	Half-year ended 31 Dec 2022					
Sale of services	5,129	3,480	-	983	49	**9,641**
Sale of goods	1,095	309	46	2	2	**1,454**
Other revenue from contracts with customers	11	27	-	-	1	**39**
	6,235	**3,816**	**46**	**985**	**52**	**11,134**

Section 2. Our performance (continued)

2.2 Income (continued)

2.2.1 Disaggregated revenue (continued)

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

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

Table C Telstra Group	TC&SB	TE	NIT&P	Telstra InfraCo	All Other	Total
	$m	$m	$m	$m	$m	$m
	Half-year ended 31 Dec 2023					
Revenue from external customers by product						
Mobile	**4,248**	**846**	**-**	**231**	**-**	**5,325**
Revenue from contracts with customers	4,221	846	-	231	-	**5,298**
Revenue from other sources	27	-	-	-	-	**27**
Fixed - C&SB	**2,110**	**-**	**-**	**-**	**-**	**2,110**
Revenue from contracts with customers	2,071	-	-	-	-	**2,071**
Revenue from other sources	39	-	-	-	-	**39**
Fixed - Enterprise	**-**	**1,720**	**-**	**-**	**-**	**1,720**
Revenue from contracts with customers	-	1,699	-	-	-	**1,699**
Revenue from other sources	-	21	-	-	-	**21**
InfraCo Fixed	**-**	**-**	**-**	**686**	**-**	**686**
Revenue from contracts with customers	-	-	-	579	-	**579**
Revenue from other sources	-	-	-	107	-	**107**
Amplitel	**-**	**-**	**-**	**43**	**-**	**43**
Revenue from contracts with customers	-	-	-	30	-	**30**
Revenue from other sources	-	-	-	13	-	**13**
Fixed - Active Wholesale	**-**	**-**	**-**	**188**	**-**	**188**
Revenue from contracts with customers	-	-	-	188	-	**188**
International	**-**	**1,200**	**-**	**-**	**-**	**1,200**
Revenue from contracts with customers	-	1,197	-	-	-	**1,197**
Revenue from other sources	-	3	-	-	-	**3**
Other products and services	**2**	**(12)**	**2**	**(2)**	**163**	**153**
Revenue from contracts with customers	1	(12)	2	(2)	159	**148**
Revenue from other sources	1	-	-	-	4	**5**
Total revenue from contracts with customers	**6,293**	**3,730**	**2**	**1,026**	**159**	**11,210**
Total revenue from other sources	**67**	**24**	**-**	**120**	**4**	**215**
	6,360	**3,754**	**2**	**1,146**	**163**	**11,425**
Other income	**101**	**21**	**28**	**140**	**5**	**295**
	6,461	**3,775**	**30**	**1,286**	**168**	**11,720**
Revenue from external customers by geographical market						
Australian customers	**6,360**	**2,668**	**2**	**1,146**	**160**	**10,336**
Revenue from contracts with customers	6,293	2,646	2	1,026	156	**10,123**
Revenue from other sources	67	22	-	120	4	**213**
Offshore customers	**-**	**1,086**	**-**	**-**	**3**	**1,089**
Revenue from contracts with customers	-	1,084	-	-	3	**1,087**
Revenue from other sources	-	2	-	-	-	**2**
Total revenue from contracts with customers	**6,293**	**3,730**	**2**	**1,026**	**159**	**11,210**
Total revenue from other sources	**67**	**24**	**-**	**120**	**4**	**215**
	6,360	**3,754**	**2**	**1,146**	**163**	**11,425**
Other income	**101**	**21**	**28**	**140**	**5**	**295**
	6,461	**3,775**	**30**	**1,286**	**168**	**11,720**

Section 2. Our performance (continued)

