Annual Report 2023

Contents

Upcoming key dates

14 March 2024
Ex-dividend date

15 March 2024
Dividend record date

12 April 2024
Dividend payment date

3 May 2024
Annual General Meeting

30 June 2024
End of financial half year

23 August 2024
Half year results announcement

12 September 2024
Interim ex-dividend date

13 September 2024
Interim dividend record date

11 October 2024
Interim dividend payment date

31 December 2024
End of financial full year

Note: Dividend payments are subject to TPG Telecom Board approval. Dates may be subject to change.

Lodged with the Australian Securities Exchange ('ASX') under Listing Rule 4.3A.

The ASX Appendix 4E and Full-year financial results of TPG Telecom Limited (ABN 76 096 304 620) and its controlled entities for the year ended 31 December 2023.

About TPG Telecom

TPG Telecom provides telecommunications services to consumer, business, enterprise, government and wholesale customers in Australia.

7.5m+

fixed and mobile telecommunications services

5,700+

mobile sites

~35,000km

of metropolitan,inter-capital and subsea cable systems

~6,000

employees across Australia, Guam and the Philippines

Purpose and values

TPG Telecom's purpose is to build meaningful relationships and support vibrant, connected communities. Our values guide the company culture, what we prioritise, and the experiences we create for customers and communities:

Stand together
Together we are unstoppable

Own it
We step up and own what we do

Simple's better
We challenge ourselves to find a simpler, fresher way

Boldly go
We are hungry, curious and brave

Acknowledgement of Country

We acknowledge the Traditional Custodians of Country throughout Australia and the lands on which we and our communities, live, work and connect. We pay our respects to their Elders, past and present.

Chairman and CEO report

Canning Fok
Chairman

Iñaki Berroeta
Chief Executive Officer and Managing Director

Dear Shareholders,

It is our pleasure to present TPG Telecom Limited's (TPG Telecom or the Company) Annual Report for 2023.

TPG Telecom and its family of brands play a vital role in fostering competition and choice, ensuring millions of Australians stay connected, productive and entertained.

Our performance in the past year shows we have gained momentum in simplifying and optimising our business, while delivering growth.

Our position as a value leader in both mobile and broadband, resulted in revenue growth of 4.3% to $4,632 million and EBITDA growth of 7.6% to $1,930 million[1]. This enabled the Board to declare a total dividend for the year of 9.0 cents per share.

Operational and customer highlights

We ended 2023 in a strong position, accelerating our operating momentum to achieve our earnings guidance while growing subscribers and revenue.

Mobile service revenue increased 9.3% to $2,155 million as we increased subscriber numbers by 175,000, at the same time as we delivered plan refreshes for our premium brand, Vodafone.

Throughout 2023, we continued to invest in new customer innovations, launching industry-leading initiatives, such as In-Flight Roaming and Vodafone Device Care. Our other mobile brands, including TPG, iiNet, felix and Lebara, also continued to attract new customers by focusing on providing simple and affordable plans.

Our Fixed broadband business continued to offer a diverse range of competitive services across NBN and our own network. Maintaining our position as the second-largest retailer of NBN services, we concluded the year as the leading provider of NBN's Fibre Connect program, with more than 20,000 upgrades ordered by the end of December.

Our Fixed Wireless broadband service continued to grow, achieving 227,000 subscribers by the end of 2023, establishing TPG Telecom as the largest provider of great value and easy-to-use fixed wireless services in Australia.

The Enterprise and Government business, secured significant customer wins through competitive positioning of our on-net Fast Fibre and NBN Enterprise Ethernet solutions. Notable new customers and re-signings included Westpac, NAB, Amazon, Wisetech Global and various government departments.

Our Enterprise and Government team met the high demand for connectivity solutions, while developing new capabilities in Internet of Things, and Mobile Private Networks for supply chain, logistics, mining and energy businesses.

Vision Network, our wholesale residential access business, continued to evolve as a high-value alternative to the NBN. Having transitioned to be functionally separated, Vision Network continued to build its business by signing on new retail service providers and serving superfast connectivity to customers.

Strategic update and Customer Transformation

Our strategic principles – Integrate and Simplify, Win Smart, and Maximise Our Potential – continue to guide the Company as we seek new and better ways to build long-term value for our customers and shareholders.

In 2023, we began a multi-year program to simplify our brands, rationalise products and modernise our IT systems to make them more robust and resilient.

This company-wide transformation is crucial for developing new and innovative ways to deliver our services, while improving the experience for new and existing customers and embedding efficiencies for our future operations.

Significant progress was made in 2023, as we retired non-core, legacy products (including outdated email services), reduced obsolete in-market plans by 40% and started moving operations from some of our minor brands to our mainstream brands.

In the year ahead, our focus will be on rationalising our more than 3,000 legacy consumer plans. This significant reduction in plans will improve and streamline our customer experience and enable our operations to react more dynamically to changing customer needs.

[1] Statutory EBITDA excluding transformation costs and impairment charge. EBITDA growth excluding the impacts of one-off accounting gain from the tower assets sale and transformation costs in 2022 and impacts of transformation costs and impairment charge in 2023.

Significant transformation work continues in our technology operations as we transfer critical applications to a secure and flexible environment, and build a simplified and dedicated, system architecture for enterprise and consumer businesses.

Mobile network

We were disappointed to be unsuccessful in overturning the ACCC's decision not to approve our regional mobile network sharing arrangement with Telstra, nevertheless our ambition to extend the reach and capability of our mobile network remains undiminished.

By the end of 2023, our 5G mobile network was active on more than 3,000 sites, or more than 50% of our network.

The evolution of our mobile network continued with the acquisition of new 3.7GHz spectrum licenses to improve and extend our 5G services and coverage across Australia.

Once deployed, this spectrum will deliver a huge capacity boost for our 5G Mobile and Fixed Wireless services, providing higher speeds and better performance for customers.

At the end of 2023, we also passed the important milestone of closing our 3G network, marking the end of an era as we transition customers to a 4G and 5G future.

We continue to explore commercial options to expand our mobile network into new markets and consider strategic network infrastructure sharing offers the best economic solution for customers and shareholders.

Unlocking value in fibre

In November, we ceased discussions with Vocus Group following its non-binding offer to acquire our fibre network infrastructure and some of our Enterprise, Government and Wholesale business.

Although we were unable to reach alignment on the operating model and commercial terms with Vocus Group, we continue to explore options to deliver value through an ongoing strategic review of our fibre network infrastructure assets.

Network evolution, security and resilience

The protection of our customers and network remain a top priority. Our cyber security teams blocked more than 100 million SMS and phone scams and enhanced our security capability through new intelligence-sharing arrangements with leading organisations including the Commonwealth Bank.

We also continued to improve the resilience of our network security by isolating and retiring legacy systems no longer fit for purpose.

Sustainability, People and Culture

We continued to make progress in our Sustainability ambitions in 2023, while also building TPG Telecom as a great place to work. We met a significant milestone in our Sustainability journey as we became the first telco in Australia to have our net-zero emissions targets validated by the Science Based Targets initiative in 2023.

Our employee survey showed our people remain passionate about their work as we achieved an uplift in overall engagement results across the areas of motivation, pride and advocacy. We were delighted during 2023 to be recognised with the Human Resources Director (HRD) 5-Star Employer of Choice award for the second year in a row.

2024 outlook

The year ahead will be pivotal for TPG Telecom as we continue to focus on delivering great value and service for customer at the same time as we simplify brands, rationalise products and increase digitalisation.

Work to date has built the foundations for a more agile business, with our brands capable of targeting new market segments and driving greater value for customers and long-term sustainable growth for shareholders.

Assuming no material change in operating conditions, we expect EBITDA for 2024 to be between $1,950 million and $2,025 million, including ongoing transformation costs but excluding any material one-off items.[2] This compares with $1,923 million on a comparable basis in FY23.

The Board and management thank all our people for their outstanding work and shared successes throughout 2023.

We also thank our customers and shareholders for their ongoing support of TPG Telecom. We look forward to keeping you updated on our progress throughout the year.

Canning Fok
Chairman

Iñaki Berroeta
Chief Executive Officer and Managing Director

[2] EBITDA guidance is subject to no material change in operating conditions and excludes any impact of material one-offs such as transaction costs, restructuring, mergers and acquisitions, disposals, impairments, and such other items as determined by the Board and management.

Directors' report | Operating and financial review

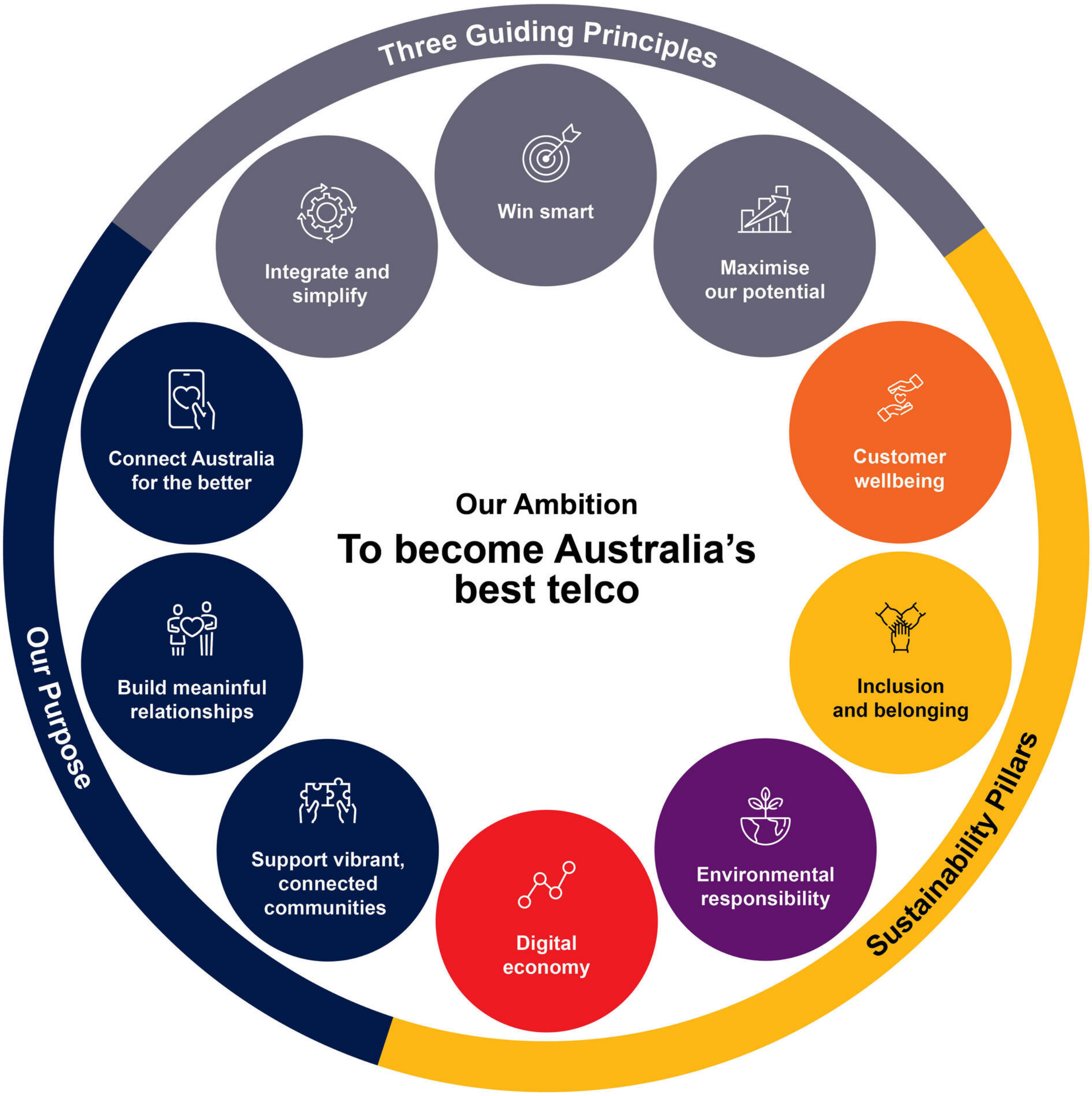
Business strategy

Strategic ambition

TPG Telecom's *strategic ambition* is to be Australia's best telco for customers, shareholders, our people and the community.

Our three *guiding principles* are: **Integrate and Simplify, Win Smart**, and **Maximise our Potential.**

These *guiding principles* together with *our purpose* and *sustainability pillars* shape our strategy and guide the prioritisation of strategic initiatives and areas of focus throughout the business, as illustrated in the diagrams below and on page 5.



Our ambition and guiding principles shape our strategic initiatives

Integrate and simplify

Making the experiences of our customers easier while streamlining our products and systems

Win smart

Delivering targeted growth, focusing on the strengths of our infrastructure, brands and people

Maximise our potential

Investing in our people and capabilities to achieve our ambition to be Australia's best telco

Strategic initiative	FY23 achievements	FY24 focus
Grow Mobile service revenue	Mobile service revenue grew over 9% to $2,155 million.	Continued growth supported by ongoing plan and product simplification.
Drive Consumer Fixed profitability	Average margin per user up by around 14% supported by strong Fixed Wireless growth.	Stabilisation of subscriber base, including launch of Fibre Connect services on Vodafone.
Grow Enterprise, Government and Wholesale	Service revenue up around 1% to $1,008 million, excluding Vision Network.	Grow sales in Small Medium Business and maximise utilisation of fixed infrastructure.
Customer experience simplification	40% reduction in number of in-market plans to around 110.	50% reduction to the around 3,700 legacy plans in our systems.
Simplify technology landscape	37 applications moved to the cloud and 43 legacy system decommissioned. Total applications currently at around 580.	Targeting further 40 applications moved to the cloud
National mobile network	Further 1,008 sites upgraded to 5G; >50% of 5,700+ mobile sites now upgraded.	Continuation of 5G upgrade; ongoing exploration of optimal infrastructure sharing strategy for regional areas.
Unlocking value of fibre	Discussions ceased following exploration of potential transaction with Vocus Group.	Strategic review continues to assess value-optimising alternatives.

Directors' report | Operating and financial review continued

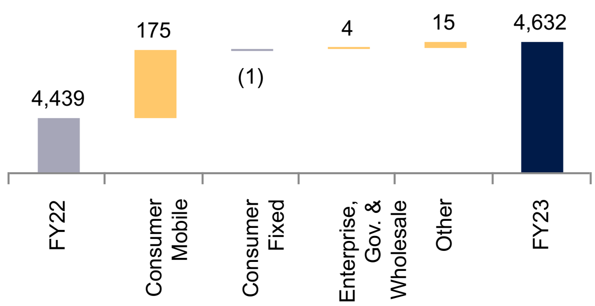
Key financial metrics

The following section provides an overview and management discussion and analysis of key financial metrics from the Group's operations. Users of this report seeking to obtain a better understanding of the performance of the Group should review this section in conjunction with the consolidated financial statements and refer to the FY23 Investor Presentation available on the ASX and on the Company's website at tpgtelecom.com.au/investor-relations.

Service revenue

Service revenue was $4,632 million, an increase of $193 million or 4.3% compared to FY22 ($4,439 million). This increase reflects growth across all segments, primarily supported by the Postpaid mobile plans refresh completed in April 2023, an increase in outbound roaming revenue, and an increase in the mobile subscriber base compared to FY22.

Service revenue bridge ($m)



EBITDA

Earnings before interest, tax, depreciation and amortisation (EBITDA) was $1,875 million, a decrease of $260 million or 12.2% compared to FY22 ($2,135 million). EBITDA included transformation costs of $38 million compared to $60 million in FY22. This was due to the scoping and planning of the simplification program and the costs associated with the closure of email domain hosting services for iiNet and TPG brands. The Group took an impairment charge of $17 million related to Internode's brand name following the Group's decision to retire the brand. Initial steps are progressing to transition existing customers to iiNet.

FY22 EBITDA benefited from a one-off accounting gain of $402 million from the sale of tower assets in 2022.

Excluding the one-off costs and gains mentioned above, EBITDA in FY23 was $1,930 million, up 7.6% compared to FY22, reflecting strong mobile service revenue growth and cost discipline in telecommunication services.

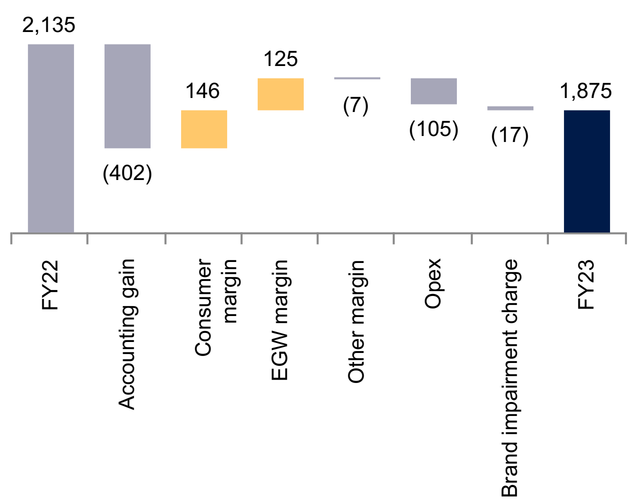
Cost of telecommunication services was $1,580 million, a decrease of $56 million or 3.4% compared to FY22 ($1,636 million). This decrease reflected a decrease in NBN subscriber base, partly driven by more customers moving from NBN services to Fixed Wireless and a reduction in intercarrier Multimedia Messaging Service access fees offset by higher NBN wholesale per unit costs compared to FY22.

Handsets and hardware margins were $17 million, an increase of $15 million compared to FY22 ($2 million). This increase reflected the margin benefits of the suspension in FY22 of the sale of mobile handset payment plan receivables to third parties, offset by discounting activities on handset sales to attract and retain customers.

Operating expense (opex) was $1,213 million, an increase of $105 million or 9.5% compared to FY22 ($1,108 million). This included $38 million of transformation costs ($60 million in FY22) and $31 million in transaction costs related to strategic projects, including the costs incurred on the proposed regional mobile network sharing agreement with Telstra and the strategic review of Vision Network.

Excluding these costs and prior year transformation costs of $60 million, the underlying change in Opex was an increase of $96 million, reflecting inflationary pressures and increases in support and marking expenditure.

EBITDA bridge ($m)



NPAT

Net profit after tax (NPAT) was $49 million, a decrease of $464 million compared to FY22 ($513 million), excluding the one-off towers gain ($402 million), NPAT was down $43 million.

Directors’ report | Operating and financial review continued

Excluding the impact of the one-off towers gain in FY22, the reduction in FY23 NPAT reflected an increase in depreciation and amortisation expenses, an increase in lease interest costs arising from the tower assets sale and a new tower lease agreement, and higher average interest rates on debt partly offset by an increase in service revenue.

Adjusted NPAT[1] was $584 million, a decrease of $62 million or 9.6% compared to FY22 ($646 million).

Earnings per share

Earnings per share (EPS) was 2.6 cents, a decrease of 25.0 cents compared to FY22 (27.6 cents). EPS in FY22 included the one-off accounting tower sale gain.

EPS (LTIP basis)[2] was 11.9 cents, a decrease of 2.3 cents or 16.2% compared to FY22 (14.2 cents).

Return on Invested Capital[3]

Return on Invested Capital was 6.1% compared to 5.7% in FY22. The increase reflected the growth in service revenue offset by a larger capital base.

Operating Free Cash Flow[4]

Operating Free Cash Flow (OFCF) was $167 million, an increase of $75 million or 81.5% compared to FY22 ($92 million). This increase reflected higher EBITDA and a less negative working capital movement, partly offset by higher lease payments and higher capital expenditure of $1,126 million compared to FY22 ($961 million). The higher cash capex was primarily due to changes in timing of supplier payments and upgrade of network equipment to 5G.

The negative working capital movement in FY23 included a $376 million outflow from the Group’s decision to fund mobile handset payment plans using bank borrowings rather than selling receivables to third parties, which would have incurred higher overall costs.

Higher lease payments primarily arose from the full-year impact of the tower assets sale and a new tower lease agreement extending access to existing tower sites.

OFCF, excluding the reduction in handset receivables financing, was $543 million, an increase of $186 million compared to FY22 ($357 million).

Dividend

The TPG Telecom Board has declared a final dividend of 9.0 cents per share to be paid on 12 April 2024, bringing total dividends for the year to 18.0 cents per share.

TPG Telecom’s dividend policy is to pay a dividend of at least 50% of Adjusted NPAT.

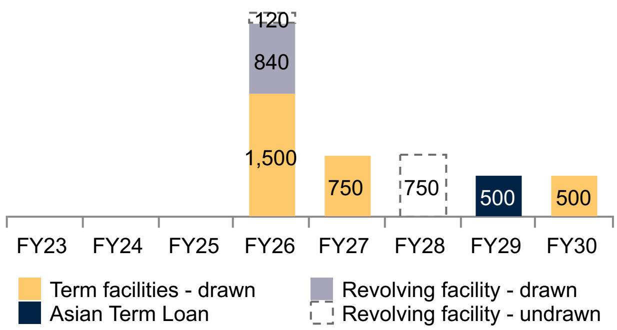
Dividends paid in FY23 were $335 million, an increase of $10 million compared to FY22 ($325 million).[5]

Net debt

Net borrowings (borrowings less cash) were $3,960 million, an increase of $384 million compared to 31 December 2022 ($3,576 million). Gross borrowings were $4,076 million, an increase of $386 million compared to 31 December 2022 ($3,690 million). The increase in borrowings largely reflected the decision to suspend the sale of handset receivables to third parties.

During the year, the Group refinanced $2.02 billion of debt facilities maturing in FY24 with a $2.0 billion syndicated debt facility and $500 million Asian Institutional Loan (Asian Term Loan).

Debt maturity profile as at 31 December 2023 ($m)



[1] For the purpose of dividend calculation, Adjusted NPAT is defined as statutory Net Profit After Tax adding back transformation and transaction costs, customer base intangible amortisation, spectrum amortisation and non-cash tax expense.

[2] Long Term Incentive Plans (LTIP) basis Earnings Per Share measures statutory NPAT adjusted by adding back customer base amortisation and material one-offs (subject to discretion of the Board), and divided by weighted number of shares on issue. FY23 NPAT adjusted on this basis was $221 million.

[3] Return on Invested Capital measures net operating profit after tax (NOPAT) measures to remove customer base amortisation and material one-offs (subject to discretion of the Board), divided by average invested capital excluding goodwill, brand and customer base intangibles.

[4] Operating Free Cash Flow measures cash flow from operations less capex, finance lease repayments and finance lease interest (within cash flow from financing activities). It does not include payments for spectrum and dividends and excludes any loan payments/ drawdowns.

[5] Further information regarding FY23 dividends is set out in Note 21 and Note 30 of this report.

Business segment and product highlights

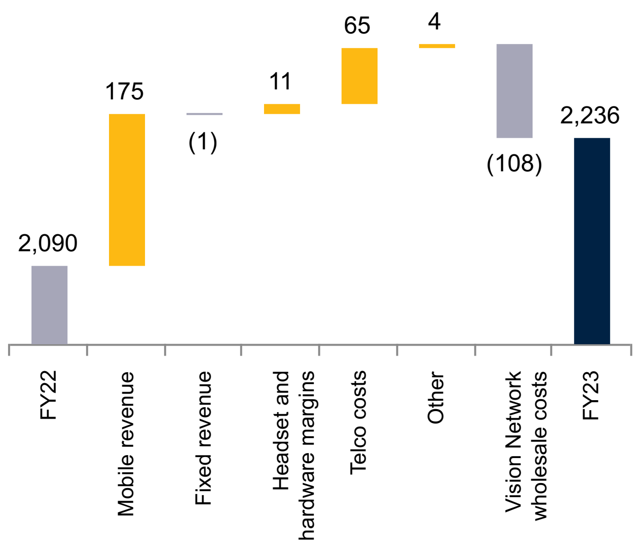
Consumer segment

Consumer mobile service revenue was $1,971 million, an increase of $175 million or 9.7% compared to FY22 ($1,796 million). This growth reflected an increase in subscribers during the year compared to FY22, an increase in outbound roaming revenue and almost nine months' benefit from the Group's premium Postpaid Mobile plans refresh.

Fixed service revenue was $1,737 million, a decrease of $1 million or 0.1% compared to FY22 ($1,738 million). This decrease reflected lower revenue from NBN, offset by higher revenue from Fixed Wireless services due to an increase in the subscriber base compared to FY22.

Consumer cost of telecommunication services was $1,492 million, an increase of $43 million or 3.0% compared to FY22 ($1,449 million). This increase reflected the intersegment charge related to Vision Network's wholesale costs and higher NBN costs, offset by a decrease in the NBN subscriber base and a lower intercarrier Multimedia Messaging Service access fees. Excluding the intersegment charge, the cost of telecommunication services was $1,384 million, a decrease of $65 million or 4.5% compared to FY22.

Consumer gross margin bridge ($m)



Enterprise, Government and Wholesale segment

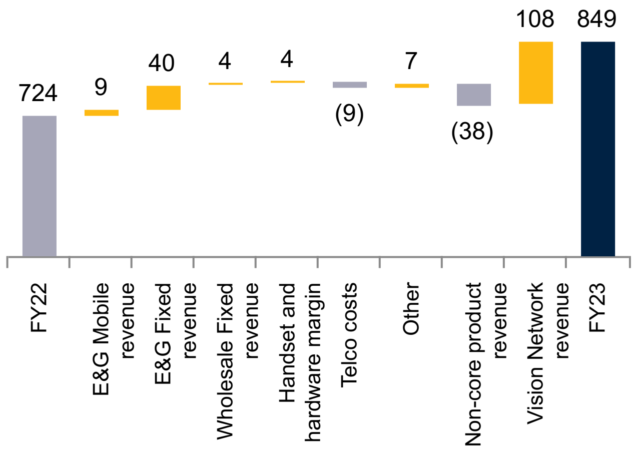
Enterprise, Government and Wholesale revenue was $1,116 million, an increase of $118 million or 11.8% compared to FY22 ($998 million). This increase included the recognition of $108 million in intersegment wholesale revenue related to Vision Network after it functionally separated from the retail operations in October 2022.

Excluding Vision Network, Enterprise, Government and Wholesale revenue was $1,008 million, an increase of $10 million or 1.0% compared to FY22 ($998 million).

Enterprise and Government service revenue growth continues to be driven by TPG Telecom's Fast Fibre and NBN Enterprise Ethernet services, offset by lower revenue from non-core products.

Wholesale revenue growth was primarily driven by the recognition of the Vision Network wholesale revenue. Excluding Vision Network and non-core products, wholesale revenue was up $4 million to $218 million.

Enterprise, Government and Wholesale gross margin bridge ($m)



Mobile subscriber numbers and ARPU

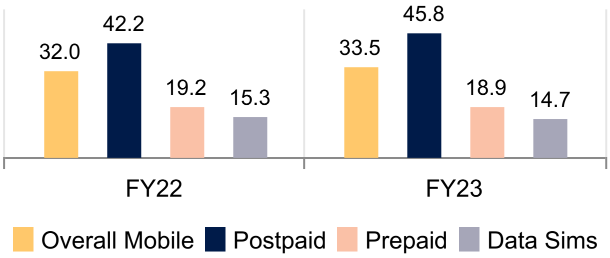
Mobile subscribers increased by 175,000, bringing total Mobile subscribers to 5.46 million. Subscriber growth moderated compared to 2022, as inbound travellers normalised and subscriber growth was subdued following the repricing of the Group's premium Postpaid Mobile plans.

Postpaid Mobile subscribers grew to 2.97 million, up 17,000 compared to FY22. Prepaid Mobile subscribers grew to 2.18 million, up 167,000. Data sim only subscribers declined to 299,000, down 2,000.

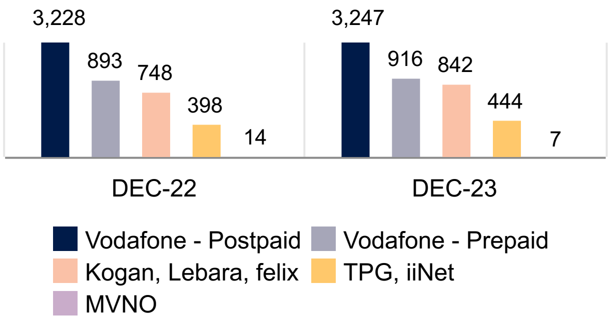
Average Revenue Per User (ARPU) for Mobile was $33.5 per month, an increase of $1.5 per month or 4.7% compared to FY22 ($32.0 per month). This reflected almost nine months benefit from the Vodafone Postpaid Mobile plans refresh during the period and the recovery of outbound roaming ARPU to December 2019 level. This was partially offset by a favourable rate change for intercarrier Multimedia Messaging Service access fee with other mobile carriers, which was offset in gross margin through lower cost of telecommunication services.

Postpaid ARPU was $45.8 per month, an increase of $3.6 or 8.5% compared to FY22. Prepaid ARPU was $18.9 per month, a decrease of $0.3 or 1.0% compared to FY22.

Mobile ARPU by subscriber type ($m)[1]



Mobile subscribers by brand (000's)[2]



Total fixed subscribers and AMPU

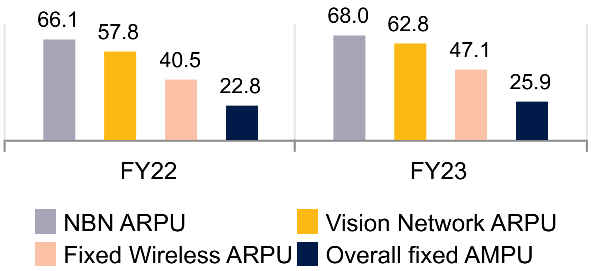
Fixed subscribers decreased by 91,000, bringing total Fixed subscribers to 2.13 million compared to FY22, as the Group focused on optimising the Fixed subscriber base to improve segment profitability.

NBN subscribers declined to 1.77 million, down 109,000 reflecting a highly competitive market as well as customers moving from NBN to Fixed Wireless services.

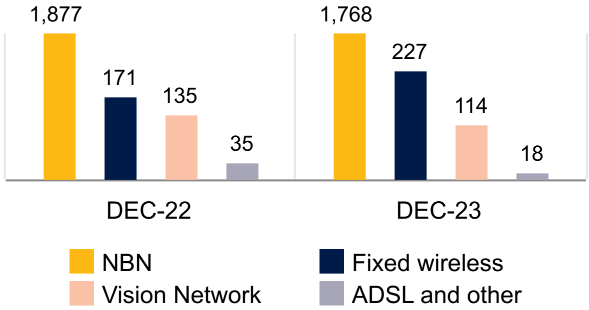
Fixed Wireless subscribers grew to 227,000, up 56,000 compared to FY22. TPG subscribers on Vision Network declined to 114,000, down 21,000.

Average Margin Per User (AMPU) across all Fixed technologies was $25.9 per month, an increase of $3.1 or 13.6% compared to FY22, primarily reflecting the growth of Fixed Wireless subscribers, modest repricing of some NBN plans in late third quarter of 2022 and lower average NBN subscriber base.

Fixed ARPU and AMPU by technology type



Overall Fixed subscriber (000's)[3]



[1] In December 2022 Mobile base, Prepaid ARPU was restated to reflect removal of approximately 70,000 inactive customers on long-dated plans from Lebara base to align with classification in other TPG Telecom brands.
[2] Vodafone mobile subscribers include data sim customers.
[3] Due to the expected closure of the ADSL service in early 2024, approximately 8,000 ADSL subscribers were removed from FY23 base.

Consolidated Income Statement overview

Below is a condensed version of the Group's income statement, together with commentary highlighting key points not already covered in the key financial metrics section.

	2023 $m	2022 $m
Revenue		
Service revenue	4,632	4,439
Handset and hardware revenue	901	976
Total revenue	**5,533**	**5,415**
Other income	36	438
Cost of telecommunication services	(1,580)	(1,636)
Cost of handsets and hardware sold	(884)	(974)
Technology costs	(405)	(363)
Employee benefits expense	(428)	(377)
Other operating expenses	(380)	(368)
Brand impairment charge	(17)	—
EBITDA	**1,875**	**2,135**
Depreciation and amortisation	(1,472)	(1,389)
Operating profit	**403**	**746**
Net financing costs	(341)	(187)
Profit before tax	**62**	**559**
Income tax expense	(13)	(46)
Profit after tax	**49**	**513**
Attributable to:		
Owners of the Company	49	513
Non-controlling interest	—	—
Earnings per share (cents)	**2.6**	**27.6**

Depreciation and amortisation

Depreciation and amortisation expense was $1,472 million, an increase of $83 million or 6.0% compared to FY22 ($1,389 million). This increase primarily reflected a larger asset base and higher right-of-use amortisation following the tower assets sale, a new tower lease agreement and other one-off charges.

Net financing costs

Net financing costs were $341 million, an increase of $154 million or 82.4% compared to FY22 ($187 million). This reflected market interest rate increases during 2022 and 2023, as well as an increase in lease interest expense largely due to the tower assets sale and a new tower lease agreement.

Income tax expense

Income tax expense of $13 million was recorded in the period, compared to an expense of $46 million in FY22. FY22 income tax expense included a tax credit of $140 million arising from the tower assets sale, driven by previously unrecognised capital gains tax losses and deferred tax assets arising from the initial recognition of the right of use assets and lease liabilities for the lease-back arrangement.

Excluding the prior year's adjustments and the current year's permanent differences in tax, the Group's nominal income tax expense represents profit before tax for the period multiplied by the applicable corporate tax rate of 30% (see note 6(b) on page 80).

Consolidated Balance Sheet overview

Below is a condensed version of the Group's balance sheet as at 31 December 2023, together with commentary highlighting key points not already covered in the key financial metrics section.

