Market Announcements Office
Australian Securities Exchange
Level 4, 20 Bridge Street
Sydney NSW 2000

Sydney, 27 February 2023

TPG Telecom Limited Results for Full Year Ended 31 December 2022 – Appendix 4E and Annual Report

TPG Telecom Limited (ASX: TPG) today releases its results for the full year ended 31 December 2022.

Please find attached TPG Telecom Limited's Appendix 4E and 2022 Annual Report.

Iñaki Berroeta, Chief Executive Officer and Managing Director, and Grant Dempsey, Group Chief Financial Officer, will present TPG Telecom's results via webcast followed by a question-and-answer session at 10.30am (Sydney time), on Monday, 27 February 2023.

Webcast link: https://kapara.rdbk.com.au/landers/3aa2d5.html

A replay of the webcast will be available via the same link following the presentation.

Authorised for lodgement with ASX by:

Trent Czinner
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TPG Telecom Limited

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TPG Telecom Limited

Appendix 4E

TPG Telecom Limited

(ABN 76 096 304 620)

and its controlled entities

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

The ASX Appendix 4E covers the group consisting of TPG Telecom Limited and its controlled entities ('the Group').

ASX Appendix 4E for the year ended 31 December 2022

(Previous corresponding period: Year ended 31 December 2021)

Results for announcement to the market

Reported results

		2022	2021 Restated[1]	CHANGE
Revenue from ordinary activities	$m	5,415	5,292	2%
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	$m	2,135	1,727	24%
Profit from ordinary activities after tax for the year attributable to owners of the Company	$m	513	113	354%
Basic earnings per share attributable to owners of the Company	cps	27.6	6.1	352%
Diluted earnings per share attributable to owners of the Company	cps	27.6	6.1	352%

Dividend information

	AMOUNT PER SHARE	FRANKED AMOUNT PER SHARE
Final dividend for FY22	9.0 cents	9.0 cents
Interim dividend for FY22	9.0 cents	9.0 cents

The Directors have declared a fully franked final dividend of 9.0 cents per share (FY21: 8.5 cents per share). The final dividend has a record date of 16 March 2023 and will be paid on 13 April 2023.

Net Assets

		2022	2021
Net assets per security	$	6.40	6.30

Net Tangible Assets

		2022	2021
Net tangible assets per security	$	(1.23)	(1.46)

Net tangible assets are calculated by deducting the value of intangible assets from the net assets of the Group. It should be noted that valuable assets owned by the Group, such as mobile spectrum licences and indefeasible rights of use of bandwidth capacity, are classified as intangible assets and are therefore excluded from the Group's net tangible assets.

[1] The Group has decided to voluntarily amend the accounting policy for government grants. This change in accounting policy is applied retrospectively and as a result the prior comparative period has been updated. Full details of the accounting policy change can be found in the TPG Telecom Limited 2022 Annual Report.

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

NAME OF ENTITY	COUNTRY OF INCORPORATION	DATE OF CONTROL GAINED/LOST	EQUITY HOLDING 31 DECEMBER 2022 %	EQUITY HOLDING 31 DECEMBER 2021 %
Blue Call Pty Ltd	Australia	1 May 2022	-	100
Cable Licence Holdings Pty Ltd	Australia	1 May 2022	-	100
Connect Internet Solutions Pty Limited	Australia	1 May 2022	-	100
iHug Pty Ltd	Australia	1 May 2022	-	100
Jiva Pty Ltd	Australia	1 May 2022	-	100
Kooee Pty Ltd	Australia	1 May 2022	-	100
Orchid Human Resources Pty Ltd	Australia	1 May 2022	-	100
TransACT Broadcasting Pty Ltd	Australia	1 May 2022	-	100
Virtual Desktop Pty Ltd	Australia	1 May 2022	-	100
iiNet (OzEmail) Pty Ltd	Australia	11 May 2022	-	100
Transflicks Pty Ltd	Australia	11 May 2022	-	100
Hosteddesktop.com Pty Ltd	Australia	11 May 2022	-	100
TPG (NZ) Pty Limited	New Zealand	10 November 2022	-	100

Details of investments in joint ventures

NAME OF ENTITY	COUNTRY OF INCORPORATION	EQUITY HOLDING 31 DECEMBER 2022 %	EQUITY HOLDING 31 DECEMBER 2021 %
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

This Appendix 4E report should be read in conjunction with the TPG Telecom Annual Report 2022 incorporating information including the Operating and Financial Review, Director's Report, Remuneration Report and Financial Report.

The Consolidated Financial Statements contained within the 2022 Annual Report, of which this report is based upon, has been audited by PricewaterhouseCoopers.

TPG TELECOM

Annual Report 2022

Contents

Upcoming key dates

15.03.23 Ex-dividend date

16.03.23 Dividend record date

13.04.23 Dividend payment date

04.05.23 Annual General Meeting

30.06.23 End of financial half year

24.08.23 Half year results announcement

12.09.23 Interim ex-dividend date

13.09.23 Interim dividend record date

11.10.23 Interim dividend payment date

31.12.23 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 2022.

About TPG Telecom

TPG Telecom provides telecommunications services to consumer, business, enterprise, government and wholesale customers in Australia. We market our services through multiple well-known brands including Vodafone, TPG, iiNet, AAPT, Internode, Lebara and felix. We provide around **7.5 million fixed and mobile telecommunications services** to customers across more than **5,700 mobile sites** and approximately **34,000 kilometres** of metropolitan, inter-capital and subsea cable systems. The Group employs approximately **6,000 people** across Australia, Guam and the Philippines, supported by additional outsourced service centres in India, Fiji and South Africa.

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, present, and emerging.

Chairman's letter

Canning Fok, Chairman

Dear Shareholders

It is my pleasure to present our Annual Report for 2022. Throughout 2022, we continued to build the solid financial foundations we need to achieve the potential of TPG Telecom. We are better positioned than ever to provide the great value telco services our customers rely on to stay connected, productive and entertained.

Financial performance

The 2022 financial results reflect positive change in business conditions with a return to growth in subscriber numbers and positive momentum in revenue and profitability.

The Group ended the year with around 7.5 million services in operation and delivered strong customer growth in the enterprise, government and wholesale segment.

Total revenue for the year was $5,415 million, up 2.3% on 2021. EBITDA was $2,135 million, which included one-off proceeds from the sale of our passive tower and rooftop assets and the impact of restructuring costs. Excluding these items, EBITDA was $1,793 million, up 3.8% on 2021.

Dividends

TPG Telecom's strong balance sheet and financial position continue to underpin the Board's policy of paying a dividend of least 50% of Adjusted NPAT.

The Board has declared a fully-franked final dividend of 9.0 cents per share for 2022, payable on 13 April 2023, taking total dividends for the year to 18.0 cents per share, up 1.5 cents per share on 2021.

Sustainability

TPG Telecom continues to progress our sustainability strategy against its four pillars. The Board recognises the significance of climate change and the effect it has on society – and we are pleased to have signed off on the Company's pathway to achieving net zero emissions by 2050, including near-term emissions reduction targets by 2030, and to see progress with our commitment to power all of our Australian operations with renewable energy by 2025.

We also issued our inaugural report following the Task Force on Climate-related Financial Disclosures (TCFD) framework.

TPG Telecom is committed to gender diversity by increasing the number of women in leadership and STEM roles. In 2022 we achieved an uplift in female representation in leadership roles and across our Australian workforce.

Cyber awareness

The Board notes the increased prevalence of cyber-attacks against Australian government agencies and organisations, including in the telecommunications sector.

Like other organisations, TPG Telecom is not immune from such attacks, and continues to work closely with cyber security partners and relevant government agencies to have robust and secure systems and processes.

The Board takes cyber resilience extremely seriously. Significant investments continue to be made to strengthen TPG Telecom's processes and procedures to secure customer data and protect it from unauthorised use, access, modification or disclosure.

Looking ahead

TPG Telecom has entered 2023 in a strong financial position.

I thank all our employees for their hard work and commitment to the Company's success.

Most importantly, on behalf of the Board, I thank our shareholders and customers for their continued support of TPG Telecom.

Canning Fok
Chairman

CEO's report

Iñaki Berroeta, CEO & Managing Director

The 2022 year was one of transformation and a return to growth for TPG Telecom.

As our customers returned from Covid lockdowns, we have continued to help businesses, homes and educational institutions stay connected to the essential communications services they need to thrive in the digital age.

We remain focused on our ambition to be the best telco in Australia, and by investing in the best technology and maintaining our focus on a low-cost base, we are in a great position to serve consumers and businesses seeking great value and excellent service.

With a clear strategy focused on delivering telco services, we are now ready to move to an exciting stage of executing against the initiatives (see page 4) to enable us to maximise our potential.

Regional network

TPG Telecom is committed to delivering essential telecommunication services to communities throughout Australia. Our landmark regional mobile network sharing arrangement with Telstra has the potential to play a vital role in achieving this, bringing our family of brands into more households and businesses than ever before.

While the ACCC's decision in December 2022 not to approve the proposed arrangement was a disappointment, we will continue to represent the interests of regional consumers. We are challenging the ACCC's decision in the Australian Competition Tribunal, with a decision expected before the end of June 2023. We are confident that during the appeal process we will demonstrate the merits of the proposed network sharing arrangement in bringing greater choice, competition and improved connectivity to regional, rural and remote communities.

Cyber resilience and data privacy

The significant increase in cybercrimes against Australian organisations in 2022 highlighted the importance of ongoing investment in technology and people, as well as an all-of-business commitment to ensure processes, operations and customers are always protected.

In December, we identified unauthorised access to a limited number of email accounts for iiNet and Westnet business customers. We implemented measures to stop this unauthorised access and further security measures were put in place. We are continuing to communicate and support affected customers.

We are strengthening our security processes and capabilities to keep up with evolving security threats to help protect customer data from unauthorised use, access, modification or disclosure.

People and culture

At TPG Telecom, our culture is known as the 'Spirit of TPG', which is brought to life through living our purpose and values. We continually invest in developing our employees' capabilities and skills and in making TPG Telecom a great place for our people to work and grow together. Importantly, our latest employee engagement survey results told us our people feel heard, informed and cared for by their leaders, and passionate about their work and how it contributes to our organisational goals. We were delighted during 2022 to be recognised with the Human Resources Director (HRD) 5-Star Employer of Choice award.

TPG Telecom Foundation

The TPG Telecom Foundation partnered with seven new charities during 2022, donating more than $1 million to commence multiyear, national projects which harness the scalable use of technology.

We are pleased to support ACON, Guide Dogs, Starlight Children's Foundation, Cerebral Palsy Alliance, headspace, Missing School and InfoXchange. These innovative projects support the Foundation's purpose – to create opportunities to improve the health, wellbeing and education of Australian communities in need.

Operational and customer highlights

The 2022 financial year demonstrated our commitment to customer service, being the industry leader on value, and continuing to innovate for consumer and business customers.

Our Mobile business returned to subscriber growth as the pressures created by the COVID pandemic eased, and as we continued to be recognised for the great value and service we deliver. This was evidenced by numerous awards our brands won for service and value as we delivered our biggest year of growth since merger, adding more than 300,000 net mobile subscribers.

Our fixed broadband business also continues to offer a great range of products and services across our portfolio of access technologies, including the NBN, fixed wireless over our own mobile network, and fixed line services via our Vision Network wholesale broadband business. The number of customers taking up a great value alternative to the NBN via our fixed wireless services more than doubled in 2022, to 171,000.

In our Enterprise and Government division, we delivered major customer wins with a total contract value of $150 million during the year, highlights of which included Hungry Jacks, Lifeline, Freedom Furniture, and a major mobile private network contract with mining company Yancoal Australia.

These customer wins reflect the dedication of our Enterprise and Government business, significant growth in Fast Fibre offering, and our growing reputation to deliver robust, reliable and fast connectivity services that businesses value. We re-launched our wholesale residential access business as Vision Network, which also became the first major telco in Australia to offer G.Fast technology across fibre-to-the-building (FTTB) and fibre to the node (FTTN) technologies.

In networks and technology, we continued to launch new innovations into the market and to grow our networks. In 2022, we upgraded more than 1,000 sites to 5G, set new 5G speed records, introduced energy saving initiatives in our mobile network, and launched a 5G smart-farming system in Tamworth, NSW, to automate the labour-intensive practice of counting cattle.

Unlocking asset value

We continue to look for ways to achieve more efficient asset utilisation across our network and to unlock additional value in our business.

In December, we announced a strategic review of growth options for our Vision Network wholesale residential access business – consistent with our continued consideration of the optimal operating and capital structures to support the growth and success of our business. This follows the completion of the sale and lease-back of our passive mobile tower and rooftop assets in July 2022 to OMERS, generating net cash proceeds of $892 million, which we used to reduce our levels of bank debt and lower our volume of handset receivables financing activity.

2023 outlook

As we move into 2023, TPG Telecom is well-positioned to execute on its strategic initiatives, to grow and to deliver improving returns for shareholders. Fast, reliable and secure telecommunication services are essential for our always-on, connected society. At TPG Telecom, we remain committed to delivering great products, value and service to our customers.

Assuming no material change in operating conditions, we expect EBITDA for 2023 to be between $1,850 million and $1,950 million, excluding material one-offs and transformation costs.[1]

I thank all the dedicated people at TPG Telecom who continue to work to achieve our strategic goals while also making our organisation a great place to work. I also thank our customers and shareholders for their continued support and interest in our company. We look forward to keeping you up to date with our progress throughout the year.

Iñaki Berroeta
Chief Executive Officer and Managing Director

[1] Assuming no material change in operating condition, EBITDA guidance excludes potential material one-offs, such as any impacts or benefits from the regional network sharing arrangement (MOCN) (subject to review by the Australian Competition Tribunal), transformation costs, mergers and acquisitions, disposals, impairments, spectrum and such other items as determined by the Board and management.