2.2 Income (continued)

2.2.1 Disaggregated revenue (continued)

Table C (continued) Telstra Group	TC&SB	TE	NIT&P	Telstra InfraCo	All Other	Total
	$m	$m	$m	$m	$m	$m
	Half-year ended 31 Dec 2022					
Revenue from external customers by product						
Mobile	**4,128**	**820**	**-**	**183**	**(1)**	**5,130**
Revenue from contracts with customers	4,105	820	-	183	(1)	**5,107**
Revenue from other sources	23	-	-	-	-	**23**
Fixed - C&SB	**2,158**	**-**	**-**	**-**	**-**	**2,158**
Revenue from contracts with customers	2,127	-	-	-	-	**2,127**
Revenue from other sources	31	-	-	-	-	**31**
Fixed - Enterprise	**-**	**1,769**	**-**	**-**	**-**	**1,769**
Revenue from contracts with customers	-	1,755	-	-	-	**1,755**
Revenue from other sources	-	14	-	-	-	**14**
InfraCo Fixed	**-**	**-**	**-**	**662**	**-**	**662**
Revenue from contracts with customers	-	-	-	560	-	**560**
Revenue from other sources	-	-	-	102	-	**102**
Amplitel	**-**	**-**	**-**	**30**	**-**	**30**
Revenue from contracts with customers	-	-	-	30	-	**30**
Fixed - Active Wholesale	**-**	**-**	**-**	**209**	**-**	**209**
Revenue from contracts with customers	-	-	-	209	-	**209**
International	**-**	**1,245**	**-**	**-**	**(105)**	**1,140**
Revenue from contracts with customers	-	1,245	-	-	(105)	**1,140**
Other products and services	**3**	**(4)**	**46**	**3**	**160**	**208**
Revenue from contracts with customers	3	(4)	46	3	158	**206**
Revenue from other sources	-	-	-	-	2	**2**
Total revenue from contracts with customers	**6,235**	**3,816**	**46**	**985**	**52**	**11,134**
Total revenue from other sources	**54**	**14**	**-**	**102**	**2**	**172**
	6,289	**3,830**	**46**	**1,087**	**54**	**11,306**
Other income	**105**	**21**	**28**	**65**	**58**	**277**
	6,394	**3,851**	**74**	**1,152**	**112**	**11,583**
Revenue from external customers by geographical market						
Australian customers	**6,289**	**2,702**	**46**	**1,087**	**159**	**10,283**
Revenue from contracts with customers	6,235	2,688	46	985	157	**10,111**
Revenue from other sources	54	14	-	102	2	**172**
Offshore customers	**-**	**1,128**	**-**	**-**	**(105)**	**1,023**
Revenue from contracts with customers	-	1,128	-	-	(105)	**1,023**
Total revenue from contracts with customers	**6,235**	**3,816**	**46**	**985**	**52**	**11,134**
Total revenue from other sources	**54**	**14**	**-**	**102**	**2**	**172**
	6,289	**3,830**	**46**	**1,087**	**54**	**11,306**
Other income	**105**	**21**	**28**	**65**	**58**	**277**
	6,394	**3,851**	**74**	**1,152**	**112**	**11,583**

Revenue from other products and services includes revenue generated by Telstra Health, revenue from the sale of energy under our power purchase agreements, and other miscellaneous revenue.

In the half-year ended 31 December 2022, 'All Other' category included eliminations of the inter-segment transactions described in the segment results following Table A in note 2.1.2.

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

Section 2. Our performance (continued)

2.2 Income (continued)

2.2.2 Our contracts with customers

We continued to generate revenue from customer contracts described in note 2.2 to the financial statements in the 2023 Annual Report.

(a) Agreements with nbn co

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

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

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

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

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

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

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

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

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

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

Section 2. Our performance (continued)

2.3 Notes to the statement of cash flows

2.3.1 Cash and cash equivalents

Telstra Group	As at 31 Dec	
	2023	2022
	$m	$m
Cash at bank and on hand	514	473
Bank deposits and negotiable certificates of deposit	502	569
Cash and cash equivalents in the statement of cash flows	**1,016**	**1,042**

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

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

3.1 Property, plant and equipment and intangible assets

This note provides details of our tangible and intangible assets, including goodwill, and their impairment assessment.

Our impairment assessment compares the carrying value of our cash generating units (CGUs) with their recoverable amounts determined using a 'value in use' calculation. The value in use calculations use key assumptions such as cash flow forecasts, discount rates and terminal growth rates.

3.1.1 Impairment assessment

Goodwill and intangible assets with indefinite useful lives are not subject to amortisation and are assessed for impairment at least annually, or whenever an indicator of impairment exists. All other 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.

For impairment testing, we identify CGUs, i.e. the smallest groups of assets that generate cash inflows that are largely independent of cash inflows from other assets or groups of assets.

(a) Goodwill

During the half-year ended 31 December 2023, there were no changes to our CGUs with allocated goodwill, with the exception of a new CGU arising from the acquisition of Versent Pty Ltd and its controlled entities (Versent). Refer to note 5.1.1 for further details about the goodwill recognised on the Versent acquisition.