	2023 $m	2022 $m
Cash and cash equivalents	116	114
Trade and other receivables	968	681
Inventories	117	155
Other current assets	83	83
Total current assets	**1,284**	**1,033**
Property, plant and equipment	3,795	3,580
Right-of-use assets	1,709	1,527
Spectrum licences	1,737	2,010
Other intangible assets	10,484	10,653
Deferred tax assets	171	183
Trade and other receivables	469	358
Other non-current assets	19	22
Total non-current assets	**18,384**	**18,333**
Trade and other payables	1,174	1,185
Contract liabilities	294	283
Lease liabilities	122	93
Other current liabilities	132	171
Total current liabilities	**1,722**	**1,732**
Borrowings	4,076	3,690
Lease liabilities	2,112	1,872
Other non-current liabilities	141	172
Total non-current liabilities	**6,329**	**5,734**
Net assets	**11,617**	**11,900**
Contributed equity	18,399	18,399
Reserves and accumulated losses	(6,782)	(6,499)
Total equity	**11,617**	**11,900**

Cash and cash equivalents

Cash and cash equivalents were $116 million at 31 December 2023, an increase of $2 million compared to 31 December 2022 ($114 million).

Trade and other receivables

Current and non-current trade and other receivables were $1,437 million at 31 December 2023, an increase of $398 million compared to 31 December 2022 ($1,039 million). This increase was driven by an increase in handset receivables on the Group's balance sheet following the suspension of receivables sales to third parties.

Property, plant and equipment

Property, plant and equipment (PP&E) was $3,795 million at 31 December 2023, an increase of $215 million compared to 31 December 2022 ($3,580 million). This reflected additional commissioned network infrastructure.

Right-of-use assets and lease liabilities

Right-of-use assets were $1,709 million at 31 December 2023, an increase of $182 million compared to 31 December 2022 ($1,527 million). Current and non-current lease liabilities were $2,234 million, an increase of $269 million compared to 31 December 2022 ($1,965 million). These increases were primarily a result of a new tower lease agreement.

Spectrum licences

The net book value of spectrum licences was $1,737 million at 31 December 2023, a decrease of $273 million compared to 31 December 2022 ($2,010 million). This decrease reflects the Group's spectrum amortisation charge for the year.

Other intangible assets

Other intangible assets (excluding spectrum licenses) were $10,484 million at 31 December 2023, a decrease of $169 million compared to 31 December 2022 ($10,653 million).

Consolidated Cash Flow Statement overview

Below is a condensed version of the cash flow statement, together with commentary highlighting key points not already covered in the key financial metrics section.

	2023 $m	2022 $m
Cash flow from operating	1,522	1,251
Capital expenditure	(1,126)	(961)
Mobile spectrum payments	(28)	(31)
Net cash acquired through the merger	—	—
Disposal of subsidiary (net of cash disposed)	—	—
Receipts for tower sale	—	892
Loan repayment from Tech 2	—	1
Interest received	4	2
Net cash flow before financing activities	**372**	**1,154**
Net drawdown/(repayment) of borrowings	400	(600)
Principal elements of lease	(108)	(123)
Finance costs paid	(319)	(180)
Payments for Shares acquired by TPG Telecom Employee incentive Plan Trust	(8)	(14)
Dividends paid	(335)	(325)
Net cash flow	**2**	**(88)**

Capital expenditure

Capital expenditure for FY23 was $1,126 million, an increase of $165 million compared to FY22 ($961 million). As noted on page 7, the higher cash capital expenditure primarily arose due to changes in timing of supplier payments and network equipment upgrade to 5G.

Lease payments

Lease payments (principal element) for FY23 were $108 million, a decrease of $15 million compared to FY22 ($123 million).

Financing costs paid

Debt financing costs for FY23 were $319 million, an increase of $139 million compared to FY22 ($180 million). This increase comprised $93 million from higher market interest rates on bank debt and $46 million in higher lease financing costs, primarily arising as a result of the full-year impact of the tower assets sale and a new tower lease agreement.

Net drawdown of borrowings

The net change in borrowings for FY23 reflected a net drawdown of $400 million compared with a net repayment of $600 million in FY22. The incremental debt drawn arose largely as a result of the suspending the sale of handset receivables.

Material risks

TPG Telecom has a robust risk management framework to manage and respond to risks. The governance structure and risk management framework is outlined in detail in our Corporate Governance Statement, which is available on our website www.tpgtelecom.com.au.

The Group's exposure to strategic, financial, operational and compliance risks are regularly reviewed and assessed. There are risks inherent to the Group's business model as well as industry risk factors such as competition, technological change and regulation that can impact business strategy.

Other risks arising from internal and external factors can impact operations as well as the cost of conducting business. TPG Telecom deploys a range of risk treatments to mitigate, reduce and transfer the risk.

The table below outlines the most material risks which have the potential to negatively impact business strategy including growth and profitability. The Group continues to invest in the appropriate management of such risks through appropriate oversight structures, capital deployed, and progressing various mitigating strategies.

MATERIAL RISK	KEY MITIGATIONS	CURRENT FOCUS
Network and technology resilience Unplanned network or technology platform outages and/or disruptions may result in significant customer dissatisfaction, financial loss, brand and reputation risk, and regulatory scrutiny. **Sustainability pillar:** Digital Economy; Environmental Responsibility	• Network redundancy and diversification. • Business continuity and disaster recovery planning and testing programs. • Issue monitoring and warning systems. • Network performance and traffic monitoring. • Regular maintenance and upgrade plans. • Policies, procedures, and systems to govern change management, problem management, and incident management.	• Undertaking Technology transformation programs to simplify architecture and modernise technology platforms. • Progressing continuous improvement programs to strengthen operational resilience capabilities. • Continuing the rollout of 5G mobile network and exploring alternative sharing options to expand network coverage. • Reviewing our data centre footprint to optimise redundancy and improve operational efficiencies. • Proceeding with the closure of the 3G mobile network.
Market competition Market factors including rapid technological innovation, evolving digital experience expectations, and new competitor entrants could adversely impact our market share, growth and returns. **Sustainability pillar:** Customer Wellbeing	• Postpaid Plan refresh in 2023. • Continued growth of Fixed Wireless. • Launch of Fibre Connect in TPG and iiNet. • Focus on marketing and service differentiation to attract and retain customers. • Consolidation of legacy products in Enterprise & Government. • Uptake of on-net Fast Fibre, NBN Enterprise Ethernet and SD-WAN.	• Launched the Consumer Transformation Program to simplify and digitalise the customer experience. • Improving digital experience for customers, through innovation in digital interfaces and customer care. • Simplification of brand portfolio and rationalisation of products. • Removal of cross-selling constraints across the brand portfolio. • Expanding network services through roll out of 5G upgrade program and exploration of infrastructure sharing

MATERIAL RISK	KEY MITIGATIONS	CURRENT FOCUS
Macroeconomic Factors Adverse macroeconomic conditions, including rising interest rates, inflation, and cost-of-living pressures could negatively impact consumer spending and growth, and increase operating costs. **Sustainability pillar:** Responsible Business Practices	• Policies, procedures, and controls to monitor and manage financial risk exposures. • Strategic portfolio management to maintain a strong balance sheet. • Maintaining a disciplined capital allocation framework. • Business strategy and performance review processes incorporate ongoing monitoring of changes in economic and market conditions.	• Execution and monitoring of hedging and portfolio management strategies. • Managing inflationary pressures on Opex through cost management and contracting. • Completed bank debt refinancing to diversify and extend maturity of borrowings. • Increase in interest rate risk management activity.
Cyber security and Data Privacy Cyber-attacks may result in the loss of critical information technology or network systems or result in significant data breaches which may cause reputational damage, regulatory scrutiny, and financial loss. **Sustainability pillar:** Customer wellbeing	• ISO 27001 Information Security Management Systems (ISMS) certification. • Governance framework including policies, processes, and controls to identify and manage information and cyber security risks. • Cyber threat detection programs with response plans. • Technical risk assessments and governance processes to manage risks from change programs and third parties.	• Continuing investment in systems, processes, and people to deliver continuous uplift in cyber security capabilities. • Execution of strategic technology security roadmaps to deliver continuous improvements in processes and controls. • Ongoing review and improvement of ISMS to address emerging threats and vulnerabilities. • Continuous improvement of privacy management framework including policies, processes, and training.
Legal and regulatory Complex and evolving legal and regulatory environment may impact business strategy, increase compliance risks and cost of operations. **Sustainability pillar:** Responsible Business Practices; Customer wellbeing	• Dedicated legal, regulatory and compliance experts to advise on major business transactions, business operations, and compliance risk management. • Risk Management and Compliance Framework including systems, policies, processes, and training programs to support compliance risks and obligation management. • Proactive monitoring of regulatory changes and reforms, as well as industry developments.	• Implementation of a compliance roadmap focused on the continuous improvement of compliance risk management and control maturity. • Continued investment in systems, frameworks, and capabilities to automate compliance processes. • Ongoing engagement with industry, regulatory and government bodies, and key stakeholders.

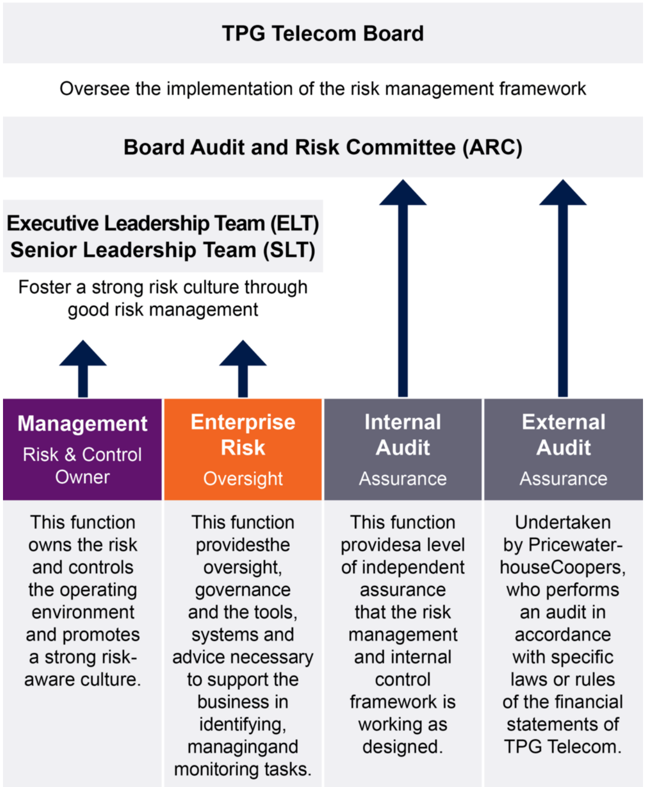
MATERIAL RISK	KEY MITIGATIONS	CURRENT FOCUS
Capability and Culture Ability to attract and retain a diverse and engaged workforce with the right skills and capabilities is fundamental to delivering our business strategy. **Sustainability pillar:** Inclusion & Belonging	• 'Spirit of TPG' cultural programs to embed our purpose and values. • Leadership and Technical learning programs to support upskilling and development of workforce capabilities. • Wellbeing, inclusion and belonging programs to promote employee health and wellbeing, inclusion, diversity, and equity.	• Implementation of talent strategy and pipeline to support the continuous identification, development, and retention of talent. • Ongoing succession planning and management for critical roles across the organisation. • Investing in leadership framework and capabilities development, including women in leadership programs. • Continue to assess the competitive landscape of the Australian telecommunications market and implement strategies as required to ensure continuity of leadership and retention of high performing talent.
Health, safety, and wellbeing Effective management and reduction of physical and psychosocial risk exposures in our operations is critical to maintaining a healthy and safe work environment for our people. **Sustainability pillar:** Responsible Business Practices	• Occupational Health and Safety (OH&S) management system and processes to manage OH&S risks, monitor performance, and support continuous improvement. • Workplace health and safety incident reporting and management. • Safety training program for employees and contractors.	• Investing in occupational health and safety management systems to be certified against ISO 45001 standard. • Delivering ongoing safety training modules to raise awareness and embed a positive work health and safety culture. • Delivery of the Wellbeing Strategy to support employee wellbeing across six pillars.
Environmental Social Governance (ESG) Factors Purpose and values drive the way we conduct our business and the impact we have on our employees, customers and communities. Inability to operate responsibly could result in loss of trust, additional costs and impact our growth. **Sustainability pillar:** Environmental Responsibility; Responsible Business Practices	• Implementation and continual evolution of sustainability strategy and climate risk roadmap. • Robust Code of Conduct and compliance training for all people. • Internal control and governance processes to manage risks. • Customer wellbeing programs in line with regulatory obligations and industry requirements. • Well-being, inclusion and belonging programs to promote employee health and wellbeing, inclusion, diversity, and equity.	• Execution of programs and strategies to achieve renewable energy and emission targets, supported by formal governance structures. • Undertaking quantitative climate scenario analysis to assess, understand and manage the impacts of climate change across our value chain. • Continuous program to improve customer wellbeing including to manage hardships, prevent scams and increase digital safety. • Continuous improvement of governance and risk management programs to manage ESG risks. • Refer to the standalone Sustainability Report for further information.

Directors’ report | Sustainability

This section provides an overview of TPG Telecom’s sustainability framework, aligned to the International Sustainability Standards Board (ISSB) climate-related disclosure standards. It covers: governance, strategy, risk management, and metrics and targets.

This section should be read in conjunction with the 2023 Sustainability Report, the standalone Climate Change Report and the Sustainability section on the Company’s website at tpgtelecom.com.au/sustainability.

Governance



Board

The Company’s highest level of responsibility for sustainability sits with the TPG Telecom Board, which is accountable for overseeing and monitoring environmental, social and governance (ESG) risks and opportunities, including climate risk, and the Sustainability Strategy. This is detailed within the TPG Telecom Board Charter.

The TPG Telecom Audit & Risk Committee (ARC) oversees disclosure and management by TPG Telecom relating to its ESG risks, including climate risk. This is detailed within the TPG Telecom ARC Charter.

The Board Skills Matrix, approved by the Board and Remuneration & Governance Committee, sets out the skills and competencies of the Board and Committees to ensure alignment with TPG Telecom’s strategic direction and operations. It includes ‘Sustainability, environment and social awareness’, represented by experience in managing or overseeing sustainability, environmental and social risks and issues and impacts, including climate change. This is detailed within the TPG Telecom Corporate Governance Statement.

Sustainability-related updates, including climate risk, are provided to the ARC via quarterly enterprise risk updates and six-monthly Sustainability Strategy updates. The sustainability updates track the management of material risks and progress against significant targets and commitments.

Significant sustainability-related targets and commitments are presented to the Board for approval. These have included the climate risk roadmap, emissions reduction targets, renewable energy targets, and gender representation targets.

Management

TPG Telecom’s Executive Leadership Team (ELT) meets regularly to monitor business performance, as well as to develop and execute strategy. This includes aspects of the Sustainability Strategy, including climate-related risks and opportunities.

The Head of Sustainability and the Group Executive Legal & External Affairs are responsible for the execution of the Sustainability Strategy and report regularly to the ELT on sustainability matters, including climate risk.

The primary forum focused on the TPG Telecom Sustainability Strategy is the Sustainability Council, which meets on a quarterly basis. The Council, chaired by the Group Executive Legal & External Affairs, consists of senior leaders across the business. The Council is accountable for monitoring the execution of the TPG Telecom Sustainability Strategy.

Additional working groups exist to focus on managing specific initiatives that support the broader Sustainability Strategy priorities. These are managed by the Head of Sustainability, with senior representation from the relevant teams involved.

Strategy

Environmental responsibility	• Climate risks and disclosures • Carbon footprint reduction • Product stewardship • Environmental products • and services
Customer wellbeing	• Customer experience • Information security and privacy • Online safety • Inclusive customer practices
Inclusion and belonging	• Gender equality • Reconciliation • LGBTQI+ inclusivity • Intercultural understanding • Flexible working
Digital economy	• Next generation connectivity • Digital skills • Technology for good
Responsible Business Practices	• Environmental management • Human rights • Workplace health, safety and wellbeing • Non-financial disclosures • Supplier governance • Risk and governance

TPG Telecom recognises that climate risk may impact all areas of the organisation, which is why understanding and managing climate risk forms a key component of the environmental responsibility area of TPG Telecom's Sustainability Strategy. To drive sufficient action and progress in managing this important issue effectively, the Group has assessed the climate-related risks and opportunities in line with the TCFD recommendations and set a science-based target for reducing our greenhouse gas (GHG) emissions, aligned to net zero. TPG Telecom remains committed to powering its Australian operations with 100 per cent renewable electricity from 2025 onward, and has made important progress in 2023, developing a formal request for tender for renewable energy providers, with responses expected in the first half of 2024.

The Group has undertaken climate scenario analysis to understand how differing climate trends might affect the impact and likelihood of its key climate risks and opportunities in the short (0-5 years), medium (5-15 years) and long term (15+ years). Key risks were assessed using the following three scenarios:

- No Climate Action – a high emission scenario, global temperature rise exceeds 4°C
- Current Targets & Pledges – a moderate emission scenario, global temperature rise held below 2°C
- Aggressive Mitigation – a low emission scenario, global temperature rise held below 1.5°C

The outputs of this analysis can be found in the Group's standalone Climate Change Report and will assist in setting future business strategy and financial planning, particularly in prioritising mitigations to continue building resilience to climate change.

Risk management

The Group's approach to climate risk management is integrated within the TPG Telecom Risk Management Framework, which includes a policy and procedures to outline our risk appetite, risk identification, risk rating and management criteria. Refer to the 'Material risk' section (page 13) of this report for more information on the Group's risk management approach.

Through the detailed assessment of the Group's climate-related risks and opportunities, TPG Telecom has identified and prioritised three key risks that have the potential to have a material financial or reputational impact. These risks and opportunities were prioritised for further analysis through a qualitative climate scenario analysis, the outcomes of which are detailed below. These include the potential impacts to the business, its strategic response, and approximate timeframes on when impacts may emerge.

TPG Telecom has also developed a multi-year roadmap to improve climate risk management maturity and enabling reporting against future mandatory disclosure requirements.

Directors' report | Sustainability continued

RISK	KEY MITIGATIONS	CURRENT FOCUS
Physical | Acute Increased severity of extreme weather events such as heat waves, floods and cyclones. This may cause unplanned network service disruptions, damage of critical infrastructure, and disruptions to supply chain. **Emergence Time Frame** Short (next five years)	• Network and operational monitoring to respond to natural disasters and hazards. • Incident management, business continuity, and disaster recovery framework. • Emergency and Crisis Management Plan to respond to significant incidents. • Where possible, redundancy is built into the network via geographical diversity, alternative site switching, battery and power generators, and portable base stations. • Health and safety management system and processes to support the safety and wellbeing of our employees and contractors. • Close alliance with the NSW Telco authority to identify high risk regions and actively manage emergencies.	• Continued focus on improving resilience across network sites and improving controls related to power supply backup. • Continuous improvement of resilience strategies and plans to identify and manage environmental threats and risks. • Uplift of third-party risk and resilience management for critical vendors. • Climate scenario assessment to quantify materiality of climate risks and develop prioritised plans to address longer term risks.
Transition | Technology Transition to a low-carbon economy requiring renewable energy commitments. Increased energy demand from operations, driven by the transition to 5G services and the rising cost of LGCs and PPAs.[1] **Emergence Time Frame** Short (next five years)	• Governance structures including Board, Executive Leadership Team and Renewable Energy Working Group to oversee progress of initiatives to meet renewable energy targets. • Budgeting and long-range planning processes to review and plan for energy costs. • Energy efficiency programs to design and implement solutions for data centres, mobile network equipment and properties (corporate and retail stores).	• Development of long term energy purchasing strategy for network assets. • Refresh renewal energy procurement strategy and market engagement.
Transition | Reputation Evolving stakeholders' expectations in relation to climate action. Meeting evolving customer, and investor expectations on climate change, offset by opportunities to demonstrate progress on emissions disclosure and reductions. **Emergence Time Frame** Medium (five to 15 years)	• Ongoing engagement and collaboration with key stakeholders, including peak bodies membership and industry collaborations. • Undertaking research through surveys, and customer feedback channels. • Materiality assessments (at minimum every three years) to inform focus areas. • Risk management framework incorporates the management climate-related risks and opportunities. • Governance and oversight structures to review and support progress of sustainability initiatives and commitments.	• Implementation and continual evolution of our Sustainability Strategy and climate risk roadmap. • Continuous improvement of annual sustainability reporting and alignment with globally recognised frameworks.

1. LGCs: Large-scale Generation Certificates. PPA: Power Purchase Agreements

General sustainability-related and climate-related performance, metrics and targets

The following section provides an overview on the Group's sustainability-related and climate-related key metrics and targets. This section should be read in conjunction with the Sustainability Report and the Sustainability section on the Company's website at tpgtelecom.com.au/sustainability.

Customer Wellbeing

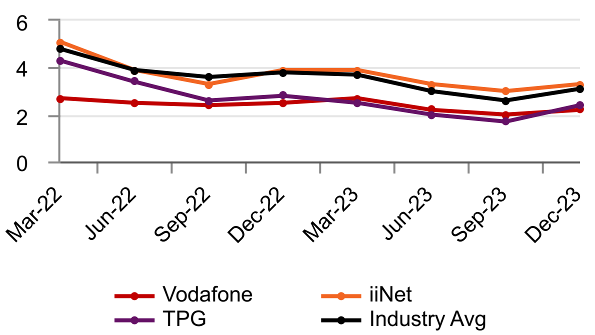
TPG Telecom is responsible for supporting customers by protecting personal information and privacy, avoiding scams and theft, maintaining connectivity for customers, and ultimately providing a good customer experience.

In 2023, the Company significantly increased its technology security budget and more than doubled the size of the team focused on managing these risks. Ongoing programs are in place to address security risks in the business, involving reducing vulnerabilities, upgrading platforms, and decommissioning legacy systems that have become difficult to protect. This multi-year program is a critical part of ongoing efforts to continually improve the security of the business and its customers.

Quarterly complaint rates reduced across the Company's major brands, compared to the same quarter in the previous year. While the uptick in rates for the December quarter was higher than expected, aspects of the Company's customer simplification program may have contributed to the increase in customer complaint volume.

TIO quarterly complaints per 10,000 services

CATEGORY	MAR 23	JUN 23	SEP 23	DEC 23
Vodafone	2.7	2.2	2.0	2.2
iiNet	3.9	3.3	3.0	3.3
TPG	2.5	2.0	1.7	2.4
Industry average	3.7	3.0	2.6	3.1



Inclusion and Belonging

TPG Telecom remains committed to increasing diversity and creating an environment of equality where every employee feels respected and supported to be themselves at work.

The Group's Australian workforce was 34.9% women, an increase of 1.3 percentage points from prior year (33.6%). Women in STEM increased 3.7 percentage points from prior year, nearing the 2024 target of 20%. The increase was supported by initiatives implemented this year to boost attraction, development and retention of female talent such as establishing specific action plans for each business function.

The Company undertook a detailed analysis of its workforce data trends to better inform and prioritise gender diversity initiatives and test the effectiveness of the current measures. This resulted in a methodology change to the Strategic Leadership calculation that reduced the value to 35.7% compared to 41.0% under the prior methodology. For details of the analysis, please refer to the standalone Sustainability Report.

TPG Telecom's gender diversity target of 45% for the Strategic Leadership Team remains unchanged, however the Company has adjusted this target to 2026 to account for the methodology change, two years later than the original target of 2024.

Australian gender representation (women as a per cent of total)

CATEGORY	2022	2023
Employees	33.6	34.9
Strategic Leadership Team[1]	N/A	35.7
STEM positions	15.8	19.5

Note 1: Numbers are based on employee headcount at 31 December. Utilising the prior year methodology, the Strategic Leadership Team were 37.4% and 41.0%, respectively

The Group achieved negative 0.2% gender pay equity for its Australian workforce (excluding the CEO) in 2023. This means that women are remunerated on average slightly higher than men, for equivalent roles.

Directors’ report | Sustainability continued

Digital Economy

TPG Telecom recognises its fundamental role in developing Australia’s digital economy by building and maintaining networks that empower business and consumers to get the most from next-generation connectivity.

The Company’s 5G rollout remains on track, as it activated an additional 1,008 5G-enabled sites, bringing the total to 3,063 5G-enabled sites across its network by the end of the year.

5G rollout progress

CATEGORY	2022	2023
5G-enabled sites (cumulative)	2,055	3,063

Environmental Responsibility

TPG Telecom is committed to managing its impact on the environment in its operations and throughout its value chain.

Managing its environmental impact is important to its employees, customers and investors, as well as the communities in which the Group operates.

TPG Telecom’s emissions reduction targets, set at the end of 2022, were verified by the Science Based Target initiative in October 2023.

Energy reductions occurred in fixed networks, corporate offices and retail footprint due to site consolidation and a reduction in locations. At the same time, the energy consumed by mobile network increased as customers used more data, particularly on the 5G network.

Despite the increase in energy consumed, the associated Scope 1 and 2 emissions remained largely flat, due to a reduction in the underlying emissions factors.

Reductions in Scope 3 emissions footprint were due in large part to reduced emissions from key suppliers.

Energy (TJ) and GHG emissions (ktCO2-e)

CATEGORY	2022	2023
Energy consumed	1,291	1,342
Scope 1 emissions	2.8	2.8
Scope 2 emissions (market-based)	224.8	226.0
Scope 1 and 2 emissions (market-based)	227.6	228.8
Scope 3 emissions	1,473.8	1,235.2

Emissions reduction targets

Overall net-zero target:

- committed to reaching net-zero GHG emissions across our value chain by 2050.

Near-term targets:

- committed to reducing absolute scope 1 and 2 greenhouse gas (GHG) emissions 95% by 2030, from a 2021 base year;
- committed to reducing absolute scope 3 GHG emissions (from purchased goods and services, use of sold products, fuel and energy-related activities, and upstream leased assets) 30% by 2030, from a 2021 base year.

Long-term target:

- committed to maintaining at least 95% absolute scope 1 and 2 GHG emissions reductions from 2030 through 2050, from a 2021 base year.
- committed to reducing absolute scope 3 GHG emissions (from purchased goods and services, fuel- and energy-related activities, upstream leased assets, and use of sold products) 90% by 2050, from a 2021 base year.

Further information can be found in the 2023 Sustainability Report and standalone Climate Change Report at tpgtelecom.com.au/investor-relations.

Directors' report | Board of Directors

Details of Directors of the Company who held office at any time during or since the end of the financial year are set out below:

Current

The following are the Directors who held office at 31 December 2023.

Fok Kin Ning, Canning
Chairman

Fok Kin Ning, Canning has been a Director and Chairman of TPG Telecom since 2001 and March 2021 respectively. He is an Executive Director and Group Co-Managing Director of CK Hutchison Holdings Limited. He has been a Director of Cheung Kong (Holdings) Limited and Hutchison Whampoa Limited since 1985 and 1984 respectively, both of which were formerly listed on the Stock Exchange of Hong Kong Limited and became wholly owned subsidiaries of CK Hutchison Holdings Limited in 2015. Mr Fok is also Chairman and a Non-Executive Director of Hutchison Telecommunications Hong Kong Holdings Limited and Hutchison Port Holdings Management Pte. Limited as the Trustee-Manager of Hutchison Port Holdings Trust, an Executive Director and Chairman of Power Assets Holdings Limited and HK Electric Investments Manager Limited as the Trustee-Manager of HK Electric Investments and HK Electric Investments Limited, an Executive Director and Deputy Chairman of CK Infrastructure Holdings Limited and Deputy President Commissioner of PT Indosat Tbk. Mr Fok was previously a Director of Cenovus Energy Inc. and a Director of Hutchison Telecommunications (Australia) Limited.

He holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a Fellow of Chartered Accountants Australia and New Zealand.

Directorships of other ASX listed companies in the past three years:

Hutchison Telecommunications (Australia) Limited – 1999 to December 2023.

Special Responsibilities: Chairman of the Board.

Iñaki Berroeta
Chief Executive Officer and Managing Director

Iñaki Berroeta is the CEO and Managing Director of TPG Telecom and was CEO of Vodafone Hutchison Australia from 2014 to 2020. A 27-year veteran of the telecommunications industry, Mr Berroeta previously served as CEO of both Vodafone Romania and Vodafone Malta, and held various operational roles at Vodafone Spain, Global Star USA, AirTouch International Inc. (USA) and Airtile Moviles (Spain).

Mr Berroeta holds a Master of Science in Telecommunications from Bilbao Superior School of Telecommunications Engineering, Spain, and a Master of Business Administration from Henley Management College, UK.

Mr Berroeta's appointment to the Board commenced on 29 June 2020.

Special Responsibilities: Chief Executive Officer and Managing Director.

Pierre Klotz
Non-Executive Director

Pierre Klotz is the Vodafone Group plc ('Vodafone') Group Corporate Finance Director. He joined Vodafone in July 2011 and is responsible for the Vodafone Group's Mergers & Acquisitions and Treasury related activities.

Previously, Mr Klotz held a number of senior executive positions at UBS Investment Bank and at HSBC Investment Bank.

Mr Klotz holds a Master of Science in Business Administration from Gothenburg School of Economics and Commercial Law.

Mr Klotz's appointment to the Board commenced on 12 May 2020.

Special Responsibilities: Member of the Audit & Risk Committee.

Robert Millner AO

Non-Executive Director

Robert Millner served as a Non-Executive Director of TPG Corporation from 2000 until the merger with the Company in 2020, and was the Chairman of TPG Corporation from 2000 until 2008.

Mr Millner brings to the Board broad corporate, investment, portfolio and asset management experience gained across diverse sectors including telecommunications, mining, manufacturing, health, finance, energy industrial and property investment in Australia and overseas.

Mr Millner has over 30 years' experience as a Company Director with an extensive understanding of governance and compliance, reporting, media and investor relations.

Mr Millner holds directorships of the following listed companies: Apex Healthcare Berhad (Malaysia), Brickworks Limited, BKI Investment Company Limited, Aeris Resources Limited, New Hope Corporation Limited, Washington H. Soul Pattinson and Company Limited and Tuas Limited. He was also a former director of Australian Pharmaceutical Industries Limited.

Mr Millner is an Officer of the Order of Australia (AO).

Mr Millner is a Fellow of the Australian Institute of Company Directors.

Mr Millner's appointment to the Board commenced on 13 July 2020.

Directorship of other ASX listed companies in the past three years:

Brickworks Limited – 1997 to current, Washington H. Soul Pattinson and Co. Ltd – 1984 to current, Aeris Resources Limited – July 22 to current, New Hope Corporation Ltd – 1995 to current, BKI Investment Company Ltd – 2003 to current, Milton Corporation Limited – 1998 to October 2021, Tuas Limited – 2020 to current, Australian Pharmaceutical Industries Ltd – 2000 to July 2020.

Antony Moffatt

Non-Executive Director

Antony Moffatt (Tony) is a lawyer with over 30 years' experience, practising in corporate, commercial and telecommunications law. After five years as a senior lawyer in an international law firm in Singapore, Mr Moffatt became General Counsel and Company Secretary for a start-up telecommunications business which was acquired by SP Telemedia Limited in 2005. He was then appointed General Counsel for the company formerly named TPG Telecom Limited (ASX:TPM) in 2008 until its merger with Vodafone Hutchison Australia Pty Ltd in 2020. In August 2020, Mr Moffatt became Company Secretary for the merged group. In addition, Mr Moffatt was Company Secretary for a large privately owned Australian winery from 2004 to 2008 and was from time to time a director on a variety of TPG Telecom Limited subsidiaries and Comms Alliance. Mr Moffatt was a member of the key management personnel of TPG Telecom Limited (ASX:TPM) and played a significant role in its development, including the many corporate and large commercial transactions undertaken by that company. He is the Company Secretary for Tuas Limited.

Mr Moffatt holds a Bachelor of Arts and Laws from the University of New South Wales.

Mr Moffatt's appointment to the Board commenced on 26 March 2021.

Directors' report | Board of Directors continued

Dr Helen Nugent AC
Independent Non-Executive Director

Dr Nugent is Chairman of Ausgrid, the Order of Australia Association Foundation and a Non-Executive Director of IAG.

She has been a company director for over 20 years, and has over 40 years' experience in the financial services sector. This includes having been Chairman of Veda Group, Funds SA, and Swiss Re (Australia); and a Non-Executive Director of Macquarie Group, Director of Strategy at Westpac Banking Corporation, and a Partner at McKinsey & Company.

She has also been Chairman of National Disability Insurance Agency and Australian Rail Track Corporation and a Non-Executive Director of Origin Energy.

Dr Nugent has given back to the community in education and the arts, having been Chancellor of Bond University; President of Cranbrook School; Chairman of the National Opera Review; Chairman of the Major Performing Arts Inquiry; Chairman of the National Portrait Gallery of Australia; and Deputy Chairman of Opera Australia.

Dr Nugent is a Companion of the Order of Australia (AC) and is a recipient of a Centenary Medal, as well as holding an Honorary Doctorate in Business from the University of Queensland and an Honorary Doctorate from Bond University.

Dr Nugent holds a Bachelor of Arts (Hons) and Doctorate of Philosophy from the University of Queensland; and a MBA (Distinction) from the Harvard Business School.

Dr Nugent's appointment to the Board commenced on 13 July 2020.

Directorship of other ASX listed companies in the past three years:

Insurance Australia Group (IAG) Limited – December 2016 to current.

Special Responsibilities: Senior Independent Director, Chairman of the Remuneration and Governance Committee, Chairman of the Nomination Committee and member of the Audit & Risk Committee

Frank Sixt
Non-Executive Director

Frank John Sixt has been a Director of TPG Telecom since 2001. He has been a Director and Chairman since 1998 and December 2023, and an Alternate Director to a Director since 2008 of Hutchison Telecommunications (Australia) Limited. Mr Sixt is an Executive Director, Group Finance Director and Deputy Managing Director of CK Hutchison Holdings Limited. Since 1991, Mr Sixt has been a Director of Cheung Kong (Holdings) Limited and Hutchison Whampoa Limited, both of which were formerly listed on The Stock Exchange of Hong Kong Limited and became wholly owned subsidiaries of CK Hutchison Holdings Limited in 2015. He is also Chairman and a Non-Executive Director of TOM Group Limited, an Executive Director of CK Infrastructure Holdings Limited, and a Director of Cenovus Energy Inc. and an Alternate Director to a Director of HK Electric Investments Manager Limited as the Trustee-Manager of HK Electric Investments and HK Electric Investments Limited. He was previously a Commissioner of PT Indosat Tbk.