Directors' report

Operating and financial review

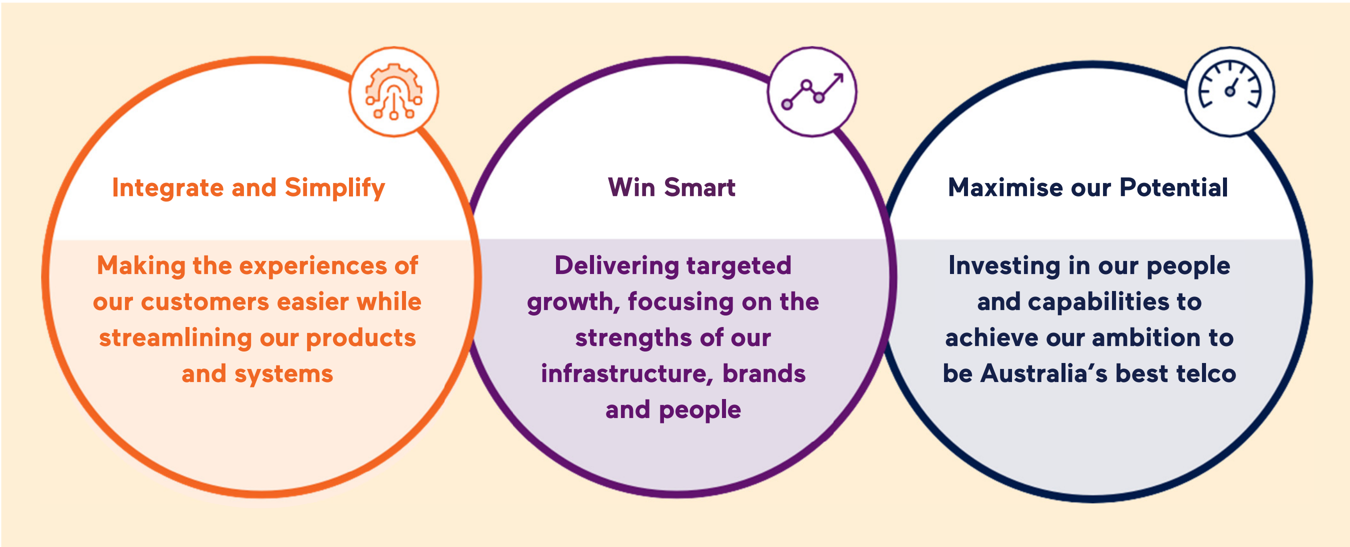
Business strategy

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* shape our strategy and guide the prioritisation of strategic initiatives and areas of focus throughout the business, as illustrated in the diagrams below.

Our **strategic ambition** to be Australia's best telco for customers, shareholders, our people and the community is supported by three **guiding principles**...



Our ambition and guiding principles shape our **strategic initiatives**...

Strategic initiative	FY22 achievements	FY23 focus
Grow Consumer Mobile service revenue	Returned to strong subscriber growth	Implement simplified refreshed pricing plans
Drive Consumer Fixed profitability	NBN re-pricing; doubled Fixed Wireless subscribers	Optimise margin profile across Fixed products
Accelerate cross-selling	20% growth in Vodafone fixed base; 7% growth in iiNet/TPG mobile base	Leverage refocused brand proposition
Grow in Enterprise and Government	$150m new sales; strong growth in Fast Fibre	Grow share of connectivity with Fast Fibre and Enterprise Mobility
Unlock value in Wholesale	Launched of Vision Network and MVNE platform	Complete Vision Network strategic review
Consolidate customer platforms and journeys	Rationalisation of contact centre software platforms	Optimise customer support operating model
Improve customer experience	Streamlined payment gateways from three to one	Simplify website and enhance self-service tools
Simplify technology landscape	Decommissioned 11 legacy IT systems	Accelerate modernisation; remove 30+ IT systems
Achieve national 5G coverage	Commissioned 1,000+ additional 5G sites	Surpass 3,000 5G sites, implement MOCN
Embed capital allocation framework	Tower assets sale enabled debt reduction	Drive capital efficiency to best and highest use

Directors' report
Operating and financial review

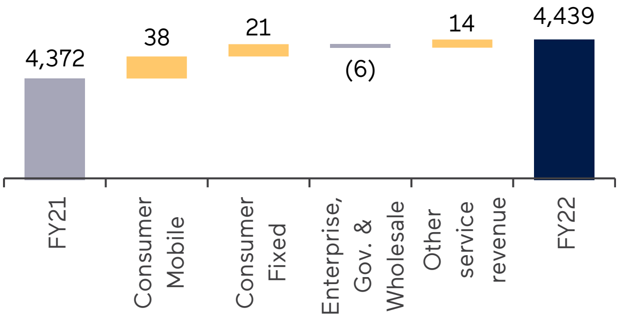
Financial performance

Key financial metrics

Service revenue

Service revenue was $4,439 million, an increase of $67 million or 1.5% compared to FY21 ($4,372 million). This increase reflected a return to positive customer growth following a period of market uncertainty arising from the impacts of the COVID-19 pandemic and telecommunications industry factors.

Service revenue bridge ($m)



EBITDA

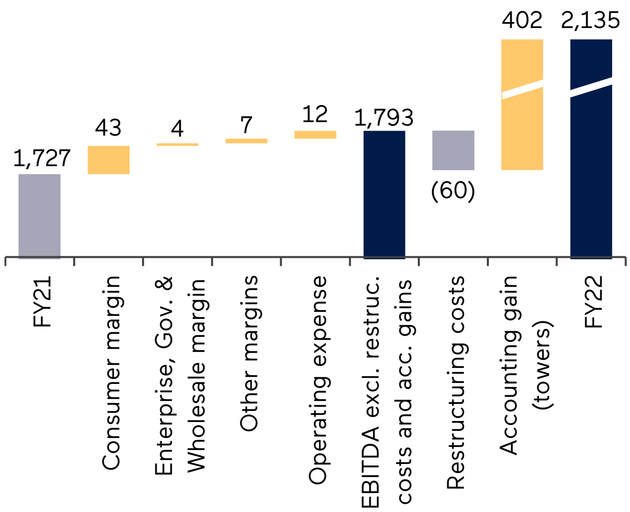
Earnings before interest, tax, depreciation and amortisation (EBITDA) was $2,135 million, an increase of $408 million or 23.6% compared to FY21 ($1,727 million). EBITDA included a gain of $402 million from the sale of a portfolio of passive tower and rooftop infrastructure (tower assets) to OMERS Infrastructure Management in July 2022 and restructuring costs of $60 million. Excluding these non-recurring items, EBITDA was $1,793 million, up 3.8% compared to FY21, reflecting service revenue growth and the delivery of cost synergies from the merger of Vodafone Hutchison Australia and TPG Corporation.

Cost of telecommunication services was $1,636 million, a decrease of $19 million or 1.1% compared to FY21 ($1,655 million). This decrease reflected network operating synergies achieved since the merger as well as a stabilisation of NBN wholesale costs in the second half as the Group transitioned customers from NBN services to Fixed Wireless services.

Operating expenses were $1,108 million, an increase of $48 million or 4.5% compared to FY21 ($1,060 million), including $60 million of restructuring costs. These costs included redundancy costs, as well as investment in more modern, agile and scalable systems and business processes.

Excluding restructuring costs, operating expenses were $12 million or 1.1% lower, reflecting organisational simplification and lower network rental costs achieved following the merger. This was offset in part by higher electricity costs from the ongoing upgrade of the 5G network, and increased marketing spend.

EBITDA bridge ($m)



NPAT

Net profit after tax (NPAT) was $513 million, an increase of $400 million compared to FY21 ($113 million). This translated to earnings per share of 27.6 cents compared to 6.1 cents in FY21. The increase was primarily (21.6 cents) due to the gain on the tower assets sale.

NPAT excluding the gain on the tower assets sale, and customer base amortisation, was $222 million, a decrease of $3 million or 1.3% compared to FY21 ($225 million). This decrease was due to higher net financing costs, which were $117 million higher in the second half of 2022 compared to the first half of 2022 ($70 million), largely due to higher market interest rates.

Adjusted NPAT for the purpose of dividend calculation was $646 million, an increase of $59 million or 10.1% compared to FY21 ($587 million).

Directors' report
Operating and financial review

Financial performance continued

Operating cash flow

Operating cash flow was $1,251 million, a decrease of $371 million compared to FY21 ($1,622 million). The largest driver of this decrease was a negative working capital movement of $265 million as the Group opted to reduce its use of handset receivables financing and instead fund this activity with borrowing capacity freed up following the tower assets sale. The handset receivable financing balance was $543 million at 31 December 2022. Other negative working capital movement was driven by higher inventories, increased prepayments and reduced trade creditors.

Capital expenditure

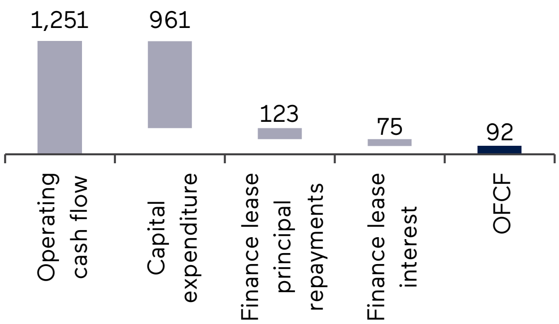
Capital expenditure (excluding spectrum payments) was $961 million, an increase of $135 million compared to FY21 ($826 million). This was primarily driven by payment for plant, property and equipment related to the ongoing upgrade of the Group's mobile network infrastructure to 5G.

Spectrum payments were $31 million, a decrease of $60 million compared to FY21 ($91 million). The Group acquired 200Mhz of millimetre wave spectrum during the period.

Operating Free Cash Flow

Operating Free Cash Flow (OFCF) was $92 million, a decrease of $504 million compared to FY21 ($596 million). This reflected the lower operating cash flow and higher capital expenditure compared to FY21. OFCF excluding the reduction in handset receivables financing was $357 million, a decrease of $239 million.

Reconciliation to OFCF ($m)

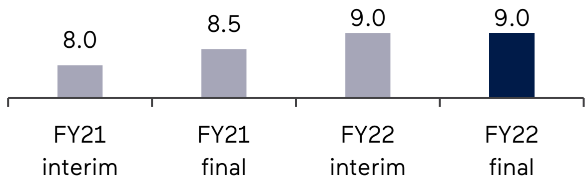


Dividend

The TPG Telecom Board has declared a final dividend of 9.0 cents per share to be paid on 13 April 2023, bringing total dividends for the year to 18.0 cents per share, an increase of 1.5 cents per share or 9.1% compared to FY21 (16.5 cents per share).

Dividends paid in FY22 were $325 million, an increase of $37 million compared to FY21 ($288 million). This reflected the FY21 final dividend of 8.5 cents per share paid in April 2022 and the FY22 interim dividend of 9.0 cents per share paid in September 2022.

Dividends per share (cents)



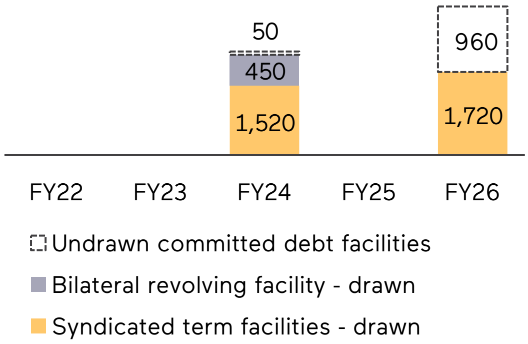
Net debt

Net borrowings (borrowings less cash) was $3,576 million at 31 December 2022, a decrease of $512 million compared to 31 December 2021 ($4,088 million).

Gross borrowings were $3,690 million at 31 December 2022, a decrease of $600 million compared to 31 December 2021 ($4,290 million).

The reduction in borrowings reflected the use of proceeds from the tower assets sale to pay down bank debt facilities.

Debt maturity profile as at 31 December ($m)



Directors' report
Operating and financial review

Financial performance continued

Business segment and product highlights

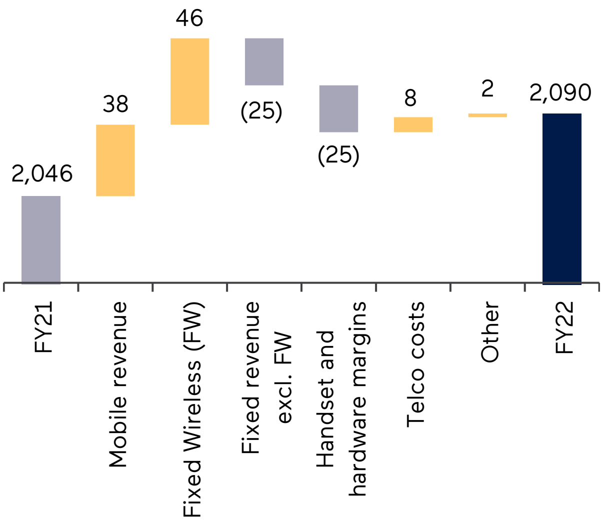
Consumer segment

Consumer mobile service revenue was $1,796 million, an increase of $38 million or 2.2% compared to FY21 ($1,758 million). This reflected a higher number of subscribers during the period, driven by improvements in operating conditions, notably the return of international travel to greater than 60% compared to December 2019[1] following the end of COVID-19 lockdowns.

Fixed service revenue was $1,738 million, an increase of $21 million or 1.2% compared to FY21 ($1,717 million). This reflected a positive contribution from an increase in Fixed Wireless subscribers and modest price increases for some NBN plans in the third quarter, more than offsetting the impact of the final stages of migration away from legacy DSL services.

Handset and hardware margins decreased, reflecting higher logistics costs and commercial initiatives to attract customers in a highly competitive market.