Determining CGUs and their recoverable amount for impairment assessment of goodwill

We apply judgement to identify our CGUs and determine their recoverable amounts using a value in use calculation. These judgements include cash flow forecasts, as well as the selection of growth rates, terminal growth rates and discount rates based on experience and our expectations for the future.

Our cash flow projections are based on five-year management-approved forecasts unless a different period is justified. The forecasts use management estimates to determine income, expenses, capital expenditure and cash flows for each asset and CGU.

We have concluded that the discounted cash flows generated continue to support the carrying values of our CGUs, thus no impairment has been identified.

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

3.1 Property, plant and equipment and intangible assets (continued)

3.1.1 Impairment assessment (continued)

(b) Telstra Entity ubiquitous telecommunication network

An impairment assessment is performed at the level of our Telstra Entity ubiquitous telecommunications network CGU.

Impairment assessment of our ubiquitous telecommunications network

We have determined that assets which form part of the Telstra Entity ubiquitous telecommunications network, comprising the customer access network and the core network, are working together to generate independent cash inflows. No one item of telecommunications equipment is of any value without the other assets to which it is connected to deliver our products and services.

Indicators of impairment may include changes in our operating and economic assumptions or possible impacts from risks such as changing economic and market conditions and climate change. We apply judgement in determining whether certain trends with an adverse impact on our cash flows are considered impairment indicators.

We continue to operate in uncertain economic environments with rising inflation and other economic pressures. However, given the long-lived nature of the majority of our assets and the nature of the services we provide, the expected return on the assets is not significantly impacted. As a result, we did not consider the uncertain economic environment as an impairment indicator of our ubiquitous telecommunications network.

We continue to assess the potential impacts of climate change, including physical climate risks on our assets associated with bushfires, cyclones, coastal inundation, urban flash flooding and increasing temperatures, as well as the impact of extreme weather events on our operations and service delivery.

While we have already incorporated in our management forecasts some financial impacts related to our short-medium term environmental goals associated with both maintaining commitments to offset the emissions from our operations, and to enable renewable energy generation equivalent to 100 per cent of our consumption by 2025, work is ongoing to incorporate the potential long-term financial impacts of climate change and our relevant adaptation strategies in our forward plans.

Based on our experience with extreme weather events, and considering the diverse location and nature of our assets as well as our continued focus on network resiliency and business continuity programs, we do not consider the potential impacts of climate change and the transition to a lower carbon economy to be an impairment indicator at this stage. In addition, based on the sensitivity analysis performed, the range of financial impacts identified and quantified to date for possible climate scenarios, namely the service disruption payments and asset loss/replacement costs, is not significant compared to the excess of the recoverable amount over the carrying value of our ubiquitous telecommunications network.

As we continue to assess climate impacts to our business, we will incorporate any identified financial impacts into our impairment assessment. Should we identify material adverse effects of climate change or transition to a lower carbon economy on our cash flows, we may deem it an impairment indicator in the future.

Management forecasts require significant judgements and assumptions and are subject to risk and uncertainty that may be beyond our control. Hence, there is a possibility that changes in circumstances will materially alter projections, which may impact our assessment of impairment indicators and the recoverable amount of assets at each reporting date.

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

3.1 Property, plant and equipment and intangible assets (continued)

3.1.2 Depreciation and amortisation

Useful lives and residual values of tangible and intangible assets

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

Assessment of useful lives and residual values includes a comparison with international trends for telecommunication companies and, in relation to communication assets, a determination of when the asset may be superseded technologically or made obsolete. For intangible assets, specifically business software, useful lives are adjusted to align with expected retirement dates of the relevant applications under the current corporate strategies.

For the half-year ended 31 December 2023, the net effect of the assessment of useful lives was $32 million (2022: $27 million) decrease in depreciation and $19 million (2022: nil) decrease in amortisation expense.

3.2 Trade and other receivables and contract assets

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

Table A Telstra Group	As at	
	31 Dec 2023	30 Jun 2023
	$m	$m
Current		
Trade receivables from contracts with customers	2,746	2,693
Finance lease receivables	61	63
Accrued revenue	211	247
Other receivables	406	387
	3,424	**3,390**
Contract assets	781	826
	4,205	**4,216**
Non-current		
Trade receivables from contracts with customers	615	577
Finance lease receivables	208	157
Amounts owed by joint ventures and associated entities	146	143
Other receivables	24	16
	993	**893**
Contract assets	109	124
	1,102	**1,017**

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

3.2.1 Impairment of trade and other receivables and contract assets

Estimating expected credit losses

We apply judgement to estimate the expected credit losses for our trade and other receivables measured at amortised cost and for contract assets.