He has almost four decades of legal, global finance and risk management experience, and possesses deep expertise in overseeing financial reporting system, risk management and internal control systems as well as sustainability issues and related risks.

Mr Sixt holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a Member of the Bar and of the Law Society of the Provinces of Québec and Ontario, Canada.

Directorship of other ASX listed companies in the past three years:

Hutchison Telecommunications (Australia) Limited – 1998 to current.

Special Responsibilities: Member of the Remuneration and Governance Committee and member of the Nomination Committee.

Directors' report | Board of Directors continued

Arlene Tansey

Independent Non-Executive Director

Arlene Tansey is currently a Non-Executive Director of Aristocrat Leisure Limited, McMillan Shakespeare Limited, Lend Lease Real Estate Investments Limited and LaTrobe Financial Service Pty Limited. She is also a Board Member of the Australian National Maritime Museum Foundation and Council. She is a former Non-Executive Director of WiseTech Global Limited, Infrastructure NSW and Healius Limited.

Ms Tansey is a Member of Chief Executive Women and the International Women's Forum and a Fellow, Board member and the NSW Division Director of the Australian Institute of Company Directors.

She has a Juris Doctor (Law) from the University of Southern California and an MBA in finance and international business from New York University.

Ms Tansey has worked in commercial and investment banking in Australia and the USA. Her expertise covers a variety of disciplines including corporate advisory, M&A, commercial banking, capital management and business turnaround.

Ms Tansey's appointment to the Board commenced on 13 July 2020.

Directorship of other listed companies in the past three years:

Aristocrat Leisure Limited – July 2016 to current, McMillan Shakespeare Limited – November 2022 – current,

WiseTech Global Limited – June 2020 to November 2022.

Special Responsibilities: Chairman of the Audit & Risk Committee and member of the Remuneration and Governance Committee and member of the Nomination Committee

Jack Teoh

Non-Executive Director

Mr Teoh is a businessman involved in a range of private companies, with particular experience in finance and technology. Mr Teoh is a former director of Tuas Limited, has been a director of Vita Life Sciences Limited since September 2022 and is also a director of Total Forms Pty Ltd, a private software business.

Mr Teoh holds a Bachelor of Commerce from the University of New South Wales.

Mr Teoh's appointment to the Board commenced on 26 March 2021.

Directorship of other listed companies in the past three years:

Tuas Limited – July 2020 to July 2022,

Vita Life Sciences Limited – September 2022 to current.

Directors’ report | Board of Directors continued

Serpil Timuray

Ms Timuray is the Vodafone Group plc CEO of Europe Cluster and a member of the Vodafone Executive Committee. Ms Timuray oversees Vodafone’s interest in the joint venture companies of VodafoneZiggo in Netherlands, VodafoneIdea in India and TPG Telecom. She is the Chairperson of Vodafone Turkey and Vice-Chairperson of VodafoneZiggo Netherlands. Prior to her current role, she was the Group Chief Commercial Operations and Strategy Officer. Formerly she was the Regional CEO for AMAP (Africa, Middle East, Asia, Pacific) where she served as a Board member of the listed companies of Vodacom Group, Safaricom and Vodafone Qatar. Ms Timuray joined Vodafone in 2009 as the CEO of Turkey.

Prior to joining Vodafone, Ms Tumuray was the CEO of Danone Turkey from 2002 to 2008.

She began her career at Procter & Gamble in 1991, where she held several marketing roles and was subsequently appointed to the Executive Committee in Turkey.

Ms Timuray was appointed as an Independent Non-Executive Director to British American Tobacco Plc in December 2023. She has been an Independent Non-Executive Director of Danone Group Plc during April 2015 – April 2023 and Chair of the Corporate Social Responsibility Committee.

Ms Timuray holds a degree in business administration from Bogazici University in Istanbul.

Ms Timuray’s appointment to the Board commenced on 29 March 2023.

Former Directors

Diego Massidda

Non-Executive Director

Diego Massidda was CEO of Vodafone Partner Markets and Carrier Services, and Director of Vodafone Idea Limited.

Mr Massidda joined Vodafone in 2007 as Group Director of Broadband and Online, and subsequently he was Group Director of Video and Connected Home. From 2011 to 2016, he served as CEO of Vodafone Hungary.

Prior to joining Vodafone, Mr Massidda was CEO of the ISP Tiscali in South Africa and France, and of Telecom Italia wireline operations in France. He also spent 6 years with McKinsey & Company earlier in his career.

Mr Massidda holds a degree in Civil Engineering from the Università di Cagliari, Italy, and a Master’s in business administration from INSEAD, France.

Mr Massidda was appointed to the Board from 12 May 2020 until his resignation on 28 March 2023.

Company Secretary

Trent Czinner was appointed Company Secretary of the Company on 26 March 2021. Mr Czinner holds a Bachelor of Law and Administration from the University of Newcastle, was admitted as a Solicitor in New South Wales in 1995 and has a Master of Business Administration from the Australian Graduate School of Management. Mr Czinner is also a Certified member of the Governance Institute of Australia.

Directors' shareholdings

The relevant interest of each director in the shares and options over such instruments issued by the companies within the Group and other related bodies corporate, as notified by the Directors to the Australian Stock Exchange in accordance with section 205G of the *Corporations Act 2001*, at the date of this report is disclosed in the Remuneration Report.

Directors' meetings

The number of Board and Committee meetings held during the financial year and the number of meetings attended by each of the Directors as a member of the Board or relevant Committee were as follows:

DIRECTORS	BOARD MEETINGS		AUDIT & RISK COMMITTEE MEETINGS		GOVERNANCE REMUNERATION & NOMINATION COMMITTEE MEETING[1]		REMUNERATION AND GOVERNANCE COMMITTEE MEETING[2]		NOMINATION COMMITTEE MEETING[3]	
	A	B	A	B	A	B	A	B	A	B
Canning Fok	10	9	-	-	-	-	-	-	-	-
Iñaki Berroeta	10	10	-	-	-	-	-	-	-	-
Pierre Klotz	10	10	5	5	-	-	-	-	-	-
Diego Massidda[4]	3	2	-	-	3	1	-	-	-	-
Robert Millner	10	10	-	-	-	-	-	-	-	-
Antony Moffatt	10	10	-	-	-	-	-	-	-	-
Helen Nugent	10	10	5	5	4	4	2	2	1	1
Frank Sixt	10	8	-	-	4	3	2	2	1	1
Arlene Tansey	10	9	5	5	4	4	2	1	1	0
Jack Teoh	10	10	-	-	-	-	-	-	-	-
Serpil Timuray[5]	7	5	-	-	-	-	-	-	-	-

NOTE:
A: Number of meetings held while a member.
B: Number of meetings attended.

[1] Governance Remuneration & Nomination Committee was dissolved on 1 November 2023
[2] Remuneration and Governance Committee was established on 1 November 2023
[3] Nomination Committee was established on 1 November 2023
[4] Deigo Massidda resigned from the Board on 28 March 2023
[5] Serpil Timuray was appointed to the Board on 29 March 2023

Directors' report | Other information continued

Principal activities

The principal activity of the Group is the provision of telecommunications services to consumers, business, enterprise, government and wholesale customers in Australia. There was no significant change in the nature of this activity during the financial year.

Significant changes in the state of affairs

In the opinion of the Directors, aside from matters disclosed in the Operating and Financial Review ('OFR') section of the Annual Report and the Financial Report, there have been no significant changes to the state of affairs of the Company during the financial year.

Review of operations

The OFR set out on page 4 to 15 provides details relating to the Group's operations and results for the financial year.

Likely developments

The OFR provides details relating to the Company's business strategies and prospects for future financial years. This information in the OFR is provided to assist with informed decision making of shareholders.

Events subsequent to reporting date

Other than the matters described elsewhere, the Directors are not aware of any matter or circumstance that has arisen after the reporting date that, in their opinion, has significantly affected, or may significantly affect:

(i) the operations of the Company and of the Group in future financial years, or

(ii) the results of those operations in future financial years, or

(iii) the state of affairs of the Company and of the Group in future financial years.

Corporate Governance

The Board of Directors and management of TPG Telecom recognise the importance of, and are committed to, achieving high corporate governance standards. Our key Corporate Governance materials including policies, code of conduct and Board and Board Committee Charters, can be found in the Corporate Governance section of our website within the Investor Relations section. In accordance with the 4th edition of the ASX Corporate Governance Council's Principles and Recommendations, the Company's Corporate Governance Statement, as approved by the Board, is published and available on the TPG Telecom website at tpgtelecom.com.au/investor-relations.

Legal and compliance

Environmental and sustainability

TPG Telecom seeks to comply with all laws and regulations relevant to its operations.

This includes obligations under the *National Greenhouse and Energy Reporting Act 2007*, which requires the Company to report its Australian greenhouse gas emissions, energy consumption and energy production on an annual basis to the Clean Energy Regulator.

During the financial year, there have been no claims against TPG Telecom in respect of a breach of environmental regulation.

For more information on environmental performance, including environmental regulation, see the TPG Telecom 2023 Sustainability Report and the standalone Climate Change Report which are available online at tpgtelecom.com.au/sustainability.

More information on TPG Telecom's approach to Sustainability is provided in the Sustainability and Risk sections of the Annual Report.

Proceedings on behalf of the Company

TPG Telecom is not aware of any proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

ASX additional information continued

Employees and Work Health and Safety (WHS)

TPG Telecom manages varied levels of inherent risk within its work health and safety management systems. These risks are both direct and indirect in nature including from mobile and fixed network deployment, inappropriate behaviour from the public towards our retail employees, employee wellbeing and associated risks within the Company's facilities, products and services. The Company adopts a risk-based approach to how it actively monitors and manages its obligations and is aware that any failure to manage these risks could cause harm to its people, partners or members of the public. The Company will continue to evolve its approach to WHS in 2024 as it further embeds a consistent approach to systems, monitoring and compliance.

Indemnification and insurance of officers and directors

Indemnification

TPG Telecom has agreed to indemnify all directors of the Company, on a full indemnity basis and to the full extent permitted by law, against all losses or liabilities (including all reasonable legal costs, charges and expenses) incurred by the director as a director or officer of the Company or a related body corporate of the Company.

Insurance policies

The Company maintains directors' and officers' liability insurance for the benefit of persons defined in the policy, which includes current and former directors and officers, including senior executives of the Company and directors, senior executives and secretaries of its controlled entities to the extent permitted by the *Corporations Act 2001*. The terms of the insurance contract prohibit disclosure of the premiums payable and other terms of the policies.

Auditor indemnity

The Company has agreed to reimburse its auditors, PricewaterhouseCoopers ('PwC'), for any liability (including reasonable legal costs) incurred by PwC in connection with any claim by a third party arising from the Company's breach of the audit agreement between the Company and PwC. The reimbursement obligation is subject to restrictions contained in the *Corporations Act 2001* (Cth). No payment has been made to indemnify the auditors during or since the end of the financial year.

Non-audit services

During the financial year, PwC, the Company's auditor, has been engaged to perform certain other non-audit services in addition to their statutory duties. Details of the amounts paid to PwC for audit and non-audit services provided during the year are set out in Note 29 of the financial statements.

The Board of Directors, in accordance with advice provided by the Audit and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*.

Auditor's independence declaration

A copy of the auditor's independence declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 65.

Rounding of amounts

The Company is of a kind referred to in the *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* dated 24 March 2016 and, in accordance with that instrument, all financial information presented in the consolidated financial statements and Directors' Report has been rounded to the nearest million dollars, unless otherwise indicated.

Directors' report | Remuneration report

Remuneration Report

The Board of TPG Telecom is pleased to present its 2023 Remuneration Report.

Changes to Remuneration in 2023

As foreshadowed in the 2022 Remuneration Report, the structure of Executive KMP remuneration significantly changed in 2023. This followed a period of minimal change from the time of listing in 2020.

The most significant change was in relation to the Long Term Incentive (LTI) plan.

Since listing, the equally weighted LTI hurdles were Operating Free Cash Flow (OFCF) and relative Total Shareholder Return (TSR). Strong investor feedback in 2022 urged TPG Telecom to change the OFCF measure in favour of a return on capital measure, given the capital intensive nature of the business.

The Board supported the introduction of a Return on Invested Capital (ROIC) measure, but to ensure alignment with the interests of shareholders, considered that an Earnings Per Share (EPS) measure would be complementary and provide a stronger incentive to drive earnings growth. This was combined with the introduction of an ESG measure to power 100% of Australian operations with renewable electricity by the end of 2025. The ROIC and EPS measures were each equally weighted at 45%, and the ESG measure at 10%. While this change resulted in dropping the TSR hurdle, on balance, the Board concluded it created better alignment between the interests of Executive Management and shareholders.

The change in hurdles required TPG Telecom to set three year targets for ROIC and EPS. While information on these targets was provided in the Notice of Meeting for the 2023 Annual General Meeting (AGM), proxy advisors and investors wanted greater specificity. The Board has subsequently considered that request and more detail is provided in this Remuneration Report, hopefully balancing investors' requests for more detail with the risk of providing a three year forecast and the resulting disclosure obligations that are created. This Report provides information on hurdles for both the 2023 and 2024 LTI plan.

Other changes were also made to Executive KMP remuneration for 2023. After a comprehensive review, and no increase in fixed remuneration since 2020, fixed remuneration was increased for the CEO. Improved alignment with shareholders was encouraged through an increase in the Short Term Incentive (STI) opportunity. The target STI opportunity for the CEO was increased from 100% to 110% and from 65% to 75% for Other Executive KMP. The maximum LTI opportunity remained at 150% for the CEO and 100% for Other Executive KMP.

2023 Remuneration Outcomes

The Company's STI outcome for 2023 was 78.78% of maximum, based on achievement against the Company's balanced scorecard. Financial measures of Total Service Revenue, EBITDA, and OFCF constituted 60% of the scorecard, with customer and employee measures representing 20%. The other 20% was based on individual performance measures. The Remuneration Report provides detail on the performance against each balanced scorecard metric.

Based on these metrics and the CEO's individual performance, the Board recommended an STI award for the CEO of $2,673,660 out of his maximum potential of $3,300,000. 50% of this award is paid in cash, with the other 50% to be granted as Deferred Share Rights (DSRs) vesting equally over two years. Shareholder approval for the CEO's DSRs will be sought at the 2024 AGM, even though the shares will be purchased on market.

Shareholders voted to approve the CEO's 2023 LTI grant of $3,000,000 at last year's AGM.

In addition, the three year performance period for the 2021 LTI plan finished on 31 December 2023. The equally weighted hurdles for that plan were OFCF and TSR. As we committed to do, the Remuneration Report outlines in detail the targets that were set and performance against each. It also shows that neither hurdle was achieved and that, as a consequence, no performance rights have vested.

2024 Look Ahead

For 2024, fixed remuneration was benchmarked against the median of ASX 21-60 and ASX 31-70 companies. Fixed remuneration increases will be applied for 4 of the 5 Executive KMP. This includes the CEO, whose base salary will increase by 3%, which is less than the rate of inflation. Target STI and LTI relative to Base Salary will remain unchanged for Executive KMP, including the CEO.

2024 STI plan measures and 2024 LTI plan hurdles remain consistent with the 2023 STI and LTI Plans, with increased disclosure as outlined above for the LTI hurdles.

After careful consideration of the Australian telecommunications talent market and the need to retain highly qualified Telecommunications Executives, for 2024, a one-off Performance Rights Retention Plan will be implemented. The equity based 3-year plan will include a TSR hurdle weighted at 50% and a continuous employment hurdle weighted at 50%. The maximum opportunity will be 100% of Base Salary as at 1 March 2024 for Executive KMP, including the CEO.

Changes to the minimum shareholding requirement have been implemented following feedback from proxy advisors. Executives continue to be required to hold a minimum share value that is the equivalent of 100% of base salary. The calculation of this holding is to include shares only and, therefore, unvested performance or share rights will no longer be included in the calculation. The acquisition period from commencement as an Executive has been extended from 5 years to 7 years for a number of Executives, even though it is anticipated that most will reach the required value before the extended period.

Following no increase in Board Member fees, and a small change in Committee fees since 2020, an extensive review of benchmarking against the median of ASX 21-60 and ASX 31-70 companies was undertaken. This review resulted in the following changes for 2024:

- An increase in the base Board fee for the two Independent Non-Executive Directors;
- An increase in the Audit and Risk Committee (ARC) Chairman and ARC Member fee; and
- An additional fee to be paid to the Senior Independent Director.

These changes considered the benchmark data and the additional work of the independent Non-Executive Directors and their Committee work. Total fees remain under the $2.5m fee pool set in 2020.

2023 Committee Changes

On 1 November 2023, in response to proxy advisor feedback, the Board approved the separation of the nomination responsibilities of the Governance and Remuneration Committee's (GRNC) of the Board. Two new committees; the Remuneration and Governance Committee (RGC) and the Nomination Committee (NC), were established, superseding the responsibilities of the GRNC. There was no increase in Committee fees as a result of this change, with no fee being paid to members of the Nomination Committee.

Table of Contents

1. 2023 Remuneration Report

This report covers the period 1 January 2023 to 31 December 2023 and shows how the remuneration approach supports short and longer-term alignment with the performance of TPG Telecom Limited ('TPG Telecom', 'the Company') for the benefit of shareholders.

2. Key Management Personnel (KMP)

KMP have the authority and responsibility for planning, directing and controlling the activities of TPG Telecom, directly or indirectly; the organisation's operating activities; and its profit and loss. This includes Non-Executive Directors. However, while Non-Executive Directors are classified as KMP, they are not Executives. For 2023 the CEO, Executive and Non-Executive KMP were as follows:

2.1.1 CEO and Other Executive KMP

EXECUTIVE KMP	ROLE	TERM AS KMP[1]
Iñaki Berroeta	Chief Executive Officer	Full year
Ana Belea[2]	Group Executive Customer Operations and Shared Services	Full year
Kieren Cooney	Group Executive Consumer	Full year
Jonathan Rutherford	Group Executive Enterprise, Government and Wholesale	Full year
John Boniciolli	Group Chief Financial Officer	Commenced 13 November 2023
Grant Dempsey	Group Chief Financial Officer	Ceased 12 November 2023

1. If an Executive KMP did not serve as KMP for the full year, remuneration information disclosed in this report is from the date they commenced as KMP in FY2023 or to the date they ceased as KMP in FY2023 unless indicated otherwise.
2. Ana Belea, formerly known as Ana Bordeianu.

2.1.2 Non-Executive KMP

NON-EXECUTIVE KMP	ROLE	TERM AS KMP[1]
Canning Fok	Non-Executive Director and Chairman	Full year
Pierre Klotz	Non-Executive Director	Full year
Robert Millner	Non-Executive Director	Full year
Antony Moffatt	Non-Executive Director	Full year
Helen Nugent	Independent Non-Executive Director & Senior Independent Director	Full year
Frank Sixt	Non-Executive Director	Full year
Arlene Tansey	Independent Non-Executive Director	Full year
Jack Teoh	Non-Executive Director	Full year
Serpil Timuray	Non-Executive Director	Commenced 29 March 2023
Diego Massidda	Non-Executive Director	Ceased 28 March 2023

1. If a Non-Executive KMP did not serve as KMP for the full year, remuneration information disclosed in this report is from the date they commenced as KMP in FY2023 or to the date they ceased as KMP in FY2023 unless indicated otherwise.

3. Remuneration Approach

TPG Telecom's Remuneration Framework is designed to support the reward principles and the Company's overall purpose and strategic ambition. The Remuneration Approach aligns with the guiding principles, purpose and values of the Company and is governed by the Board, independent from management, to ensure that the design and implementation of the framework strikes an appropriate balance between the interests of Executives and shareholders.

3.1 Remuneration Framework

Our purpose

To build meaningful relationships and support vibrant, connected communities.

Our guiding principles

Integrate and simplify
Making the experiences of our customers easier while streamlining our products and systems.

Win smart
Delivering targeted growth, focusing on the strengths of our infrastructure, brands and people.

Maximise our potential
Investing in our people and capabilities to achieve our ambition to be Australia's best telco.

Our values

- Stand together
- Own it
- Simple's better
- Boldly go

Our remuneration principles

Aligned with shareholders
over the short term and longer term, to generate superior returns and to meet the expectations of the customers we serve and the communities in which we operate.

Competitive and motivating
to attract and retain skilled Executives and incentivise high performance, while managing risks.

Generate superior returns
for the benefit of shareholders over both the short and longer term.

Supporting sustainable investment
in fast, reliable and innovative technology that creates value for customers and shareholders.

Remuneration governance

The independence of the Board from management is maintained in the design and implementation of remuneration outcomes, while balancing the interests of Executives and shareholders.

3.2 2023 Remuneration Structure

The remuneration structure has three components, namely Fixed Remuneration, Short Term Incentives and Long Term Incentives, along with a minimum shareholding requirement. The structure is designed with consideration for each individual remuneration component, as well as the total remuneration opportunity and mix for Executives.

3.2.1 Remuneration Structure

COMPONENT	DESCRIPTION
Fixed remuneration	Provides competitive remuneration in recognition of an Executive's skills, experience and accountability to deliver value to our customers and shareholders. Fixed remuneration is benchmarked to the median of the relevant ASX peer group, which is reviewed annually, taking into account other factors, such as inflation.
Short Term Incentive (STI)	Rewards the delivery of key strategic objectives in line with the annual strategy of TPG Telecom, delivering returns today with a view to the achievement of longer-term goals. Provides an annual assessment of Group financial, non-financial and individual performance. Delivered equally in cash and share rights (DSRs) which are deferred equally over one and two years.
Long Term Incentive (LTI)	Rewards the delivery of longer-term strategic objectives in line with creating sustainable shareholder value to provide alignment between Executive reward and shareholders' interests. Assessed over a three year period based on key drivers of returns to shareholders. Granted as share performance rights which are subject to hurdles.

Further information on the total remuneration approach, as well as each remuneration component, is described further in the report.

4. Fixed Remuneration

Fixed remuneration is set at levels that are competitive to market to attract, motivate and retain individuals, comprising base salary and superannuation.

In setting fixed remuneration for 2023, comprehensive analysis was undertaken in 2022, using data from 2022, across the ASX 21-60 peer group. This peer group was selected after careful consideration of the Company's position within the ASX at that time and after reviewing both local and some international telecommunications peers. Exclusions to the peer set were made for significant outliers or where the ownership structure or the nature of the operation were not comparable to that of TPG Telecom.

Consideration was given to movements in market position and other local and international telecommunications peers. In addition to benchmarking, the Remuneration and Governance Committee (RGC) recommendations to the Board considered role size, complexity, internal relativities and inflation.

The table below sets out the annual remuneration for Executive KMP who held this role at the end of the financial year, noting that John Boniciolli commenced as Group CFO on 13 November 2023.

4.1.1 Fixed Remuneration

EXECUTIVE KMP	ROLE	BASE SALARY	SUPERANNUATION[2]
Iñaki Berroeta	Chief Executive Officer	$ 2,000,000	$ 27,399
Ana Belea	Group Executive Customer Operations and Shared Services	$ 785,400	$ 27,399
John Boniciolli[1]	Group Chief Financial Officer	$ 870,000	$ 27,399
Kieren Cooney	Group Executive Consumer	$ 945,000	$ 27,399
Jonathan Rutherford	Group Executive Enterprise, Government and Wholesale	$ 785,400	$ 27,399

1. John Boniciolli commenced his role as a KMP on 13 November 2023. The table above represents fixed remuneration for a full year.
2. Superannuation is based on the statutory maximum superannuation contribution base. Actual superannuation paid is as indicated in Table 4.1.2.

Directors’ report | Remuneration report continued

The table below sets out the CEO and Other Executive KMP actual fixed remuneration received for 2023. It includes the remuneration for Grant Dempsey who ceased his role as Group CFO on 12 November 2023.

4.1.2 Actual Fixed Remuneration

EXECUTIVE KMP	ROLE	TERM AS KMP	ACTUAL FIXED REMUNERATION (INCLUDING SUPERANNUATION)[1,2]	
Iñaki Berroeta	Chief Executive Officer	Full year	$	2,001,346
Ana Belea[3]	Group Executive Customer Operations and Shared Services	Full year	$	800,221
John Bonicilli	Group Chief Financial Officer	Commenced 13 November 2023	$	125,486
Kieren Cooney	Group Executive Consumer	Full Year	$	963,846
Jonathan Rutherford	Group Executive Enterprise, Government and Wholesale	Full year	$	799,846
Grant Dempsey	Group Chief Financial Officer	Ceased 12 November 2023	$	789,012

1. For the relevant term as Executive KMP as per the dates detailed in the table above.
2. Superannuation has been calculated based on the statutory maximum superannuation contribution base.
3. Includes an additional $500 superannuation payment related to TPG Telecom’s Super Bump program where all female employees with over 12 months tenure are provided an additional $500 superannuation payment annually.

5. Short Term Incentive

The TPG Telecom Short Term Incentive (STI) plan is designed to reward Executives for their contribution to the achievement of TPG Telecom’s annual performance targets, creating value for today and into the future. To ensure alignment between Executive performance and shareholder value, the STI plan is designed:

- with an STI opportunity set competitively to market, comprised of equal components of cash and deferred equity, with the latter being paid over two years. Deferred equity reinforces alignment with shareholders;
- to be paid only after gateway requirements are met on Company financial performance and risk management, as well as individual behaviour;
- for the majority of the award to be measured on achievement of TPG Telecom’s Balanced Scorecard targets, which are based on the key drivers of the Company’s operating performance; and
- with conditions regarding cessation of employment that align with shareholders' interests.

5.1 STI Opportunity

For 2023, the target and maximum STI opportunity for Executive KMP was as follows:

5.1.1 2023 Target and Maximum STI opportunity

KMP	OPPORTUNITY AT TARGET ACHIEVEMENT	OPPORTUNITY AT MAXIMUM ACHIEVEMENT
CEO	110% of Base Salary	165% of Base Salary
Other Executive KMP	75% of Base Salary	112.5% of Base Salary

The STI opportunity was established by comparing incentive remuneration to a peer group made up of relevant ASX 21-60 companies, using data from 2022. This peer group was used after careful consideration of the Company’s position by market capitalisation in 2022 when the review was undertaken.

Exclusions to the peer set were made for significant outliers or where the ownership structure or nature of the operation were not comparable to that of TPG Telecom. Local and international telecommunications peers were also reviewed. The target and maximum STI opportunity were set with reference to the median target remuneration of this peer group. Where STI maximum information was unavailable, the maximum was set with reference to the 75th percentile of remuneration for this peer group.

To achieve a payment at the STI maximum, performance needs to have met or exceeded a set of performance measures on the balanced scorecard. Each performance measure is assessed against threshold, target and maximum performance, with a pro rata being applied for achievement falling between each level.

- **Threshold** – represents the minimum level of performance which will result in the payment of any STI in relation to the performance measure. No STI payment will be made with respect to the performance measure if the threshold performance level is not achieved.
- **Target** – represents performance which meets the target for the performance measure based on the annual target set by the Board.
- **Maximum** – represents performance which exceeds the target and delivers superior outcomes.

The application of the three levels of performance is shown below.

The size of the STI pool is determined based on the specific outcomes of the STI scorecard measures, capped by the maximum available to an individual Executive KMP.

5.2 STI Instruments and Conditions

STI is awarded in cash and Deferred Share Rights (DSRs), which are rights over TPG Telecom ordinary shares.

The cash component of 50% of the overall award is paid to Executives following the end of the one year performance period. This cash payment is in recognition of the Executive's contribution to the annual performance of TPG Telecom.

The remaining 50% is awarded as DSRs and is restricted in equal amounts over a 1 and 2 year period. The amount of DSRs awarded is based on the face value of the volume weighted average share price (VWAP) of TPG Telecom's ordinary shares over the five working days following the announcement of the annual results. As these DSRs are restricted over a 1 and 2 year period, their value to the Executive KMP is aligned to that of the Company's shareholders.

DSRs are granted at no cost to the Executive KMP and no dividend is payable on any unexercised DSRs. Shares are typically purchased on market, with this being the case in 2023. Exercise of DSRs is automatic on vesting and there is no exercise price.

The STI plan is also aligned with shareholders' interests in the event that an Executive KMP ceases employment with TPG Telecom. Upon cessation, the STI is treated in the following way:

- STI will be forfeited if an Executive KMP resigns before the payment date, subject to the special circumstances outlined below.
- Unvested DSRs will also be forfeited if the Executive KMP resigns before the vesting date, subject to the special circumstances outlined below.
- In special circumstances (including redundancy, retirement, death or total and permanent disability or as otherwise agreed), the below treatment may apply:
  - In limited circumstances cash STI may be awarded pro rata on termination. Where business performance is yet to be determined for the period, outcomes will reflect at Target performance. Where business performance has been determined, this will be applied to final outcomes together with an assessment of individual performance.
  - DSRs that have been allocated may be retained on cessation of employment, subject to the existing terms and conditions of the award. This process will only apply if the Executive KMP is employed at the date of DSRs being allocated by the Board.

In circumstances where there may be a change of control, DSRs will be subject to the existing terms and conditions of the award and the exercise of Board discretion.

To further align the STI plan with shareholders, it is also subject to a hedging condition, meaning that Executives cannot enter into any arrangement that limits the economic risk of unvested DSRs. The STI plan is also subject to a malus condition. In cases where an Executive KMP acts fraudulently or dishonestly or is in breach of their obligations to TPG Telecom, any eligibility for STI or unvested rights will lapse.

5.3 Awarding STI Outcomes

In determining the STI outcomes, subject to the exercise of the Board's discretion, TPG Telecom considers a number of factors including:

- Gateway Assessment;
- Company Performance Assessment against the Balanced Scorecard and Targets; and
- Individual Performance Assessment

Gateway Assessment

An initial gateway assessment occurs to determine if any STI awards should be payable to the Executive KMP. The purpose of this gateway assessment is to determine, as a group and then as an individual, whether the overall financial performance of TPG Telecom has been met; that the Executives have appropriately managed risk; and that their individual behaviour has been considered.

5.3.1 Gateway Assessment Description

ASSESSMENT LEVEL	GATEWAY	DESCRIPTION
Assessed at a Group level	Financial	Sets minimum financial performance aligned with shareholder interests. It is set at the start of the financial year and assessed by the RGC and the Board at year end. The assessment considers whether performance falls significantly below the threshold level for the key financial STI measures in the balanced scorecard. In 2023 they were Service Revenue, EBITDA and OFCF. The threshold levels are outlined in Table 5.4.2.
	Risk	Defines appropriate management of financial, operational and reputational risks in the generation of returns. It is assessed by the Board, following input from the RGC, at the end of the financial year after the criteria is set at the beginning of the year. The assessment considers key risks such as environmental incidents, network incidents affecting services, anti-competitive conduct or fraud. Reputational risks, data security, cost management and significant declines in employee engagement are also considered.
Assessed at an Individual level	Behaviours	Assesses alignment of demonstrated behaviours with the organisation's purpose and culture. This is assessed by the Board at the end of the financial year, with input from management, subject to managing conflicts of interest. The assessment includes potential code of conduct and contract breaches.

Balanced Scorecard and Targets

A balanced scorecard is set each year, with consideration given to the key drivers of TPG Telecom's annual operating performance that influences shareholder returns. These metrics are common in the telecommunications industry. The 2023 scorecard measures support TPG Telecom's strategic priorities; are key drivers of short term performance; and are linked to shareholder value as outlined in Table 5.3.2.

5.3.2 STI Measure Alignment to Shareholder Value and Company Strategy

PERFORMANCE MEASURE	ALIGNMENT TO SHAREHOLDER VALUE AND COMPANY STRATEGY
Total Service Revenue	Supports TPG Telecom's strategic focus on growing the value of customer relationships. Reflects changes in both subscriber numbers and pricing.
Operating Free Cash Flow (OFCF)	Supports TPG Telecom's strategic focus on capital efficiency and is a proxy for recurring cash generated which is available to shareholders prior to the impact of tax payments and servicing of leases and bank borrowings. Excludes payments for spectrum, which tend to be large, uneven, and non-recurring year to year.
EBITDA	Recognises the principal metric of recurring ongoing operating profit across the telecommunications sector in Australia, capturing benefits of operating cost outcomes as well as gross margin growth. Excludes the accounting impact of depreciation and amortisation, which can fluctuate year to year subject to the stage of the investment cycle and material one-off costs.
Customer Net Promoter Score (NPS)	Aligns to TPG Telecom's business strategy by measuring the nature of the customer experience, with a view to minimising churn and accelerating revenue growth.
Employee Experience – Spirit Index	Supports TPG Telecom's strategic goal of driving a high performing, values-based culture. The Spirit Index measures the extent to which the four values, outlined in Section 3.1, are demonstrated in the everyday experience of employees as well as the consistency of the culture across the organisation. This is a tailored index, measured by an employee survey typically twice a year.

Setting Performance Targets

Targets for the STI plan are set with consideration to TPG Telecom’s strategy and prior year performance. The table below outlines the 2022 outcome and the 2023 measure at target.

5.3.3 Achievement against 2022 STI Outcome compared with 2023 STI Target

STI MEASURE & TARGET WEIGHTING	2022 OUTCOME	2023 TARGET	2023 TARGET SETTING
Total Service Revenue (20%)	$4,439m	$4,634m	Targeted to achieve year on year growth with consideration for subscriber numbers and refresh of plans.
OFCF (15%)	$92m	$135m	Targeted to deliver growth above 2022, following a decline in 2022 predominantly associated with a change in approach to handset refinancing.
EBITDA (25%)	$2,135m	$1,850m	2022 EBITDA outcome included the one-off proceeds from the sale of some mobile tower assets as well as restructuring and transformation costs. Excluding these items, 2022 EBITDA was $1,793m[1]. Consistent with what was disclosed to investors in the 2023 Outlook at the 2022 full year results investor presentation, the target excluded forecast transformation costs of $50m.
Customer NPS (10%)			2022 outcomes are a rolling 12 month average. Targets were set with reference to the December 2022 monthly result. For TPG and iiNet it was anticipated that plan changes in late 2022 would have a negative impact on NPS. Similarly for Vodafone, consumer plan changes in 2023 were forecast to have a negative impact on NPS which was reflected in target setting.
Vodafone (5%)	13	8	
TPG (2.5%)	12	4	
iiNet (2.5%)	14	10	
Employee Experience – Spirit Index (10%)	79	Maintain Baseline (79)	Set taking into account the already strong results in 2022.