Consumer gross margin bridge ($m)



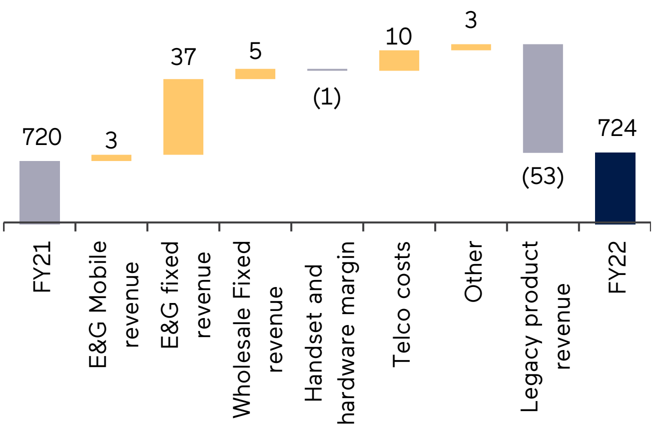
Enterprise, Government and Wholesale segment

Enterprise, Government and Wholesale revenue was $998 million, an increase of $12 million or 1.2% compared to FY21 ($986 million). In the Enterprise and Government division, service revenue growth was primarily driven by growth in mobile connectivity services with relatively stable revenues in fixed services.

The fixed performance included solid growth in TPG Telecom's Fast Fibre and NBN Enterprise Ethernet services, offset by lower revenue from legacy products.

In the Wholesale division, revenue slightly decreased reflecting the focus on completion of the functional separation of the Vision Network wholesale residential access business (revenue for which was reported in the Consumer segment in 2022, but will be reported within Enterprise, Government and Wholesale from 2023).

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



[1] Australian Bureau of Statistics, Overseas Arrivals and Departures, Australia December 2022

Directors' report
Operating and financial review

Financial performance continued

Mobile subscriber numbers and ARPU

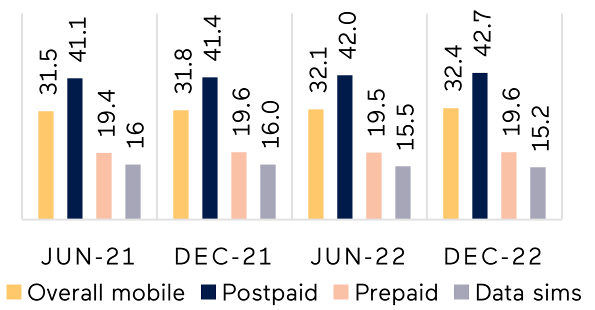
TPG Telecom added 300,000 net Mobile subscribers during 2022 as market growth returned due to the easing of COVID-19 restrictions on international travel.

The Vodafone brand drove growth in both Postpaid and Prepaid, while all other brands also delivered an increase in subscribers.

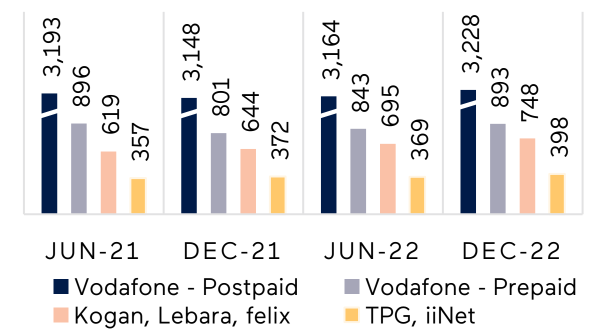
Average Revenue Per User (ARPU) for Mobile was $32.4 per month, an increase of $0.6 per month or 1.9% compared to December 2021 ($31.8 per month), primarily reflecting higher levels of international roaming. This was partially offset by a rate change for interconnection revenue with other mobile carriers, which was more than offset in gross margin by lower charges.

Postpaid ARPU was $42.7 per month, an increase of $1.3 or 3.1%. Prepaid ARPU was $19.6 per month, which was broadly flat over the period.

Mobile ARPU by subscriber type ($)[1]



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



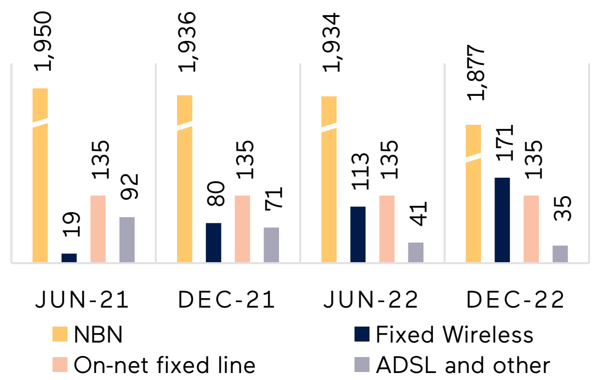
Total fixed subscribers and AMPU

Fixed subscribers were steady at 2.2 million compared to FY21 (2.2 million), as the Group focused on transitioning NBN subscribers to Fixed Wireless where appropriate, and as legacy ADSL subscribers migrated to other products.

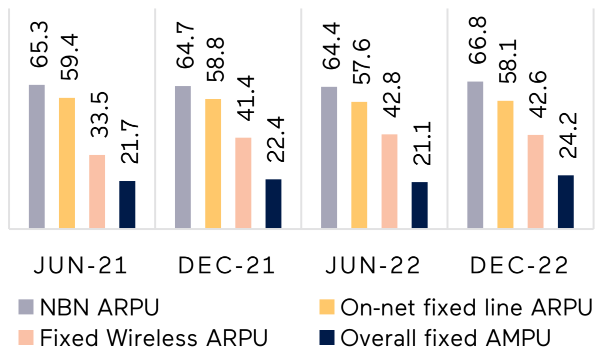
Fixed Wireless subscribers were 171,000 at 31 December 2022, up from 80,000 at 31 December 2021. The on-net fixed line subscriber base remained steady at 135,000.

Average Margin Per User (AMPU) across all Fixed technologies was $24.2 per month, an increase of $1.8 or 8.0%, primarily reflecting Fixed Wireless growth and modest price increases on NBN plans.

Overall fixed subscribers (000's)



Fixed ARPU and AMPU by technology type



[1] In all periods, Prepaid ARPU 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 only customers

Directors' report
Operating and financial review

Summary of financial position

Consolidated Income Statement overview

	2022 $m	2021 Restated[1] $m
Revenue		
Service revenue	4,439	4,372
Handset and hardware revenue	976	920
Total revenue	**5,415**	**5,292**
Other income	438	41
Cost of telecommunication services	(1,636)	(1,655)
Cost of handsets and hardware sold	(974)	(891)
Technology costs	(363)	(358)
Employee benefits expense	(377)	(377)
Other operating expenses	(368)	(325)
EBITDA	**2,135**	**1,727**
Depreciation and amortisation	(1,389)	(1,415)
Operating profit	**746**	**312**
Net financing costs	(187)	(149)
Profit/(Loss) before tax	**559**	**163**
Income tax (expense)/benefit	(46)	(50)
Profit/(loss) after tax	**513**	**113**
Attributable to:		
Owners of the Company	513	113
Non-controlling interest		-
Earnings per share (cents)	**27.6**	**6.1**

For detailed discussion on service revenue, cost of telecommunication Services, operating expense and EBITDA for the Group, please refer to Key financial metrics section on page 5.

Depreciation and amortisation

Depreciation and amortisation expense was $1,389 million, a decrease of $26 million or 1.8% compared to FY21 ($1,415 million). This reflected lower depreciation expense on the tower assets and associated right-of-use leases following the sale to OMERS.

Net financing costs

Net financing costs were $187 million, an increase of $38 million or 25.5% compared to FY21 ($149 million). The increase reflected a substantial increase in market interest rates impacting interest expense in the second half of 2022, as well as an increase in lease interest expense due to a part-year impact from the sale of tower assets.

Income tax expense

Income tax expense of $46 million was recorded in the period, compared to an expense of $50 million in FY21. This included an income tax credit of $140 million from the tower assets sale, that was 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 such adjustments, TPG's nominal income tax expense represents the Group's profit before tax for the period multiplied by the applicable corporate tax rate of 30% (see note 6 (b) on page 80).

[1] Refer to Note 2(l) of the financial report for details of restatement.

Directors' report
Operating and financial review

Summary of financial position continued

Consolidated Balance Sheet overview

	2022 $m	2021 Restated[1] $m
Cash and cash equivalents	114	202
Trade and other receivables	681	476
Inventories	155	95
Prepayments and other assets	83	60
Total current assets	**1,033**	**833**
Property, plant and equipment	3,580	3,401
Right-of-use assets	1,527	1,294
Spectrum licences	2,007	2,251
Other intangible assets	10,656	10,893
Deferred tax assets	183	261
Other non-current assets	380	231
Total non-current assets	**18,333**	**18,331**
Trade and other payables	1,185	1,118
Contract liabilities	283	281
Lease liabilities	93	61
Other current liabilities	171	183
Total current liabilities	**1,732**	**1,643**
Borrowings	3,690	4,290
Lease liabilities	1,872	1,359
Other non-current liabilities	172	152
Total non-current liabilities	**5,734**	**5,801**
Net assets	**11,900**	**11,720**
Contributed equity	18,399	18,399
Reserves and accumulated losses	(6,499)	(6,679)
Total equity	**11,900**	**11,720**

For detailed discussion on borrowing for the Group, please refer to financial position highlights section on page 6.

Cash and cash equivalents

Cash and cash equivalents were $114 million at 31 December 2022, a decrease of $88 million compared to 31 December 2021 ($202million).

Trade and other receivables

Current trade and other receivables were $681 million at 31 December 2022, an increase of $205 million compared to 31 December 2021 ($476 million). This was driven by an increase in trade and other receivables arising from a reduced volume of handset receivables sale activity in the period.

Property, plant and equipment

Property, plant and equipment (PP&E) was $3,580 million at 31 December 2022, an increase of $179 million compared to 31 December 2021 ($3,401 million). This reflected additional network infrastructure commissioned, offset by assets transferred to OMERS following the tower assets sale.

Right-of-use assets and lease liabilities

Right-of-use assets were $1,527 million at 31 December 2022, an increase of $233 million compared to 31 December 2021 ($1,294 million). Current and non-current lease liabilities were $1,965 million, an increase of $545 million compared to 31 December 2021 ($1,420 million). These increases were primarily the result of the tower assets sale.

Spectrum licences

The net book value of spectrum licences was $2,007 million at 31 December 2022, a decrease of $244 million compared to 31 December 2021 ($2,251 million). During the period, 200MHz of millimetre wave spectrum in Melbourne, Sydney and Perth was acquired from Dense Air for $27 million.

Other intangible assets

Other intangible assets (excluding spectrum licenses) were $10,656 million at 31 December 2022, a decrease of $237 million compared to 31 December 2021 ($10,893 million).

[1] Refer to Note 2(l) of the financial report for details of restatement.

Directors’ report
Operating and financial review

Summary of financial position continued

Consolidated Cash Flow Statement overview

	2022 $m	2021 Restated[1] $m
Operating cash flow	1,251	1,622
Capital expenditure	(961)	(826)
Spectrum payments	(31)	(91)
Net cash acquired through the merger	-	-
Disposal of subsidiary (net of cash disposed)	-	-
Receipts of tower sale	892	
Loan repayment from Tech 2	1	2
Interest received	2	-
Net cash flow before financing activities	**1,154**	**707**
Net (repayment)/drawdown of borrowings	(600)	(40)
Lease repayments	(123)	(139)
Net finance costs paid	(180)	(158)
Payments for Shares acquired by TPG Telecom Employee incentive Plan Trust	(14)	-
Dividends paid	(325)	(288)
Net cash flow	**(88)**	**82**

For detailed discussion on operating cash flow, capital expenditure, spectrum payments and dividend paid for the Group, please refer to the key financial metrics and financial position highlights page 6.

Lease payments

Lease payments (principal element) for FY22 were $123 million, a decrease of $16 million compared to FY21 ($139 million). The decrease in FY22 was due to non-recurring upfront fees paid in FY21 for mobile network infrastructure.

Financing costs

Debt financing costs for FY22 were $180 million, an increase of $22 million compared to FY21 ($158 million). This reflected the increase in market interest rates throughout 2022, as well as higher lease interest payments following the sale of the tower assets.

Net drawdown of borrowings

Net drawdown of borrowings for FY22 reflected a net repayment of $600 million, an increase of $560 million compared to FY21 ($40 million net repayment). This reflects the repayment of TPG Telecom’s term debt facility utilising the proceeds from the sale of tower assets.

[1] Refer to Note 2(l) of the financial report for details of restatement.

Directors' report
Operating and financial review

Strategic risk management

KEY MITIGATIONS	CURRENT FOCUS
Network and technology resilience: network or technology platform outages caused by internal or external events could result in poor customer experience and financial loss.	
Robust network monitoring and operational incident and escalation processes with disaster recovery plans in place.	–Investment in Resilience Framework –Decommissioning of legacy systems –Rollout of 5G to achieve national coverage
Customer growth and experience: challenging market conditions including strong competition, fast-evolving digital experience expectations, rapid technological innovation and high cost of network investment could impact market share and margins.	
Execution of key strategic initiatives for Consumer, and Enterprise, Government & Wholesale.	–Network expansion strategy through 5G rollout and proposed regional network sharing deal with Telstra –Investment in improving customers' digital experience
Cyber security and data protection: cyber incidents have the potential to cause significant business interruption or compromise data privacy resulting in reputational damage, regulatory scrutiny and financial loss.	
Continued roll out of Technology Security Framework post-merger to improve security controls.	–Technology Security Roadmap to deliver continued uplift in capability –Alignment with ISO27001 –Uplift in information security controls
Legal and regulatory environment: highly regulated industry with complex and evolving legal requirements and subject to a range of regulation from consumer service delivery through to network security.	
Dedicated legal and regulatory experts to advise on major business transactions and operations.	–Increasing investment and focus on maturing compliance framework and capabilities
Health, safety and wellbeing: operating safely across our business operations and maintaining the health and wellbeing of all employees is essential to reduce the risk of serious injuries, fatalities, costs and reputational damage.	
Health and safety management system including procedures, training, incident reporting and management.	–Quarterly cadence focussing on different aspects of employee wellbeing –Safety training modules to raise awareness and embed a positive work health and safety culture
Capability and culture: attracting and maintaining a diverse and engaged workforce with the right skills, capabilities and experience.	
'Spirit of TPG Telecom' program to embed our purpose and values.	–Development of Talent Strategy and pipeline to improve talent identification and retention –Investment in leadership capabilities
Climate change and sustainability: social and environmental responsibility including physical and transition risks related to climate change	
Implementation of Sustainability Strategy.	–Greenhouse gas (GHG) emissions reductions targets set –Detailed assessment of climate-related risks and opportunities align with TCFD framework
Macroeconomic and financial markets: exposure to adverse macroeconomic and market conditions including rising interest rates, inflation and foreign exchange rate fluctuations could reduce consumer spending or increase costs.	
Continuous monitoring of exposure to interest rate and hedging strategies.	–Reduction in net debt using tower assets sale proceeds –Increase in interest rate risk management activity

Directors’ report
Operating and financial review

Sustainability

Governance

The 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, as well as the implementation of the Sustainability Strategy.