For trade receivables and contract assets arising from our Telstra Consumer & Small Business and Telstra Enterprise Australian customers, we have implemented a scenario-based approach incorporating base, good and bad economic scenarios. The overall expected credit loss was calculated as a weighted average of the three scenarios.

Our analysis has shown that generally overall macroeconomic factors, such as unemployment rates, interest rates or gross domestic product have no strong correlation with our bad debt losses unless certain thresholds are exceeded. As at 31 December 2023, those macroeconomic factors were within the relevant thresholds.

Section 4. Our capital and risk management

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

4.1 Dividend

This note includes the previous year final dividend paid and the current year interim dividend to be paid.

As the current year interim dividend resolution was passed on 15 February 2024, no provision had been raised as at 31 December 2023.

We currently pay dividends to equity holders of Telstra Entity twice a year, an interim and a final dividend. The table below provides details about the previous year final dividend paid during the half-year.

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

On 15 February 2024, the Directors of Telstra Group Limited resolved to pay a fully franked interim dividend for the financial year 2024 of 9.0 cents per ordinary share. The interim dividend will be fully franked at a tax rate of 30 per cent. The record date for the interim dividend will be 29 February 2024, with payment to be made on 28 March 2024. From 28 February 2024, shares will trade excluding entitlement to the dividend.

The Dividend Reinvestment Plan (DRP) will operate for the interim dividend in the financial year 2024. The election date for participation in the DRP is 1 March 2024.

As at 31 December 2023, the interim dividend for the financial year 2024 was not determined or publicly recommended by the Board. Therefore, no provision for the dividend has been raised in the statement of financial position. A $1,040 million provision for the interim dividend payable has been raised as at the date of the resolution.

There are no income tax consequences for the Telstra Group resulting from the resolution and payment of the interim dividend, except for $446 million of franking debits arising from the payment of this interim dividend that will be adjusted in our franking account balance.

Our franking account balance as at 31 December 2023 was a $39 million surplus. We believe that our current balance in the franking account, combined with the franking credits that will arise on our expected tax instalments, will be sufficient to fully frank our interim dividend for the financial year 2024.

4.2 Capital management and financial instruments

Capital management is undertaken in accordance with the financial parameters regularly reviewed and approved by the Board.

We manage our capital structure with the aim to provide returns for shareholders and benefits for other stakeholders, while:

- safeguarding our ability to continue as a going concern
- maintaining an optimal capital structure and cost of capital that provides flexibility for strategic investments.

In order to maintain or adjust our capital structure, we may issue or repay debt, adjust the amount of dividends paid to shareholders or return capital to shareholders.

Our dividend policy together with dividends paid during the half-year ended 31 December 2023 have been detailed in note 4.1.

4.2.1 Net debt

As part of our capital management we monitor net debt. Net debt equals total lease liabilities, borrowings and derivative financial instruments, less cash and cash equivalents.

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

Table A Telstra Group	As at	
	31 Dec 2023	30 Jun 2023
	$m	$m
Lease liabilities	(3,120)	(3,191)
Borrowings	(13,100)	(12,675)
Net derivative financial instruments	67	516
Gross debt	**(16,153)**	**(15,350)**
Cash and cash equivalents	1,016	932
Net debt	**(15,137)**	**(14,418)**

Section 4. Our capital and risk management (continued)

4.2 Capital management and financial instruments (continued)

4.2.1 Net debt (continued)

No components of net debt are subject to any externally imposed capital requirements except for a $200 million non-recourse facility entered into by Telstra PM Pty Ltd with Export Finance Australia. The facility contains a covenant for Telstra PM Pty Ltd to maintain a minimum debt service cover ratio (subject to cure rights). An interest cover ratio also applies to these non-recourse facilities.

All amounts owing under or in relation to the borrowing facilities with Export Finance Australia in respect of the Digicel Pacific acquisition are secured by:

- substantially all of the assets (including any shares) and undertakings of substantially all of the acquired entities, comprising Digicel Pacific Limited and each of its wholly-owned subsidiaries
- the assets (including any shares) and undertakings of Telstra PM Pty Ltd and BidCo (S) Pte. Ltd
- the shares in Telstra PM Pty Ltd held by Telstra PM Holdings Pty Ltd.