1. The Tower sale gain was included in the calculation of the remuneration outcome for 2022 as the asset sale aligned with shareholders’ interests by enabling the repayment of debt during a rising interest rate environment and allowed on-balance sheet funding of handset receivables at a lower cost.

Individual performance assessment

The individual component represents 20% of the total STI payment at target. The RGC, with input from the CEO, reviews and assesses each Executive KMP’s performance relative to their individual goals. For the CEO, the assessment is completed by the RGC and the Board. Information on the CEO’s and Executive KMP’s individual performance assessment is outlined in Section 5.5.

5.4 2023 STI Assessment, Achievement and Outcomes

The Board reviewed and assessed that the Group’s financial and risk gateways as outlined in Table 5.4.1 had been achieved. The Board also assessed the individual behavioural gateway for the CEO and Other Executive KMP and concluded that all had met the behavioural gateway for the STI plan.

5.4.1 2023 STI Gateway Assessment

ASSESSMENT LEVEL	GATEWAY	ASSESSMENT	GATEWAY OUTCOME
Assessed at a Group level	Financial	Minimum financial performance has been met and TPG Telecom paid dividends to shareholders at 9 cents in April and October 2023. A final dividend of 9 cents was declared for FY2023.	Achieved
	Risk	Appropriate risk management processes and controls have been put in place to manage risk within the business. Incidents have been appropriately managed to limit impacts on the business and customers.	Achieved
Assessed at an Individual level	Behaviours	Behavioural standards were met.	Achieved

STI outcomes were calculated based on the achievement against TPG Telecom's 2023 STI balanced scorecard targets. A description of the business performance measures, targets and an assessment of the achievement against these targets is detailed in Table 5.4.2.

5.4.2 2023 STI Balanced Scorecard Assessment

TOTAL SERVICE REVENUE (20%)

Measures recurring revenue generated from the provision of telecommunications services excluding handset, accessory, and other hardware revenue. The Total Service Revenue outcome for 2023 was $4,632 million resulting in an STI payment outcome between threshold and target. The result delivered growth of 4% compared with the prior year supported by strong growth in mobile (+9%) driven by increases in both customers and ARPU.

OPERATING FREE CASH FLOW (OFCF) (15%)

Measures cash flow from operations less capex, finance lease repayments and finance lease interest (within cash flow from financing activities). It does not include payments for spectrum and dividends and excludes any loan payments/ drawdowns. The OFCF outcome for 2023 was $166.5 million, resulting in an STI payment outcome at maximum. This outperformance versus target was driven by a better result than targeted in working capital which more than offset increased capital and finance lease expenditure.

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EBITDA (25%)

Measures the profit TPG Telecom makes after operating costs and before charges for depreciation and amortisation, interest, and tax and excludes transformation and one-off charges for impairment of acquired brand intangibles. The EBITDA outcome, which is calculated as Statutory EBITDA excluding transformation costs and a one-off charge for impairment of an intangible for the Internode brand, was $1,929.9 million, resulting in a payment outcome between target and maximum.

Transformation costs reported within Statutory EBITDA of $38.3 million have been excluded consistent with the basis of the EBITDA target that was set for guidance and remuneration purposes. These were anticipated to be $50 million when the EBITDA target of $1,850 million was set. This information was included in the 2023 Outlook statement in the 2022 full year results. The Internode brand impairment of $17 million reported within Statutory EBITDA relates to an acquired brand intangible from the merger of TPG and Vodafone Hutchison Australia in 2020 that was triggered by a business consolidation that took place in December 2023. The impairment is non-cash and has been excluded as a one-off item that was not captured in the target. Included within Statutory EBITDA are transaction costs of $31 million that were not captured in the target. Although material and one-off in nature, these have not been adjusted as they were included within the updated EBITDA guidance provided when the half year results were announced in August 2023.

The result of $1,929.9 million delivered growth of 7.6% compared with the prior year on a comparable basis[1], primarily driven by an 8% increase in service margin due to a 4% increase in Service Revenue (as noted above under Service Revenue), together with a 4% reduction in direct costs as a result of improvements in the fixed broadband subscriber mix (i.e. more fixed wireless customers).

1. The 2022 EBITDA comparator is $1,793 million, consisting of reported EBITDA of $2,135 million, excluding transformation costs of $60 million and tower sale gain of $402 million.

CUSTOMER NPS (10%)

Measures the changes in brand score, calculated using the average of the scores across the year compared to the baseline. The result for 2023 was positive to target and indicates strong management of the customer base, especially when considering market pressure from cost of living increases and competitor crises. An outline by brand is provided below.

Vodafone (5%)

There was an expectation of some decline in the first half of 2023, due to the plan changes initiated in Q1. This decline was experienced by the brand during Q2 and Q3, but recovered in Q4. The brand outperformed targets and has regained NPS leadership versus its competitors.

TPG (2.5%)

While TPG NBN plan changes took place in 2022, there was an expectation of long-term downward pressure on NPS across 2023. Over the course of 2023, perceptions have slowly returned to pre plan change levels.

iiNet (2.5%)

iiNet has performed solidly across 2023. While there have been some fluctuations in NPS performance in Q3, the brand has ended the year in a strong position.

EMPLOYEE EXPERIENCE - VALUES ALIGNMENT INDEX (10%)

Index score is based on 16 values-based questions contained within the TPG Telecom culture survey. There are 4 questions for each of TPG Telecom's values: Stand together, Own it, Simple's better and Boldly go. The questions evaluate the extent to which each value is demonstrated in the everyday experience of employees and measures themes including accountability, respect at work, collaboration, communication, simplicity, innovation, career opportunities and TPG Telecom's strategy.

The result for 2023 was 77, a decrease of 2 on the target of 79 which equates to an outcome between threshold and target. The target of 79 was set to maintain the already strong results from 2022. The experience of our people has been impacted as the business goes through significant change involving a multi-year transformation program to simplify the brand portfolio, rationalise products and customer journeys, and streamline internal systems and platforms. The transformation program combined with a proposed asset sale, increased uncertainty across the Company.

OUTCOME 77

THRESHOLD 76 | TARGET 79 | MAXIMUM 82

Based on the 2023 STI Balanced Scorecard Assessment, the overall Company performance outcome is summarised in Table 5.4.3 as a percentage of both target and maximum.

5.4.3 2023 STI Payment Outcome Percentages against Target and Maximum

PERFORMANCE MEASURES	WEIGHTING	THRESHOLD	TARGET	MAXIMUM	ACTUAL	PAYOUT VS TARGET	PAYOUT VS MAXIMUM	WEIGHTED % PAYOUT
Total Service Revenue[1]	20%	$4,171m	$4,634m	$5,097m	$4,632m	99.8	66.53	19.96
Operating Free Cash Flow[2]	15%	$108m	$135m	$162m	$166.5m	150	100	22.5
EBITDA[3]	25%	$1,665m	$1,850m	$2,035m	$1,929.9m	121.6	81.07	30.4
Customer NPS measure	5% Vodafone	6	8	10	13	150	100	7.5
	2.5% TPG	0	4	6	10	150	100	3.75
	2.5% iiNet	6	10	12	12	150	100	3.75
Employee culture measure	10%	76	79	82	77	66.67	44.45	6.67
Total Achievement out of Company Performance at Target (80%)								**94.53**
Total Achievement out of Company Performance at Maximum (120%)								**78.78**

1. Measures recurring revenue generated from the provision of telecommunications services excluding handset, accessory, and other hardware revenue.
2. Measures cash flow from operations less capex, finance lease repayments and finance lease interest (within cash flow from financing activities). It does not include payments for spectrum and dividends and excludes any loan payments/drawdowns.
3. Measures the earnings after operating costs and before charges for depreciation and amortisation, interest, and tax. The EBITDA outcome outlined above is Statutory EBITDA of $1,874.6 million that adds back transformation costs of $38.3 million and Internode impairment of $17 million bringing the total to $1,929.9 million. Transaction costs of $31m are included within statutory EBITDA and are not added back to Statutory EBITDA, although they could be considered a one-off.

5.5 2023 Individual Executive Assessment

2023 CEO Individual STI Outcome

The final 20% of the STI measure is based on an individual performance assessment against measures aligned to TPG Telecom's Strategic Pillars.

In addition to the Company's STI scorecard performance and the STI gateway assessment, the CEO's performance was assessed against individual specific objectives approved at the start of the year by the Board as outlined in Table 5.5.1. The objectives reflected the guiding principles outlined earlier in Section 3.1.

The RGC and Board assessed the CEO's performance, which was supported by a stewardship report. The outcome of this assessment is outlined in Table 5.5.2 and the CEO's total STI outcome, based on both Company performance and individual achievement is outlined in Table 5.5.3. The value of the deferred component of the award will be subject to movements in the share price at vesting.

5.5.1 2023 CEO STI Performance Objectives

PERFORMANCE OBJECTIVES	INDIVIDUAL PERFORMANCE MEASURE	THRESHOLD	TARGET	MAXIMUM
Deliver simplification program to reduce complexity and enhance customer experience.	Measured by the reduction of Consumer 'front book' products.	30% reduction in the number of products in the 'front book' for Consumer.	35% reduction in the number of products in the 'front book' for Consumer.	40% reduction in the number of products in the 'front book' for Consumer.
	Measured by the decommissioning of IT systems.	10 IT systems decommissioned.	20 IT systems decommissioned.	32 IT systems decommissioned.
Enhance network experience.	Measured by the delivery of additional 5G sites.	Deliver 934 additional 5G sites.	Deliver 1038 additional 5G sites.	Implement the Telstra network sharing arrangement if regulatory approval is granted, or otherwise have an alternative regional mobile coverage strategy presented to the Board.
Successful execution & delivery of growth initiatives for Consumer postpaid mobile and Enterprise, Government & Wholesale (EG&W) non legacy product margin.	Measured by the achievement of Consumer postpaid ARPU.	Achieve Consumer postpaid ARPU of $44.40.	Achieve Consumer postpaid ARPU of $45.80.	Achieve Consumer postpaid ARPU of $46.50.
	Measured by the achievement of EG&W non legacy product margin targets.	Achieve EG&W non legacy product margin of $605m.	Achieve EG&W non legacy product margin of $623m.	Achieve EG&W non legacy product margin of $640m.

5.5.2 2023 CEO STI Performance Assessment

2023 CEO STI PERFORMANCE ASSESSMENT	ACHIEVEMENT AGAINST MEASURES	BOARD ASSESSMENT ON ACHIEVEMENT
Deliver simplification program to reduce complexity and enhance customer experience. Measured by the reduction in the number of 'front book' products for Consumer and decommissioning of IT systems.	40% reduction in the number of products in the 'front book' for Consumer.	At Maximum
	Decommissioned 43 IT systems.	At Maximum
Enhance network experience. Measured by the delivery of additional 5G sites.	TPG Telecom delivered 1,008 5G sites in 2023, representing 97% of the target of 1038 5G sites.	Between Threshold and Target
Successful execution & delivery of growth initiatives for Consumer postpaid mobile and Enterprise, Government & Wholesale (EG&W) non legacy product margin.	Consumer postpaid ARPU was $46.90.	At Maximum
	EG&W non legacy product margin was $634.5m.	Between Target and Maximum

5.5.3 CEO 2023 STI Outcomes

EXECUTIVE KMP	2023 STI CASH ACTUAL	2023 STI DEFERRED ACTUAL[1]	TOTAL 2023 STI ACTUAL	PERCENTAGE OF TARGET	PERCENTAGE OF MAXIMUM
Iñaki Berroeta	$ 1,336,830	$ 1,336,830	$ 2,673,660	121.53%	81.02 %

1. Deferred equity vests in two equal tranches over one and two years.

2023 Other Executive KMP STI Outcomes

The final 20% for the Other Executive KMP STI outcome is based on an individual performance assessment. The RGC, following input from the CEO, reviewed and assessed each Executive KMP's performance relative to their individual goals, along with a review of key performance measures. This review is supported with a performance report for the Executives outlining their individual goals and key performance measures which are set based on TPG Telecom's strategy. The assessment of Other Executive KMP STI outcomes for 2023 also takes into account the additional workload required of Executives due to the number of transactions undertaken during the year, notwithstanding the outcomes.

The total STI allocated for each eligible Other Executive KMP in 2023, based on both Company performance and individual achievement is outlined in Table 5.5.4. The value of the deferred component of the award will be subject to movements in the share price at vesting. It is due to vest equally over two years.

5.5.4 Other Executive KMP 2023 STI Outcomes

EXECUTIVE KMP	2023 STI CASH ACTUAL	2023 STI DEFERRED ACTUAL[1]	TOTAL 2023 STI ACTUAL	PERCENTAGE OF TARGET	PERCENTAGE OF MAXIMUM
Ana Belea	$ 366,772	$ 366,772	$ 733,544	124.53%	83.02%
Kieren Cooney	$ 427,128	$ 427,128	$ 854,256	120.53%	80.35%
Jonathan Rutherford	$ 354,991	$ 354,991	$ 709,982	120.53%	80.35%
Grant Dempsey[2]	$ 377,949	$ —	$ 377,949	57.27%	38.18%

1. Deferred equity vests in two equal tranches over one and two years.
2. Deferred equity component of the 2023 STI has not been awarded due to departure.

6. 2023 Long Term Incentive Plan

The structure and details of TPG Telecom's Long Term Incentive (LTI) plan are critical to creating alignment between Executives and the performance of the business over the longer term.

TPG Telecom's LTI plan has evolved since the merger in 2020. The history of the LTI plans and rationale for adjustments in 2023 are described below.

Prior to the 2020 merger, Vodafone Hutchison Australia (VHA) had a three year cash based plan consisting of a retention hurdle and a single performance hurdle which was OFCF, reset annually. TPG Corporation had a 4 year equity based plan with a retention hurdle and a financial performance hurdle.

At merger, a new LTI plan was implemented. This LTI plan was an equity based plan that had two equally weighted hurdles of OFCF and relative Total Shareholder Return (TSR), with performance to be assessed at the end of a three year period. This approach was adopted for both the 2021 and 2022 LTI plans.

Significant changes were adopted for the 2023 LTI plan. In making these changes, a comprehensive review was undertaken by the Board which considered:

- Significant feedback from proxy advisors;
  - that given the capital intensive nature of the business, the plan should include a return on capital measure;
  - the appropriateness of including OFCF as a measure in both the LTI and STI plans.
- The Company's prior commitment to introducing an ESG target into the 2023 LTI plan.

In considering these issues, the Board also had regard to other factors, which they considered critical to aligning the interests of Executives and shareholders.

Foremost was the need to balance a growth in Earnings Per Share (EPS) with a return on capital measure to drive returns for shareholders. A return on capital measure requires the complementarity of growing EPS to create value for shareholders over the longer term. They are also measures over which management has control.

At the same time, significant thought was given to including a TSR measure, which is common market practice and which had previously been a TPG Telecom LTI hurdle. However, on balance, it was considered that EPS is more important and that having a fourth hurdle (TSR), was not appropriate practice.

As a result, the new hurdles adopted for the 2023 LTI Plan were Return on Invested Capital (ROIC), Earnings Per Share (EPS) and a renewable electricity hurdle, which are outlined in Tables 6.1.1 and 6.2.1. While more information on these hurdles was provided in the Notice of Meeting for the May 2023 Annual General Meeting, it is acknowledged that greater detail, including on targets, could have been provided in the 2022 Remuneration Report.

6.1 2023 LTI Performance Hurdles

The 2023 LTI plan hurdles, weightings, definitions and alignment to shareholder value and the longer-term strategy of TPG Telecom are outlined in the table below.

6.1.1 2023 LTI plan hurdles, weightings, definitions and alignment to shareholder value

2023 PERFORMANCE HURDLES AND WEIGHTINGS	DEFINITION OF HURDLE, ALIGNMENT TO SHAREHOLDER VALUE AND COMPANY STRATEGY
Return on Invested Capital[1] (ROIC) 45%	ROIC is a core metric of return for all capital deployed by TPG Telecom, noting the current period of elevated investment to facilitate programs for 5G and IT transformation, as well as spectrum agreements, to encourage higher returns on capital. ROIC measures net operating profit after tax (NOPAT) adjusted to remove customer base amortisation and material one-offs (subject to the discretion of the Board), divided by average invested capital excluding goodwill, brand and customer base intangibles.

1. ROIC and EPS targets exclude the impact of purchased intangibles from business combinations. This treatment is consistent with market practice.

2023 PERFORMANCE HURDLES AND WEIGHTINGS	DEFINITION OF HURDLE, ALIGNMENT TO SHAREHOLDER VALUE AND COMPANY STRATEGY
Earnings Per Share[1] (EPS) 45%	The EPS measure is aimed at aligning Executive incentives with growth in the value flowing directly to equity holders. EPS (LTIP basis) measures statutory net profit after tax (NPAT), adjusted by adding back customer base amortisation and material one-offs (subject to the discretion of the Board), divided by the weighted average number of shares on issue over the year.
ESG Renewable Electricity 10%	The ESG performance condition is aligned with TPG Telecom's renewable energy target, which was announced on 31 March 2021, which set a goal to power all Australian operations with 100% renewable electricity by the end of 2025.

1. ROIC and EPS targets exclude the impact of purchased intangibles from business combinations. This treatment is consistent with market practice.

6.2 2023 LTI Plan Hurdles and Vesting Schedules

The 2023 LTI plan has a performance period of three years, commencing 1 January 2023 and concluding 31 December 2025. The achievement against the performance hurdles is assessed after the conclusion of the performance period.

6.2.1 2023 LTI Vesting Schedule and Targets

LTI MEASURE	TARGETS	MEETS THRESHOLD	BETWEEN THRESHOLD AND MAXIMUM	EXCEEDS MAXIMUM
ROIC[1]	ROIC is measured against targets set by the Board to achieve a significantly improved return on investment over the three year LTI period (2023 to 2025). Performance at target is set to exceed the 2022 post-tax weighted average cost of capital (WACC), with maximum representing further improvement to achieve a double-digit compound average annual growth rate in ROIC from the 2022 base year. In 2022 actual ROIC on a comparable basis was 5.7%[2] which was below WACC. ROIC is measured at the end of the performance period.	50% of rights granted vest	Straight-line pro rata vesting between 50.1% and 100%	100% of rights granted vest
EPS[3]	EPS is measured against targets set by the Board to achieve significantly improved performance over the three year LTI period (2023 to 2025). At maximum, EPS performance is set to achieve a double-digit compound average annual growth rate against the 2022 base year. The baseline EPS result in 2022 was 14.2 cents per share[4]. EPS is measured at the end of the performance period.	50% of rights granted vest	Straight-line pro rata vesting between 50.1% and 100%	100% of rights granted vest
ESG	Power all Australian operations with 100% renewable electricity by the end of 2025.	75% of rights granted vest	N/A	100% of rights granted vest

1. ROIC measures net operating profit after tax (NOPAT) adjusted to remove customer base amortisation and material one-offs (subject to the discretion of the Board), divided by average invested capital excluding goodwill, brand and customer base intangibles.
2. FY22 baseline ROIC is adjusted for transformation costs and excludes any one-off benefit from the sale of TPG Telecom's passive tower and rooftop assets in July 2022. Adjustment for transformation costs or any one-offs in the testing year for the LTI plan is subject to the discretion of the Board.
3. EPS (LTIP basis) measures statutory net profit after tax (NPAT), adjusted by adding back customer base amortisation and material one-offs (subject to the discretion of the Board), divided by the weighted average number of shares on issue over the year.
4. FY22 baseline EPS is adjusted for transformation costs and excludes the one-off benefit from the sale of TPG Telecom's passive tower and rooftop assets in July 2022. For the purpose of calculating the FY22 baseline EPS, a tax rate of 30% has been applied to the sale of tower and rooftop assets. Adjustment for transformation costs or any one-offs in the testing year for the LTI plan is subject to the discretion of the Board.

The assessment of achievement against the 2023 LTI plan targets for all measures will be reported in the 2025 Annual Report. The Board has discretion to make downward or upward adjustments for one-off or other items as it deems appropriate, while taking into consideration the benefits or otherwise for shareholders.

The targets that have been disclosed aim to strike an appropriate balance between giving shareholders insight that the targets are appropriate to drive performance, while avoiding providing specific disclosure over a forward three year period.

6.3 2023 LTI Instruments and Conditions

LTI is granted as performance rights that entitle participants to a fully paid ordinary share in TPG Telecom, subject to meeting performance hurdles as defined. Performance rights are granted at no cost to the participant.

The number of performance rights issued is calculated based on the face value of the volume weighted average share price (VWAP) of TPG Telecom's ordinary shares over the five working days following the announcement of the annual results.

In 2023, the five working days following the announcement of the annual results was from 28 February 2023 to 6 March 2023. The VWAP for the 2023 LTI grant of performance rights was approved by the Board at $4.99 per performance right. The calculation used to determine the number of performance rights at grant for each Executive KMP was to divide their maximum LTI dollar value by the Board approved VWAP share price. In the case of the CEO, shareholder approval was sought and obtained at the May 2023 Annual General Meeting.

Shares are typically purchased on market, which was the case in 2023. The quantity of shares purchased on market reflects the likely vesting patterns of prior share grants.

Exercise of performance rights is automatic if the hurdles are met and the shares vest. There is no exercise price. No dividend is payable on unexercised rights.

The LTI plan is also aligned with shareholders’ interests in the event that an Executive KMP ceases employment with TPG Telecom. Upon cessation, performance rights will generally be forfeited if an Executive KMP resigns before the vesting date. In special circumstances (including redundancy, retirement, death or total and permanent disability or as otherwise agreed), any unvested rights may be retained on cessation of employment, subject to the existing terms and conditions of the award (including performance hurdles) and Board discretion.

In circumstances where there is a change of control, performance rights will be subject to the existing terms and conditions of the award and the exercise of Board discretion.

To further align the LTI plan with the interests of shareholders, the plan is also subject to a hedging condition, meaning that Executives cannot enter into any arrangements that limit the economic risk of unvested performance rights.

The LTI plan is also subject to a malus condition. In cases where an Executive KMP acts fraudulently or dishonestly or is in breach of their obligations to TPG Telecom, any unvested rights will lapse.

6.4 2023 LTI Opportunity

For 2023, the maximum LTI opportunity for Executive KMP was as follows:

6.4.1 2023 Maximum LTI Opportunity

KMP	OPPORTUNITY AT MAXIMUM ACHIEVEMENT
CEO	150% of Base Salary
Other Executive KMP	100% Base Salary

The LTI opportunity is set with reference to a peer group of relevant ASX peers based on the Company’s market capitalisation. For 2023, based on analysis undertaken in 2022, this was the ASX 21-60, using data from 2022. This peer group was selected after careful consideration of the Company’s position within the ASX at that time and after reviewing both local and some international telecommunications peers. Exclusions to the peer set were made for significant outliers including if their ownership structure or the nature of the operations were not comparable to that of TPG Telecom.

The target and maximum LTI opportunity were set with reference to the median target for overall remuneration of this peer group, after considering the level of fixed remuneration and STI, as well as the appropriate balance between STI and LTI. Where LTI maximum information was unavailable, this was set with reference to the 75th percentile of remuneration of this peer group, considering the balance of the fixed, short term and long-term components of the total remuneration package.

To achieve a payment at the LTI maximum after a three year period, performance needs to have met or exceeded the maximum set for the LTI performance measure. Each performance measure is assessed against threshold and maximum performance with a pro rata outcome applied if achievement falls between threshold and maximum. ROIC, EPS and renewable electricity will be measured at the end of the performance period. Table 6.2.1 above outlines the specific payout schedule for the ESG measure, which is set separately due to the nature of the measure.

Table 6.4.2 details the number of performance rights granted to each Executive KMP under the 2023 LTI Plan and the share price at the time of grant for those Executive KMP. Shareholder approval was obtained for the grant of the CEO's performance rights at the Annual General Meeting on 4 May 2023, even though this was not required as the shares were acquired on market. Performance rights are subject to performance hurdles and have no value unless those hurdles are met.

6.4.2 2023 LTI Plan Executive KMP LTI Grants

EXECUTIVE KMP[1]	POTENTIAL MAXIMUM as a % of BASE SALARY	POTENTIAL MAXIMUM 2023	SHARE PRICE AT GRANT	NUMBER OF 2023 LTI PERFORMANCE RIGHTS GRANTED
Iñaki Berroeta	150%	$ 3,000,000	$ 4.99	601,202
Ana Belea	100%	$ 785,400	$ 4.99	157,394
Kieren Cooney	100%	$ 945,000	$ 4.99	189,378
Jonathan Rutherford	100%	$ 785,400	$ 4.99	157,394
Grant Dempsey	100%	$ 880,000	$ 4.99	176,352

1. John Boniciolli was not granted rights under the 2023 LTI plan.

7. 2021 Long Term Incentive Plan

This section of the report outlines the outcome of the 2021 LTI plan, following the end of the performance hurdle period. This is consistent with the commitment made in the 2021 Remuneration Report to describe targets and the outcome after the end of the vesting period.

7.1 2021 LTI Plan Outcome

The 2021 LTI plan performance period was from 1 January 2021 to 31 December 2023. The 2021 LTI Plan is the first of the two plans that had equally weighted hurdles of OFCF and TSR.

OFCF measures cash flow from operations less capex, finance lease repayments and finance lease interest (within cash flow from financing activities). It does not include payments for spectrum and dividends and excludes any loan payments/drawdowns. OFCF is a cumulative target tested at the end of the period. The cumulative OFCF result was impacted by a number of factors not anticipated at the time the target was set at the commencement of the 2021 LTI plan. These include a shortfall in revenue from the higher-than-expected impact of COVID, CAPEX investment during the period being higher than anticipated to support the accelerated 5G RAN refresh and infrastructure modernisation, and other movements including handset receivables debt payment and the impact of finance leases.

TSR was assessed at the end of 2023 against a peer group of ASX 100 listed organisations set at the commencement of the LTI plan (which excludes the Energy, Financial, Materials, and Real Estate sectors). A decline in TPG Telecom's share performance over the course of 2023 resulted in the TSR outcome being below threshold. External input and certification was obtained on the TSR outcome.

7.1.1 OFCF Outcome

MEASURE & WEIGHTING	VESTING SCHEDULE	CUMULATIVE TARGET	OUTCOME				% VESTED
			YEAR 1	YEAR 2	YEAR 3	TOTAL	
OFCF (50%)	50% of rights vest when 80% of the Cumulative OFCF is achieved, up to 100% when 110% is achieved.	$2,073m	$596m	$92m	$166.5m	$854m	0%

7.1.2 Relative TSR Outcome

MEASURE & WEIGHTING	VESTING SCHEDULE	TARGET	OUTCOME[1]	% VESTED
Relative TSR (50%)	50% of rights vest at the 50.1st percentile, up to 100% at the 75th percentile.	75th percentile	12th percentile	0%

1. Outcome has been externally certified.

Based on the achievement against the 2021 LTI hurdles outlined in Tables 7.1.1 and 7.1.2, no performance rights granted in respect to either hurdle under the 2021 LTI plan will vest.

8. Total Remuneration Outcomes 2023

8.1 2023 Total Remuneration Allocated

Table 8.1.1 below details actual total remuneration allocated to Executive KMP (both in cash and the face value of equity) for 2023. The 2023 LTI allocation will only have value if the specified hurdles are met.

Where a sign on amount was paid in cash in 2023, this is for an amount paid by the Company related to the forfeiture of incentives from a previous employer. Forfeitures are verified before such arrangements are entered into and the timing of sign on payments reflects the timing of payment from the previous employer. Sign on arrangements were in place for Kieren Cooney who commenced on 8 March 2021, Grant Dempsey who commenced on 1 February 2022 and John Boniciolli who commenced on 13 November 2023. Sign on payments are shown as Other Payments in Table 8.1.1 below.

8.1.1 2023 Total Remuneration Allocated

EXECUTIVE KMP	2023 FIXED REMUNERATION	OTHER PAYMENTS[1]	2023 STI ACTUAL[3]	2023 LTI GRANT ALLOCATED VALUE	2023 ACTUAL TOTAL REMUNERATION ALLOCATED
Iñaki Berroeta	$ 2,001,346	$ —	$ 2,673,660	$ 3,000,000	$ 7,675,006
Ana Belea	$ 800,221	$ —	$ 733,544	$ 785,400	$ 2,319,165
John Boniciolli[2]	$ 125,486	$ 115,000	$ —	$ —	$ 240,486
Kieren Cooney	$ 963,846	$ 71,250	$ 854,256	$ 945,000	$ 2,834,352
Jonathan Rutherford	$ 799,846	$ —	$ 709,982	$ 785,400	$ 2,295,228
Grant Dempsey[4]	$ 789,012	$ 99,584	$ 377,949	$ 880,000	$ 2,146,545

1. Other Payments includes payments made in 2023 related to a sign on payment, agreed on an Executives appointment with the Company related to the forfeiture of incentives from a previous employer. The payments mirror the timing and at target value of incentive payments from the previous employer.
2. John Boniciolli was appointed as a KMP on 13 November 2023.
3. 50% paid as cash and 50% granted as deferred share rights, vesting equally over two years.
4. Grant Dempsey ceased his role as a KMP on 12 November 2023.

8.2 2023 Total Remuneration Received

Table 8.2.1 below details total actual remuneration received by each Executive KMP in 2023, comprising cash payments made and the value of any short term equity from previously awarded STI plans that vested in 2023.

8.2.1 2023 Actual Cash Received

EXECUTIVE KMP		FIXED REMUNERATION		OTHER PAYMENTS[1]		2023 STI CASH[2]		STI VESTED[3,4]		TOTAL CASH RECEIVED[7]
Iñaki Berroeta	$	2,001,346	$	—	$	1,336,830	$	552,882	$	3,891,058
Ana Belea	$	800,221	$	—	$	366,772	$	90,231	$	1,257,224
John Boniciolli[5]	$	125,486	$	115,000	$	—	$	—	$	240,486
Kieren Cooney	$	963,846	$	71,250	$	427,128	$	95,036	$	1,557,260
Jonathan Rutherford	$	799,846	$	—	$	354,991	$	39,056	$	1,193,893
Grant Dempsey[6]	$	789,012	$	99,584	$	377,949	$	—	$	1,266,545

1. Other Payments includes payments made in 2023 related to a sign on payment, agreed on an Executives appointment with the Company related to the forfeiture of incentives from a previous employer. The payments mirror the timing and at target value of incentive payments from the previous employer.
2. 2023 STI plan cash payment that will be made in 2024.
3. Includes Tranche 2 of the 2020 STI DSRs for the CEO and Tranche 1 of the 2021 STI DSRs for the CEO and Executive KMP, both of which vested on 31 March 2023.
4. Value is calculated at the time of grant, using the VWAP from the 5 days after TPG Telecom's Annual Results are released. For Tranche 2 of the 2020 DSRs this was $6.80, and for Tranche 1 of the 2021 DSRs this was $5.70. The closing share price on the vesting date was $4.88.
5. John Boniciolli was appointed as a KMP on 13 November 2023.
6. Grant Dempsey ceased his role as a KMP on 12 November 2023.
7. Excludes the vesting of the legacy VHA 2020 Cash LTI plan for Iñaki Berroeta which was $962,317 and Ana Belea which was $321,501.

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8.3 Alignment with Shareholder Interests

The alignment of the Company's performance for FY23 with remuneration outcomes for Executive KMP is outlined in Table 8.3.1.

8.3.1 Five year Performance History

FINANCIAL[1]	2019	2020	2021	2022	2023
Service revenue[2]	2,271	3,295	4,372	4,439	4,632
EBITDA[3]	1,178	1,391	1,727	2,135	1929.9
OFCF[4]	568	361	596	92	166.5
NPAT[5]	—	734	113	513	49
ROIC[6]	—	—	5 %	5.7%[7]	6.1%[8]
EPS[9]	—	—	12.1	14.2[10]	11.9[11]
Dividend Paid	—	N/A	288	325	335
Share Price[12]	—	7.22	5.89	4.89	5.18

1. Historic performance in 2019 relates to TPG Telecom (then VHA) and not to the merged entity. 2020 includes a full 12 months of results for VHA and 6 months and 4 days of contribution from TPG Corporation. Service revenue and EBITDA are derived from statutory financial statements.
2. Service revenue is customer mobile, fixed broadband, data and internet service revenue and excludes handset, accessory and other hardware revenue.
3. EBITDA is defined as earnings after operating costs and before depreciation and amortisation, interest and tax. For 2022 this included the Tower Sale and transformation costs. In 2023 transformation costs of $38.3m and Internode impairment costs of $17m were excluded.
4. OFCF is cash flow from operations less capex, finance lease repayments and finance lease interest (within cash flow from financing activities). It does not include payments for spectrum and dividends and excludes any loan payments/drawdowns.
5. NPAT reflects statutory NPAT.
6. ROIC measures net operating profit after tax (NOPAT) adjusted to remove customer base amortisation and material one-offs (subject to the discretion of the Board), divided by average invested capital excluding goodwill, brand and customer base intangibles
7. FY22 baseline ROIC is adjusted for transformation costs and excludes any one-off benefit from the sale of TPG Telecom's passive tower and rooftop assets in July 2022. Adjustment for transformation costs or any one-offs in the testing year for the LTI plan is subject to the discretion of the Board.
8. FY23 baseline ROIC measures net operating profit after tax (NOPAT) adjusted to remove customer base amortisation, transformation costs, transaction costs and Internode brand impairment divided by average invested capital excluding goodwill, brand and customer base intangibles
9. EPS (LTIP Basis) measures statutory net profit after tax (NPAT), adjusted by adding back customer base amortisation and material one-offs (subject to the discretion of the Board), divided by the weighted average number of shares on issue over the year.
10. FY22 baseline EPS is adjusted for transformation costs and excludes the one-off benefit from the sale of TPG Telecom's passive tower and rooftop assets in July 2022. For the purpose of calculating the FY22 baseline EPS, a tax rate of 30% has been applied to the sale of tower and rooftop assets.
11. FY23 baseline EPS is adjusted for transformation costs, transaction costs, Internode brand impairment. Adjustment for transformation costs or any one-offs in the testing year for the LTI plan is at Board discretion, which if exercised would be disclosed.
12. Represents the closing share price as at 31 December.