The Board is supported by the Audit and Risk Committee (ARC) and the Governance, Remuneration and Nomination Committee (GRNC).

The Sustainability Council, which consists of senior leaders from various areas across the organisation, is accountable for overseeing and monitoring the execution and delivery of the Sustainability Strategy. It includes initiatives focused on managing material ESG issues, including climate change, as they pertain to the organisation.

The Head of Sustainability and the Group Executive Legal & External Affairs report regularly to the Sustainability Council, the ARC and the Board on sustainability matters, including those associated with climate change.

Refer to our 2022 Corporate Governance Statement for additional detail.

Strategy

The TPG Telecom Sustainability Strategy identifies four key areas where we are well placed to make a meaningful difference: Customer Wellbeing, Inclusion and Belonging, Environmental Responsibility and Digital Economy. These are underpinned by a set of fundamental, responsible business practices. Together, these represent our framework for creating a responsible and sustainable business.

We recognise that climate change may have an impact across all areas of our organisation, which is why understanding and managing risks related to climate change forms a key component of the environmental responsibility area of the Sustainability Strategy.

This year we developed a multi-year, forward-looking climate risk roadmap and we are pursuing multiple initiatives to support climate mitigation actions.

Risk management

The Enterprise Risk function is responsible for ensuring the successful implementation of the risk management framework as overseen by the Executive Leadership Team (ELT) and the ARC. Regular reporting is provided to the ELT and ARC on the enterprise risk profile, which outlines the material risks to the organisation and on the Key Risk Indicators which measure performance within the set risk appetite.

Refer to the ‘Strategic risks management’ section (page 12) of this report and our 2022 Corporate Governance Statement for additional detail.

General sustainability-related metrics and targets

Customer Wellbeing

We strive to put customers at the heart of everything we do. A key metric that we hold ourselves accountable to is the quarterly Complaints in Context report produced by Communications Alliance Ltd.

TIO quarterly complaints per 10,000 services.

CATEGORY	MAR 22	JUN 22	SEP 22	DEC 22
Vodafone[1]	2.7	2.5	2.4	2.5
iiNet	5.1	3.9	3.3	3.9
TPG	4.3	3.4	2.6	2.8
Industry average	4.8	3.9	3.6	3.8

We are proud to continue to see strong results for the complaints rates of our major brands iiNet, TPG and Vodafone.

Inclusion and Belonging

Our vision is to be an employer of choice for women. Our aim is to increase female representation across leadership, STEM functions and all employees in Australia.

[1] Includes Kogan, Lebara and felix brands

Directors' report
Operating and financial review

Sustainability continued

Australia-based employee gender diversity

CATEGORY	TOTAL	WOMEN	WOMEN (%)
Employees	2,961	995	33.6
Leadership positions	549	168	30.6
Strategic Leadership Team	195	73	37.4
STEM positions	1,054	167	15.8

Note: Numbers are based on employee headcount

In addition, we achieved a negative one per cent pay equity gap in 2022, meaning that an analysis of our Australian workforce (excluding our CEO) found that women are remunerated on average higher than men, for equivalent roles.

Digital Economy: rollout of 5G

We continue to put a strong focus on the rollout of our 5G network. In 2022, we achieved our goal of 95% population coverage by our 5G network in 12 of Australia's largest cities and regions.

5G rollout progress

CATEGORY	FY21	FY22	Total
5G sites	1,015	1,040	2,055

The TPG Telecom Foundation drives our goal to support the use of technology to create opportunities to improve the health, wellbeing and education of Australian communities in need. In 2022, we established multi-year partnerships with seven charities and distributed grants of over $1.8 million.

2022 TPG Telecom Foundation contributions

CATEGORY OF SPEND	AMOUNT ($)
Cash donations - grants to Foundation partners	1,889,250
Cash donations - matched giving	53,352
Management costs	65,746
Total	**2,008,348**

Climate-related metrics and targets

Energy and greenhouse gas emissions reporting

In 2022, we completed the mapping of our Scope 1, 2 and 3 greenhouse gas (GHG) emissions for the first time, enabling us to set science-based emissions reduction targets.

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

CATEGORY	2021[1]	2022[2]
Energy consumed	1,237	1,291
Scope 1 emissions	4.8	2.8
Scope 2 emissions (market-based[3])	224.4	224.8
Scope 1 and 2 emissions (market-based)	229.2	227.6
Scope 3 emissions	1,327.9	N/A

Emissions reduction targets

We used the 2021 emissions footprint as our baseline in developing our emissions reduction targets and submitting them to the Science Based Target initiative for validation. TPG Telecom commits to the following:

Near-term targets:

- reduce absolute scope 1 and 2 greenhouse gas (GHG) emissions 95% by 2030 from a 2021 base year;
- reduce 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 and net-zero target:

- reduce absolute scope 1, 2 and 3 GHG emissions 90% by 2050 from a 2021 base year.
- reach net-zero GHG emissions across the value chain by 2050 from a 2021 base year.

Further information can be found in our 2022 Sustainability Report and our Climate Change Report at tpgtelecom.com.au/sustainability.

[1] Figures re-stated from 2021 Sustainability Report as a result of a detailed internal review that resulted in a more complete and accurate reporting approach.
[2] 2022 Scope 3 emissions have not been reported, as the complete data set was not available at the time of publication.
[3] To support our science-based emissions reduction targets, we report our Scope 2 emissions using the market-based method as our primary method. Our location based Scope 1 and 2 emissions are 259.6 for 2021 and 268.5 for 2022.

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 2022.

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 has been a Director of Hutchison Telecommunications (Australia) Limited since 1999. Mr Fok has been an Executive Director and Group Co-Managing Director of CK Hutchison Holdings Limited since 2015. He has been a Director of Cheung Kong (Holdings) Limited and Hutchison Whampoa Limited since 1985 and 1984 respectively, both of which were previously listed on the Stock Exchange of Hong Kong Limited and became wholly owned subsidiaries of CK Hutchison Holdings Limited in 2015. He has been Chairman and a Non-Executive Director of Hutchison Telecommunications Hong Kong Holdings Limited since 2009 and Hutchison Port Holdings Management Pte. Limited as the Trustee-Manager of Hutchison Port Holdings Trust since 2011, an Executive Director since 1985 and Chairman since 2005 of Power Assets Holdings Limited, and Chairman and an Executive Director of HK Electric Investments Manager Limited as the Trustee-Manager of HK Electric Investments and HK Electric Investments Limited since 2013. He has also been an Executive Director and Deputy Chairman of CK Infrastructure Holdings Limited since 1997, a Director of Cenovus Energy Inc. since January 2021 and Deputy President Commissioner of PT Indosat Tbk since January 2022. He was a Co-Chairman from 2000 to 2020 and was a Director from 2000 to March 2021 of Husky Energy Inc. (delisted on 5 January 2021 following its combination with Cenovus Energy Inc.).

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 listed companies in the past three years:

Hutchison Telecommunications (Australia) Limited - 1999 to current.

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 26-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

Directors' report

Board of Directors continued

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 and Risk Committee from 1 September 2021.

Diego Massidda

Non-Executive Director

Diego Massidda is CEO of Vodafone Partner Markets and Carrier Services, and a 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's appointment to the Board commenced on 12 May 2020.

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

Directors' report

Board of Directors continued

Robert Millner

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 a Fellow of the Australian Institute of Company Directors.

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

Directorship of other 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
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 joined the board of TPG Telecom as a non-executive director in July 2020.

Directorship of other listed companies in the past three years:

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

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

Frank Sixt
Non-Executive Director

Frank John Sixt has been a Director of TPG Telecom Limited since 2001. He has been a Director and an Alternate Director to a Director of Hutchison Telecommunications (Australia) Limited since 1998 and 2008 respectively. Mr Sixt has been an Executive Director, Group Finance Director and Deputy Managing Director of CK Hutchison Holdings Limited since 2015. Since 1991, Mr Sixt has been a Director of Cheung Kong (Holdings) Limited and Hutchison Whampoa Limited, both of which were previously listed on the Stock Exchange of Hong Kong Limited and became wholly owned subsidiaries of CK Hutchison Holdings Limited in 2015. He has been Chairman and a Non-Executive Director of TOM Group Limited since 1999 and an Executive Director of CK Infrastructure Holdings Limited since 1996. He has also been 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 since 2015 and a Director of Cenovus Energy Inc. since January 2021. He has also been a Commissioner of PT Indosat Tbk since January 2022. Mr Sixt was a Director of Husky Energy Inc. (delisted on 5 January 2021 following its combination with Cenovus Energy Inc.) from 2000 to March 2021.

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 listed companies in the past three years:

Hutchison Telecommunications (Australia) Limited - 1998 to current.

Special Responsibilities: Member of the Governance Remuneration and Nomination Committee and member of the Audit and Risk Committee until 1 September 2022.

Directors' report
Board of Directors continued

Arlene Tansey

Non-Executive Director

Arlene Tansey is currently a Non-Executive Director of Aristocrat Leisure Limited, McMillan Shakespeare Limited, Infrastructure NSW and Lend Lease Real Estate Investments 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 US. 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,

Healius Limited – August 2012 to October 2020.

Special Responsibilities: Chairman of the Audit and Risk Committee and Member of the Governance Remuneration and 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.

Former Directors

There were no director changes in 2022.

Board of Directors continued

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:

DIRECTOR	SCHEDULED BOARD MEETINGS		UNSCHEDULED BOARD MEETINGS[1]		AUDIT & RISK COMMITTEE MEETINGS		GOVERNANCE REMUNERATION AND NOMINATION COMMITTEE MEETINGS	
	A	B	A	B	A	B	A	B
Canning Fok	11	10	1	–	–	–	–	–
Iñaki Berroeta	11	11	1	1	–	–	–	–
Pierre Klotz[2]	11	11	1	1	1	1	–	–
Diego Massidda	11	11	1	1	–	–	6	5
Robert Millner	11	11	1	1	–	–	–	–
Antony Moffatt	11	11	1	1	–	–	–	–
Helen Nugent	11	11	1	1	4	4	6	6
Frank Sixt[3]	11	10	1	–	3	3	6	6
Arlene Tansey	11	11	1	1	4	4	6	6
Jack Teoh	11	11	1	–	–	–	–	–

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

[1] TPG held one unscheduled Board meeting during the year called on short notice. Given the short notice, Mr Fok, Mr Sixt and Mr Teoh were unable to attend.
[2] Appointed as a member of the Audit & Risk Committee on 1 September 2022
[3] Resigned as a member of the Audit & Risk Committee on 1 September 2022

Directors' report
Other information

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. The impacts on TPG Telecom due to the COVID pandemic are outlined in the OFR section of the Annual Report, where applicable.

Review of operations

The OFR set out on page 4 to 14 provides details relating to the Group's operations and results for the financial year.

Dividends

TPG Telecom aims to pay in each year a dividend of at least 50% of the Group's net profit after tax, adding back restructuring costs and certain non-cash items ('Adjusted NPAT').

On 18 August 2022, the Board of Directors declared a fully franked FY22 interim dividend of 9.0 cents per share. The interim FY22 dividend had a record date of 14 September 2022 and was paid on 12 October 2022.

On 24 February 2022, the Directors declared a fully franked final 2021 dividend of 8.5 cents per share. The dividend had a record date of 16 March 2022 and was paid on 13 April 2022.

Further information regarding FY22 dividends is set out in Note 23 and Note 31 of the Annual Report and on page 6 of the OFR.

TPG Telecom does not operate a Dividend Reinvestment Plan.

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.

Directors' report

Other information

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 2022 Sustainability Report and the 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*.

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. Over the past two years the Company has faced new challenges in supporting its employees and customers through the COVID pandemic and the ongoing consolidation of the Company's safety management systems with those of TPG Corporation. The Company will continue to evolve its approach to WHS in 2023 as it further embeds a consistent approach to systems, monitoring and compliance.

Directors' report
Other information

Indemnification and insurance of officers and directors

Indemnification

The company 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 30 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 61.

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 indicate.

Remuneration report

Executive Summary

This Remuneration Report sets out how the remuneration approach proposed in last year's report has been implemented in FY22 for both Executive KMP and Non-Executive Directors.

More specifically, the report demonstrates how the Company's remuneration approach supports the short and longer-term alignment of the Company's performance for the benefit of shareholders.

The Past Year

2022 was a year of positive momentum for TPG Telecom as we continued to focus on our purpose to build meaningful relationships and support vibrant, connected communities. While progress has been made, 2022 continued to be a challenging year for stakeholders. Financial markets were volatile, inflationary pressures accelerated, and the need to support employees and customers while responding to COVID remained in the first part of the year.

Despite this backdrop, TPG Telecom continued to benefit from the foundations set in 2021 to early 2022. Service revenue grew and we more than doubled the number of fixed wireless subscribers. We exceeded targeted cost synergies from the 2020 merger. The sale of tower and rooftop assets in July 2022 supported a reduction in bank debt, and we have been working on other key initiatives, including the landmark regional mobile network sharing agreement, which is subject to regulatory approval and a decision from the Australian Competition Tribunal is due in late June 2023.