During the half-year ended 31 December 2023, under Interest Rate Benchmark Reform amounts owing under the borrowing facilities with Export Finance Australia were transitioned from LIBOR (London Interbank Offered Rate) to Term SOFR (Secured Overnight Financing Rate).

During the half-year ended 31 December 2023, we did not have any defaults or breaches under any of our agreements with our lenders.

Table B summarises the key movements in net debt during the period and provides our gearing ratio. Our gearing ratio equals net debt divided by total capital, where total capital equals equity, as shown in the statement of financial position, plus net debt.

Table B **Telstra Group**	Half-year ended 31 Dec	
	2023	2022
	$m	$m
Opening net debt at 1 July	**(14,418)**	**(12,720)**
Non-recourse borrowing facilities (net)	(46)	(1,127)
Commercial paper (net)	(1,174)	(739)
Revolving bank facilities (net)	(1,189)	(1,950)
Debt repayments	1,416	1,782
Other borrowings (net)	15	(9)
Lease liability payments	303	322
Net cash inflow	**(675)**	**(1,721)**
Fair value (loss)/gain impacting:		
Equity	57	(145)
Other income	34	18
Finance costs	1	15
Other non-cash movements		
Lease liability (Telstra as a lessee)	(232)	(335)
Other loans and derivatives	12	1
Total non-cash movements	**(128)**	**(446)**
Total increase in gross debt excluding bank overdraft	**(803)**	**(2,167)**
Net increase in cash and cash equivalents net of bank overdraft (includes effects of foreign exchange differences)	84	2
Total increase in net debt	**(719)**	**(2,165)**
Closing net debt at 31 December	**(15,137)**	**(14,885)**
Total equity	(17,719)	(17,597)
Total capital	**(32,856)**	**(32,482)**
	%	%
Gearing ratio	46.1	45.8

During the half-year ended 31 December 2023, we repaid $1,416 million of term debt (Australian dollar equivalent). This included:

- €1,000 million Euro bond ($1,268 million Australian dollar equivalent)
- €75 million Euro private placement ($98 million Australian dollar equivalent)
- $50 million Australian dollar private placement.

Section 4. Our capital and risk management (continued)

4.2 Capital management and financial instruments (continued)

4.2.2 Bank facilities

Table C presents our total and undrawn committed bank facilities at balance dates. As at 31 December 2023, we had total available facilities of $4,313 million, the majority of which were held by the Telstra Entity and Telstra Corporation Limited, its wholly-owned subsidiary.

Our committed facilities mature on a staggered basis over the next four years with $3,163 million maturing beyond 12 months.

Table C Telstra Group	As at	
	31 Dec 2023	30 Jun 2023
	$m	$m
Facilities available	4,313	3,613
Facilities used	(2,108)	(918)
Facilities unused	**2,205**	**2,695**

4.2.3 Borrowings

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

Table D Telstra Group	As at 31 Dec 2023		As at 30 Jun 2023	
	Carrying value	Fair value	Carrying value	Fair value
	$m	$m	$m	$m
Current borrowings				
Unsecured notes	52	52	1,814	1,812
Bank and other loans - unsecured	557	559	410	411
Commercial paper - unsecured	1,541	1,541	431	432
Non-recourse borrowing facilities	6	6	6	6
Other financial liabilities	1	1	1	1
	2,157	**2,159**	**2,662**	**2,662**
Non-current borrowings				
Unsecured notes	7,094	7,110	7,198	7,044
Bank and other loans - unsecured	2,284	2,292	1,257	1,336
Non-recourse borrowing facilities	1,151	1,117	1,143	1,114
Other financial liabilities	414	324	415	297
	10,943	**10,843**	**10,013**	**9,791**
Total borrowings	**13,100**	**13,002**	**12,675**	**12,453**

Unsecured notes comprise bonds and private placements.

Our commercial paper is used principally to support working capital and short-term liquidity and continues to be supported by a combination of liquid financial assets, and access to committed bank facilities.