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9. Minimum Shareholding Requirements

To align Executive interests with shareholders, a minimum shareholding requirement is set for all Executive KMP as follows:

9.1.1 Executive KMP Minimum Shareholding Requirement

EXECUTIVE KMP	MINIMUM SHAREHOLDING	TIMEFRAME TO ACHIEVE
Commenced as KMP before 1 January 2023	One year's base salary calculated on the value of shares held directly or indirectly by the Executive KMP.	7 years from commencement
Commenced as KMP after 1 January 2023		5 years from commencement

In 2023, the policy was amended based on shareholder feedback to exclude unvested performance rights and deferred share rights in the calculation of the minimum shareholding. To mitigate the cash impact on Executive KMP given prior expectations and to ensure Executive retention, the timeframe for achieving the minimum shareholding was increased from 5 to 7 years for selected executives. Notwithstanding the increased timeframe, it is forecast that most Executive KMP will achieve the minimum shareholding prior to 7 years. The timeframe for new Executive KMP remains at 5 years.

The RGC monitors compliance annually. A share trading policy ensures Executives adhere to insider trading laws, restricting trades to defined windows. Any breach is taken seriously and may result in legal action, up to and including termination. Compliance with shareholding requirements is contingent on adherence to the share trading policy and insider trading provisions of the Corporations Act 2001.

10. Looking forward to 2024

For 2024, a comprehensive analysis was undertaken across the ASX 21-60 and ASX 31-70 peer group, based on data as at December 2023. Limited changes are proposed for fixed remuneration, STI and LTI for Executive KMP in 2024. The effective date for the fixed remuneration changes will be 1 March 2024, aligned with the rest of the Company. The effective date for the purpose of calculating STI and LTI is 1 January 2024.

10.1 Base Salary

Base salaries, which are typically reviewed annually, will increase by 3% for all ongoing specified Executive KMP, except the CFO who has recently joined TPG Telecom. 3% is below the rate of inflation, which was 4.6% in November 2023.

10.2 2024 STI

The percentage of STI opportunity relative to Base Salary and the STI measures remains as was the case in 2023. However, in response to shareholder feedback, alternative approaches to the customer measure are being reviewed for the 2025 STI plan.

The Board will retain discretion to exclude one-off items in the calculation of STI outcomes. If these exclusions are known at the time, they will be included in the full-year guidance for 2024.

10.3 2024 LTI

The percentage of LTI opportunity relative to Base Salary will remain unchanged. LTI Hurdles will remain consistent with EPS and ROIC weighted at 45% each and an ESG measure weighted at 10%. The targets and vesting schedule for the 2024 LTI plan are as follows:

10.3.1 2024 LTI Plan Measures and Targets

PERFORMANCE MEASURES AND WEIGHTINGS	TARGETS	MEETS THRESHOLD	BETWEEN THRESHOLD AND MAXIMUM	EXCEEDS MAXIMUM
ROIC[1] 45%	ROIC is measured against targets set by the Board to achieve growth over a three year period (2024 to 2026). Performance at target is set to exceed the 2023 post-tax weighted average cost of capital (WACC) and the 2023 base year ROIC, which on a comparable basis was 6.1%[2]. Performance at maximum would reflect a further significant improvement. ROIC is measured at the end of the performance period.	50% of rights granted vest	Straight-line pro rata vesting between 50.1% and 100%	100% of rights granted vest
EPS[3] 45%	EPS is measured against targets set by the Board to achieve significantly improved performance over a three year period (2024 to 2026). The baseline EPS result in 2023 was 11.9 cents per share[4]. At threshold, target and maximum levels, the hurdle for the 2024 LTI plan is equal to the 2023 LTI plan, despite the reduction in the 2023 base year EPS from 2022, which was 14.2 cents a share in 2022. As such, achievement at maximum in 2026 would reflect double digit average compound annual growth against the 2023 base year. EPS is measured at the end of the performance period.	50% of rights granted vest	Straight-line pro rata vesting between 50.1% and 100%	100% of rights granted vest
ESG – Renewable Electricity Target 10%	All operations powered by renewable electricity by the end of the performance period. Threshold performance is reached if 90%-99.9% of all operations are powered by renewable electricity by the end of the performance period. Maximum performance is reached if 100% of all operations are powered by renewable energy by the end of the performance period.	75% of rights granted vest	N/A	100% of rights granted vest

1. ROIC measures net operating profit after tax (NOPAT) adjusted to remove customer base amortisation and material one-offs (subject to the discretion of the Board), divided by average invested capital excluding goodwill, brand and customer base intangibles.
2. FY23 baseline ROIC measures net operating profit after tax (NOPAT) adjusted to remove customer base amortisation, transformation costs, transaction costs and Internode brand impairment divided by average invested capital excluding goodwill, brand and customer base intangibles.
3. EPS (LTIP basis) measures statutory net profit after tax (NPAT), adjusted by adding back customer base amortisation and material one-offs (subject to the discretion of the Board), divided by the weighted average number of shares on issue over the year.
4. FY23 Baseline EPS is adjusted for transformation costs, transaction costs, Internode brand impairment. Adjustment for transformation costs or any one-offs in the testing year for the LTI plan is at Board discretion, which if exercised would be disclosed.

The assessment of achievement against the 2024 LTI plan targets for all measures will be reported in the 2026 Annual Report. The Board has discretion to make downward or upward adjustments for one-off or other items as it deems appropriate, while taking into consideration the benefits or otherwise for shareholders.

10.4 2024 Performance Retention Rights Plan

While the Company's existing executive remuneration structure aligns with market benchmarks, the continuity of leadership and retention of a high performing team is considered critical in what continues to be a highly competitive landscape for executive leadership and talent. Furthermore, the number of highly skilled telecommunications executives in the Australian market is limited and telecommunications executives are highly sought after. These factors, combined with the need to retain top talent to ensure sustained success and shareholder value creation, prompted careful consideration by Directors of a special incentive. A one-off performance rights retention plan was designed to retain high-performing Executives, ensuring stability in leadership and alignment on improving value for shareholders. The plan details, offered to eligible Executives in 2024, are as follows:

- The performance period of the plan is over three years, commencing 1 January 2024 and concluding 31 December 2026.
- Plan performance is measured against two equally weighted tranches: a relative TSR condition and a service condition, requiring the Executive to be employed and not under notice at vesting.
- Eligible Executive KMP have an opportunity equivalent to 100% of their base salary, as at 1 March 2024, which will be converted to performance rights by using the VWAP from the five working days following the announcement of the annual results.
- Shareholder approval will be sought at the 2024 Annual General Meeting for rights proposed to be granted to the CEO, even though those shares will be acquired on market.

The vesting schedule for these hurdles is outlined in Table 10.4.1 below.

10.4.1 2024 Performance Retention Rights Plan Measures and Targets

PERFORMANCE MEASURE AND WEIGHTING	TARGET & VESTING SCHEDULE
Relative Total Shareholder Return (TSR) 50%	TPG Telecom's TSR relative to a peer group of ASX 100 listed organisations (which excludes the Energy, Financial, Materials and Real Estate sectors) as at 31 December 2026, must be between the 50.1 and 75th percentile for rights granted under this tranche. Achievement between the 50.1 percentile and 75th percentile results in a straight line pro rata vesting. Achievement equal to or above the 75th percentile results in 100% of the rights granted under this tranche vesting. Rights under this condition will generally be forfeited if the Executive is not employed or is under notice of termination at the time of vesting.
Retention 50%	An Executive must be employed and not under notice of termination at the time of vesting. 100% of rights granted under this tranche will vest if the Executive meets this condition.

More information about the plan will be included in the Company's 2024 Remuneration Report.

11. Remuneration Governance

The Board of Directors of TPG Telecom has oversight of TPG Telecom's remuneration arrangements and is accountable for remuneration as well as for related policies and processes.

The Remuneration and Governance Committee (RGC) undertakes detailed work on remuneration and provides advice to the full Board through formal reports and recommendations, minutes and verbal reports provided to the Board by the Chairman of the RGC. Prior to November 2023, these functions were undertaken by the Governance, Remuneration and Nomination Committee (GRNC). At this time, a separate Nomination Committee was established to ensure greater compliance with the ASX Corporate Governance Principles and in response to feedback from a proxy advisor.

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11.1 Responsibilities of the Board and the RGC

The responsibilities of the Board and the RGC, as defined in the Board and Remuneration and Governance Committee Charters, are outlined in Table 11.1.1.

11.1.1 Responsibilities of the Board and the RGC

AREA	APPROVED BY BOARD ON RECOMMENDATION OF RGC	ROLE OF RGC
Executive remuneration	• Remuneration policies • Remuneration arrangements for CEO and Executives and the Company Secretary • Performance and remuneration outcomes for the CEO and Executives (including annual or ad-hoc reviews) • Design and outcomes for all employee incentive plans involving equity in the Company • Assessment of performance against STI Group financial and risk gateways and individual behavioural gateways • Gender outcomes to avoid gender or other bias • Minimum shareholding policy	In addition to making recommendations to the Board, the RGC undertakes the following: • Reviews remuneration policies to ensure they reflect: – ASX position and complexity of roles – risks involved – time demands – relevant industry and related benchmarks – retention risk given market conditions • Assesses performance against gateways and STI performance against metrics • Exercises delegated discretions under employee incentive and equity plans • Monitors the effectiveness of employee incentive and equity plans • Ensures practices and procedures comply with legal and ASX requirements and are in line with current market practices • Reviews remuneration reporting to ensure it complies with legal and governance requirements • Monitors conformance with minimum shareholding requirement
Non-Executive Director remuneration	• Remuneration policies • Remuneration fees (subject to the aggregate cap) as approved by shareholders • Minimum shareholding policy	• Monitors conformance with minimum shareholding requirement

11.2 Composition of the RGC

The RGC consists of three Non-Executive Directors, with a majority (two) being independent. The previous GRNC had the same composition from 28 March 2023, when the Committee size was reduced by one and the percent of independents was increased.

11.2.1 Members of the RGC

NON-EXECUTIVE KMP	ROLE	TERM AS KMP
Dr Helen Nugent AC	Independent Non-Executive Director, Senior Independent Director, Remuneration & Governance Committee Chairman & Nomination Committee Chairman	Full year
Arlene Tansey	Independent Non-Executive Director and Audit & Risk Committee Chairman	Full year
Frank Sixt	Non-Executive Director	Full year

Diego Massidda ceased as a member of the GRNC on 28 March 2023.

All members of the RGC have experience in both human resources and risk to achieve effective governance of TPG Telecom's remuneration system. In addition, all members of the RGC have extensive experience in remuneration either through their professional background or as members of the committees of other boards, either in Australia or overseas.

11.3 Remuneration Governance processes

In 2023, the RGC and its predecessor, the GRNC, met 6 times to address remuneration issues. Director's attendance at the meetings is set out in the Directors' report.

Over that period, the RGC paid sustained attention to the design and operation of remuneration policies and practices, including benchmarking for KMP roles, at the same time as being acutely aware of the need to motivate and retain employees in a highly competitive talent market, particularly given changes occurring in the telecommunications sector. Significant attention was also paid to feedback from investors and proxy advisors in response to the 2022 Remuneration Report.

Strong and robust processes exist for making remuneration decisions for senior employees, including Executive KMP, which also involve assiduous management of conflicts of interest. These processes are rigorously followed both by the RGC and the Board.

The RGC and the Board also discusses with the CEO the performance of each member of the senior management team, including Executive KMP.

The RGC and the Board also met without the CEO in attendance to evaluate his performance, with this conversation supported by a stewardship report.

To assist with this process, a range of benchmark data was sought from Aon Hewitt as an independent third party, in addition to assessing publicly available information including detailed analysis of ASX annual reports. This data was considered in detail by the RGC as input to its recommendations and decision-making and in determining the relevant ASX peer group. However, no recommendation, as defined by the Corporations Act 2001 (Cth), was sought from a third party.

11.4 Non-Executive Director Remuneration

Non-Executive Director are remunerated in ways that support the retention of their independence and their commitment to performance for shareholders.

As approved by shareholders in 2020, the maximum aggregate fee pool available for Non-Executive Directors is $2.5 million.

Non-Executive Director fees were determined with reference to the median of the relevant ASX peer group of companies, which for 2023 was the ASX 21-60. There were no changes to Non-Executive Director fees in 2023 and no additional fees were provided as a result of establishing a separate Nomination Committee. Table 11.4.1 below outlines the fees (inclusive of superannuation) paid to Non-Executive Directors in 2023.

11.4.1 Non-Executive Director Fees for 2023

ROLE	BOARD	AUDIT AND RISK COMMITTEE	REMUNERATION & GOVERNANCE COMMITTEE[1]	NOMINATION COMMITTEE
Chairman	$ 450,000	$ 50,000	$ 50,000	No additional fees were paid to the Chairman or Members of the Nomination Committee
Member	$ 165,000	$ 25,000	$ 25,000	

1. Formerly Governance, Remuneration and Nomination Committee (GRNC).

It was indicated in the 2022 Remuneration Report that a review of Non-Executive Director fees would be undertaken in 2023. That review indicated that even when examining the ASX 31-70 peer group, which was selected after careful consideration of the Company's position within the ASX, Non-Executive Director fees remain significantly below market. As a result of this review, the following changes have been made, effective 1 January 2024:

- An increase to the base fee for the two Independent Non-Executive Directors
- An increase for the Chairman and Non-Executive Director fees for the Audit and Risk Committee
- An additional fee payable to the Senior Independent Non-Executive Director

These changes have been made after considering the current market positioning, scope and responsibilities of the role of Independent Non-Executive Directors and Committee roles at TPG Telecom, including the significant additional workload of the Independent Non-Executive Directors and the Senior Independent Non-Executive Director.

At TPG Telecom, the Audit and Risk functions are combined (as opposed to attracting two different fees) and the Remuneration and Governance functions are handled by the same committee.

The table below outlines the fees (inclusive of superannuation) that will be paid to Non-Executive Directors for the 2024 financial year.

11.4.2 Non-Executive Director Fees for 2024

<table>
<tr><th>ROLE</th><th>BOARD</th><th>AUDIT AND RISK COMMITTEE</th><th>REMUNERATION & GOVERNANCE COMMITTEE</th><th>NOMINATION COMMITTEE</th></tr>
<tr><td>Chairman</td><td>$ 450,000</td><td>$ 60,000</td><td>$ 50,000</td><td rowspan="4">No additional fees are paid to the Chairman or Members of the Nomination Committee</td></tr>
<tr><td>Independent Non-Executive Director</td><td>$ 185,000</td><td>$ 30,000</td><td>$ 25,000</td></tr>
<tr><td>Non-Independent Non-Executive Director</td><td>$ 165,000</td><td>$ 30,000</td><td>$ 25,000</td></tr>
<tr><td>Senior Independent Non-Executive Director</td><td>$ 20,000 (additional fee)</td><td></td><td></td></tr>
</table>

A Non-Executive Director nominated by a shareholder may elect to have their Director's fees paid to their nominating shareholder. For Non-Executive Directors in 2023, this included Canning Fok, Frank Sixt, Pierre Klotz, Diego Massidda and Serpil Timuray.

11.5 Non-Executive Director Minimum Shareholding Requirement

To align the interests of the Board with that of shareholders, the Board has a minimum shareholding requirement for Non-Executive Directors as follows:

11.5.1 Non-Executive Director Minimum Shareholding Requirement

NON-EXECUTIVE DIRECTOR	MINIMUM SHAREHOLDING	TIMEFRAME TO ACHIEVE
Non-Executive Directors who directly receive fees.	One year's base fee calculated on the value of shares held directly or indirectly by the Non-Executive Director.	Four years from the date of appointment.
Non-Executive Directors whose fees are paid to a nominated shareholder.	No minimum shareholding requirement.	No minimum shareholding requirement.

The shareholding requirement is reviewed annually. At any point in time, the value of a Non-Executive Director's minimum holding is calculated as the higher of the purchase price or current market price. As at 31 December 2023, all Non-Executive Directors who personally receive fees from the Company have achieved the minimum shareholding requirement.

In addition, the Board has adopted a share trading policy to ensure Non-Executive Directors comply with insider trading laws in their trading of TPG Telecom shares. The policy requires Non-Executive Directors to only trade within defined windows, document all shareholdings, as well as to provide the Company with written acknowledgement of any trades. Management monitors trading of all Non-Executive Directors.

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Non-Executive Directors are required to advise the Company Secretary of the purchase price at the time of purchase.

A breach of policy is regarded seriously by the Board and may constitute a breach of the law, and as such lead to appropriate action being taken against the Non-Executive Director. The RGC annually monitors conformance of Non-Executive Directors with this policy. There were no breaches of this policy in 2023.

12. Appendices (Statutory Tables)

12.1 Executive Service Agreements

Table 12.1.1 below sets out the main terms and conditions of the employment contracts of those who were Executive KMP as at 31 December 2023.

12.1.1 Executive Terms of Service

TERMS OF SERVICE	CEO IÑAKI BERROETA	EXECUTIVE KMP (EMPLOYED PRIOR TO 1 JANUARY 2022)	EXECUTIVE KMP (EMPLOYED AFTER 1 JANUARY 2022)
Employee notice period	12 months	6 months	6 months
TPG Telecom notice period	12 months	6 months	6 months
Term of Agreement	Unlimited term	Unlimited term	Unlimited term
Remuneration Review	Annual	Annual	Annual
Restraint and non-solicitation period	12 months	6 months	6 months
Termination arrangements	Entitled to severance of 6 months’ base salary	Entitled to severance of 3 months base salary or statutory entitlement whichever is greater	As per statutory entitlements

12.2 Executive Statutory Remuneration

Details of remuneration for Executives are set out below in accordance with statutory disclosure requirements under the Corporations Act and the Australian Accounting Standards. Due to the requirements of the accounting standards, statutory disclosure does not reflect cash received throughout 2023.

12.2.1 Executive Statutory Remuneration

		SHORT TERM BENEFITS			POST-EMPLOYMENT BENEFITS	OTHER PAYMENTS	LONG TERM BENEFITS	PAYMENTS TO BE SETTLED			
NAME	YEAR	BASE CASH SALARY	STI CASH[1]	NON-MONETARY BENEFITS[2]	SUPER-ANNUATION[3]	TERMINATION / RETENTION / SIGN-ON PAYMENTS	LEAVE[4]	STI TO BE SETTLED IN EQUITY[5]	LTI TO BE SETTLED IN EQUITY[6,7]	TOTAL	PERFORMANCE RELATED REMUNERATION
I Berroeta	2023	$ 1,975,000	$ 1,336,830	$ 27,622	$ 26,346	$ —	$ 501,626	$ 808,262	$ 836,696	$ 5,512,382	54 %
	2022	$ 1,850,000	$ 857,040	$ 18,196	$ 24,430	$ 92,500 [8]	$ (175,538)	$ 616,231	$ 839,386	$ 4,122,245	56 %
A Belea	2023	$ 773,375	$ 366,772	$ 4,166	$ 26,846 [9]	$ —	$ 1,125	$ 205,414	$ 208,427	$ 1,586,125	49 %
	2022	$ 711,667	$ 215,001	$ 2,821	$ 24,930 [10]	$ —	$ (32,045)	$ 136,698	$ 262,388	$ 1,321,460	46 %
J Bonicioli[11]	2023	$ 118,637	$ —	$ 1,489	$ 6,850	$ 115,000 [12]	$ 10,971	$ —	$ —	$ 252,947	— %
	2022	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	— %

[1] 2023 STI Cash includes actual STI amounts relating to the 2023 STI plan performance year to be paid in 2024. 2022 STI Cash includes actual STI amounts relating to the 2022 STI plan performance year paid in 2023.

[2] Non-monetary benefits are inclusive of any relevant fringe benefits tax and include car parking, medical and health insurance costs, tax support, relocation and permanent residency costs.

[3] For Executive KMP employed for the full year, the annual statutory cap has been disclosed. The superannuation amount for KMP not employed for the full year has been disclosed as the amount actually paid.

[4] Leave is calculated based on the movement in Annual Leave and Long Service Leave comparing the accrual at the beginning of FY2023 to the accrual at the end of FY2023.

[5] For Equity settled in STI, 50% of the deferred share rights (DSRs) accrued will vest after one year, with the remainder accrued and vesting after two years, both subject to relevant forfeiture conditions. The fair value of the rights is determined based on the market price of the Company's shares at year-end, with an adjustment made to take into account the vesting period and expected dividends during that period that will not be received by each KMP. The fair value of rights granted in prior years included in these figures are determined based on the market price on the grant date, with an adjustment made to take into account the vesting period and expected dividends during that period that were not received by the KMP. These figures represent all STI plans currently on foot for the Executive KMP.

[6] Performance share rights (PSRs) for 2022, subject to meeting hurdles, will vest on 31 March 2025. The total number of PSRs to be allocated was calculated based on the five-day VWAP of $5.70 over the period of 25 February 2022 and 3 March 2022. The fair value of these rights was determined for the grants dates of 3 & 5 May 2022 using: i) the Monte-Carlo model for the relative total shareholder return (TSR) hurdle and ii) the Black-Scholes model for the Operating Free Cash Flow (OFCF) hurdle.

[7] Performance share rights (PSRs) for 2023, subject to meeting hurdles, will vest on 31 March 2026. The total number of PSRs to be allocated was calculated based on the five-day VWAP of $4.99 over the period of 28 February 2023 to 6 March 2023. The fair value of these rights was determined for the grant date of 11 May using the Black-Scholes model for all hurdles.

[8] The CEO's Other Payments include the final of six retention payments of $92,500 each made across 2020, 2021 and 2022.

[9] Superannuation includes an additional $500 superannuation payment related to TPG Telecom's Super Bump program where all female employees with over 12 months tenure are provided an additional $500 superannuation annually.

[10] Superannuation includes an additional $500 superannuation payment related to TPG Telecom's Super Bump program where all female employees with over 12 months tenure are provided an additional $500 superannuation annually.

[11] Represents remuneration received during period as KMP, commencing 13 November 2023.

[12] Represents an amount paid in 2023, agreed on the Executives appointment with the Company related to the forfeiture of incentives from a previous employer. The payments mirror the timing and at target value of incentive payments from the previous employer. The actual cash payment is reflected in Table 8.2.1.

		SHORT TERM BENEFITS			POST-EMPLOYMENT BENEFITS	OTHER PAYMENTS	LONG TERM BENEFITS	PAYMENTS TO BE SETTLED			
NAME	**YEAR**	**BASE CASH SALARY**	**STI CASH[1]**	**NON-MONETARY BENEFITS[2]**	**SUPER-ANNUATION[3]**	**TERMINATION / RETENTION / SIGN-ON PAYMENTS**	**LEAVE[4]**	**STI TO BE SETTLED IN EQUITY[5]**	**LTI TO BE SETTLED IN EQUITY[6,7]**	**TOTAL**	**PERFORMANCE RELATED REMUNERATION**
K Cooney	2023	$ 937,500	$ 427,128	$ 17,498	$ 26,346	$ 53,438 [13]	$ 14,335	$ 243,794	$ 263,603	$ 1,983,642	47 %
	2022	$ 900,000	$ 267,793	$ 14,374	$ 24,430	$ 214,063 [14]	$ (6,923)	$ 158,752	$ 213,745	$ 1,786,234	36 %
J Rutherford	2023	$ 773,500	$ 354,991	$ 46,011	$ 26,346	$ —	$ 8,973	$ 187,541	$ 274,096	$ 1,671,458	49 %
	2022	$ 711,667	$ 212,449	$ 57,742	$ 24,430	$ —	$ 21,969	$ 107,330	$ 174,417	$ 1,310,004	38 %
Subtotal	2023	$ 4,578,012	$ 2,485,721	$ 96,786	$ 112,734	$ 168,438	$ 537,030	$ 1,445,011	$ 1,582,822	$ 11,006,554	50 %
	2022	$ 4,173,334	$ 1,552,283	$ 93,133	$ 98,220	$ 306,563	$ (192,537)	$ 1,019,011	$ 1,489,936	$ 8,539,943	48 %
Former KMP											
S Crowley[15]	2023	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	— %
	2022	$ 48,333	$ 11,284	$ —	$ 4,833	$ —	$ 4,610	$ 7,267	$ 8,918	$ 85,245	32 %
G Dempsey[16]	2023	$ 762,667	$ 377,949	$ 4,753	$ 26,346	$ 176,893 [17]	$ 70,657	$ 129,956 [18]	$ 1,103,875 [19]	$ 2,653,096	61 %
	2022	$ 806,667	$ 241,139	$ —	$ 24,430	$ 91,286 [20]	$ 33,197	$ 80,386	$ 152,042	$ 1,429,147	33 %
Subtotal	2023	$ 762,667	$ 377,949	$ 4,753	$ 26,346	$ 176,893	$ 70,657	$ 129,956	$ 1,103,875	$ 2,653,096	61 %
	2022	$ 855,000	$ 252,423	$ —	$ 29,263	$ 91,286	$ 37,807	$ 87,653	$ 160,960	$ 1,514,392	33 %
Total	**2023**	**$ 5,340,679**	**$ 2,863,670**	**$ 101,539**	**$ 139,080**	**$ 345,331**	**$ 607,687**	**$ 1,574,967**	**$ 2,686,697**	**$ 13,659,650**	**52 %**
	2022	**$ 5,028,334**	**$ 1,804,706**	**$ 93,133**	**$ 127,483**	**$ 397,849**	**$ (154,730)**	**$ 1,106,664**	**$ 1,650,896**	**$ 10,054,335**	**45 %**

[13] Represents the accrued portion of an amount paid in September 2023. The amount was agreed on at the time of the Executives appointment with the Company and is related to the forfeiture of incentives from a previous employer. The payment mirrors the timing and at target value of incentive payments from the previous employer. The actual cash payment is reflected in Table 8.2.1.

[14] Represents a payment received in 2022 and a portion of the accrual of an amount paid in September 2023. The amount was agreed on at the Executives appointment with the Company and is related to the forfeiture of incentives from a previous employer. The payment mirrors the timing and at target value of incentive payments from the previous employer. The actual cash payment received in 2023 is reflected in Table 8.2.1.

[15] Represents remuneration received during period as KMP, commencing 1 January 2022 and ceasing 31 January 2022.

[16] Represents remuneration received during period as KMP, ceasing 12 November 2023. STI Cash represent the full period.

[17] Represents the accrued portion of an amount paid in 2023 for period as KMP. The amount was agreed on at the time of the Executives appointment with the Company and is related to the forfeiture of incentives from a previous employer. The payment mirrors the timing and at target value of incentive payments from the previous employer. The actual cash payment is reflected in Table 8.2.1.

[18] Includes deferred equity granted under the 2022 STI Plan that remains on foot but which under accounting standards needs to be fully recognised in this statutory remuneration report.

[19] Includes performance rights granted under the 2022 LTI Plan and 2023 LTI Plan that remains on foot but which under accounting standards needs to be fully recognised in this statutory remuneration report.

[20] Represents the 2022 accrual of an amount paid in 2023 for period as KMP. The amount was agreed at the time of the Executives appointment with the Company and is related to the forfeiture of incentives from a previous employer. The payment mirrors the timing and at target value of incentive payments from the previous employer. The actual cash payment received in 2023 is reflected in Table 8.2.1.

12.3 Non-Executive Director Statutory Remuneration

Details of remuneration for Non-Executive Directors are set out below in accordance with statutory disclosure requirements under the Corporations Act and the Australian Accounting Standards. This statutory disclosure does not necessarily reflect cash received throughout 2023.

12.3.1 Non-Executive Director Statutory Remuneration

		SHORT-TERM BENEFITS		POST-EMPLOYMENT BENEFITS		
NAME	YEAR	CASH SALARY AND FEES	NON-MONETARY BENEFITS	SUPERANNUATION	TERMINATION BENEFITS	TOTAL
C Fok	2023	$ 450,000	$ —	$ —	$ —	$ 450,000
	2022	$ 450,000	$ —	$ —	$ —	$ 450,000
P Klotz	2023	$ 190,000	$ —	$ —	$ —	$ 190,000
	2022	$ 173,333	$ —	$ —	$ —	$ 173,333
D Massidda[1]	2023	$ 45,968	$ —	$ —	$ —	$ 45,968
	2022	$ 190,000	$ —	$ —	$ —	$ 190,000
R Millner	2023	$ 148,985	$ —	$ 16,015	$ —	$ 165,000
	2022	$ 149,661	$ —	$ 15,339	$ —	$ 165,000
A Moffatt	2023	$ 148,985	$ —	$ 16,015	$ —	$ 165,000
	2022	$ 149,661	$ —	$ 15,339	$ —	$ 165,000
Dr H Nugent AC	2023	$ 216,705	$ —	$ 23,295	$ —	$ 240,000
	2022	$ 217,688	$ —	$ 22,312	$ —	$ 240,000
F Sixt	2023	$ 190,000	$ —	$ —	$ —	$ 190,000
	2022	$ 206,667	$ —	$ —	$ —	$ 206,667
A Tansey	2023	$ 222,651	$ —	$ 17,349	$ —	$ 240,000
	2022	$ 228,597	$ —	$ 11,403	$ —	$ 240,000
J Teoh	2023	$ 148,985	$ —	$ 16,015	$ —	$ 165,000
	2022	$ 149,661	$ —	$ 15,339	$ —	$ 165,000
S Timuray[2]	2023	$ 124,637	$ —	$ —	$ —	$ 124,637
	2022	$ —	$ —	$ —	$ —	$ —
TOTAL	2023	$ 1,886,916	$ —	$ 88,689	$ —	$ 1,975,605
	2022	$ 1,915,268	$ —	$ 79,732	$ —	$ 1,995,000

1. Diego Massidda ceased his role as a Non-Executive Director on 28 March 2023.
2. Serpil Timuray was appointed a Non-Executive Director on 29 March 2023.

12.4 Equity Movements

Table 12.4.1 provides movements in equity during the financial year for Non-Executive Directors and Executives who were KMP for all or part of 2023. The numbers in this table reflect equity holdings and movements only for the period the Non-Executive Director or Executive was KMP.

12.4.1 Equity Movements

NAME	HOLDING AT START OF TERM AS KMP IN 2023	GRANTED AS REMUNERATION	PURCHASED/ (SOLD)	BALANCE AT END OF TERM AS KMP IN 2023
Canning Fok	—	—	—	—
Pierre Klotz	—	—	—	—
Diego Massidda[1]	—	—	—	—
Serpil Timuray[2]	—	—	—	—
Robert Millner	8,673,058	—	—	8,673,058
Antony Moffatt	611,269	—	—	611,269
Dr Helen Nugent AC	28,000	—	—	28,000
Frank Sixt	—	—	—	—
Arlene Tansey	25,000	—	—	25,000
Jack Teoh	133,258	—	—	133,258
Iñaki Berroeta	143,355	91,718	—	235,073
Ana Belea	—	15,830	(7,000)	8,830
John Boniciolli[3]	—	—	—	—
Kieren Cooney	—	16,673	—	16,673
Jonathan Rutherford	—	6,852	—	6,852
Grant Dempsey[4]	—	—	—	—

1. Diego Massidda ceased his role as a Non-Executive Director on 28 March 2023.
2. Serpil Timuray was appointed a Non-Executive Director on 29 March 2023.
3. John Boniciolli was appointed a KMP on 13 November 2023.
4. Grant Dempsey ceased as a KMP on 12 November 2023.

12.5 Additional Statutory Information

Terms and conditions of the share-based payment arrangements

Terms and conditions of each grant of Share Rights to the Executive KMP in a current or future reporting period are as follows:

12.5.1 STI Deferred Share Rights

GRANT DATE	VESTING DATE	EXPIRY DATE	FAIR VALUE PER SHARE RIGHT AT GRANT DATE	NUMBER OF SHARE RIGHTS AT GRANT DATE	% VESTED
STI Deferred Share Rights					
6 May 2021	31 March 2022	31 March 2023	$4.80	27,355	100 %
6 May 2021	31 March 2023	31 March 2024	$4.80	27,354	100 %
3 & 5 May 2022	31 March 2023	31 March 2024	$5.47	113,808	100 %
3 & 5 May 2022	31 March 2024	31 March 2025	$5.26	113,805	— %
11 May 2023	31 March 2024	31 March 2025	$5.41	147,028	— %
11 May 2023	31 March 2025	31 March 2026	$5.23	147,027	— %

12.5.2 LTI Performance Share Rights

GRANT DATE	VESTING DATE	EXPIRY DATE	HURDLE	FAIR VALUE PER SHARE RIGHT AT GRANT DATE	NUMBER OF SHARE RIGHTS AT GRANT DATE	% VESTED
LTI Performance Share Rights						
6 May 2021	31 March 2024	31 March 2025	OFCF	$4.80	381,162	— %
6 May 2021	31 March 2024	31 March 2025	TSR	$1.26	381,159	— %
24 September 2021	31 March 2024	31 March 2025	OFCF	$6.54	73,751	— %
24 September 2021	31 March 2024	31 March 2025	TSR	$2.73	73,750	— %
3 May 2022	31 March 2025	31 March 2026	OFCF	$5.07	299,720	— %
3 May 2022	31 March 2025	31 March 2026	TSR	$3.02	299,716	— %
5 May 2022	31 March 2025	31 March 2026	OFCF	$5.07	243,421	— %
5 May 2022	31 March 2025	31 March 2026	TSR	$2.98	243,421	— %
11 May 2023	31 March 2026	31 March 2027	ROIC	$5.06	576,777	— %
11 May 2023	31 March 2026	31 March 2027	EPS	$5.06	576,773	— %
11 May 2023	31 March 2026	31 March 2027	ESG	$5.06	128,170	— %

Reconciliation of shares rights and ordinary shares held by KMP

Table 12.5.3 below shows how many share rights were granted, vested and forfeited during the year.