These are specific examples of the three guiding principles of our strategy – integrate and simplify, win smart and maximise our potential – as we pursue our ambition to become Australia's best telco. This strategic ambition provides direction for our remuneration approach as we seek to enhance the experience of our customers and employees and improve returns for shareholders.

Our approach to strategy and remuneration is underpinned by our strongly held values, which have been developed with significant input from our employees: stand together; own it; simple's better; and boldly go.

During 2022, progress accelerated in unifying the TPG Telecom culture and employee experience in a competitive market for talent. This progress was evident in continued improvement in employee survey results—called the 'Spirit of TPG' —which is one of the metrics in our Balanced Scorecard for the Short-Term Incentive (STI) Plan.

This improvement was achieved even though in early 2022, in line with our principle of integration and simplification, we undertook a significant restructure to bring together corporate support teams under a consolidated operating model.

Except for the Deputy CFO and CFO, due to the appointment of Grant Dempsey as CFO effective 1 February 2022, all Other Executive KMP served for the entire year. The remuneration approach outlined in the 2021 Remuneration Report continued in 2022, with minimal change.

Fixed remuneration continued to be defined by reference to the median of the external market for comparable roles, taking into consideration the size and complexity of the role, skills and experience of the employee, and internal market relativities.

For the purpose of 2022 fixed remuneration, benchmark remuneration analysis was undertaken in late 2021 against the ASX 11-50 and ASX 21-60 peer groups. Fixed remuneration increases were recommended for two KMP for 2022.

The **Short-Term Incentive (STI)** approach aligns to TPG Telecom's strategic priorities and is subject to Group financial and risk gateways, and an individual behavioural gateway. Group and individual metrics for Executive KMP were aligned with the Group's strategic priorities and budget.

Service Revenue, EBITDA, and Operating Free Cash Flow (OFCF), constitute 60% of the overall scorecard, customer and employee measures represent 20%, and individual performance measures make up the balancing 20%.

Based on that scorecard, and subject to Board discretion, the CEO was eligible to earn up to 100% of base salary at target, and 150% at maximum. The equivalent for Other Executive KMP who held the position as at 31 December 2022, was 65% at target and 100% at maximum. Overall, the Group balanced scorecard was assessed with a weighted at target performance result of 63.23% out of 80%. This represents an award of 52.69% of maximum.

That result occurred in the following way: Strong growth in EBITDA including the tower sale, which exceeded target and achieved maximum performance. Service Revenue came in between threshold and target. TPG and iiNet Net Promoter Scores (NPS), along with the employee Spirit Index, came in at threshold performance. OFCF was below threshold performance, primarily because of adverse working capital movements, driven by decisions relating to inventory holdings and other working capital items. Vodafone NPS was also below threshold and relative peer performance, despite year-on-year growth.

When combined with an assessment of individual KPIs, the Board recommended an STI award for the CEO of $1,558,255 out of a possible maximum STI award of $2,775,00. For the 2022 STI, this will be paid 55% in cash ($857,040) and 45% in Deferred Share Rights (DSRs) ($701,215). Shareholder approval for the DSRs will be sought at the 2023 Annual General Meeting. If approved, shares will be purchased on market.

Under the 2022 **Long Term Incentive (LTI)** Plan, the CEO is eligible for an allocation of performance share rights valued at 150% of base salary at maximum, with the equivalent for Other Executive KMP as at 31 December 2022 being 100% of base salary at maximum.

Performance is to be tested over three years against two equally weighted performance hurdles: OFCF, and relative Total Shareholder Return (TSR) against a nominated peer group of ASX 100 companies (excluding Energy, Financial, Materials and Real Estate companies).

The number of performance rights issued (reflecting the value allocated) is determined by the face value of the volume weighted average share price (VWAP) of a TPG Telecom ordinary share over the five working days following the announcement of the annual results and before the grant date. In 2022, this was from 25 February 2022 to 3 March 2022.

Malus conditions apply and no arrangements can be entered into to limit the economic risk of the performance rights. Performance rights will generally be forfeited if the Executive leaves, except in special circumstances including redundancy, retirement, death or total and permanent disability.

At the May 2022 AGM, shareholder approval was obtained for a grant of 486,842 performance rights valued at $2,775,000 for the CEO, which are subject to the terms outlined above.

In addition, the 2020 VHA Long Term Incentive (LTI) Plan continued to operate for two former VHA Executive KMP employed at the start of 2020. This legacy Scheme, which operates over three years, has two equally weighted tranches: one tranche, tested annually, depends on meeting OFCF targets; the other tranche is service based, requiring the Executive to still be employed by the Company at the payment date in February after the end of the third year, being February 2023.

Prior to the merger, the then VHA Remuneration Committee approved the performance outcomes for the remaining 50% of the 2019 LTI Plan, in addition to the first six months of the 2020 LTI Plan. In February 2022, the legacy 2019 VHA LTI was paid. This is reported in the Actual Cash received for the two eligible former VHA KMP. In addition, this Remuneration Report provides disclosure of remuneration outcomes under the final VHA 2020 LTI Plan.

Executive KMP need also to hold the value equivalent of one year's base salary in shares or share equivalents, which can be accumulated over five years from the date of the merger or appointment, whichever is later.

Directors' report

Remuneration report continued

Going Forward

2023 is a year for continuing TPG Telecom's momentum, focusing on ongoing simplification, and maximising asset utilisation to deliver sustainable growth and improving returns for shareholders.

To ensure momentum continues and consistency is maintained, the following changes are contemplated in the Company's 2023 remuneration structure:

- Remuneration will be benchmarked against the ASX 21-60 peer group, as well as with reference to other telecommunications peers. Specific analysis will be undertaken during the year.
- Following extensive analysis in late 2022, overall base remuneration increases will be made to four of the five Executive KMP, reflecting changes in scope of role, consideration of internal relativities and retention, while having reference to the benchmarks outlined above.
- Included in these increases is a revised base salary for the CEO to $2,000,000. This increase is the first for the CEO since the merger in July 2020 and takes into consideration the complexity of the role, skills and experience of the CEO, and external market data.
- The STI percent for at target performance will increase from 100% to 110% of base salary for the CEO and 65% to 75% of base salary for Other Executive KMP, with a continued focus on financial performance weighted at 60%, alongside customer and employee measures at a combined 20%.
- The STI percent deferred into share rights (DSRs) will increase to 50% in 2023, the last stage of the STI transition. This supports stronger equity holdings and increased alignment with shareholder outcomes for Executive KMP.
- Following stakeholder and investor feedback, performance measures within the 2023 LTI Plan will replace prior year LTI Plan measures, with the inclusion of a Return on Capital measure, Earnings per Share (EPS) and an Environmental, Social and Governance (ESG) measure linked to our 2025 renewable energy commitment outlined in our 2021 Sustainability Report.

Non-Executive Directors Governance and Remuneration

All Non-Executive Directors held office for the entire year, including Dr Helen Nugent AC and Ms Arlene Tansey, who are classified as Independent Non-Executive Directors. Dr Nugent is also the Senior Independent Director.

The governance responsibilities of the Non-Executive Directors have been clearly defined and are exercised in a way that preserves their independence from management in relation to remuneration. Management and Non-Executive Director conflicts of interest are rigorously enforced. Non-Executive Directors do not receive fees that are contingent on performance; shares in return for their service; retirement benefits, other than statutory superannuation; or any termination benefits.

The Chairman is eligible to receive an annual fee for his service of $450,000. In 2022, fees were aligned for the Chairman of Governance, Remuneration and Nominations Committee (GRNC) with those of the Chairman of the Audit and Risk Committee (ARC). The Chairman of each committee is an Independent Director. Each received fees of $50,000 a year for those roles in addition to their Non-Executive Director fees. Non-Executive Directors (other than the Board Chairman) were eligible to receive an annual fee of $165,000 consistent with 2021. No additional changes were made to Non-Executive Director fees throughout 2022.

For 2023, benchmark analysis found that Chairman and Board Member fees were considerably below the market benchmark and Chairman and Member Committee fees were within benchmark. However, no changes are proposed for Board or Committee fees in 2023.

Non-Executive Directors who personally receive Board fees are required to hold the equivalent of one year of their annual Non-Executive Director fee in shares, which can be accumulated over four years from the date of the 2020 merger or their appointment, whichever is later. At any point in time, the value of a Non-Executive Director's minimum holding will be calculated as the higher of the purchase price or current market price. Non-Executive Directors are required to advise the Company Secretary of the share price at the time of any purchase of shares.

Contents

Remuneration report continued

1. Overview

This is the second full year of the operation of TPG Telecom Limited ('TPG Telecom', 'the Company') and it is also the second full year of the operation of the new remuneration approach, which was outlined in the 2020 Remuneration Report.

This Report shows how the remuneration approach supports short and longer-term alignment of the Company's performance for the benefit of shareholders in the following ways:

- The remuneration approach seeks to align the interests of Executives and the performance of the Company. (See Section 3)
- Executive remuneration outcomes for 2022 demonstrated alignment with Company performance for the benefit of shareholders. (See Section 4)
- That alignment will continue going forward. (See Section 5)
- Non-Executive Directors have exercised effective oversight of Executive remuneration. (See Section 6)
- Non-Executive Directors are remunerated in ways that support the retention of their independence and their commitment to performance for shareholders. (See Section 7)

Each of these conclusions is outlined in the respective sections of this report.

2. Key Management Personnel (KMP)

KMP have 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.

The full list of CEO and Other Executive KMP is reported as follows:

EXECUTIVE KMP	ROLE	TERM AS KMP[1]
Iñaki Berroeta	Chief Executive Officer	Full year
Ana Bordeianu	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
Grant Dempsey	Group Chief Financial Officer	Commenced 1 February 2022
Sean Crowley	Interim Chief Financial Officer	Ceased 31 January 2022

1. If an Executive did not serve as KMP for the full year, remuneration information disclosed in this report is from the date the Executive commenced as KMP to the date they ceased as KMP.

The full list of Non-Executive Directors is reported as follows:

NON-EXECUTIVE KMP	ROLE	TERM AS KMP
Canning Fok	Non-Executive Director and Chairman	Full year
Pierre Klotz	Non-Executive Director	Full year
Diego Massidda	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

3. 2022 Remuneration Approach

The remuneration approach seeks to align the interests of Executives and the performance of the Company for the benefit of shareholders. TPG Telecom's purpose, guiding and remuneration principles are aligned to the purpose and values of the organisation.

OUR PURPOSE
To build meaningful relationships and support vibrant, connected communities

OUR STRATEGIC AMBITION
To be Australia's best telco for customers, shareholders, our people and the community

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					
Support our purpose	Generate superior returns for the benefit of shareholders over both the short and longer term	Deliver great value and service for customers today and tomorrow	Invest in fast, reliable and innovative technology that creates value for customers and shareholders	Incentivise high performance while managing risk	Promote an organisational culture aligned with organisation vision and strategy and community expectations

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

3.1. The Remuneration Structure

The remuneration structure has three elements, namely Fixed Remuneration, Short Term Incentives and Long Term Incentives, along with a minimum shareholding requirement.

Our remuneration structure overview

ELEMENT	DESCRIPTION
Fixed remuneration	Benchmarked to the median of the relevant ASX peer group, which is reviewed annually.
Short Term Incentive (STI)	Annual performance assessment of Group financial, non-financial and individual performance. Delivered in cash and share rights (DSRs) deferred over one and two years.
Long Term Incentive (LTI)	Assessed over a three-year period based on Group financial performance and a market performance hurdle. Granted as share performance rights and subject to hurdles.[1]

1. Changes are being made to the hurdles for the 2023 LTI plan as outlined in Section 5. Reference to LTI in this table relates to 2022.

Further information on each remuneration component is described below.

3.2. Fixed Remuneration 2022

Fixed remuneration is determined by reference to the median of the external market for comparable roles, taking into consideration the size and complexity of the role, skills and experience of the employee, and internal market relativities. The external market data consists of median benchmarks for similar roles in ASX peer organisations of comparable size. The benchmark used for comparison purposes for recommendations made in 2021 for 2022, was the ASX 11-50 and ASX 21-60 peer groups. The peer groups were adjusted if the nature of the organisation, such as ownership or management structure, was less relevant, based on 2021 data. The benchmark was adjusted in 2022 for 2023 recommendations to the ASX 21-60 peer group.

Fixed remuneration is comprised of base salary plus superannuation.

3.3. Short Term Incentive 2022

STI is awarded for annual Company and individual performance in line with the achievement of TPG Telecom's strategic priorities. In this way, it aligns the interests of KMP with that of Company performance for the benefit of shareholders.