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

Section 4. Our capital and risk management (continued)

4.2 Capital management and financial instruments (continued)

4.2.4 Finance costs

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

Table E Telstra Group	Half-year ended 31 Dec	
	2023	2022
	$m	$m
Interest income	29	18
Finance income from finance leases (Telstra as a lessor)	9	3
Finance income from contracts with customers	9	21
Net interest income on defined benefit plan	7	6
Total finance income	**54**	**48**
Interest expense on borrowings	(320)	(274)
Interest expense on lease liabilities	(55)	(42)
Gross interest on debt	**(375)**	**(316)**
Finance costs from contracts with customers	(24)	(32)
Net (losses)/gains on financial instruments included in remeasurements	(5)	19
	(29)	**(13)**
Interest capitalised	33	29
Total finance costs	**(371)**	**(300)**
Net finance costs	**(317)**	**(252)**

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

4.2.5 Fair value measurement

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

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

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

Section 4. Our capital and risk management (continued)

4.2 Capital management and financial instruments (continued)

4.2.5 Fair value measurement (continued)

The table below summaries the methods used to estimate the fair value of our financial instruments. As at 31 December 2023, there were no financial instruments measured using level 1 inputs.

Level	Financial instrument	Fair value
Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities	Listed investments in equity instruments	Quoted prices in active markets.
Level 2: the lowest level input that is significant to the fair value measurement is directly (as prices) or indirectly (derived from prices) observable	Borrowings, cross currency and interest rate swaps	Valuation techniques maximising the use of observable market data. Present value of the estimated future cash flows using appropriate market-based yield curves, which are independently derived. Yield curves are sourced from readily available market data quoted for all major currencies.
	Forward contracts	Quoted forward rates at reporting date for contracts with similar maturity profiles.
Level 3: one or more key inputs for the instrument are not based on observable market data (unobservable inputs)	Unlisted investments in equity instruments	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.

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

Table F	As at 31 Dec 2023			As at 30 Jun 2023		
Telstra Group	Level 2	Level 3	Total	Level 2	Level 3	Total
	$m	$m	$m	$m	$m	$m
Assets						
Derivative financial instruments	284	38	**322**	767	11	**778**
Investments in unlisted securities	-	32	**32**	-	22	**22**
	284	**70**	**354**	**767**	**33**	**800**
Liabilities						
Derivative financial instruments	(255)	-	**(255)**	(262)	-	**(262)**
Contingent consideration	-	(150)	**(150)**	-	(251)	**(251)**
	(255)	**(150)**	**(405)**	**(262)**	**(251)**	**(513)**
Total	**29**	**(80)**	**(51)**	**505**	**(218)**	**287**

Fair value of borrowings presented in Table D in note 4.2.3 was measured using level 2 inputs.

Section 4. Our capital and risk management (continued)

4.2 Capital management and financial instruments (continued)

4.2.5 Fair value measurement (continued)

As at 31 December 2023, we held some floating rate derivative instruments hedging term debt issuances and bank facilities which have a reference to a benchmark rate.

During the half-year ended 31 December 2023, under Interest Rate Benchmark Reform our derivatives previously referenced to LIBOR were transitioned to Term SOFR.

We continue to monitor the developments of international regulations to ensure preparedness for any changes relating to Interest Rate Benchmark Reform.

Table G details movements in contingent consideration measured using level 3 inputs.

Table G Telstra Group	Half-year ended 31 Dec	
	2023	2022
	$m	$m
Opening balance at 1 July	**251**	**72**
Amounts recognised on acquisition	-	243
Cash settlements made during the period	(92)	(88)
Remeasurements recognised in the income statement	(7)	8
Interest recognised in the income statement	3	-
Translation impacts recognised in foreign currency translation reserve	(5)	(1)
Closing balance at 31 December	**150**	**234**

4.2.6 Financial risk factors

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

The half-year financial report does not include all financial risk management information and disclosures required for the annual financial statements. For further details on our financial risk management refer to note 4.5 to the financial statements in the 2023 Annual Report. There have been no material changes to our risk management policies since 30 June 2023.

Section 5. Our investments

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

5.1 Changes in the group structure

During the half-year ended 31 December 2023, we acquired a number of controlled entities. Details of the significant acquisitions have been disclosed below.

5.1.1 Acquisition of Versent

On 17 November 2023, we completed the acquisition of 100 per cent of the shares in Versent Pty Ltd and its controlled entities (Versent) for a total consideration of $286 million (subject to completion adjustments).

Australian-based Versent is a leading cloud technology consultancy business with AWS services capability and deep-domain expertise across cloud, security, data, digital, and identity and access management. It also provides a self-serve cloud management platform for enterprise and mid-market customers which enables them to design, build and run their own cloud.