12.5.3 Reconciliation of shares rights and ordinary shares held by KMP

NAME[1]	GRANT TYPE[2,3]	BALANCE AT START OF YEAR	GRANTED DURING YEAR	NUMBER OF RIGHTS VESTED	VESTED %	NUMBER OF RIGHTS FORFEITED	FORFEITED %	BALANCE AT END OF THE YEAR (UNVESTED)
I Berroeta	2020 DSR	27,354	0	27,354	100 %	0	— %	0
	2021 DSR	128,727	0	64,364	50 %	0	— %	64,363
	2022 DSR	0	140,523	0	— %	0	— %	140,523
	2021 LTI	408,088	0	0	— %	0	— %	408,088
	2022 LTI	486,842	0	0	— %	0	— %	486,842
	2023 LTI	0	601,202	0	— %	0	— %	601,202
A Belea	2021 DSR	31,659	0	15,830	50 %	0	— %	15,829
	2022 DSR	0	35,252	0	— %	0	— %	35,252
	2021 LTI	102,941	0	0	— %	0	— %	102,941
	2022 LTI	125,263	0	0	— %	0	— %	125,263
	2023 LTI	0	157,394	0	— %	0	— %	157,394
K Cooney	2021 DSR	33,345	0	16,673	50 %	0	— %	16,672
	2022 DSR	0	43,908	0	— %	0	— %	43,908
	2021 LTI	132,352	0	0	— %	0	— %	132,352
	2022 LTI	157,894	0	0	— %	0	— %	157,894
	2023 LTI	0	189,378	0	— %	0	— %	189,378
J Rutherford	2021 DSR	13,704	0	6,852	— %	0	— %	6,852
	2022 DSR	0	34,834	0	— %	0	— %	34,834
	2021 LTI	44,560	0	0	— %	0	— %	44,560
	2022 LTI	125,263	0	0	— %	0	— %	125,263
	2023 LTI	0	157,394	0	— %	0	— %	157,394
G Dempsey	2021 DSR	0	0	0	— %	0	— %	0
	2022 DSR	0	39,538	0	— %	0	— %	39,538
	2021 LTI	0	0	0	— %	0	— %	0
	2022 LTI	154,385	0	0	— %	0	— %	154,385
	2023 LTI	0	176,352	0	— %	0	— %	176,352

1. John Boniciolli commenced as Group CFO on 13 November 2023 and was not eligible for any share right grants in 2023.
2. DSRs includes 2021 and 2022 STI deferred share rights.
3. LTI includes 2021, 2022 and 2023 performance rights. LTI rights are granted at maximum opportunity for Executive KMP.

12.6 Related Party Transactions

There are no related party transactions in 2023 and no loans were made to any KMP.

This concludes the Remuneration Report, which has been audited as required by section 308(3C) of the Corporations Act 2001 (Cth).

This Directors' report is made in accordance with a resolution of the Directors on 26 February 2024.

Fok Kin Ning, Canning
Chairman
26 February 2024

Iñaki Berroeta
Chief Executive Officer and Managing Director
26 February 2024

Auditor's independence declaration

pwc

Auditor's Independence Declaration

As lead auditor for the audit of TPG Telecom Limited for the year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of TPG Telecom Limited and the entities it controlled during the period.

Mark Dow
Partner
PricewaterhouseCoopers

Sydney
26 February 2024

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Financial report

About this report

The Financial Report covers the group consisting of TPG Telecom Limited and its controlled entities.

All amounts are presented in Australian dollars unless stated otherwise.

TPG Telecom Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 27, Tower Two, International Towers Sydney, 200 Barangaroo Avenue, Barangaroo NSW 2000.

A description of the nature of the Group's operations and its principal activities is included in the Directors' report on pages 4 to 64.

The financial report was authorised for issue by the Directors on 26 February 2024. The Directors have the power to amend and reissue the financial report.

Contents

Consolidated income statement

for the year ended 31 December 2023

	NOTES	2023 $m	2022 $m
Revenue from contracts with customers	4	5,533	5,415
Other income	5	36	438
Cost of provision of telecommunication services		(1,580)	(1,636)
Cost of handsets and hardware sold		(884)	(974)
Technology costs		(405)	(363)
Employee benefits expense	5	(428)	(377)
Other operating expenses	5	(380)	(368)
Brand impairment charge	5	(17)	—
Earnings before interest, tax, depreciation and amortisation		**1,875**	**2,135**
Depreciation and amortisation expense	5	(1,472)	(1,389)
Results from operating activities		**403**	**746**
Finance income	5	4	2
Finance expenses	5	(345)	(189)
Net financing costs		(341)	(187)
Profit before income tax		**62**	**559**
Income tax expense	6	(13)	(46)
Profit for the year		**49**	**513**
Attributable to:			
Owners of the Company		49	513

	NOTES	2023 CENTS PER SHARE	2022 CENTS PER SHARE
Earnings per share for profit attributable to owners of the Company			
Basic earnings per share	7	2.6	27.6
Diluted earnings per share	7	2.6	27.6

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated statement of comprehensive income

for the year ended 31 December 2023

	NOTES	2023 $m	2022 $m
Profit for the year		**49**	**513**
Other comprehensive income			
Items that may subsequently be reclassified to the income statement, net of tax:			
Net gain on cash flow hedges taken to equity	20	3	2
Other comprehensive income for the year, net of tax		**3**	**2**
Total comprehensive income for the year, net of tax		**52**	**515**
Attributable to:			
Owners of the Company		52	515
		52	**515**

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

as at 31 December 2023

	NOTES	2023 $m	2022 $m
ASSETS			
Current assets			
Cash and cash equivalents	8	116	114
Trade and other receivables	9	968	681
Inventories	10	117	155
Derivative financial instruments	11	2	—
Prepayments and other assets		81	83
Total current assets		**1,284**	**1,033**
Non-current assets			
Trade and other receivables	9	469	358
Property, plant and equipment	12	3,795	3,580
Right-of-use assets	13	1,709	1,527
Intangible assets	14	12,221	12,663
Deferred tax assets	6	171	183
Derivative financial instruments	11	3	2
Prepayments and other assets		16	20
Total non-current assets		**18,384**	**18,333**
Total assets		**19,668**	**19,366**
LIABILITIES			
Current liabilities			
Trade and other payables	15	1,174	1,185
Contract liabilities	4	294	283
Lease liabilities	13	122	93
Provisions	17	91	87
Other liabilities	18	41	84
Total current liabilities		**1,722**	**1,732**
Non-current liabilities			
Contract liabilities	4	16	18
Borrowings	16	4,076	3,690
Lease liabilities	13	2,112	1,872
Provisions	17	67	61
Other liabilities	18	58	93
Total non-current liabilities		**6,329**	**5,734**
Total liabilities		**8,051**	**7,466**
Net assets		**11,617**	**11,900**
EQUITY			
Contributed equity	19	18,399	18,399
Reserves	20	—	(3)
Accumulated losses		(6,782)	(6,496)
Equity attributable to owners of the Company		**11,617**	**11,900**
Total equity		**11,617**	**11,900**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

for the year ended 31 December 2023

		ATTRIBUTABLE TO OWNERS OF THE COMPANY			
	NOTES	CONTRIBUTED EQUITY $m	RESERVES $m	ACCUMULATED LOSSES $m	TOTAL EQUITY $m
Balance at 1 January 2023		**18,399**	**(3)**	**(6,496)**	**11,900**
Profit for the year		—	—	49	49
Other comprehensive income, net of tax	20	—	3	—	3
Employee share schemes – value of employee services	24	—	8	—	8
Acquisition of treasury shares	20	—	(8)	—	(8)
Dividends paid	21	—	—	(335)	(335)
Balance at 31 December 2023		**18,399**	**—**	**(6,782)**	**11,617**
Balance at 1 January 2022		**18,399**	**5**	**(6,684)**	**11,720**
Profit for the year		—	—	513	513
Other comprehensive income, net of tax	20	—	2	—	2
Employee share schemes – value of employee services	24	—	4	—	4
Acquisition of treasury shares	20		(14)		(14)
Dividends paid	21	—	—	(325)	(325)
Balance at 31 December 2022		**18,399**	**(3)**	**(6,496)**	**11,900**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

for the year ended 31 December 2023

	NOTES	2023 $m	2022 $m
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		5,725	5,652
Payments to suppliers and employees (inclusive of GST)		(4,203)	(4,401)
		1,522	1,251
Net cash generated from operating activities	8(b)	**1,522**	**1,251**
Cash flows from investing activities			
Payments for property, plant and equipment		(862)	(745)
Payments for spectrum licenses		(28)	(31)
Receipts from sale of tower assets		—	892
Payments for intangible assets		(264)	(216)
Loan repayment from Tech2		—	1
Interest received		4	2
Net cash outflows from investing activities		**(1,150)**	**(97)**
Cash flows from financing activities			
Proceeds from borrowings		3,670	470
Repayment of borrowings		(3,270)	(1,070)
Principal elements of lease payments		(108)	(123)
Payments for shares acquired by the TPG Employee Incentive Plan Trust		(8)	(14)
Finance costs paid		(319)	(180)
Dividends paid		(335)	(325)
Net cash outflows from financing activities		**(370)**	**(1,242)**
Net increase/(decrease) in cash and cash equivalents		**2**	**(88)**
Cash and cash equivalents at 1 January		114	202
Cash and cash equivalents at 31 December	8	**116**	**114**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

Note 1. Reporting entity

TPG Telecom Limited (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is Level 27, Tower Two, International Towers Sydney, 200 Barangaroo Avenue, Barangaroo NSW 2000. The consolidated financial statements as at, and for the year ended 31 December 2023 (referred to throughout this report as '2023'), comprise the accounts of the Company and entities controlled by the Company (its subsidiaries) (together referred to as the 'Group'). Comparative information is for the year ended 31 December 2022 (referred to throughout this report as "2022") The Group is a for-profit entity and is primarily involved in the provision of telecommunications services.

Note 2. Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001.*

The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Disclosures in relation to the parent entity required under paragraph 295(3)(a) of the *Corporations Act 2001* have been included in Note 26.

The financial statements are prepared in accordance with the historical cost convention, except for unsold handset and accessory receivables and derivative financial instruments, which, as noted, are at fair value. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

Comparative information is reclassified where appropriate to enhance comparability.

(a) Going Concern

The consolidated financial statements have been prepared on a going concern basis, which assumes the Group will be able to realise its assets and discharge its liabilities in the normal course of business.

At 31 December 2023, the Group had a deficiency of net current assets of $438 million (2022: a deficiency of $699 million). The Group is satisfied that it will be able to meet all its obligations as and when they fall due, supported by its history of generating profits, positive operating cash flows, current cash reserves, and available debt facilities.

(b) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). A list of material controlled entities is set out in Note 22. Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The acquisition method of accounting is used to account for business combinations by the Group. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

All intercompany transactions, balances and unrealised gains on transactions between companies within the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Income Statement, Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position respectively.

Note 2. Basis of preparation continued

(c) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Income Statement except when they relate to financial instruments qualifying for hedges as set out in Note 11.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

Foreign operations

The assets and liabilities of foreign operations are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity.

(d) Goods and Services Tax ('GST')

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(e) Rounding of amounts

The Company is of a kind referred to in *ASIC Legislative Instrument 2016/191,* relating to the 'rounding off' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest million dollars in accordance with the instrument, unless otherwise indicated.

Notes to the consolidated financial statements continued

Note 2. Basis of preparation continued

(f) New accounting standards and Interpretations

New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period but none have had a material impact on our accounting policies with the exception of:

- *AASB 2023-2 Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules.*

  In June 2023, the AASB made narrow-scope amendments to AASB 112 which provide a temporary relief from the requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two model rules, including tax law that implements qualified domestic minimum top-up taxes described in those rules.

  The amendments also require affected companies to disclose:

- the fact that they have applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes
- their current tax expense (if any) related to the Pillar Two income taxes, and
- during the period between the legislation being enacted or substantially enacted and the legislation becoming effective, known or reasonably estimable information that would help users of financial statements to understand an entity's exposure to Pillar Two income taxes arising from that legislation.

  At 31 December 2023, the Pillar Two legislation had not been enacted or substantively enacted in Australia or any jurisdiction where the group operates. There were no current tax expenses related to Pillar Two income taxes. The Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

  The Group will continue to monitor developments in tax legislation and recognise the impact of the amendments in the financial statements when applicable.

New standards and interpretations not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. Those which may be relevant to the Group and its financial impact are set out below.

- *Lease liability in sale and leaseback (Amendments to AASB 16 Leases)*

  Amendments to AASB 16 Leases impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019. The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted.

  The Group does not expect a material impact on the Group's consolidated financial statements.

- *Supplier Finance Arrangements (Proposed amendments to AASB 107 and AASB 7)*

  The amendments introduce new disclosures relating to supplier finance arrangements that assist users of the financial statements to assess the effects of these arrangements on an entity's liabilities and cash flows and on an entity's exposure to liquidity risk. The amendments apply for annual periods beginning on or after 1 January 2024.

  The Group will include disclosures in future years where applicable and in accordance with the amendments.

Note 2. Basis of preparation continued

(g) Key accounting estimates and judgements

Summary of key accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates, which, by definition, will seldom equal the actual results. The Group also needs to exercise judgement in applying its accounting policies.

Information about significant areas of estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is provided in the following notes:

- Note 6 Recognition of deferred tax assets
- Note 9 Loss allowance on trade and other receivables
- Note 13 Lease terms and incremental borrowing rates
- Note 14 Useful lives of intangible assets
- Note 14 Determination of the Group's cash generating units
- Note 14 Impairment of intangible assets with indefinite lives

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Note 3. Segment reporting

(a) Basis for segmentation

TPG has identified its operating segments based on the internal reports that are reviewed and used by the Group Chief Executive Officer (being the chief operating decision maker) in assessing performance and in determining the allocation of resources.

The Group has the following two reportable segments which are managed and organised separately because they require different product and service offerings to address different segments in the market. The organisational structure for these segments include dedicated sales, marketing and customer care teams that are supported by the technology and support functions within the Group. The following summary describes the operations of each reportable segment.

SEGMENT	PRINCIPAL ACTIVITIES
Consumer	Provision of telecommunications services to residential and small office/home office customers.
Enterprise, Government and Wholesale	Provision of telecommunications services to corporate, government and wholesale customers. Mobile small and medium-sized enterprise customers have been categorised in this segment.

The Group Chief Executive Officer primarily uses a measure of segment result to assess the performance of the operating segments. Consistent with information presented for internal management reporting, the result of each operating segment is measured based on its EBITDA contribution, which differs from our reported EBITDA. Information about segment revenue is disclosed in Note 4.

Segment result excludes the effects of significant items of income and expenditure which may have an impact on the quality of earnings such as restructuring, impairment charges and transformation costs.

Unallocated items include net financing costs, depreciation and amortisation costs, certain head office costs, other income and other one-off expenses. There were no one-off transactions that met the quantitative thresholds for reportable segments in 2023 and 2022.

Interest income and finance costs are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

Note 3. Segment reporting continued

(b) Information about reportable segments

	CONSUMER $m	ENTERPRISE, GOVERNMENT AND WHOLESALE $m	ELIMINATIONS $m	TOTAL REPORTABLE SEGMENTS $m
For the year ended 31 December 2023				
Revenue from contracts with customers	4,525	1,008	—	5,533
Inter-segment revenue	—	108	(108)	—
Segment revenue	**4,525**	**1,116**	**(108)**	**5,533**
Other income	—	14	—	14
Cost of provision of telecommunication services	(1,492)	(194)	108	(1,578)
Cost of handsets and hardware sold	(797)	(87)	—	(884)
Segment gross margin	**2,236**	**849**	**—**	**3,085**
Segment EBITDA	**1,358**	**583**		**1,941**
For the year ended 31 December 2022				
Revenue from contracts with customers	4,417	998	—	5,415
Inter-segment revenue	—	—	—	—
Segment revenue	**4,417**	**998**	**—**	**5,415**
Other income	—	7	—	7
Cost of provision of telecommunication services	(1,449)	(185)	—	(1,634)
Cost of handsets and hardware sold	(878)	(96)	—	(974)
Segment gross margin	**2,090**	**724**	**—**	**2,814**
Segment EBITDA	**1,276**	**490**	**—**	**1,766**

Reconciliation of segment EBITDA to the Group's profit before income tax is as follows:

	2023 $m	2022 $m
Total segment EBITDA	1,941	1,766
Other income	22	29
Head office costs	(2)	(2)
Transformation costs	(38)	(60)
Transaction costs	(31)	—
Brand impairment charge	(17)	—
Gain on sale of tower assets	—	402
Depreciation and amortisation expense	(1,472)	(1,389)
Net financing costs	(341)	(187)
Profit before income tax	**62**	**559**

Notes to the consolidated financial statements continued

Note 3. Segment reporting continued

(c) Geographic information

The majority of the Group's revenues are derived from Australian based entities, and no single customer generates revenue greater than 10% of the Group's total revenue. A geographic analysis of the Group's non-current assets is set out below:

	2023 $m	2022 $m
Australia	18,144	18,075
Other	240	258
	18,384	**18,333**

'Other' predominantly relates to submarine cables located in international waters.

Note 4. Revenue from contracts with customers

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service to a customer. Revenue is measured based on the consideration specified in a contract with a customer. Revenue is presented net of GST, rebates and discounts.

Revenue arrangements with multiple deliverables

Goods and services may be sold separately or in bundled packages. For bundled packages (e.g. mobile devices and monthly service fees), the Group accounts for revenue from individual goods and services. The consideration for the bundled packages comprises cash flows from the customers (expected to be received) in relation to goods and services delivered over the contract term. The consideration (transaction price) is allocated between separate goods and services in a bundle based on their relative stand-alone selling prices. If an observable price is available, it is used to determine the stand-alone selling price. In the absence of observable prices, the Group uses various estimation methods, including an adjusted market assessment and cost plus margin approach, to arrive at a stand-alone selling price. The Group has determined that the estimated prices are largely aligned to the stand-alone selling prices.

Where a discount is provided to the customer for bundled packages they are recognised in proportion with the hardware and service equivalent stand-alone prices.

Service revenue - Telecommunication services

The Group sells telecommunication services of the following nature: post-paid and prepaid mobile services, fixed data, internet and voice services, device replacement services and content services. Telecommunication services include monthly access charges for voice, messaging and data services, fees for connecting users of fixed line and other mobile providers to the network and agreements entered into with other telecommunications networks.

Revenue from telecommunication services is measured based on the consideration specified in a contract with a customer. The Group recognises service revenue over time in the accounting period in which the services are rendered, as customers simultaneously receive and consume the benefits from the services provided. Revenue is recognised based on output measures of the value to the customer of goods or services transferred to date, such as minutes, texts, amount of data consumed or time elapsed. Given the evolution of products towards the provision of unlimited services, time elapsed is the measure that is the most applied.

Set-up revenue for certain products does not satisfy the definition of a performance obligation and is treated as part of the total contract price and allocated over the identified performance obligations. Certain equipment used to deliver services are accounted for as either an asset or fulfillment cost if the equipment is not a promised good or service to be transferred to customers. Revenue from content services is recognised on a net basis when the Group acts as agent.

Note 4. Revenue from contracts with customers continued

Hardware revenue

Revenue from the sale of handsets, modems and accessories is recognised at a point in time when the handsets, modems and accessories are delivered, the legal title has passed, and the customer has accepted the goods.

For mobile devices sold in bundled contracts, customers are offered a no lock in (monthly) service plan. Customers have two options for payment – full or partial payment at the commencement of the contract or instalments. A receivable is recognised for handset and accessories instalment plans. If a customer cancels their no lock in service plan, any outstanding hardware balance becomes payable immediately. The Group has determined no significant financing component exists for bundled contracts with monthly handset and accessories repayments. Factors such as the hardware device retail price, the significance of financing within the contract as a whole and the duration of the deferred payment terms have been considered.

The total transaction price for hardware revenue paid through instalments is subject to risks around collectability, impacts of new plans and industry trends. Accordingly, judgement is used to estimate the impacts of these risks at the time of sale using a portfolio estimate.

(a) Major product categories

	TIMING OF REVENUE RECOGNITION	CONSUMER		ENTERPRISE, GOVERNMENT AND WHOLESALE		TOTAL	
		2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m
Mobile – Post-paid	Over time	1,489	1,347	184	175	1,673	1,522
Mobile – Prepaid	Over time	482	449	—	—	482	449
Fixed (including data and internet)	Over time	1,737	1,738	629	634	2,366	2,372
Other service revenue	Over time	10	6	101	90	111	96
Handsets, accessories and other hardware	Point in time	807	877	94	99	901	976
		4,525	**4,417**	**1,008**	**998**	**5,533**	**5,415**

(b) Assets and liabilities related to contracts with customers

Contract assets (referred to as trade receivables) are amounts due from customers for goods and services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional less loss allowance. Refer to Note 9 for further details.

Contract costs are recognised as an asset and expensed over the expected life of a customer contract consistent with the transfer of the goods and services to which the capitalised costs relate to deliver the customer contract. Refer to Note 14 for further details.

Contract liabilities relate to unearned revenue. Unearned revenue arises from consideration received from prepaid services which have not been utilised, or from post-paid services which have not yet been provided. Contract liabilities relating to prior year released during the year were $275 million (2022: $278 million).

	2023 $m	2022 $m
Contract liabilities	310	301

Notes to the consolidated financial statements continued

Note 5. Other profit and loss items

(a) Other income

	2023 $m	2022 $m
Gain on sale of tower assets	—	402
Other income	36	36
	36	**438**

The Group recognised a gain of $402 million from the sale of mobile towers and rooftop infrastructures in the prior year. Details of the sale are disclosed in Note 13 of the 31 December 2022 annual report.

(b) Employee benefits expense

	2023 $m	2022 $m
Superannuation expense	40	33
Redundancy costs	2	18
Other employee benefits expense	386	326
	428	**377**

(c) Other operating expenses

	2023 $m	2022 $m
Advertising and promotion expenses	132	122
Consulting and outsourced services costs	161	155
Facilities expenses	33	36
Administration and other expenses	54	55
	380	**368**

(d) Brand impairment charge

	2023 $m	2022 $m
Brand impairment charge	17	—
	17	**—**

(e) Depreciation and amortisation expense

	2023 $m	2022 $m
Depreciation of property, plant and equipment	570	554
Depreciation of right-of-use assets	195	143
Amortisation of intangible assets	707	692
	1,472	**1,389**

(f) Net Financing costs

	2023 $m	2022 $m
Finance income		
Interest income	(4)	(2)
Finance expenses		
Amortisation of borrowing costs	10	6
Interest and finance charges for borrowings and lease liabilities	335	183
	341	**187**

Notes to the consolidated financial statements continued

Note 6. Income tax

The consolidated current tax payable or receivable is based on taxable profit for the year. Taxable profit differs from profit reported in the Consolidated Income Statement because some items of income or expense are taxable or deductible in different periods or may never be taxable or deductible. The Group's liability for current tax is calculated using Australian tax rates (and laws) that have been enacted or substantively enacted by the reporting date.

Tax is charged or credited to the Consolidated Income Statement, except when it relates to items charged or credited directly to equity, in which case the tax is also recognised directly in equity.

For tax purposes, with effect from 13 July 2020, the wholly owned Australian subsidiaries acquired as part of the merger with TPG Corporation entered the tax consolidated group, of which the Company is the head entity, in accordance with Australian taxation law. The tax sharing agreement entered into between the entities within the tax consolidated group provides for the determination of the allocation of the income tax liabilities between entities should the head entity default in its tax payment obligations or if an entity should leave the tax consolidated group. The effect of the tax sharing agreement is that the company's liability for tax payable by the tax consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

(a) Income tax expense

	NOTES	2023 $m	2022 $m
Current tax			
Current tax on profit / loss for the period		6	(44)
Adjustments for current tax in respect of prior periods		(5)	14
Total current tax expense/ (benefit)		**1**	**(30)**
Deferred tax			
Decrease in deferred tax assets	6(d)	11	61
Increase in deferred tax liabilities	6(d)	1	17
Adjustments for deferred tax of prior periods		—	(2)
Total deferred tax expense		**12**	**76**
Income tax expense attributable to continuing operations		**13**	**46**

(b) Numerical reconciliation between tax expense and pre-tax accounting profit

	2023 $m	2022 $m
Profit before tax for the year	62	559
Income tax expense using the Australian tax rate of 30% (31 December 2022: 30%)	19	168
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses	1	4
(Under)/ over from prior periods	(5)	14
Initial recognition of deferred tax balances related to tower sale	—	(212)
Tax expense differential between accounting gain and capital gain on tower sale	(2)	72
Income tax expense	**13**	**46**

Note 6. Income tax continued

(c) Tax losses

	2023 $m	2022 $m
Unused transferred tax losses for which no deferred tax asset has been recognised	2,275	2,275
Total tax losses for which no deferred tax asset has been recognised	2,275	2,275
Potential tax benefit at 30% (2022: 30%)	683	683

The transferred losses of $2,275 million arose from the Vodafone and '3' merger in 2009 and were transferred to VHA at that time. These transferred losses are subject to an available fraction calculation which determines the rate at which the transferred losses can be utilised.

(d) Deferred tax assets and liabilities

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the associated entity is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates (and laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Note 6. Income tax continued

(d) Deferred tax assets and liabilities continued

Critical Estimates and Judgements: Recognition of deferred tax assets

Judgement is required to determine the recognition of deferred tax assets, which is reviewed at the end of each reporting period. The carrying amount of deferred tax assets is only recognised to the extent that it is probable that sufficient taxable profit will be available in the future to utilise this benefit. This assessment requires assumptions about the generation of future taxable profit derived from the Group's estimates of future cash flows. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised in the Consolidated Statement of Financial Position and the amount of tax losses and temporary differences not yet recognised.

With regard to tax losses carried forward, the benefit of tax losses will only be obtained if the specific entity carrying forward the tax losses derives future assessable income of an amount sufficient to enable the benefit from the deductions for the losses to be realised, and the Company complies with the conditions for deductibility imposed by tax legislation. At 31 December 2023, $254 million (2022: $326 million) of deferred tax assets from tax losses have been recognised based on the Group's assessment of the availability of the tax losses, and the future rate of utilisation of tax losses based on the Group's estimates of future cash flows.

Amounts unrecognised as at the reporting date could be subsequently recognised if it becomes probable that future taxable profit will allow the Group to benefit from these unrecognised tax losses.

	2023 $m	2022 $m
Deferred tax assets		
The balance comprises temporary differences attributable to:		
Employee benefits	21	18
Deferred revenue	9	15
Property, plant and equipment	65	84
Provisions and accruals	72	70
Lease liabilities	650	570
Tax losses	254	326
Other	22	19
Copyright	41	43
Total deferred tax assets	1,134	1,145
Set off tax liabilities pursuant to set-off provisions	(963)	(962)
Net deferred tax assets	**171**	**183**

Note 6. Income tax continued

(d) Deferred tax assets and liabilities continued

MOVEMENTS	EMPLOYEE BENEFITS $m	DEFERRED REVENUE $m	PROPERTY, PLANT AND EQUIPMENT $m	PROVISIONS AND ACCRUALS $m	LEASE LIABILITIES $m	TAX LOSSES $m	OTHER $m	COPYRIGHT $m	TOTAL $m
At 1 January 2023 (charged)/credited	**18**	**15**	**84**	**70**	**570**	**326**	**19**	**43**	**1,145**
- To profit or loss	3	(6)	(19)	2	80	(72)	3	(2)	(11)
At 31 December 2023	**21**	**9**	**65**	**72**	**650**	**254**	**22**	**41**	**1,134**
At 1 January 2022 (charged)/credited	20	13	163	58	416	477	14	45	1,206
- To profit or loss	(2)	2	(79)	12	154	(151)	5	(2)	(61)
At 31 December 2022	**18**	**15**	**84**	**70**	**570**	**326**	**19**	**43**	**1,145**

	2023 $m	2022 $m
Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Right-of-use assets	489	436
Intangible assets	464	517
Other	10	9
Set off tax liabilities pursuant to set-off provisions	(963)	(962)
Net deferred tax liabilities	—	—

MOVEMENTS	RIGHT-OF-USE ASSETS $m	INTANGIBLE ASSETS $m	OTHER $m	TOTAL $m
At 1 January 2023 (charged)/credited	437	516	9	962
- To profit or loss	52	(52)	1	1
At 31 December 2023	**489**	**464**	**10**	**963**
At 1 January 2022 (charged)/credited	374	564	7	945
- To profit or loss	63	(48)	2	17
At 31 December 2022	**437**	**516**	**9**	**962**

Notes to the consolidated financial statements continued

Note 7. Earnings per share

	UNITS	2023	2022
Basic earnings per share	cents	2.6	27.6
Diluted earnings per share	cents	2.6	27.6
Profit attributable to the owners of the Company used in calculating basic and diluted earnings per share	$m	49	513
Weighted average number of ordinary shares during the year in calculating basic earnings per share	number	1,856,238,552	1,857,835,988
Weighted average number of ordinary shares during the year in calculating diluted earnings per share	number	1,857,788,705	1,858,761,611

The Group presents basic and diluted earnings per share ('EPS') data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares during the period. The weighted average number of ordinary shares is adjusted to exclude the shares held by the TPG Employee Incentive Plan Trust. Refer to Note 24 for information on equity instruments issued under the employee share scheme.

Diluted EPS is determined by adjusting the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. Rights granted to employees under share-based payments arrangements are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share.

Note 8. Cash and cash equivalents

For the purposes of presentation in the Consolidated Statement of Cash Flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

(a) Restricted cash

At 31 December 2023, $2 million of the cash and cash equivalents balance held by the Group were subject to restrictions and therefore not available for general use by other entities within the Group (2022: $6 million). These deposits represent funds collected on behalf of a third party that has purchased various handset receivable contracts.

(b) Reconciliation of cash flows from operating activities

The presentation of cash flows from operating activities in the Consolidated Statement of Cash Flows has been prepared based on the direct method, as it provides more relevant information for the users of the financial report.

Notes to the consolidated financial statements continued

Note 8. Cash and cash equivalents continued

(b) Reconciliation of cash flows from operating activities continued

The reconciliation of net operating cash flows has been disclosed in the below table.

	2023 $m	2022 $m
Cash flows from operating activities		
Profit for the year after income tax	49	513
Adjustments for:		
Depreciation and amortisation expense	1,472	1,389
Impairment of intangibles	17	—
Net financing costs	341	187
Tower sale gain	—	(402)
Share based payment expense	8	5
Other non-operating costs	7	—
	1,894	**1,692**
Movements in operating assets and liabilities:		
Increase in trade and other receivables	(369)	(339)
Decrease/ (increase) in inventories	38	(60)
Increase in other assets	(5)	(23)
Decrease in deferred tax assets	12	46
Decrease in trade and other payables	(14)	(24)
Increase in contract liabilities	9	3
Decrease in other liabilities	(51)	(30)
Increase/ (decrease) in provisions	8	(14)
	(372)	**(441)**
Net cash generated from operating activities	**1,522**	**1,251**

(c) Non-cash investing and financing activities

	2023 $m	2022 $m
Acquisition of right-of-use assets	333	565

(d) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	2023 $m	2022 $m
Cash and cash equivalents	116	114
Borrowings	(4,076)	(3,690)
Lease liabilities	(2,234)	(1,965)
Net debt	**(6,194)**	**(5,541)**

Notes to the consolidated financial statements continued

Note 8. Cash and cash equivalents continued

(d) Net debt reconciliation continued

	CASH AND CASH EQUIVALENTS $m	LEASE LIABILITIES $m	BORROWINGS $m	TOTAL $m
Net debt at 1 January 2023	114	(1,965)	(3,690)	(5,541)
Cash flows	2	229	—	231
Lease acquisitions	—	(331)	—	(331)
Interest unwinding	—	(121)	—	(121)
Lease revaluations and terminations	—	(34)	—	(34)
Foreign exchange adjustments	—	—	—	—
Interest rate swaps	—	—	—	—
Proceeds from borrowings	—	—	(3,670)	(3,670)
Repayment of borrowings	—	—	3,270	3,270
Other	—	(12)	14	2
Net debt at 31 December 2023	**116**	**(2,234)**	**(4,076)**	**(6,194)**

	CASH AND CASH EQUIVALENTS $m	LEASE LIABILITIES $m	BORROWINGS $m	TOTAL $m
Net debt at 1 January 2022	202	(1,420)	(4,290)	(5,508)
Cash flows	(88)	198	—	110
Lease acquisitions	—	(803)	—	(803)
Interest unwinding	—	(75)	—	(75)
Lease revaluations and terminations	—	144	—	144
Foreign exchange adjustments	—	—	—	—
Interest rate swaps	—	—	—	—
Proceeds from borrowings	—	—	(470)	(470)
Repayment of borrowings	—	—	1,070	1,070
Other	—	(9)	—	(9)
Net debt at 31 December 2022	**114**	**(1,965)**	**(3,690)**	**(5,541)**

(e) Guarantees

	2023 $m	2022 $m
Secured guarantees	—	—
Unsecured guarantees	51	25

The Group has provided bankers' guarantees to support various commercial and regulatory obligations of $51 million (2022: $25 million).

Note 9. Trade and other receivables

Trade receivables are amounts due from customers for goods and services provided in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional less a loss allowance. Trade receivables are generally due for settlement within 0 to 60 days, except for handset and accessories receivables which are collected over the term of the contract. The group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. For handset and accessories receivables which have not been sold to third parties in accordance with the Group's arrangements, these are initially recognised at the amount expected to be recoverable over the term of the contract, subject to collectability reviews.