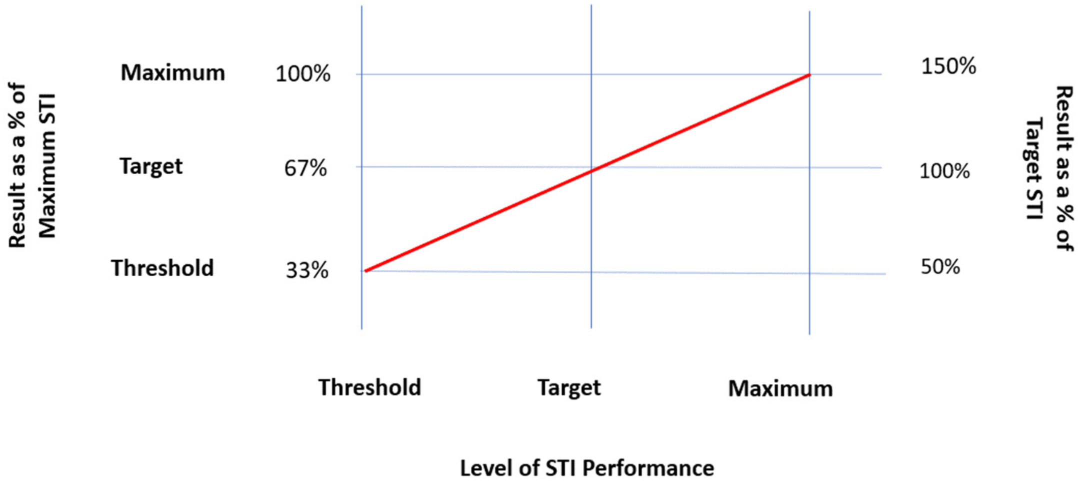
The key STI elements for TPG Telecom in 2022 were as follows:

ELEMENT	DESCRIPTION
Gateway	An STI allocation to Executives will only be paid after the following considerations are taken into account: **Assessed at a group level:** • **Financial:** minimum financial performance aligned with shareholder interests is achieved. The benchmark is set at the beginning of the performance year by the Board, following input from the GRNC, having discretion at the end of the year as to whether it is to be exercised. • **Risk:** appropriate management of financial, operational and reputational risks in the generation of returns is assessed by the Board, following input from the GRNC, at the end of the financial year. **Assessed at an individual level:** • **Behaviours:** demonstrated behaviours that are aligned with the organisation's purpose and culture are assessed by the Board at the end of the financial year, with input from management, subject to the management of conflicts of interest.
STI opportunity	In 2022, the CEO was eligible to earn the STI equivalent of up to 100% of base salary at target and up to 150% of base salary at maximum. In 2022, Other Executive KMP who were KMP as at 31 December 2022 were eligible to earn the STI equivalent of up to 65% of base salary at target and up to 100% of base salary at maximum. The target STI opportunity has been set by considering the aggregate STI and LTI remuneration against the total target remuneration levels for the median of the peer group. The maximum STI opportunity has been determined by considering total target remuneration levels at the 75th percentile of this peer group where maximum benchmarking information was not available.
Funding	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.
Performance measures	Performance STI outcomes are assessed against a balanced scorecard developed to support the Company's strategic priorities. The table below outlines the type of performance measures that were used in 2022 and their weighting at target as well as at maximum.

PERFORMANCE MEASURE	SCORECARD WEIGHTING AT TARGET	SCORECARD WEIGHTING AT MAXIMUM
Total Service Revenue	20%	30%
Operating Free Cash Flow (OFCF)	15%	22.5%
EBITDA	25%	37.5%
Customer experience	10%	15%
Employee outcomes	10%	15%
Individual performance achievement	20%	30%
TOTAL	**100%**	**150%**

Additional information on the specific Company performance measures is provided in Section 4.2.

Individual performance measures are role specific and set with reference to the Company's strategic priorities as they relate to an individual's role.

ELEMENT	DESCRIPTION
Balanced Scorecard Operation	The performance measures in the balanced scorecard are reviewed at year end against three levels of performance – threshold, target and maximum, with a pro rata being applied in between each level. **Threshold** – 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. 
How performance is evaluated	The Board approves the details of the balanced scorecard at the start of the year. At year end, the GRNC makes a recommendation to the Board on whether the financial or risk gateways have been achieved. The balanced scorecard is reviewed by the GRNC and proposed to the Board, based on financial and non-financial calculations. The GRNC makes a recommendation to the Board on the CEO's performance against the Group's scorecard and individual goals agreed at the beginning of the financial year, after the behavioural gateway has been reviewed. The CEO makes a proposal to the GRNC for recommendation to the Board on the performance of each individual Other Executive KMP against the Group's scorecard and their individual goals, after the behavioural gateway has been reviewed. Any STI outcomes for the balanced scorecard and for the CEO or Other Executive KMP are subject to overriding Board discretion and rigorous management of conflicts of interest.

<table>
<tr><th>ELEMENT</th><th>DESCRIPTION</th></tr>
<tr><td>Instruments</td><td>STI is awarded in cash and Deferred Share Rights (DSRs). DSRs are rights over TPG Telecom ordinary shares. 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.
Historically, neither legacy VHA or TPG Corporation used deferred STI arrangements. A transition to a deferred STI commenced in 2021 and will result in a 50% equity deferral from 2023. The transition has been staged to balance the retention of Executive KMP over the crucial post-merger period with shareholder expectations over the near term for the proportion of STI to be retained.
The table below outlines the percentage of cash and deferred equity allocated for STI awards across this transition period. This applies to all Executive KMP.
<table><tr><th>YEAR</th><th>CASH COMPONENT</th><th>DSR COMPONENT</th></tr><tr><td>2021</td><td>60%</td><td>40%</td></tr><tr><td>2022</td><td>55%</td><td>45%</td></tr><tr><td>2023 onwards</td><td>50%</td><td>50%</td></tr></table></td></tr>
<tr><td>Performance period</td><td>STI is assessed over a one-year period, aligned to TPG Telecom's financial year, which is a calendar year.</td></tr>
<tr><td>Vesting period</td><td>The cash component of the STI is paid in March following the end of the financial year.
DSRs 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. Vesting of each tranche is subject to continued employment, subject to the cessation of employment provisions outlined in the cessation of employment provision below.</td></tr>
<tr><td>Number of DSRs issued</td><td>The number of DSRs 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.
For DSR's awarded as part of the STI for FY21, the calculated five-day VWAP for the period 25 February 2022 to 3 March 2022 inclusive was $5.70. This value was also used for the DSRs issued to the CEO in May 2022 following shareholder approval.
DSR's reflecting 2022 STI outcomes will be calculated from 28 February 2023 to 6 March 2023 inclusive.</td></tr>
<tr><td>Exercise</td><td>Exercise of DSRs is automatic on vesting and there is no exercise price.</td></tr>
<tr><td>Hedging of DSRs</td><td>Executives cannot enter into any arrangements that limit the economic risk of unvested DSRs.</td></tr>
<tr><td>Malus conditions</td><td>In cases where an Executive KMP acts fraudulently or dishonestly or is in breach of his or her obligations to TPG Telecom, any eligibility for STI or unvested rights will lapse.</td></tr>
<tr><td>Cessation of employment</td><td>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:
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.</td></tr>
<tr><td>Change of control</td><td>DSRs will be subject to the existing terms and conditions of the award and the exercise of Board discretion.</td></tr>
</table>

3.4. Long Term Incentive 2022

LTI supports longer-term alignment between each Executive KMP and the return experienced by TPG Telecom shareholders, both directly and indirectly through the Company's performance. LTI considers both Company performance and share plan performance relative to the external market. These elements have been applied to the 2021 and 2022 Long Term Incentive Plans.

ELEMENT	DESCRIPTION
LTI opportunity	For 2022, the target LTI opportunity, as determined in 2021, has been set by reference to the median of the ASX peer group for comparable roles, taking into account the level of fixed, STI and LTI remuneration. At that time the peer group was the ASX 11-50 and ASX 21-60, using data from 2021. The maximum LTI opportunity was determined by considering the total target remuneration levels at the 75th percentile of this peer group or the maximum at market median where available. For 2022, the CEO was eligible to earn the LTI equivalent of up to 100% of base salary at target and up to 150% of base salary at maximum. The Board makes a recommendation to shareholders on the CEO's LTI grant for approval at the Annual General Meeting. For 2022, Other Executive KMP were eligible to earn the LTI equivalent of up to 65% of base salary at target and up to 100% of base salary at maximum. The GRNC makes a recommendation to the Board on the LTI grant for Other Executive KMP.
Performance measures and vesting period	For the 2022 LTI, performance will be tested against two equally weighted measures linked to: • OFCF measured as operating cashflow less capex, finance lease repayments and finance lease interest (within financing costs). It does not include payments for spectrum and dividends and excludes any loan payments/drawdowns. • Total Shareholder Return (TSR) relative to a peer group of ASX 100 listed organisations (which excludes the Energy, Financial, Materials, and Real Estate sectors). Performance under the LTI will be tested over a three-year period, as outlined in the table below. PERFORMANCE MEASURE — WEIGHTING Relative TSR — 50% OFCF — 50% If the performance hurdles are met, vesting may only occur at the end of the three-year performance period.
How is performance evaluated	Vesting schedules for the 2022 LTI performance measures are included in the table below. **Relative TSR vesting schedule**

RELATIVE TSR PERFORMANCE % RANKING WITH PEER GROUP AT THE CONCLUSION OF THE 3 YEAR PERFORMANCE PERIOD	VESTING % OF GRANTED PERFORMANCE RIGHTS THAT VEST
Equal to or less than the 50th percentile	0%
Between the 50.1 percentile and 75th percentile	Straight-line pro rata vesting between 50.1% and 100%
Equal to the 75th percentile or above	100%

ELEMENT	DESCRIPTION
How is performance evaluated	**OFCF vesting schedule** **OFCF PERFORMANCE ACHIEVEMENT % OF 3 YEAR CUMULATIVE TARGE** — **VESTING % OF GRANTED PERFORMANCE RIGHTS THAT VEST** Less than 80% of the cumulative OFCF target is achieved — 0% 80% of the cumulative OFCF target is achieved — 50% Between 80% and 110% of the cumulative OFCF target is achieved — Straight-line pro rata vesting between 50.1% and 100% 110% or more of the cumulative OFCF target is achieved — 100%
Instrument	LTI is granted as performance rights that entitle participants to a fully paid ordinary share in TPG Telecom, subject to meeting the performance hurdles. Performance rights are granted at no cost to the participant. No dividend is payable on unexercised rights. Shares are typically purchased on market.
Number of rights issued	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. For performance rights issued as part of the LTI for FY22, the calculated five-day VWAP for the period 25 February 2022 to 3 March 2022 inclusive was $5.70. This value was also used for the performance rights issued to the CEO in May 2022 following shareholder approval. For the 2023 LTI allocation, the VWAP will be used for the five working days from 28 February 2023. This value will also be used for the performance rights granted to the CEO in May 2023, which will be subject to shareholder approval at the May 2023 Annual General Meeting.
Exercise	Exercise of performance rights is automatic on vesting and there is no exercise price.
Hedging	Executives cannot enter into any arrangements to limit the economic risk of unvested performance rights.
Malus conditions	In cases where an Executive KMP acts fraudulently or dishonestly or is in breach of his or her obligations to TPG Telecom, any unvested rights will lapse.
Cessation of employment	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.
Change of control	Performance rights will be subject to the existing terms and conditions of the award and Board discretion.

The 2020 LTI Plan that was outstanding at the time of the merger that related to VHA was still on foot in 2022. This is described in Section 4.4.

3.5. Minimum Shareholding Requirements

To further align the interests of the Executive with shareholders, a minimum shareholding requirement has been approved by the Board for all Executive KMP.

Under the minimum shareholding requirement, Executive KMP are required to acquire and maintain, directly or indirectly, a holding with a value equivalent of one year’s base salary. Each Executive KMP may accumulate this value over five years from the date of the merger or appointment, whichever is later. The shareholding requirements are periodically reviewed.

The value of an Executive KMP’s minimum shareholding is calculated as the higher of the purchase price or current market price. The minimum shareholding is calculated as the total value of shares held by the Executive KMP and unvested performance rights. For the purpose of the calculation, the value of unvested performance rights is discounted by 50%. The GRNC annually reviews the extent to which each Executive KMP is complying with or making progress towards complying with this requirement.

In addition, the Board has adopted a share trading policy to ensure Executives comply with, and are perceived as complying with, insider trading laws, and their dealing in TPG Telecom shares. The policy requires Executives to only trade within defined windows, to document all shareholdings, as well as to provide the Company with written acknowledgement of any trades. A breach of policy would be regarded seriously by the Board and may constitute a breach of the law, and as such may lead to action being taken against the Executive, up to and including termination.

Compliance with minimum shareholding requirements is subject at all times to conformance with the share trading policy and insider trading provisions of the Corporations Act 2001.

3.6. Total Target and Maximum Remuneration for 2022

Total Target remuneration for the CEO and Other Executive KMP has been set by reference to the median of benchmark data for comparable roles in ASX peer organisations. In 2022, remuneration components for KMP were compared to the median of the ASX 11-50 and ASX 21-60 peer groups, utilising data from 2021. The benchmark maximum was set at the 75th percentile of total target remuneration for comparable roles in the ASX peer organisations where maximum information was not available.

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The table below details 2022 Total Target remuneration by reward element for those Executive KMP who held the role as at 31 December 2022. This table assumes the Executive was in the role for the entire year.

Total Target Remuneration for Executive KMP: 2022

EXECUTIVE KMP	BASE SALARY $[2]	STI TARGET % OF BASE SALARY	STI TARGET $	% STI DEFERRED IN 2022	LTI TARGET % OF BASE SALARY	LTI TARGET $	TOTAL TARGET REMUNERATION $[3]
Iñaki Berroeta	1,850,000	100%	1,850,000	45%	100%	1,850,000	5,550,000
Ana Bordeianu	714,000	65%	464,100	45%	65%	464,100	1,642,200
Kieren Cooney	900,000	65%	585,000	45%	65%	585,000	2,070,000
Grant Dempsey[1]	880,000	65%	572,000	45%	65%	572,000	2,024,000
Jonathan Rutherford	714,000	65%	464,100	45%	65%	464,100	1,642,200

1. Grant Dempsey was appointed as CFO on 1 February 2022.
2. Statutory superannuation is not included in the calculation of incentives.
3. Excludes statutory superannuation.

The table below details 2022 Total Maximum remuneration by reward element for those Executive KMP who held the role as at 31 December 2022. This table assumes the Executive was in the role for the entire year.