The provisional accounting for this acquisition gave rise to $223 million goodwill reflecting expected opportunities to scale Telstra Purple technology services business, drive NAS growth and support the digitisation of businesses. Goodwill is not deductible for income tax purposes.

Table A summarises the effects of the provisional accounting for this acquisition.

Table A Versent	Half-year ended 31 Dec 2023 $m
Consideration for acquisition	
Cash consideration	286
Total purchase consideration	**286**
Cash balances acquired	(15)
Outflow of cash on acquisition	**271**
Acquisition costs incurred included in other expenses in the income statement	2
	Fair value
Assets/(liabilities) at acquisition date	
Cash and cash equivalents	15
Trade and other receivables	43
Prepayments	2
Property, plant and equipment	1
Right-of-use assets	5
Intangible assets	50
Deferred tax assets	8
Trade and other payables	(23)
Employee benefits	(7)
Lease liabilities	(5)
Contract liabilities and other revenue received in advance	(9)
Deferred tax liabilities	(17)
Net assets	**63**
Goodwill on acquisition	223
Total purchase consideration	**286**
Contributions to the Group's performance from acquisition date to 31 December 2023	
Income (excluding finance income)	15
Loss before income tax expense	(1)

If the acquisition of Versent had occurred on 1 July 2023, our adjusted consolidated income (excluding finance income) and consolidated profit before income tax expense for the half-year would have been $11,787 million and $1,447 million, respectively.

Section 5. Our investments (continued)

5.2 Investments in controlled entities

A complete list of our controlled entities as at 30 June 2023 is available online at www.telstra.com.au/aboutus/investors/financial-results.

5.2.1 Digicel Pacific

In July 2022, we completed the acquisition of 100 per cent of the shares in Digicel Pacific Limited and its controlled entities (Digicel Pacific). This acquisition was partly funded by equity-like securities issued by the Telstra Group to the Australian Government, through Export Finance Australia.

Equity-like securities issued to the Australian Government

During the half-year ended 31 December 2023, we issued $23 million of equity-like securities to the Australian Government, through Export Finance Australia. The securities are perpetual, subordinated, unsecured and redeemable in certain circumstances. The securities do not grant the Australian Government any recourse, voting rights, or earnings in respect of the Telstra Group.

We applied judgement to classify the issued securities as equity and present them as non-controlling interests in our consolidated statement of changes in equity.

As at 31 December 2023, the non-controlling interests related to the equity-like securities issued to the Australian Government were $946 million.

Section 6. Other information

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

6.1 Commitments and contingencies

6.1.1 Capital expenditure commitments

During the half-year ended 31 December 2023, our total capital commitments for purchases of property, plant and equipment and intangible assets increased by $206 million due to the roll-out of intercity fibre and mobile network projects.

6.1.2 Contingent liabilities and contingent assets

(a) Indemnities, performance guarantees and financial guarantees

Since 30 June 2023, there have been no significant changes to indemnities, performance and financial guarantees.

(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 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, we make disclosures as required by accounting standards or other legal obligations, or make specific provisions where appropriate.

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

(c) Other contingent liabilities

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

(d) Contingent assets

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

6.2 Events after reporting date

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

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

other than the following:

6.2.1 Interim dividend

The details of our interim dividend for the half-year ended 31 December 2023 are disclosed in note 4.1.

Directors' Declaration

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

(a) in the Directors' opinion, there are reasonable grounds to believe that Telstra Group Limited will be able to pay its debts as and when they become due and payable

(b) in the Directors' opinion, the financial statements and notes of the Telstra Group for the half-year ended 31 December 2023 as set out on pages 1 to 31 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Accounting Standard AASB 134: 'Interim Financial Reporting' and the Corporations Regulations 2001

   (ii) giving a true and fair view of the financial position of the Telstra Group as at 31 December 2023 and of the performance of the Telstra Group, for the half-year ended 31 December 2023.

For and on behalf of the board

Craig W Dunn
Chairman

Vicki Brady
Chief Executive Officer and
Managing Director

15 February 2024

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

Conclusion

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

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

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Basis for conclusion

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

Directors' responsibilities for the half-year financial report

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Ernst & Young

Ernst & Young

Sarah Lowe

Sarah Lowe
Partner
Melbourne
15 February 2024