Collectability of receivables is reviewed on an ongoing basis. The Group applies the *AASB 9 Financial Instruments* (AASB 9) simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over relevant historical periods before year end and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic and commercial factors affecting the ability of customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include inactive accounts, the failure of a debtor to engage in a repayment plan with the Group and a failure to make contractual payments for a period of greater than 90 to 120 days past due. Impairment losses on trade receivables are presented as impairment of receivables within other operating expenses in the Consolidated Income Statement. Subsequent recoveries of amounts previously written off are credited against the same line item.

The Group has entered into arrangements which allows them to sell certain handset and accessories receivables to a third party.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised as handset receivable expense within cost of handsets sold in the Consolidated Income Statement.

As the relevant criteria in AASB 9 were satisfied, the fair value of the current receivables sold were derecognised from the financial statements. Unsold handset receivables were not derecognised by the Group if they were yet to satisfy the qualifying criteria required under the risk transfer arrangement with third parties.

TPG did not carry any of its handset related receivables at fair value as at 31 December 2023 (2022: nil).

Notes to the consolidated financial statements continued

Note 9. Trade and other receivables continued

	2023 $m	2022 $m
Current		
Trade receivables	265	219
Less: expected credit loss allowance	(16)	(17)
	249	**202**
Handset and accessories receivables	576	377
Accrued revenue	27	27
Receivables from related parties	1	1
Other receivables	115	74
	968	**681**
Non-current		
Handset and accessories receivables	465	353
Other receivables	4	5
	469	**358**

(a) Movement in provision for impairment of trade receivables

	2023 $m	2022 $m
Balance at 1 January	**(17)**	**(20)**
Provision for impairment recognised during the year	(7)	(11)
Receivables written off during the year	8	14
Balance at 31 December	**(16)**	**(17)**

(b) Handset and accessories receivables

	2023 $m	2022 $m
Handset and accessories receivables	1,102	793
Estimated future adjustments to unbilled revenue[1]	(61)	(63)
	1,041	**730**
Handset receivables sale expense	—	28

1. This includes estimated future adjustments to unbilled revenue and loss allowance.

Critical Estimates and Judgements: Loss allowance on trade and other receivables

Judgement is required to determine the allowance for doubtful debts for the Group's trade receivables. During the financial year, the loss assumptions used in determining the provision for trade and other receivables were reviewed against, and updated to align with, actual debtor collectability using latest available data.

Notes to the consolidated financial statements continued

Note 10. Inventories

Finished goods include handsets, modems, other connectivity devices and accessories and are stated at the lower of cost and net realisable value. The costs of individual items of inventory are determined using the weighted average cost or standard cost method. The standard costs are regularly reviewed and, if necessary, revised in the light of current conditions. The same cost formula is applied to all inventories with a similar nature and use to the Group. Cost comprises the purchase price and any expenditure that is directly attributable to the acquisition of the inventory after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

	2023 $m	2022 $m
Finished goods at net realisable value	117	155

Inventories expensed in the Consolidated Income Statement during the year ended 31 December 2023 amounted to $843 million (2022: $908 million).

Note 11. Derivative financial instruments and hedge accounting

Derivative financial instruments are utilised by the Group in the management of its foreign currency and interest rate risk exposures. The Group's policy is not to utilise derivative financial instruments for trading or speculative purposes.

The Group designates derivatives as hedging instruments to hedge the variability in cash flow associated with known or highly probable forecast transactions arising from changes in interest rates.

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that the economic relationship between the hedged item and hedging instrument is maintained.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The fair values of derivative financial instruments designated in hedge relationships are classified as non-current assets or liabilities, except for those that mature in less than 12 months from the reporting date, which are classified as current.

For derivatives that do not qualify for hedge accounting, changes in fair value are recognised in the Consolidated Income Statement.

Notes to the consolidated financial statements continued

Note 11. Derivative financial instruments and hedge accounting continued

Cash flow hedges that qualify for hedge accounting

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of derivatives is recognised in other comprehensive income and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the Consolidated Income Statement within other income or other operating expenses. The Group tests cash flow hedges for effectiveness at each reporting date prospectively.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, or is terminated, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until it is reclassified to profit or loss in the same period as the hedged expected future cash flows affect profit or loss.

	2023 $m	2022 $m
Current assets		
Interest rate swaps	2	—
Non-current assets		
Interest rate swaps	3	2

Interest rate swaps

The Group enters into interest rate swaps for risk management purposes that are designed as cash flow hedges. The Group's outstanding interest rate swaps have similar critical terms as the hedged item, such as reference rate, reset date, payment dates, and notional amount. The group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, there is an economic relationship. The interest rate swaps have floating legs that are indexed to 3-month BBSY rate on the reset date, being the first day of the calculation period. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association master agreements.

Hedge ineffectiveness for interest rate swaps may occur due to:

- The credit value/debit value adjustment on the interest rate swaps which is not matched by the loan, and
- Difference in critical terms between the interest rate swaps and loans.

Hedge ineffectiveness in relation to the interest rate swaps was negligible for the years ended 31 December 2023 and 2022.

Notes to the consolidated financial statements continued

Note 11. Derivative financial instruments and hedge accounting continued

Interest rate swaps continued

Other information relating to interest rate swaps designated as cash flow hedges were as follows

INTEREST RATE SWAPS (CURRENT & NON-CURRENT ASSETS)	2023 $m	2022 $m
Carrying amount	5	2
Notional amount	2,500	1,000
Maturity date	2024-2025	2024-2025
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments since inception of the hedge	3	2
Change in value of hedged item used to determine hedge ineffectiveness	—	—
Weighted average hedged rate	4 %	n/a

Hedging reserves

The Group's hedging reserves disclosed in Note 20 relate to the following hedging instrument:

	INTEREST RATE SWAPS $m
At 1 January 2022	—
Change in fair value of hedging instrument recognised in OCI	2
At 31 December 2022	**2**
Change in fair value of hedging instrument recognised in OCI	3
At 31 December 2023	**5**

There were no reclassifications from the cash flow hedge reserve to profit or loss during the period.

Note 12. Property, plant and equipment

ASSET CLASS	RECOGNITION AND MEASUREMENT
Property, plant and equipment	Property, plant and equipment (PP&E) are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for its intended use. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included as part of the cost of that asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Consolidated Income Statement during the financial period in which they are incurred.

(a) Depreciation

Depreciation is provided on property, plant and equipment excluding land. Depreciation is calculated on a straight-line basis to write off the depreciable amount of each item of property, plant and equipment over its expected useful life to the Group. The assets' residual values and useful lives are reviewed at each reporting date and adjusted if appropriate. Assets are depreciated from the date they are brought into commercial service, or in respect of internally constructed assets from the time the asset is completed and is available for commercial use. The cost of internally constructed assets includes the cost of materials, direct labour, and the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. The expected useful lives for PP&E assets are as follows:

Buildings	40 years
Leasehold improvements	3 to 10 years
Network & IT equipment and Infrastructure	2 to 25 years

The depreciable amount of improvements to or on leasehold properties and leased plant and equipment is amortised over the unexpired period of the lease or the estimated useful life of the leasehold improvement stated above to the Group, whichever is the shorter.

Depreciation rates and methods are reviewed at least annually and adjusted on a prospective basis as required by accounting standards.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Consolidated Income Statement.

(b) Impairment of assets

Non-financial assets other than goodwill or intangible assets with indefinite useful lives are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. This includes assets under construction. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Note 12. Property, plant and equipment continued

(c) Property, plant and equipment movement schedule

	LAND AND BUILDINGS $m	LEASEHOLD IMPROVEMENTS $m	NETWORK & IT EQUIPMENT AND INFRASTRUCTURE $m	ASSETS UNDER CONSTRUCTION $m	TOTAL $m
At 31 December 2021					
Cost	43	116	6,359	674	7,192
Accumulated depreciation	(4)	(99)	(3,655)	(33)	(3,791)
Net book value	**39**	**17**	**2,704**	**641**	**3,401**
Year ended 31 December 2022					
Opening net book value	39	17	2,704	641	3,401
Additions	—	—	110[1]	971	1,081
Transfers in/(out) of other PPE and intangibles	—	7	623	(740)	(110)[2]
Disposal	—	—	(237)[1,3]	(1)	(238)
Depreciation	(2)	(8)	(502)	(42)	(554)
Net book value	**37**	**16**	**2,698**	**829**	**3,580**
At 31 December 2022					
Cost	43	85	5,956	881	6,965
Accumulated depreciation	(6)	(69)	(3,258)	(52)	(3,385)
Net book value	**37**	**16**	**2,698**	**829**	**3,580**
Year ended 31 December 2023					
Opening net book value	37	16	2,698	829	3,580
Additions	—	—	36[4]	981	1,017
Transfers in/(out) of other PPE and intangibles	—	21	744	(950)	(185)[5]
Disposal	—	—	(38)[4]	(9)	(47)
Depreciation	(3)	(9)	(555)	(3)	(570)
Net book value	**34**	**28**	**2,885**	**848**	**3,795**
As at 31 December 2023					
Cost	44	101	5,746	917	6,808
Accumulated depreciation	(10)	(73)	(2,861)	(69)	(3,013)
Net book value	**34**	**28**	**2,885**	**848**	**3,795**

1. The additions of $110 million and disposal of $105 million related to equipment that were accounted for as asset swaps.
2. The transfer balance of $110 million was transferred as additions to intangibles ($85 million cost and $5 million depreciation), and to right-of-use assets for leases ($31 million cost and $1 million depreciation).
3. The network-related towers and rooftops of $132 million were disposed as part of the tower assets sale transaction
4. The additions of $36 million and disposal of $36 million related to equipment that were accounted for as asset swaps.
5. The transfer balance of $185 million was transferred as addition to intangibles ($177 million cost only), and to right-of-use assets for leases ($8 million cost only).

Notes to the consolidated financial statements continued

Note 13. Right-of-use assets and lease liabilities

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group has leases for various network sites, offices, retail stores and data centres. Rental contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Critical Estimates and Judgements: Determining lease terms

Judgement is required to determine the lease term for leases that include additional optional extension periods beyond the initial non-cancellable period. As a lessee, extension periods are included in the lease term in determining the lease liability if the Group is reasonably certain that the extension option will be exercised. An assessment of the likelihood of exercising renewal options, based on relevant facts and circumstances, such as historical lease durations, costs and business disruption required to replace the leased asset or relocate the site, the existence of termination penalties and the Group's future plans, is performed on initial recognition of the lease. The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment is only revised if a significant event or a significant change in circumstances occurs, and that is within the control of the Group.

For the Group's network lease portfolio, renewal options are generally included in the lease term, when they are considered reasonably certain, based on the type and use of the underlying asset, that the lease will be extended. The length of the initial lease term is also considered, as the likelihood of exercising an option diminishes the longer the non-cancellable period.

For the Group's commercial lease portfolio, which includes office buildings, data centres and retail stores, renewal options are generally not included in the lease term, and is assessed against the Group's plan for its corporate and retail footprint.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and typically have an underlying value of less than $10,000.

(a) Initial measurement

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Note 13. Right-of-use assets and lease liabilities continued

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Critical Estimates and Judgements: Determining incremental borrowing rate

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used.

Judgement is required to determine the incremental borrowing rate used to measure the Group's network and commercial leases. The Group is of the view that interest rates implicit in the Group's leases are not readily determinable.

The incremental borrowing rate represents the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Group where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since the third party financing was received and considering elements specific to the lease, e.g. term of lease.

(b) Subsequent measurement

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are generally depreciated over the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use.

Note 13. Right-of-use assets and lease liabilities continued

(c) Subleases

The Group has entered into lease agreements as an intermediate lessor for various retail stores and offices. When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. The net investment in each sublease is determined by discounting the rental payments expected to be received from the sublessee over the term of the sublease. The interest income associated with the discounting of the rental payments is recognised over the term of the sublease.

(d) Sale-and-leaseback

A sale-and-leaseback transaction is one where the Group sells an asset and immediately reacquires the use of the asset by entering into a lease with the buyer. The accounting treatment depends on whether the transfer of the asset by the seller-lessee satisfies the requirement of AASB 15 to be accounted for as a sale of the asset:

- if yes, as a seller-lessee, the Group measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained by the Group as a seller-lessee. Accordingly, the Group recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.
- if not, as a seller-lessee, the Group continues to recognise the transferred assets and recognises a financial liability equal to the transfer proceeds.

(e) Site Sharing Agreements

The Group has entered into a Site Sharing Agreement for various network sites. The purpose of this agreement is to share the costs relating to telecommunication equipment on certain network sites. Under this Agreement, access to network sites is granted to the other party in return for an access fee, which is settled on a net basis each quarter.

The Group considers the core purpose of the Agreement is for the convenience of each party rather than to generate lease income. The Group accounts for the subleases arising from the exchange of access fees on a net basis, as the exchanged right-of-use assets are similar in nature, the timing of cash flows between the parties mirrors the timing of receipts/payments under the head lease agreements, and the amount of cash flows is not expected to be materially different between the exchanged right-of-use assets. The Group is in a net payment position under the Agreement, and as a result the Group recognises a right-of-use asset and lease liability for the net payment portion in accordance with AASB 16.

Note 13. Right-of-use assets and lease liabilities continued

(e) Site Sharing Agreements continued

The Consolidated Statement of Financial Position shows the following amounts relating to leases:

	2023 $m	2022 $m
Right-of-use assets		
Commercial properties	207	182
Network properties	1,502	1,345
	1,709	**1,527**
Lease liabilities		
Current	122	93
Non-current	2,112	1,872
	2,234	**1,965**

- Additions to the right-of-use assets during the 2023 financial year were $333 million (2022: $565 million). This includes transfers from assets under construction in property, plant & equipment of $8 million (refer to Note 12).

The Consolidated Income Statement shows the following amounts relating to leases:

	2023 $m	2022 $m
Depreciation of right-of-use assets		
Commercial properties	65	42
Network properties	130	101
	195	**143**
Interest expense (included in finance expenses)	121	75
Expense relating to short-term and low-value leases (included in technology costs and other operating expenses)	41	55

The total cash outflow for leases in 2023 was $270 million (2022: $253 million).

Note 14. Intangible assets

ASSET CLASS	RECOGNITION AND MEASUREMENT
Goodwill	Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in the Consolidated Income Statement as a bargain purchase gain.
Brand names	On acquisition, brands of the acquiree are valued and brought to account as intangible assets. The value is calculated using the relief from royalty method. Brand names are classified as either finite or indefinite life intangible assets depending on the Group's assessment of the expected pattern of economic benefits that they will generate for the Group. All current brand names have an indefinite useful life.
Computer software	Computer software comprises computer software purchased from third parties as well as the cost of internally developed software. Computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and are probable of producing future economic benefits are recognised as intangible assets. Direct costs include software development employee costs and directly attributable overheads. Software integral to a related item of hardware equipment is accounted for as property, plant and equipment. Costs associated with maintaining computer software programs are recognised as an expense when they are incurred.
Spectrum licences	Costs associated with acquiring spectrum licences are capitalised. The amortisation of the spectrum licences commences upon the later of the readiness of the network and the spectrum licences being allocated.
Contract costs	Under AASB 15 *Revenue from Contracts with Customers*, incremental costs associated with acquiring and renewing a contract that are expected to be recovered are required to be initially recognised as an asset and expensed over the expected life of a customer contract consistent with the transfer to the customer of the goods and services to which the capitalised costs relate. Contracts costs associated with acquiring and renewing a service contract are capitalised and amortised over the life of the contract. Contract costs associated with the sale of handsets are capitalised and amortised upfront in line with transfer of handsets to the customer.
Acquired customer base	On acquisition, customer contracts and relationships of the acquiree are valued based on their expected future economic benefits (using discounted cash flow projections) and brought to account as intangible assets.
Indefeasible rights of use capacity ('IRUs')	Indefeasible rights of use ('IRUs') of acquired network capacity are brought to account as intangible assets at the present value of the future cash flows payable for the right. IRUs of acquired subsidiaries are accounted for at their fair value as at the date of acquisition.

(a) Amortisation

The expected useful lives of the intangible assets, other than goodwill and indefinite life brand names, are as follows:

Spectrum licences	9 to 20 years
Computer software	3 to 8 years
Contract costs	1 to 3 years
Customer base	8 to 15 years
Indefeasible rights of use (IRUs)	8 to 15 years

Note 14. Intangible assets continued

Critical Estimates and Judgements: Useful lives of intangible assets

Judgement is required to determine the estimated useful lives of intangible assets for the basis of the amortisation period over which economic benefit will be derived from the asset. The Group reviews the useful lives at the end of each reporting period, based on the Group's expected life of each asset class, including expected use of specific assets and other relevant factors such as any expected changes in technology.

(b) Intangibles assets movement schedule

	BRAND NAMES $m	SPECTRUM LICENCES $m	COMPUTER SOFTWARE $m	CONTRACT COSTS $m	CUSTOMER BASE $m	IRUS $m	GOODWILL $m	TOTAL $m
At 1 January 2022								
Cost	425	3,125	989	115	1,689	202	8,515	15,060
Accumulated amortisation	(1)	(874)	(704)	(65)	(242)	(30)	—	(1,916)
Net book value	**424**	**2,251**	**285**	**50**	**1,447**	**172**	**8,515**	**13,144**
Year ended 31 December 2022								
Opening net book balance	424	2,251	285	50	1,447	172	8,515	13,144
Additions	—	27	—	105	—	—	—	132
Transfers in from PPE	—	1	64	—	—	15	—	—
Written-off	—	—	(1)	—	—	—	—	(1)
Amortisation	—	(269)	(160)	(81)	(160)	(22)	—	(692)
Net book value	**424**	**2,010**	**188**	**74**	**1,287**	**165**	**8,515**	**12,663**
At 31 December 2022								
Cost	425	3,153	948	170	1,689	217	8,515	15,117
Accumulated amortisation	(1)	(1,143)	(760)	(96)	(402)	(52)	—	(2,454)
Net book value	**424**	**2,010**	**188**	**74**	**1,287**	**165**	**8,515**	**12,663**
Year ended 31 December 2023								
Opening net book balance	424	2,010	188	74	1,287	165	8,515	12,663
Additions	—	4	—	101	—	—	—	105
Transfers in from PPE	—	(1)	178	—	—	—	—	177
Written-off	(17)	—	—	—	—	—	—	(17)
Amortisation	—	(276)	(148)	(101)	(160)	(22)	—	(707)
Net book value	**407**	**1,737**	**218**	**74**	**1,127**	**143**	**8,515**	**12,221**
As at 31 December 2023								
Cost	424	3,160	774	202	1,689	217	8,515	14,981
Accumulated amortisation		(1,423)	(556)	(128)	(562)	(74)	—	(2,743)
Written-off	(17)	—	—	—	—	—	—	(17)
Net book value	**407**	**1,737**	**218**	**74**	**1,127**	**143**	**8,515**	**12,221**

Note 14. Intangible assets continued

(c) Impairment of assets (intangible assets with finite useful lives)

Refer to Note 12 for the Group's non-financial asset impairment policy.

(d) Impairment testing for intangible assets with indefinite useful lives

Indefinite life intangible assets, such as goodwill and brand names, are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows known as cash generating units ('CGUs').

Critical Estimates and Judgements: Determining the Group's cash generating units

Judgement is required in determining the Group's CGUs. The Group is of the view that its telecommunications network is integrated in nature, and no single component of the network individually generates cash flows from delivering products and services. For the purposes of goodwill allocation and impairment testing, the Group is of the view that the manner in which operations are monitored by the Group best reflects the Group's CGUs.

During the financial year, there have been no changes to the manner in which the Group's operations are monitored. The Group has identified the 'Consumer' and 'Enterprise, Government and Wholesale' CGU to be the lowest level at which goodwill is monitored for internal management purposes.

	2023			2022		
	BRAND NAMES $m	**GOODWILL $m**	**TOTAL $m**	**BRAND NAMES $m**	**GOODWILL $m**	**TOTAL $m**
Consumer CGU	309[1]	6,386	6,695	326	6,386	6,712
Enterprise, Government and Wholesale CGU	98	2,129	2,227	98	2,129	2,227
	407	**8,515**	**8,922**	**424**	**8,515**	**8,939**

1) During the year, TPG announced that it would stop the sale of Internode branded products to new customers. As a result, an impairment was recognised against the brand intangible asset.

A CGU is impaired when the recoverable amount of the CGU is lower than the carrying amount of the CGU. The recoverable amount is the higher of an asset's value-in-use and fair value less cost of disposal.

The Group uses the value-in-use method in order to assess the recoverable amount of the CGUs to which the indefinite life intangible assets have been allocated. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU pro rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss recognised for goodwill cannot be subsequently reversed, whereas for identified intangibles the charge can be reversed where estimates used to determine the recoverable amount have changed.

Note 14. Intangible assets continued

Critical Estimates and Judgements: Impairment of goodwill

Goodwill is not subject to amortisation and is assessed for impairment at least on an annual basis, or whenever an indication of potential impairment arises.

Judgement is required to determine the recoverable amounts of the Group's CGUs, which have been determined using a value-in-use calculation. The following key assumptions have been used in determining the recoverable amount of the CGUs with allocated goodwill:

- Cash flow projections - cash flow projections are based on a five-year board approved long range plan. These include EBITDA related assumptions (such as expected customer subscriber growth rates, average revenue per user, product and pricing mix changes, direct costs to deliver telecommunication services, forecast employee headcount and wage inflation, marketing costs and other overheads), and capital related assumptions (including mobile and fixed networks, IT systems and spectrum). These assumptions are determined by an extrapolation of historical performance and future company plans.
- Discount rate - a pre-tax discount rate has been used to discount the projected cash flows of the CGUs and is based on the Group's weighted average cost of capital adjusted to reflect an estimate of specific risks assumed in the cash flow projections.
- Terminal value growth rate – a long term growth rate is applied to extrapolate a CGU’s cash flows beyond the five-year forecast period. This growth rate is based on the expected long-term performance for the market.

	31 DECEMBER 2023		31 DECEMBER 2022	
	CONSUMER	ENTERPRISE, GOVERNMENT AND WHOLESALE	CONSUMER	ENTERPRISE, GOVERNMENT AND WHOLESALE
Discount rate (pre-tax)	9.03%	9.80%	9.59%	10.07%
Discount rate (post-tax)	7.65%	8.05%	7.65%	8.05%
Terminal growth rate	3.00%	3.00%	3.00%	3.00%

Sensitivity analysis on all of the key assumptions employed in the value-in-use calculations has been performed. From this, the Group has concluded that a reasonable possible change in the key assumptions will not cause the carrying amounts of the Consumer and EGW CGUs to exceed the recoverable amounts.

Note 15. Trade and other payables

	2023 $m	2022 $m
Trade creditors and accruals	1,091	1,106
Employee benefits related payables	44	36
Other creditors	34	36
Payables to related parties	5	7
	1,174	**1,185**

(a) Trade creditors and accruals

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid or payable within 7 to 180 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

(b) Employee benefits - Wages and salaries

Liabilities for wages and salaries, including non-monetary benefits, that are expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service are recognised in other creditors in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(c) Employee benefits - Superannuation

The Group pays contributions to defined contribution superannuation plans on a mandatory, contractual or voluntary basis. The Group has no further superannuation payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(d) Employee benefits - STI and LTI

A liability for employee benefits in the form of a STI plan is recognised in other creditors when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- there are formal terms in the plan for determining the amount of the benefit;
- the amounts to be paid are determined before the time of completion of the financial statements; or
- past practice gives clear evidence of the amount of the obligation.

Liabilities for STI plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled. Deferred short term incentives awarded as deferred share rights are allocated based on performance and vest subject to continued employment.

The Group accrues for long-term incentives that are provided to a number of eligible employees. Long term incentives granted as performance rights are subject to meeting the performance hurdles.

(e) Employee benefits - Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of *AASB 137 Provisions, Contingent Liabilities and Contingent Assets* and involves the payment of termination benefits.

Notes to the consolidated financial statements continued

Note 16. Borrowings

Borrowings are initially recognised at fair value net of unamortised transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds and the redemption amount is recognised in the Consolidated Income Statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities, which are not incremental costs relating to the drawdown of the facilities, are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down, otherwise they are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

	2023 $m	2022 $m
Non-current		
Bank loans (unsecured)	4,076	3,690
	4,076	**3,690**

(a) Available facilities

At 31 December 2023, the Group has total loan facilities of $4,960 million (31 December 2022: $4,700 million). The total amount of undrawn borrowing facilities at 31 December 2023 was $905 million (31 December 2022: $1,045 million) which includes a committed overdraft facility of $35 million (31 December 2022: $35 million).

In July 2023, the Group refinanced $2,020 million of debt facilities maturing in FY24. The new $2,000 million syndicated debt facility includes 4, 5 and 7-year tranches. In August 2023, a portion of the proceeds from a subsequent $500 million 6-year Asian Institutional Loan (Asian Term Loan) were applied to repay and cancel $220 million of debt maturing in FY26. Included in the loan balance are refinancing costs of $14 million incurred during the year that will be amortised over the remaining term of the loan.

The Group's bank loan facilities contain undertakings to comply with financial covenants. These require that the Group operates within certain financial ratios. The financial covenants that the Group is subject to are Leverage and Interest Coverage. Additionally, the Group is required to ensure that the Total Assets and EBITDA of the guarantors meet minimum threshold amounts of Total Assets and consolidated EBITDA of the Group.

There were no breaches of financial covenants during the year ended 31 December 2023.

Note 17. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of the Group's best estimate of the expenditure required to settle the present obligation at the reporting date.

The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

(a) Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

(b) Make good provisions

A provision has been made for the present value of anticipated future costs of restoration of leased premises.

The provision includes future cost estimates associated with removing any leasehold improvements. The costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease or the useful life of the assets.

Notes to the consolidated financial statements continued

Note 17. Provisions continued

(c) Decommissioning costs

The Group records a provision for decommissioning costs on its network. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of that particular asset. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

(d) Annual leave employee benefit obligations

Liabilities for annual leave that are expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service are recognised in provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(e) Long service leave and other long-term employee benefit obligations

The Group has liabilities for long service leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high-quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. The obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

	2023 $m	2022 $m
Current		
Employee benefits	62	53
Decommissioning and make good	12	18
Other provisions	17	16
	91	**87**
Non-current		
Employee benefits	6	7
Decommissioning and make good	61	54
	67	**61**

(f) Movement in provisions (excluding employee benefits)

	DECOMMISSIONING AND MAKE GOOD $m	OTHER PROVISIONS $m	TOTAL $m
Balance at 1 January 2023	72	16	88
Additional amounts recognised during the year	7	1	8
Amounts used during the year	(6)	—	(6)
Balance at 31 December 2023	**73**	**17**	**90**

Notes to the consolidated financial statements continued

Note 18. Other liabilities

	2023 $m	2022 $m
Current		
Carrier network payables	28	28
Other contract liabilities	5	5
Other payables	8	51
	41	**84**
Non-current		
Carrier network payables	28	55
Other financial liabilities	22	22
Other contract liabilities	5	6
Other payables	3	10
	58	**93**

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

Note 19. Contributed equity

Where any Group company purchases the Company's equity instruments, for example as a result of a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Owners of the Company.

Shares held by the TPG Employee Incentive Plan Trust are disclosed as treasury shares and deducted in the reserves.

	2023 SHARES	2022 SHARES	2023 $m	2022 $m
Ordinary shares (fully paid)	**1,859,341,669**	1,859,341,669	**18,399**	18,399

There were no movements in ordinary shares during the year ended 31 December 2023

Notes to the consolidated financial statements continued

Note 20. Reserves

(a) Cash flow hedge reserve

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss or directly included in the initial cost or other carrying amount of a non-financial asset or non-financial liability.

(b) Foreign currency translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

(c) Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of all shares and rights both issued and issued but not exercised under the various employee share plans, as well as purchases of shares by the TPG Employee Incentive Plan Trust. (Refer to Note 24).

The table below provides the number and amount of treasury shares in the share-based payments reserve

	NUMBER OF SHARES	$m
Opening balance at 1 January 2023	2,395,453	14
Shares acquired by the TPG Employee Incentive Plan Trust	1,565,136	8
Issue of shares under the employee incentive plan	(333,676)	(1)
Balance as at 31 December 2023	**3,626,913**	**21**

	NUMBER OF SHARES	$m
Opening balance at 1 January 2022	—	—
Shares acquired by the TPG Employee Incentive Plan Trust	2,395,453	14
Issue of shares under the employee incentive plan	—	—
Balance as at 31 December 2022	**2,395,453**	**14**

(d) Common control reserve

The common control reserve comprises differences arising from transfers of assets and liabilities in exchange of equity interests among entities with shareholders that had jointly controlled the Company during the year.

	2023 $m	2022 $m
Cash flow hedge reserve	5	2
Foreign currency translation reserve	(1)	(1)
Common control reserve	3	3
Share-based payments reserve	(7)	(7)
	—	**(3)**
Movement in reserves		
Balance at 1 January	(3)	5
Change in value of cash flow hedge reserve	3	2
Change in value foreign currency translation reserve	—	—
Change in value of common control reserve	—	—
Change in value of share-based payments reserve	—	(10)
Balance at 31 December	**—**	**(3)**

Notes to the consolidated financial statements continued

Note 21. Dividends

During the year ended 31 December 2023, the following dividends were paid:

- fully franked final FY22 dividend of $167 million (9.0 cents per fully paid share) was paid on 13 April 2023 (2022: $158 million)
- fully franked interim FY23 dividend of $167 million (9.0 cents per fully paid share) was paid on 11 October 2023 (2022: $167 million)

Subsequent to year end, on 26 February 2024, the Board of directors have declared a fully franked final FY23 dividend of 9.0 cents per share. As the final dividend was not declared or resolved to be paid by the Board as at 31 December 2023, the dividend has not been provided for in the Consolidated Statement of Financial Position. The final FY23 dividend has a record date of 15 March 2024 and will be paid on 12 April 2024.

All dividends declared or paid during the year were fully franked at the tax rate of 30%.

The Group does not operate a Dividend Reinvestment Plan.

Dividend franking account

	2023 $m	2022 $m
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2022: 30%)	133	277

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for dividends paid during the year.

Notes to the consolidated financial statements continued

Note 22. Interests in other entities

(a) Subsidiaries

Investments in subsidiaries are measured at cost in the Company's financial statements. The following is a list of all material entities that formed part of the Group as at 31 December 2023.

NAME OF ENTITY	NOTES	COUNTRY OF INCORPORATION	EQUITY HOLDINGS 2023 %	EQUITY HOLDINGS 2022 %
Vodafone Hutchison Spectrum Pty Limited	2	Australia	100	100
H3GA Properties (No. 3) Pty Limited	1	Australia	100	100
Vodafone Foundation Australia Pty Limited	3	Australia	100	100
Vodafone Australia Pty Limited	2	Australia	100	100
Mobile JV Pty Limited	2	Australia	100	100
AAPT Limited	2	Australia	100	100
A.C.N. 139 798 404 Pty Ltd	2	Australia	100	100
Adam Internet Holdings Pty Ltd	2	Australia	100	100
Agile Pty Ltd	2	Australia	100	100
Chariot Pty Ltd	2	Australia	100	100
Chime Communications Pty Ltd	2	Australia	100	100
Vision Network Pty Limited	2	Australia	100	100
iiNet Limited	2	Australia	100	100
Internode Pty Ltd	2	Australia	100	100
Intrapower Pty Limited	2	Australia	100	100
Intrapower Terrestrial Pty Ltd	2	Australia	100	100
Orchid Cybertech Services Incorporated		Philippines	99.99	99.99
PIPE International (Australia) Pty Ltd	2	Australia	100	100
PIPE Networks Pty Limited	2	Australia	100	100
PIPE Transmission Pty Ltd	2	Australia	100	100
PPC 1 (US), Inc.		USA	100	100
PPC 1 Limited		Bermuda	100	100
Soul Communications Pty Ltd	2	Australia	100	100
Soul Pattinson Telecommunications Pty Limited	2	Australia	100	100
TPG Telecom Foundation		Australia	100	100
TPG Corporation Limited	2	Australia	100	100
TPG Finance Pty Limited	2	Australia	100	100
TPG Holdings Pty Limited	2	Australia	100	100
TPG Internet Pty Ltd	2	Australia	100	100
TPG Network Pty Ltd	2	Australia	100	100
TransACT Capital Communications Pty Ltd	2	Australia	100	100
TPG Telecom Employee Share Trust	4	Australia	100	100
TransACT Communications Pty Limited	2	Australia	100	100
Trusted Cloud Pty Limited	2	Australia	100	100
Value Added Network Pty Limited	2	Australia	100	100
Neighbourhood Cable Unit Trust	5	Australia	—	100

1. This company is exempt from financial reporting requirements and does not form part of the deed of cross guarantee and is recognised as a small proprietary company.
2. Pursuant to the ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, these wholly-owned subsidiaries within the Closed Group are relieved from the Corporations Act 2001 (Cth) requirements to prepare and lodge separate financial reports for the year ended 31 December 2023 (to the extent they apply).
3. This company is a Trustee company for the TPG Telecom Foundation and is required to prepare financial reporting under Australian Charities and Not-for-profits Commission.
4. TPG Telecom (TPG) Employee Share Trust was established for the purpose of subscribing for, acquiring and holding shares in TPG for the benefit of employees, and to ensure TPG does not contravene the Corporations Act 2001 (Cth) Section 259A in relation to the direct acquisition of the TPG's own shares. Shares acquired are held by the Trustee on the terms and conditions of the trust deed.
5. Neighbourhood Cable Unit Trust was deregistered on 19th December 2023.

Notes to the consolidated financial statements continued

Note 22. Interests in other entities continued

(b) Joint ventures

Under *AASB 11 Joint Arrangements* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint ventures

Interests in joint ventures are accounted for using the equity method after initially being recognised at cost in the consolidated statement of financial position.

Equity method

Under the equity method of accounting, investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 12.