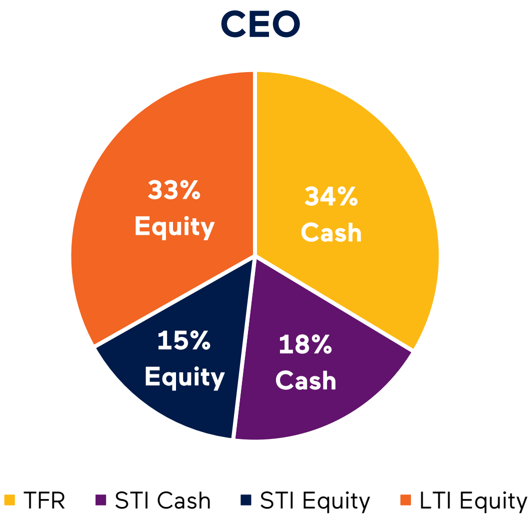
Total Maximum Remuneration for Executive KMP: 2022

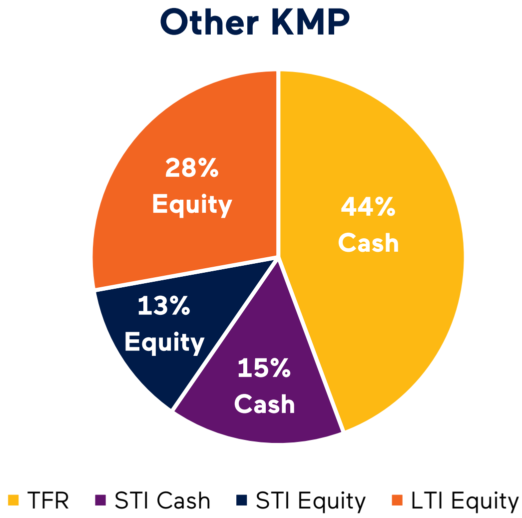
EXECUTIVE KMP	BASE SALARY $[2]	STI MAXIMUM % OF BASE SALARY	STI MAXIMUM $	% STI DEFERRED IN 2022	LTI MAXIMUM % OF BASE SALARY	LTI MAXIMUM $	TOTAL MAXIMUM REMUNERATION $[3]
Iñaki Berroeta	1,850,000	150%	2,775,000	45%	150%	2,775,000	7,400,000
Ana Bordeianu	714,000	100%	714,000	45%	100%	714,000	2,142,000
Kieren Cooney	900,000	100%	900,000	45%	100%	900,000	2,700,000
Grant Dempsey[1]	880,000	100%	880,000	45%	100%	880,000	2,640,000
Jonathan Rutherford	714,000	100%	714,000	45%	100%	714,000	2,142,000

1. Grant Dempsey was appointed as CFO on 1 February 2022.
2. Statutory superannuation is not included in the calculation of incentives.
3. Excludes statutory superannuation.

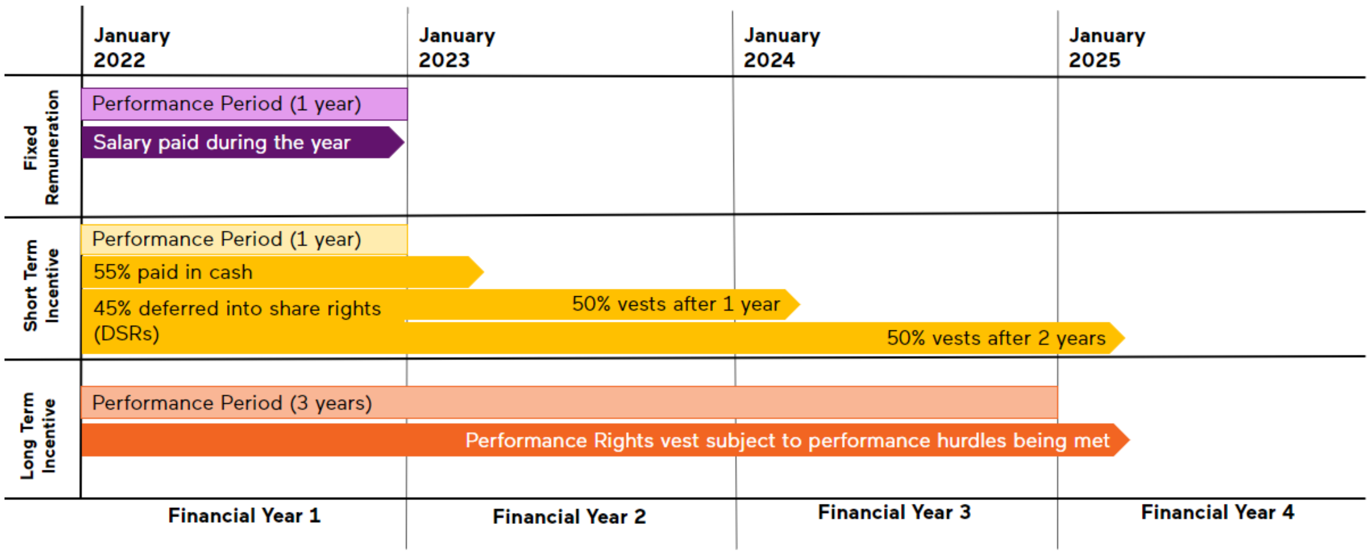
3.7. Remuneration Mix at Target for 2022

The target remuneration mix has been structured to align remuneration for the CEO and Other Executive KMP with the short and long-term business objectives of TPG Telecom. For the CEO and Other Executive KMP, the graphs below outline the target remuneration mix between total fixed remuneration, short term incentive cash and equity components and the long-term incentive. Total Fixed Remuneration (TFR) includes base salary and statutory superannuation.





The chart below outlines the vesting timeframes for the TPG Telecom remuneration approach over which each remuneration element operated at the end of 2022. This does not include legacy VHA LTI arrangements.



4. Executive Remuneration Outcomes: 2022

Executive remuneration outcomes for 2022 demonstrate alignment with Company performance for the benefit of shareholders.

4.1. Fixed Remuneration

Fixed remuneration outcomes for 2022 reflect the principles outlined in Section 3.2 above for those who were KMP as at 31 December 2022, along with the period for which the Executive served as KMP.

EXECUTIVE KMP	ROLE	TERM AS KMP	ACTUAL FIXED REMUNERATION (INCLUDING SUPERANNUATION)[1,2]$
Iñaki Berroeta	Chief Executive Officer	Full year	1,874,430
Ana Bordeianu[3]	Group Executive Customer Operations and Shared Services	Full year	736,597
Kieren Cooney	Group Executive Consumer	Full Year	924,430
Grant Dempsey	Group Chief Financial Officer	Commenced 1 February 2022	831,097
Jonathan Rutherford	Group Executive Enterprise & Government	Full year	736,097

1. For the relevant term as Executive KMP as per the dates detailed in the above table.
2. Where applicable, 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.

Consideration was given to external market comparisons for similar roles in peer ASX organisations and internal relativities within the Executive team. As determined in 2021 for 2022, TPG Telecom's Fixed remuneration for Executive KMP was benchmarked against the median of the ASX 11-50 and the ASX 21-60 peer groups. In 2022, due to share price volatility, this peer group was adjusted to be the ASX 21-60 peer group for remuneration decisions for 2023.

4.2. STI Outcomes 2022

Business performance metrics reflect key drivers of shareholder returns and were set to support the Company's strategic priorities based on the annual budget and other strategic priorities as approved by the Board.

Prior to assessing the performance of the STI measures and determining final STI award outcomes, the TPG Telecom Board assesses the outcome against each gateway.

ASSESSMENT LEVEL	GATEWAY	DESCRIPTION	OUTCOME OF BOARD ASSESSMENT
Assessed at a Group level	Financial	Minimum financial performance aligned with shareholder interests is achieved. The benchmark is set at the beginning of the performance year by the Board, following input from the GRNC, having discretion at the end of the year as to whether it is to be exercised.	Achieved
	Risk	Appropriate management of financial, operational and reputational risks in the generation of returns is assessed by the Board, following input from the GRNC, at the end of the financial year.	Achieved
Assessed at an Individual level	Behaviours	Demonstrated behaviours that are aligned with the organisation's purpose and culture are assessed by the Board at the end of the financial year, with input from management, subject to the management of conflicts of interest.	Achieved

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The Board found that the Group financial and risk gateways 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.

STI outcomes were then calculated based on the achievement against TPG Telecom's 2022 STI plan measures as outlined in the table below. An outline of performance against historical STI measures is detailed in Section 4.6.

MEASURE AND WEIGHTING AT TARGET	DESCRIPTION	THRESHOLD	TARGET	MAXIMUM[1]
Total Service Revenue (20%)[2]	Measures recurring revenue generated from the provision of telecommunications services excluding handsets, accessories, and other hardware revenue.	$4,067 million	$4,519 million	$4,971 million
OFCF (15%)[3]	Measures Operating cash flow less capex, finance lease repayments and finance lease interest (within financing costs). It does not include payments for spectrum and dividends and excludes any loan payments/drawdowns.	$206 million	$257 million	$308 million
EBITDA (25%)	Measures the profit TPG Telecom makes after operating costs and before charges for depreciation and amortisation, interest, and tax	$1,599 million	$1,777 million	$1,955 million
Customer NPS Vodafone Brand Mobile (5%)	Measures the number of months of the year that the target ranking has been achieved. The customer measures are tested independently of each other.	Lead position for 50% of the year	Lead position for 83% of the year	Lead position for 100% of year and increase gap to competitors
Customer NPS TPG & iiNet Brands Fixed (5%)		Lead position of 1 or 2 for 83% of the year	Lead position of 1 or 2 for 91% of the year	Lead position of 1 or 2 for 100% of year and 10 percentage point gap to no. 3
Employee Experience - Values Alignment Index (10%)	Index score based on 16 values-based statements contained within the TPG Telecom culture survey	+3 from baseline (of 76)	+5 from baseline	+7 from baseline
Individual (20%)	Measures aligned to Strategic Pillars			

1. STI capped at 150% of payout for maximum performance achievement.
2. 2022 target adjusted for Multimedia Messaging Service (MMS) revenue.
3. 2022 target adjusted to account for changes from initial target in handset receivable financing, transformation costs and Radio Access Network (RAN) acceleration.

The result achieved for each business performance measure was assessed against targets.

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MEASURE AND WEIGHTING AT TARGET	COMMENTARY	OUTCOME	PERFORMANCE OUTCOME ACHIEVEMENT
Total Service Revenue (20%)	Total Service Revenue result driven by shortfalls against ambitious growth targets for fixed consumer broadband and Enterprise, Government & Wholesale. This was partially mitigated by strong mobile customer numbers with a return to growth in both post-paid and prepaid customers and boosted by return of international roaming revenues.	$ 4,439 million	Between Threshold and Target
OFCF (15%)	Result due to adverse working capital movements driven by an increase in inventory holdings (exacerbated by fixed wireless modems), and negative movements in other working capital items.	$ 92 million	Less than Threshold
EBITDA (25%)	Result exceeded target with service revenue driven shortfalls more than mitigated by delivery of margin cost savings ahead of target and one-off gain from sale of Tower assets.	$ 2,135 million	Greater than Maximum
Customer NPS Vodafone Brand Mobile (5%)	Vodafone maintained low Telecommunications Industry Ombudsman (TIO) complaints and doubled NPS in 2022. Despite the growth in NPS, Vodafone did not hold the lead position throughout the year.	0% (0 of 12 months)	Less than Threshold
Customer NPS TPG & iiNet Brands Fixed (5%)	TPG improved NPS by 9% across the year; iiNet regularly held lead position throughout the year.	83% (10 of 12 months)	Threshold
Employee Experience - Values Alignment Index (10%)	An improvement was recorded in the scores of all 16 questions in the Index. The area of simplification remains the most significant area of opportunity.	79 (+3 from baseline 76)	Threshold

The performance outcome achievement for each of the 2022 Business Performance measures is converted to a STI Payment percent based on the scale in the following table.

PERFORMANCE OUTCOME ACHIEVEMENT	STI PAYMENT % VS TARGET	STI PAYMENT % VS MAXIMUM
Below Threshold	0%	0%
Threshold	50%	33.33%
Between Threshold and Target	Pro-rated 50% - 100%	Pro-rated 33.33% - 67%
Target	100%	67%
Between Target and Maximum	Pro-rated 100%-150%	Pro-rated 67%-100%
Greater than Maximum	150%	100%

The STI Payment percent for each 2022 Business Performance measure and the weighted STI Payment percent is detailed in the following table.

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MEASURES	WEIGHTED STI PAYMENT % AT TARGET (80% TOTAL)	WEIGHTED STI PAYMENT % AT MAXIMUM (120% TOTAL)	PERFORMANCE OUTCOME ACHIEVEMENT	ACTUAL STI PAYMENT AS % OF TARGET	WEIGHTED ACTUAL STI PAYMENT % OF TARGET	ACTUAL STI PAYMENT AS % OF MAXIMUM
Total Service Revenue[1]	20.00%	30.00%	Between Threshold and Target	91.15%	18.23%	60.76%
OFCF[2]	15.00%	22.50%	Less than Threshold	0.00%	0.00%	0.00%
EBITDA[3]	25.00%	37.50%	Greater than Maximum	150.00%	37.50%	100.00%
Customer NPS Vodafone Brand Mobile	5.00%	7.50%	Less than Threshold	0.00%	0.00%	0.00%
Customer NPS TPG & iiNet Brands Fixed	5.00%	7.50%	Threshold	50.00%	2.50%	33.33%
Employee Experience - Values Alignment Index	10.00%	15.00%	Threshold	50.00%	5.00%	33.33%
Total Weighted STI Payment %					63.23% out of 80% at target[4]	52.69% out of 120% at maximum

1. Revenue from contracts with customers excluding handsets, accessories, and other hardware revenue.
2. Operating cash flow less capex, finance lease repayments and finance lease interest (within financing costs). This does not include payments for spectrum and dividends and excludes any loan payments/drawdowns.
3. EBITDA measures the profit TPG Telecom makes after operating costs and before depreciation and amortisation, interest and tax.
4. The 80% at target represents the business performance component (120% at maximum), the remaining 20% is assessed on individual performance (with a possible 30% at maximum).

For the purposes of calculating the STI outcome, the Board, following input from the GRNC, approved the Business Performance component of the STI payment as 63.23% out of a total of 80% at target, or an outcome of 52.69% out of 120% at maximum.