The following is a list of all entities accounted for using the equity method as at 31 December 2023.

		EQUITY HOLDINGS	
NAME OF ENTITY	COUNTRY OF INCORPORATION	2023 %	2022 %
3GIS Pty Limited	Australia	50	50
3GIS Properties (No 1) Pty Limited	Australia	50	50
3GIS Properties (No 2) Pty Limited	Australia	50	50
Tovadan Pty Limited	Australia	50	50
Mondjay Pty Limited	Australia	50	50

Notes to the consolidated financial statements continued

Note 23. Related party transactions

(a) Parent entity

TPG Telecom Limited is the head entity of the Group. Further information is detailed in Note 26.

(b) Interests in other entities

Material interests in other entities are set out in Note 22.

(c) Key management personnel

The aggregate compensation made to directors and other members of the key management personnel of the Group is set out below.

	2023 $'000	2022 $'000
Short-term employee benefits	10,193	8,841
Post-employment benefits	228	207
Long-term benefits	608	(155)
Termination, retention and sign-on payments	345	398
Share and cash incentive payments	4,262	2,758
	15,636	**12,049**

(d) Transactions with related parties

	2023 $'000	2022 $'000
Purchases of goods and services		
Purchases of equipment	—	815
Service expense	44,658	46,270
Roaming expense	12,027	10,355
Provision of services		
Service income	1,025	1,097
Roaming income	1,819	2,527
Other transactions		
Office rental	3,013	1,728

Transactions with related parties include purchase and sale contracts with entities controlled by, or associated with the Group's substantial shareholders. All transactions were made at arms-length, on normal commercial terms and conditions and at market rates.

(e) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2023 $'000	2022 $'000
Current receivables		
Related parties	2,497	1,445
	2,497	**1,445**
Current payables		
Related parties	5,350	7,030
	5,350	**7,030**

Note 24. Share-based payments

(a) Share-based payments expense

Share-based compensation benefits are provided to Executives and eligible employees via the short-term incentive (STI) and long-term incentive (LTI) schemes.

The fair value of shares granted to employees for nil consideration is recognised as an expense over the relevant service period, being the year (or years) to which the STI and LTI relates and the vesting period of the shares. The fair value is measured at the grant date of the shares and is recognised in equity in the share-based payment reserve. The number of shares expected to vest is estimated based on non-market and market performance conditions. The estimates are revised at the end of each reporting period and adjustments are recognised in profit or loss and the share-based payment reserve.

Where shares are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such shares are reversed effective from the date of the forfeiture.

Treasury shares are shares in TPG Telecom Limited that are held by the TPG Employee Incentive Plan Trust for the purpose of issuing shares under the short-term incentive (STI) and long-term incentive (LTI) schemes provided to Executives and eligible employees. The TPG Employee Incentive Plan Trust was established for the purposes of acquiring shares under the STI and LTI plans.

Shares issued to employees are recognised on a first-in-first-out basis.

The shares are administered by the TPG Employee Incentive Plan Trust. This trust is consolidated in accordance with note 2(b). The shares are acquired on market at the Board's discretion and are held as treasury shares until such time as they are vested. Forfeited shares are reallocated in subsequent grants. Under the terms of the trust deed, TPG Telecom Limited is required to provide the trust with the necessary funding for the acquisition of the shares. The number of shares held by the TPG Employee Incentive Plan Trust on 31 December 2023 is 3,626,913, acquired at an average price of $5.73 per share (31 December 2022: 2,395,453 shares held, acquired at an average price of $5.94 per share).

The remuneration report sets out the details relating to the TPG share plans (pages 34 to 47), with details of the LTI performance share rights (pages 44 to 47) and deferred share rights (pages 34 to 43) issued to the CEO and other key management personnel.

The Group continues to recognise its Share-based payment schemes as an employee benefits expense with a corresponding increase in reserves. The amount expensed in the year was $7,946,830 (31 December 2022: $4,808,000).

(b) Performance rights - LTI

Under the LTI scheme, the CEO and Executives are granted a LTI amount in the form of rights to shares of the Company. The rights are granted in the first year, and subject to the achievement of the LTI scheme performance conditions, will vest at the end of the three year performance period. They automatically convert into one ordinary share each on vesting at an exercise price of nil. The Executives do not receive any dividends and are not entitled to vote in relation to the performance rights during the vesting period. If any executive ceases to be employed by the Group within this period, the rights will be forfeited, except in special circumstances (including redundancy, retirement, death or total and permanent disability or as otherwise agreed by the Board).

The number of rights granted or outstanding during the year ended 31 December 2023 are set out below.

	31 DECEMBER 2023 NUMBER OF RIGHTS	31 DECEMBER 2022 NUMBER OF RIGHTS
At 1 January	2,533,904	1,160,407
Granted during the year	1,664,239	1,373,497
Vested during the year	—	—
Forfeited during the year	—	—
At 31 December[1]	**4,198,143**	**2,533,904**
Weighted average of contractual life of all performance share rights outstanding	1.25 years	1.75 years

1. All awards granted during the year have an exercise price of nil

Note 24. Share-based payments continued

The accounting valuation represents the independent valuation of each tranche of Performance Share Rights ('PSR') at their respective grant dates. The valuations for the year ended 31 December 2023 have been performed by an external independent valuer using Return on invested capital ('ROIC'), Earnings per share ('EPS') and Environmental, social and governance ('ESG'). Performance Share Rights with a market vesting condition (for example, Total Shareholder Return 'TSR') incorporates the likelihood that the vesting condition will be met. The accounting valuation of Performance Share Rights with a non-market vesting condition (for example, ROIC) considers the likelihood that the vesting condition will be met.

ROIC, EPS and ESG hurdles – The external independent valuer has utilised the Black-Scholes model to determine the fair value of PSRs. This pricing model takes into account factors such as the Company's share price at the date of grant, the risk-free rate of return, expected dividend yield and time to maturity. The accounting valuation of rights issued is allocated over the vesting period so as to take into account the expected level of vesting over the performance period.

The model inputs for performance share rights granted during the years ended 31 December 2023 and 31 December 2022 included:

GRANT DATE	11-MAY-23	3-MAY-22	5-MAY-22
Share price at Grant Date	$5.58	$5.66	$5.66
Risk-free rate	3.07 %	2.98 %	2.92 %
Dividend yield	3.40 %	3.80 %	3.80 %
Effective life	2.90	2.90	2.90
Exercise price	Nil	Nil	Nil
TPG price volatility	30 %	30 %	30 %

The expected price volatility is based on the historic volatility of share prices of each company within the peer group of TPG Telecom.

Consolidated - 2023

GRANT DATE	PLAN	EXPIRY DATE	HURDLE	FAIR VALUE PER PERFORMANCE SHARE RIGHT AT GRANT DATE	SHARE PRICE	VESTING DATE
11-May-2023	LTI 2023-2025	31-Mar-2027	ROIC	$5.06	$5.58	31-Mar-2026
11-May-2023	LTI 2023-2025	31-Mar-2027	EPS	$5.06	$5.58	31-Mar-2026
11-May-2023	LTI 2023-2025	31-Mar-2027	ESG	$5.06	$5.58	31-Mar-2026

Consolidated - 2022

GRANT DATE	PLAN	EXPIRY DATE	HURDLE	FAIR VALUE PER PERFORMANCE SHARE RIGHT AT GRANT DATE	SHARE PRICE	VESTING DATE
3-May-2022	LTI 2022-2024	31-Mar-2026	OFCF	$5.07	$5.66	31-Mar-2025
3-May-2022	LTI 2022-2024	31-Mar-2026	TSR	$3.02	$5.66	31-Mar-2025
5-May-2022	LTI 2022-2024	31-Mar-2026	OFCF	$5.07	$5.66	31-Mar-2025
5-May-2022	LTI 2022-2024	31-Mar-2026	TSR	$2.98	$5.66	31-Mar-2025

Note 24. Share-based payments continued

(c) Deferred share rights - STI

The Group offers a short-term incentive scheme to executives who receive 50% of the annual STI achieved in cash and 50% in the form of rights to deferred shares of TPG Telecom (55% cash and 45% deferred share rights in 2022). The rights are granted the following year and vest equally in two tranches. The first tranche will vest in March one year after the end of the financial year and the second tranche will vest in March two years after the end of the financial year. They automatically convert into one ordinary share each on vesting at an exercise price of nil. The executives do not receive any dividends and are not entitled to vote in relation to the deferred shares during the vesting period. If any executive or eligible employee ceases to be employed by the Group within this period, the rights will be forfeited, except in special circumstances (including redundancy, retirement, death or total and permanent disability or as otherwise agreed by the Board).

The number of rights to be granted is determined based on the currency value of the achieved STI divided by the volume weighted average price of the Group's ordinary shares over 5 days following the announcement of annual results ($4.99 for rights granted on 11 May 2023 and $5.70 for the rights granted in 2022).

	2023 NUMBER OF SHARES	2022 NUMBER OF SHARES
As at 1 January	590,983	54,709
Granted during the year	915,872	563,629
Vested during the year	(306,321)	(27,355)
Forfeited during the year	(5,719)	—
As at 31 December	**1,194,815**	**590,983**
Weighted average remaining contractual life of the deferred shares outstanding at the end of the period	0.59 years	0.58 years

Note 25. Commitments and contingencies

(a) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2023 $m	2022 $m
Property, plant & equipment	427	454
Spectrum acquisition	128	—
	555	**454**

In November 2023, the group acquired new licenses in the 3.7 GHz spectrum brand for a total of $128 million as part of the Australian Communications and Media Authority's (ACMA) spectrum auction. These licenses were paid in January 2024.

Note 26. Parent entity financial information

The Company's investments in subsidiaries are accounted for at cost. The financial information for the Company has been prepared on the same basis as the consolidated financial statements.

The parent entity financial information includes certain transactions and balances of other Group entities as they operate under an agency agreement.

Tax consolidation legislation

TPG Telecom Limited and its wholly-owned subsidiary Australian controlled entities have implemented the tax consolidation legislation.

The head entity, TPG Telecom Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, TPG Telecom Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate TPG Telecom Limited for any current tax payable assumed and are compensated by TPG Telecom Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to TPG Telecom Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

(a) Summary financial information

	2023 $m	2022 $m
Financial position		
Assets		
Current assets	1,268	812
Non-current assets	20,351	19,813
Total current assets	**21,619**	**20,625**
Liabilities		
Current liabilities	1,498	1,497
Non-current liabilities	7,636	6,521
Total liabilities	**9,134**	**8,018**
Net assets	**12,485**	**12,607**
Equity		
Contributed equity	18,399	18,399
Cash flow hedge reserve	(4)	(1)
Pre-merger accumulated losses	(7,389)	(7,389)
Post-merger retained earnings	1,479	1,598
Total equity	**12,485**	**12,607**
Financial performance		
Profit for the year	216	249
Total comprehensive profit for the year	**219**	**251**

Notes to the consolidated financial statements continued

Note 26. Parent entity financial information continued

(b) Guarantees entered into by the parent entity

	2023 $m	2022 $m
Unsecured	46	18
	46	**18**

(c) Contractual commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2023 $m	2022 $m
Property, plant & equipment	427	454
	427	**454**

Notes to the consolidated financial statements continued

Note 27. Deed of cross guarantee

The parties to the deed of cross guarantee are those as disclosed in Note 22. Each entity that is a party to the deed of cross guarantee has guaranteed the debts of the other parties. By entering into the deed, each of the wholly-owned entities that would otherwise be subject to the requirement to prepare a financial report and director's report have been relieved from that requirement under *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.*

Set out below is the summarised consolidated statement of profit or loss and other comprehensive income for the entities that are parties to the deed of cross guarantee.

	2023 $m	2022 $m
Revenue from contracts with customers	5,533	5,415
Other income	36	438
Cost of provision of telecommunication services	(1,578)	(1,635)
Cost of handsets and hardware sold	(884)	(974)
Technology costs	(405)	(359)
Employee benefits expense	(381)	(334)
Brand impairment charge	(17)	—
Other operating expenses	(434)	(421)
Earnings before interest, tax, depreciation and amortisation	**1,870**	**2,130**
Depreciation and amortisation expense	(1,457)	(1,374)
Results from operating activities	**413**	**756**
Finance income	4	2
Finance expenses	(345)	(189)
Net financing costs	(341)	(187)
Profit before income tax	**72**	**569**
Income tax expense	(12)	(45)
Profit for the year	**60**	**524**
Items that may subsequently be reclassified to the income statement, net of tax:		
Net gain on cash flow hedges taken to equity	3	2
Other comprehensive income for the year, net of tax	**3**	**2**
Total comprehensive income for the year	**63**	**526**

Summary of movements in consolidated retained earnings

	2023 $m	2022 $m
Accumulated losses at the beginning of the financial year	**(6,476)**	**(6,675)**
Profit for the year	60	524
Dividends paid	(335)	(325)
Accumulated losses at the end of the financial year	**(6,751)**	**(6,476)**

Notes to the consolidated financial statements continued

Note 27. Deed of cross guarantee continued

Set out below is the consolidated statement of financial position for the deed of cross guarantee.

	2023 $m	2022 $m
ASSETS		
Current assets		
Cash and cash equivalents	111	112
Trade and other receivables	765	834
Inventories	117	155
Derivative financial instruments	2	—
Prepayments and other assets	81	82
Total current assets	**1,076**	**1,183**
Non-current assets		
Trade and other receivables	468	357
Property, plant and equipment	3,744	3,518
Right-of-use assets	1,708	1,503
Intangible assets	12,079	12,556
Deferred tax assets	171	183
Derivative financial instruments	3	2
Prepayments and other assets	16	20
Total non-current assets	**18,189**	**18,139**
Total assets	**19,265**	**19,322**
LIABILITIES		
Current liabilities		
Trade and other payables	740	1,125
Contract liabilities	294	283
Lease liabilities	121	93
Provisions	91	87
Other liabilities	42	84
Total current liabilities	**1,288**	**1,672**
Non-current liabilities		
Contract liabilities	16	18
Borrowings	4,076	3,690
Lease liabilities	2,112	1,868
Provisions	67	61
Other liabilities	58	93
Total non-current liabilities	**6,329**	**5,730**
Total liabilities	**7,617**	**7,402**
Net assets	**11,648**	**11,920**
EQUITY		
Contributed equity	18,399	18,399
Reserves	—	(3)
Accumulated losses	(6,751)	(6,476)
Total Equity	**11,648**	**11,920**

Note 28. Financial risk management

The Group's activities are exposed to a variety of financial risks which include market risk (including interest rate and foreign currency risks), credit risk and liquidity risk. The Group's overall risk management seeks to minimise the potential adverse effects of these risks on the financial performance of the Group.

The Board of directors has overall responsibility for the establishment and oversight of the risk management framework.

The Group's exposure to each of the above risks is managed in accordance with the Board approved Treasury Policy. This note presents information about the Group's exposure to the above risks and the management thereof. Further quantitative disclosures are included throughout this financial report.

The Treasury Policy includes the identification, management and reporting of financial risks and associated controls. The Treasury Policy and systems are reviewed regularly to reflect changes in market conditions and in the Group's activities. The Treasury Policy establishes a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit & Risk Committee oversees how management monitors compliance with the Group's Treasury Policy and reviews the adequacy of the risk management framework in relation to the financial risks faced by the Group.

Where relevant criteria are met, hedge accounting is applied which removes the accounting and economic mismatch between the hedging instrument and the hedged item. This will effectively result in recognising interest expense at a fixed interest rate for the hedged floating rate loans.

Refer to Note 11 for the derivative financial instruments held and hedging accounting applied by the Group.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

- **Interest rate risk**

The Group has cash balances placed with reputable banks and financial institutions which generate interest income for the Group.

The Group's bank borrowings expose the Group to interest rate risk. As at the end of the reporting period, the exposure of the Group's borrowings (excluding leases under AASB 16) to interest rate changes are as follows:

	2023 $m	PERCENTAGE OF TOTAL LOANS	2022 $m	PERCENTAGE OF TOTAL LOANS
Variable rate borrowings	4,090	100 %	3,690	100 %
Fixed rate borrowings	—	— %	—	— %
	4,090	100 %	3,690	100 %

Note 28. Financial risk management continued

(a) Market risk continued

■ Interest rate risk continued

During the year, the Group has entered forward-start interest rate swaps that hedge a portion of the Group's interest expenses in future periods. Swaps currently in place cover 61% (2022: 0%) of the variable loan principal outstanding as at 31 December 2023.

The swap contracts require settlement of net interest receivable or payable every three months. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

As at 31 December 2023, a change in the market interest rate of 50 basis points would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	PROFIT/(LOSS)[1]		EQUITY[1]	
	2023 $m	2022 $m	2023 $m	2022 $m
Interest rates – Increase by 50 basis points	(14)	(13)	(14)	(13)
Interest rates – Decrease by 50 basis points	14	13	14	13

1. This is a result of the net changes in interest expenses net of income tax expenses.

■ Foreign currency risk

The Group is exposed to currency risk on revenues, expenses, receivables and payables that are denominated in a currency other than its functional currency, the Australian dollar (AUD). The Group is mainly exposed to the United States Dollar (USD) with minor exposures to other currencies.

The group's exposure to USD at the end of the year, expressed in Australian dollar, was as follows:

	2023 $m	2022 $m
Trade and other receivables	8	4
Trade and other payables	28	19

During the year, the following foreign exchange related amounts were recognised in consolidated income statement and consolidated statement of comprehensive income:

	2023 $m	2022 $m
Profit or loss		
Foreign exchange gain/ (loss)	3	(10)
	3	(10)

Note 28. Financial risk management continued

(a) Market risk continued

■ **Foreign currency risk** continued

The following table details the Group's sensitivity to movements in the Australian dollar against relevant foreign currencies. The percentages disclosed below represent changes in spot foreign exchange rates (i.e. forward exchange points and discount factors have been kept constant). The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a given percentage change in foreign exchange rates. A positive number indicates an increase in profit and equity and a negative number indicates a decrease in profit and equity.

	PROFIT/(LOSS)[1]		EQUITY	
	2023 $m	2022 $m	2023 $m	2022 $m
USD impact				
10%	(2)	(1)	(2)	(1)
(10%)	2	1	2	1

1. Profit/(loss): this is mainly as a result of the after-tax changes in the value of forward foreign exchange contracts not designated in a hedge relationship, foreign currency investments, receivables and payables.

(b) Credit risk

Credit risk is managed on an entity basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to related parties. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Impairment of financial assets (trade receivables)

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

		CURRENT	1-30 DAYS PAST DUE	31 TO 60 DAYS PAST DUE	61 TO 90 DAYS PAST DUE	MORE THAN 91 DAYS PAST DUE	TOTAL
At 31 December 2023							
Expected loss rate	%	3.7	6.3	22.2	16.7	23.1	
Gross trade receivables	$m	189	48	9	6	13	265
Loss allowance	$m	7	3	2	1	3	16
At 31 December 2022							
Expected loss rate	%	3.8	8.1	17.0	30.0	82.0	
Gross trade receivables	$m	161	39	9	3	7	219
Loss allowance	$m	6	3	1	1	6	17

The table above covers the expected credit loss rate of trade receivables and other debtors. Collectability of receivables are reviewed on an ongoing basis. The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Geographically, the Group is subject to a concentration of credit risk as predominantly all of its revenue is generated in Australia.

Note 28. Financial risk management continued

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows. Treasury aims at maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties. Surplus funds are generally placed on deposit.

Contractual maturities of financial liabilities

The contractual maturities of the Group's financial liabilities were as follows:

FINANCIAL LIABILITIES	LESS THAN 6 MONTHS $m	6-12 MONTHS $m	BETWEEN 1-2 YEARS $m	BETWEEN 2-5 YEARS $m	OVER 5 YEARS $m	TOTAL CONTRACTUAL CASH FLOWS $m	CARRYING AMOUNT OF LIABILITIES $m
At 31 December 2023							
Non-derivatives							
Trade and other payables	1,174	—	—	—	—	1,174	1,174
Borrowings	58	169	208	3,345	1,079	4,859	4,076
Lease liabilities	125	120	237	704	2,178	3,365	2,234
	1,357	**289**	**445**	**4,049**	**3,257**	**9,398**	**7,484**
At 31 December 2022							
Non-derivatives							
Trade and other payables	1,185	—	—	—	—	1,185	1,185
Borrowings	89	103	2,111	1,854	—	4,157	3,690
Lease liabilities	90	109	204	578	2,024	3,005	1,965
	1,364	**212**	**2,315**	**2,432**	**2,024**	**8,347**	**6,840**

(d) Fair value measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date under current market conditions. Fair value is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps is determined using the present value of the estimated cash flows based on observable yield curves; and
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

Note 28. Financial risk management continued

(e) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivative, and trading and available-for-sale securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for unlisted equity securities.

The following table presents the Group's financial assets measured and recognised at fair value at 31 December 2023 and 31 December 2022 on a recurring basis:

	LEVEL 1 $m	LEVEL 2 $m	LEVEL 3 $m	TOTAL $m
At 31 December 2023				
Financial assets				
Interest rate swaps	—	5	—	5
Total financial assets	**—**	**5**	**—**	**5**
At 31 December 2022				
Financial assets				
Interest rate swaps	—	2	—	2
Total financial assets	**—**	**2**	**—**	**2**

There were no financial liabilities measured and recognised at fair value at 31 December 2023 and 31 December 2022.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels during the period.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2023 (2022: nil).

Note 28. Financial risk management continued

(f) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The Board monitors return on capital, which the Group defines as profit from operating activities divided by total shareholders' equity. The Board also determines the level of dividends to be paid to shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings, and the advantages and security afforded by a prudent capital structure.

From time to time, the Group may purchase its own shares on market for the purpose of issuing shares under employee share plans. The Group does not currently have a defined share buy-back plan.

There were no changes to the Group's capital management during the year.

The Group's net debt to equity ratio at the reporting date was as follows:

	2023 $m	**2022 $m**
Cash and cash equivalents	116	114
Borrowings (current)	—	—
Borrowings (non-current)	(4,076)	(3,690)
Lease liabilities (current)	(122)	(93)
Lease liabilities (non-current)	(2,112)	(1,872)
Net debt	**(6,194)**	**(5,541)**
Total equity	**11,617**	**11,900**
Net debt to equity ratio at 31 December	**0.53**	**0.47**

Note 29. Auditor's remuneration

The Group's external auditor is PricewaterhouseCoopers (PwC). In addition to the audit and review of the Group's financial reports, PwC provides other services throughout the year. This note shows the total fees to external auditors split between audit, audit related and non-audit services.

	2023 $'000	2022 $'000
Audit and other assurance services		
Audit and review of statutory financial statements	2,788	2,365
Other assurance services required by legislation	420	310
Other assurance services	179	189
Other statutory assurance services	18	18
	3,405	**2,882**
Non-audit services	—	—
	3,405	**2,882**

In accordance with advice received from the Audit and Risk Committee, the Directors are satisfied that the provision of non-audit services provided by PwC is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied because the Audit and Risk Committee or its delegate, in accordance with the pre-approved policies and procedures, has assessed each service, having regard to auditor independence requirements of applicable laws, rules and regulations, and concluded that the provision of each service or type of service would not impair the independence of PwC.

Note 30. Events occurring after the reporting period

Other than the below mentioned matters, there have been no other matter or circumstance that has arisen after the reporting date that has significantly affected, or may significantly affect:

(i) the operations of the Company and of the Group in future financial years, or

(ii) the results of those operations in future financial years, or

(iii) the state of affairs of the Company and of the Group in future financial years.

Dividends declared

The details of dividends declared after 31 December 2023 are disclosed in Note 21.

Directors' declaration

In the Directors' opinion:

(a) the financial statements and notes are in accordance with the Corporations Act 2001, including:

  (i) complying with Accounting Standards, the Corporations Regulation 2001 and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in Note 22 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Notes 22 and 27.

Note 2 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and the Chief Financial Officer as required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Directors.

Fok Kin Ning, Canning
Chairman
26 February 2024

Iñaki Berroeta
Chief Executive Officer and Managing Director
26 February 2024

Independent auditor's report

To the members of TPG Telecom Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of TPG Telecom Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 31 December 2023
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated income statement for the year then ended
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The Group comprises businesses operating predominantly in Australia with the most financially significant operations being Consumer and Enterprise, Government and Wholesale.
- Our team from the Australian PwC firm undertook all audit procedures to provide us with sufficient and appropriate audit evidence to express an opinion on the Group's financial report as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

Key audit matter	*How our audit addressed the key audit matter*
Estimated recoverable amount of goodwill and indefinite life intangible assets *(Refer to note 14) $8,922m* Under Australian Accounting Standards, the Group is required to test goodwill and other indefinite-lived intangible assets annually for impairment at the cash generating unit (CGU) level. This assessment is inherently complex and requires judgement in forecasting the operational cash flows and determining discount rates and growth rates used in the cash flow models (the models). The recoverable amount of goodwill and other indefinite life intangible assets was a key audit matter given the: • Financial significance of these intangible assets to the statement of financial position;	We focused our efforts on developing an understanding and testing the overall calculation and methodology of the Group's impairment assessment, including identification of the cash generating units (CGUs) of the Group for the purposes of impairment testing, and the attribution of assets, revenues and costs to those CGUs. In obtaining sufficient, appropriate audit evidence, our procedures included, amongst others: • assessing the reasonableness of cash flow forecasts included in the models with reference to historical earnings, Board and/or management approved budgets and forecasts; • testing the mathematical calculations within the models; • assessing the appropriateness of the discount rates and terminal value growth rates, with the

Key audit matter	How our audit addressed the key audit matter
and • Judgement applied by the Group in completing and concluding on the impairment assessment.	assistance of PwC valuation experts; • considering the sensitivity of the models by varying key assumptions, such as terminal growth rates and discount rates; and • evaluating the related financial statement disclosures for consistency with Australian Accounting Standards requirements.

Revenue from contracts with customers
(Refer to note 4) $5,533m
 	
Revenue from contracts with customers was a key audit matter given the:
• financial significance of revenue from contracts with customers to the consolidated income statement; and
• complexity of the contractual arrangements and diversity of revenue streams.
	In obtaining sufficient, appropriate audit evidence, our procedures included, amongst others:
	• consideration and assessment of the Group's accounting policy in line with the requirements of the applicable Australian Accounting Standard, *AASB 15 Revenue from Contracts with Customers*;
	• testing for a sample of customer contracts whether revenue had been recorded at the correct amount and in the correct financial period, in accordance with the Group's revenue recognition policy. This included assessing whether:
	  ○ evidence of an underlying arrangement with the customer existed
	  ○ appropriate performance obligations and consideration had been identified
	  ○ amounts allocated to the performance obligations were made with reference to their standalone selling prices, where relevant; and
	  ○ the timing of revenue recognition had been appropriately considered and recognised at the appropriate time
	• evaluating the related financial statement disclosures for consistency with the Australian Accounting Standards requirements.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2023, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report and a limited assurance conclusion on selected performance metrics disclosed within the TPG Telecom Sustainability Report 2023.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 31 December 2023.

In our opinion, the remuneration report of TPG Telecom Limited for the year ended 31 December 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Mark Dow
Partner

Sydney
26 February 2024

ASX additional information

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below. The shareholding information is current as at 9 February 2024. As at that date, there were 1,859,341,669 ordinary shares held by 23,014 shareholders.

Substantial shareholders

The number of shares in which the substantial shareholders and their associates have disclosed a Relevant Interest pursuant to the Corporations Act 2001 Section 671B are listed below.

NAME OF SHAREHOLDER	NUMBER OF ORDINARY SHARES IN WHICH A RELEVANT INTEREST IS HELD*	ISSUED CAPITAL
CK Hutchison Holdings Limited and its subsidiaries[1]	931,530,176	50.10 %
Vodafone Group Plc and its subsidiaries[1]	931,530,176	50.10 %
Vodafone Hutchison (Australia) Holdings Limited[1]	931,530,176	50.10 %
Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust[2]	931,530,176	50.10 %
David Teoh and Vicky Teoh and their associates	264,121,325	14.21 %
Washington H Soul Pattinson and Company Limited	234,396,121	12.61 %
Brickworks Limited[3]	234,396,121	12.61 %

* Relevant Interest as defined in the Corporations Act 2001 Sections 608 and 609, and provided in the above-referenced notices.

1. Substantial holding includes 25.05% from a deemed relevant interest arising from a shareholders agreement dated 24 June 2020. For further details, see Form 604s lodged with the ASX on 13 July 2022 and 15 July 2020.
2. Substantial holding arises from its interests in CK Hutchison Holdings Limited. The interests disclosed for this substantial holder are in respect of the same shares identified as being interests of CK Hutchison Holdings Limited. For further details see Form 604 lodged with the ASX on 15 July 2020.
3. Brickworks Limited's substantial holding in the Company arises by virtue of it holding an interest in Washington H Soul Pattinson and Company Limited. For further details see Form 604 lodged with the ASX on 17 July 2020.

Voting rights (ordinary shares)

On a show of hands every member present at a meeting in person or by proxy shall have one vote, and upon a poll each share shall have one vote.

Distribution of equity security holders

An analysis of the number of shareholders by size of holding as at 9 February 2024 is set out below:

NUMBER OF SHARES HELD	NUMBER OF HOLDERS	UNITS	% UNITS
1 - 1,000	11,663	4,721,053	0.25
1,001 - 5,000	7,904	20,010,481	1.08
5,001 - 10,000	1,908	13,878,890	0.75
10,001 - 100,000	1,428	33,549,342	1.80
100,001 Over	111	1,787,181,903	96.12
	23,014	**1,859,341,669**	**100.00**

The number of shareholders holding less than a marketable parcel of ordinary shares is 1,601.

ASX additional information continued

Twenty largest shareholders (as at 9 February 2024)

NAME OF SHAREHOLDER	NUMBER OF ORDINARY SHARES HELD	% OF CAPITAL HELD
VODAFONE HUTCHISON (AUSTRALIA) HOLDINGS LIMITED	517,345,024	27.82
WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	237,544,846	12.78
HUTCHISON 3G AUSTRALIA HOLDINGS PTY LIMITED	207,092,576	11.14
VODAFONE INTERNATIONAL OPERATIONS LIMITED	207,092,576	11.14
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	130,235,619	7.00
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	86,627,652	4.66
CITICORP NOMINEES PTY LIMITED	68,823,261	3.70
TSH HOLDINGS PTY LTD	68,278,498	3.67
VICTORIA HOLDINGS PTY LTD	66,654,913	3.58
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	64,970,698	3.49
VICTORIA HOLDINGS NO 3 PTY LTD	12,625,118	0.68
NATIONAL NOMINEES LIMITED	11,265,472	0.61
VICTORIA HOLDINGS NO 1 PTY LTD	9,468,839	0.51
VICTORIA HOLDINGS NO 2 PTY LTD	9,468,839	0.51
J S MILLNER HOLDINGS PTY LIMITED	7,220,199	0.39
BNP PARIBAS NOMS PTY LTD	6,741,118	0.36
TSH HOLDINGS NO 1 PTY LTD	6,312,559	0.34
TSH HOLDINGS NO 2 PTY LTD	6,312,559	0.34
FARJOY PTY LTD	6,254,236	0.34
BKI INVESTMENT COMPANY LIMITED	5,748,362	0.31
	1,736,082,964	**93.37**

Unquoted equity securities

As at 9 February 2024, the number of unquoted equity securities is:

UNQUOTED EQUITY SECURITIES	NUMBER OF SECURITIES	NUMBER OF HOLDERS
Performance rights	4,198,143	13
Deferred share rights	1,190,112	49

Stock exchange

TPG Telecom Limited is listed on the Australian Stock Exchange. The home exchange is Sydney, and the ASX code is TPG.

Other information

TPG Telecom Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

ASX additional information continued

Principal Registered Office

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Telephone: 133 121

Email: investor.relations@tpgtelecom.com.au

Website: tpgtelecom.com.au

Share Registry

Computershare Investor Services Pty Ltd
Level 3, 60 Carrington Street
Sydney NSW 2000

Telephone:
(within Australia) 1300 850 505
(international) +61 3 9415 4000

Website: investorcentre.com/au

Disclaimer

Forward-looking statements

Forward-looking statements, opinions and estimates provided in this report are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements, including projections, guidance on future earnings and estimates, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

Investors should form their own views as to these matters and any assumptions on which any forward-looking statements, estimates or opinions are based. Except as required by applicable laws or regulations, TPG Telecom does not undertake to publicly update or revise any forward-looking statements to reflect any change in expectations, contingencies or assumptions, whether as a result of new information or future events. To the maximum extent permitted by law, none of TPG Telecom, its directors, employees or agents, nor any other person accepts any liability, including, without limitation, any liability arising out of fault or negligence, for any loss arising from the use of the information contained in this report.

Glossary

TERM	EXPLANATION
Adjust NPAT	Statutory Net Profit After Tax adding back transformation and transaction costs, customer base intangible amortisation, spectrum amortisation and non-cash tax expense.
AMPU	Average Margin Per User.
ARPU	Average Revenue Per User.
Capex	Cash invested to fund the purchase, upgrade or improve long term assets.
EPS (LTIP basis)	Long Term Incentive Plans (LTIP) basis Earnings Per Share measures statutory NPAT adjusted by adding back customer base amortisation and material one-offs (subject to discretion of the Board), and divided by weighted number of shares on issue.
Group	the Company and entities controlled by the Company (its subsidiaries)
Opex	Operating expenses.
EBITDA	Earnings before interest, income tax expense, depreciation and amortisation.
NPAT	Net Profit After Tax - the total revenue minus all expenses and tax.
OFCF	Operating Free Cash Flow measures cash flow from operations less capex, finance lease repayments and finance lease interest (within cash flow from financing activities). It does not include payments for spectrum and dividends and excludes any loan payments/drawdowns.
ROIC	Return on Invested Capital measures net operating profit after tax (NOPAT) adjusted to remove customer base amortisation, divided by average invested capital excluding goodwill, brand and customer base intangibles.
Spectrum	Radio frequency spectrum is where radio waves are transmitted and received.

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