Assessments were also undertaken for each individual, representing 20% of their overall STI outcome. The CEO's performance was assessed against individual specific goals approved by the Board, which reflected the following strategic pillars:

STRATEGIC PILLARS	COMMENTARY ON ACHIEVEMENT AGAINST PILLARS	BOARD ASSESSMENT ON ACHIEVEMENT
Delivery of merger integration synergies	Delivered synergies of $140 million against a target of $132 million.	Between Target and Maximum
Delivery of growth in fixed wireless	More than doubled fixed wireless subscribers in 2022 from 80,000 to 171,000.	Between Threshold and Target
Successful execution of asset monetisation and infrastructure/network sharing strategies	Completed the sale of mobile tower and rooftop infrastructure; Executed network sharing agreement; Strategic review of Vision Networks.	Maximum

The GRNC, following input from the CEO, reviewed and assessed each Executive KMP's performance relative to their individual goals. The individual component represents 20% of the total STI payment at target. The value of the deferred component of the award will be subject to the share price at vesting.

The table below shows the 2022 STI payment for Executives who were KMP as at 31 December 2022, split into cash at 55% and deferred at 45% as well as the total amount. It also reflects the Executive KMP's STI given their period of appointment. Information on 2023 STI Target and Maximum and STI measures is outlined in Section 5.

EXECUTIVE KMP	2022 STI CASH ACTUAL[1]	2022 STI DEFERRED ACTUAL[2]	TOTAL 2022 STI ACTUAL	PERCENTAGE OF TARGET	PERCENTAGE OF MAXIMUM
Iñaki Berroeta	857,040	701,215	1,558,255	84.23%	56.15%
Ana Bordeianu	215,001	175,910	390,911	84.23%	54.75%
Kieren Cooney	267,793	219,103	486,896	83.23%	54.10%
Grant Dempsey[3]	241,139	197,295	438,434	84.23%	54.75%
Jonathan Rutherford	212,449	173,822	386,271	83.23%	54.10%

1. 2022 STI Cash is paid to the Executive as a gross payment in March 2023.
2. 2022 STI Deferred is granted in 2023 to the Executive in DSRs over TPG Telecom ordinary shares deferred over one and two years with vesting occurring in March 2024 and March 2025.
3. STI target pro-rated based on term as KMP from 1 February 2022 to 31 December 2022.

4.3. LTI Grants 2022

The 2022 LTI Grant was made at the start of 2022 with performance to be tested over a three-year period against two equally weighted performance hurdles:

PERFORMANCE MEASURE	WEIGHTING
Relative TSR	50%
OFCF	50%

The performance for Relative TSR will be assessed at the end of the three-year performance period relative to 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).

The number of performance rights issued (reflecting the value allocated) was determined by the face value of the volume weighted average share price (VWAP) of a TPG Telecom ordinary share over the five working days following announcement of the annual results, which was from 25 February 2022 to 3 March 2022. The VWAP for the 2022 LTI grant of performance rights was approved by the Board at $5.70 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 package value by the Board approved VWAP share price. In the case of the CEO, shareholder approval was sought and obtained at the May 2022 Annual General Meeting.

The table below details the number of performance rights granted under the 2022 LTI and the share price at the time of grant for those Executive KMP who held that role as at 31 December 2022. Performance rights are subject to performance hurdles and have no value unless those hurdles are met.

EXECUTIVE KMP	POTENTIAL MAXIMUM 2022 LTI %	POTENTIAL MAXIMUM 2022 LTI ($)	SHARE PRICE AT GRANT ($)	NUMBER OF 2022 LTI PERFORMANCE RIGHTS GRANTED[1]
Iñaki Berroeta[2]	150%	2,775,000	5.70	486,842
Ana Bordeianu	100%	714,000	5.70	125,263
Kieren Cooney	100%	900,000	5.70	157,894
Grant Dempsey	100%	880,000	5.70	154,385
Jonathan Rutherford	100%	714,000	5.70	125,263

1. Refer to Section 3.4 for how LTI performance is evaluated.
2. The CEO received shareholder approval for the LTI grant at the 3 May 2022 Annual General Meeting.

4.4. 2022 LTI Outcome for 2020 VHA LTI Allocation

Existing VHA LTI Plans that were in place for former VHA Executives were retained following the merger on 26 June 2020. None were in existence for TPG Corporation. The 2020 LTI Plan is the last legacy VHA plan that remained on foot in 2022.

Under the legacy VHA LTI scheme, performance has been tested annually against two equally weighted independent tranches. One tranche is subject to meeting OFCF performance targets and the other is service based, requiring the Executive to still be employed by the Company at the payment date in February after the end of the third year. In special circumstances (including redundancy, retirement, death or total and permanent disability or as otherwise agreed), a pro rata payment may be awarded on termination. Performance of the LTI plan is assessed annually over a three-year period.

The performance period for the 2020 VHA LTI Plan was from 1 January 2020 to 31 December 2022. It vested (subject to performance hurdles) on 31 December 2022 and with payment made in February 2023.

For the 2020 performance year of the 2020 LTI Plan, the VHA Remuneration Committee, prior to merger implementation, determined the performance outcome for the first half of 2020 at 125% of the VHA OFCF target. A subsequent recommendation and decision made by the GRNC and the TPG Telecom Board was made in relation to 2H 2020 performance at 75% of the TPG Telecom OFCF target.

For the 2021 performance year, OFCF performance was approved by the TPG Telecom Board at 125% of the TPG Telecom OFCF target of $485 million. For the 2022 performance year, performance was assessed as at 31 December 2022 and determined to be below threshold of the TPG Telecom OFCF target of $257 million and the decision was made by the TPG Telecom Board in relation to the outcome of the final year of the 2020 VHA LTI at 0%.

The table below details the performance outcome for the 2020 LTI Plan.

LTI GRANT	PERFORMANCE PERIOD START DATE	PERFORMANCE PERIOD END DATE	PERFORMANCE YEAR 1	PERFORMANCE YEAR 2	PERFORMANCE YEAR 3	OUTCOME %
2020 LTI	1 January 2020	31 December 2022	99.9%[1]	125%[2]	0%	74.97%

1. Performance for 1H 2020 of the 2020 LTI grant was approved by the VHA Remuneration Committee prior to merger at 125% of target. 2H 2020 was approved by the TPG Telecom Board at 75% of target.
2. Performance is based on the OFCF measure with an outcome of $596 million against the TPG Telecom target set at $485 million.

As a result of the approved 2020 LTI plan outcome, the table below outlines the payments to Executive KMP who held the position as at 31 December 2022, that were paid in February 2023.

The payments will be reflected in the Actual Cash remuneration for these Executive KMP in the 2023 Remuneration Report.

EXECUTIVE KMP	2020 LTI PAYMENT
Iñaki Berroeta	$962,317
Ana Bordeianu	$321,501

4.5. Total Remuneration Outcomes 2022

The table below details actual total remuneration allocated to Executives (both in cash and the face value of equity) for 2022 for Executive KMP who held that role as at 31 December 2022. The 2022 LTI allocation will only have value if the specified hurdles are met.

EXECUTIVE KMP	2022 FIXED REMUNERATION $	OTHER PAYMENTS $[1]	2022 SHORT TERM INCENTIVE ACTUAL $	2022 LTI GRANT ALLOCATED VALUE $	2022 ACTUAL TOTAL REMUNERATION ALLOCATED $
Iñaki Berroeta	1,874,430	92,500[2]	1,558,255	2,775,000	6,300,185
Ana Bordeianu	736,597	-	390,911	714,000	1,841,508
Kieren Cooney	924,430	196,250[3]	486,896	900,000	2,507,576
Grant Dempsey[4]	831,097	-	438,434	880,000	2,149,531
Jonathan Rutherford	736,097	-	386,271	714,000	1,836,368

1. Other Payments includes payments related to retention and sign on.
2. Represents the final tranche of the CEO's contracted retention payment paid in January 2022, as per the CEO's 2020 contract.
3. Represents the payment to Kieren Cooney agreed on commencement with the Company for his forfeited STI and LTI as a result of his resignation from his previous employer. The final payment will occur in September 2023.
4. Grant Dempsey was appointed as CFO on 1 February 2022.

The table below details Actual cash remuneration paid to Executive KMP who held that role as at 31 December 2022.

EXECUTIVE KMP	2022 FIXED REMUNERATION $	OTHER PAYMENTS $[1]	2022 SHORT TERM INCENTIVE ACTUAL CASH $[2]	2022 LONG TERM INCENTIVE ACTUAL CASH $[3]	2022 ACTUAL CASH TOTAL REMUNERATION $
Iñaki Berroeta	1,874,430	92,500[4]	857,040	499,608	3,323,578
Ana Bordeianu	736,597	-	215,001	157,500	1,109,098
Kieren Cooney	924,430	196,250[5]	267,793	-	1,388,473
Grant Dempsey	831,097	-	241,139	-	1,072,236
Jonathan Rutherford	736,097	-	212,449	-	948,546

1. Other Payments includes payments related to retention and sign on.
2. Represents actual cash payments in March 2023 related to 2022 STI performance outcomes. This excludes the value of DSRs.
3. 2022 Long Term Incentive Actual Cash payments are from 2019 VHA LTI as reported in the 2021 Remuneration Report.
4. Represents the final tranche of the CEO's contracted retention payment paid in January 2022, as per the CEO's 2020 contract.
5. Represents the payment to Kieren Cooney agreed on commencement with the Company for his forfeited STI and LTI as a result of his resignation from his previous employer. The final payment will occur in September 2023.

Additionally in March 2022, Tranche 1 of the CEO's deferred STI allocation for 2020 vested. This consisted of 27,355 shares which at the time of allocation were valued at $186,014 (using a share price of $6.80, which was the VWAP from the five working days from 25 February 2021 to 4 March 2021). This has not been included in the CEO's Total Cash Remuneration in the table above.

Remuneration report continued

4.6. Alignment with Shareholder interests

This section of the Remuneration Report provides an overview of the alignment of the Company's performance for FY22 with remuneration outcomes for Executive KMP. The table below is a statutory reporting requirement.

FINANCIAL[1]	2018	2019	2020	2021	2022
Service revenue[2]	2,391	2,271	3,295	4,372[3]	4,439
EBITDA[4]	1,102	1,178	1,391	1,727[7]	2,135
OFCF[5]	564	568	361	596	92
Dividend Paid	-	-	N/A	288	325
Share Price[6]	-	-	7.22	5.89	4.89
NPAT	-	-	734	113[8]	513

1. Historic performance from 2018 to 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, accessories and other hardware revenue.
3. Refer to Note 2(m) and Note 4 of the financial statements regarding change in presentation of the Consolidated Income Statement.
4. EBITDA is defined as earnings after operating costs and before depreciation and amortisation, interest and tax.
5. OFCF is Operating cash flow less capex, finance lease repayments and finance lease interest (within financing costs). It does not include payments for spectrum and dividends and excludes any loan payments/drawdowns.
6. Represents the closing share price as at 31 December.
7. EBITDA for 2021 has been restated from $1,731 million to $1,727 million reflecting the change in accounting policy for government grants that was implemented for the 2022 financial results.
8. NPAT for 2021 has been restated from $110 million to $113 million reflecting the change in accounting policy for government grants which was implemented for the 2022 financial results.

5. Looking forward to 2023

5.1. 2023 Fixed Remuneration

For 2023, a comprehensive analysis was undertaken across the ASX 21-60 peer group, based on 2022 data. Consideration was given to movements in market position and telecommunication peers. In addition to the benchmarking exercise, the GRNC recommendation to the Board considered role size, complexity and internal relativities. The Board awarded base salary increases to 4 of the 5 Executive KMP. The CEO's base salary was increased to $2,000,000 and STI at Target was increased from 100% to 110%. This reflects not just benchmark data but also that the CEO's remuneration has not changed since the merger in 2020.

The effective date for the fixed remuneration recommendations will be 1 March 2023, which is consistent with the rest of the Company. The effective date for the purpose of calculating STI and LTI is 1 January 2023. The table below sets out the CEO and Other Executive KMP fixed remuneration for 2023.

EXECUTIVE KMP	BASE SALARY $	SUPERANNUATION $[1]	TOTAL FIXED REMUNERATION $
Iñaki Berroeta	2,000,000	25,292	2,025,292
Ana Bordeianu	785,400	25,292	810,692
Kieren Cooney	945,000	25,292	970,292
Grant Dempsey	880,000	25,292	905,292
Jonathan Rutherford	785,400	25,292	810,692

1. Superannuation reflects the amount payable up to the statutory superannuation cap which came into effect from 1 July 2022.

5.2. 2023 Short Term Incentive

For Executives who were KMP as at 31 December 2022, the table below shows their potential 2023 STI at Target and at Maximum as well as the percentage of cash and deferred equity to be potentially allocated for STI awards. These decisions have been made with reference to overall benchmark data.

EXECUTIVE KMP	2023 STI TARGET % BASE SALARY	2023 STI TARGET $	2023 STI MAXIMUM %	2023 STI MAXIMUM $	2023 STI CASH %	2023 STI DEFERRED %
Iñaki Berroeta	110%	2,200,000	165.0%	3,300,000	50%	50%
Ana Bordeianu	75%	589,050	112.5%	883,575	50%	50%
Kieren Cooney	75%	708,750	112.5%	1,063,125	50%	50%
Grant Dempsey	75%	660,000	112.5%	990,000	50%	50%
Jonathan Rutherford	75%	589,050	112.5%	883,575	50%	50%

Remuneration report continued

The allocation of STI will reflect business performance metrics against the 2023 STI scorecard. The key elements are outlined below and reflect key drivers of shareholder returns that have been set to support the Company's strategic priorities based on the annual budget and other strategic priorities as approved by the Board. The scorecard measures and weighting are consistent with the 2022 STI scorecard.

MEASURE	WEIGHTING AT TARGET	WEIGHTING AT MAXIMUM
Total Service Revenue	20%	30%
OFCF	15%	22.5%
EBITDA	25%	37.5%
Customer Experience	10%	15%
Employee Experience	10%	15%
Individual performance achievement	20%	30%
TOTAL	**100%**	**150%**

All targets are subject to Board discretion. The exercise of any discretion will be reported to shareholders.

5.3. LTI Grants 2023

In considering the performance hurdles for the 2023 LTI plan, the Board sought to improve the alignment between company performance and long-term incentive outcomes. A review was undertaken which considered market practice, feedback from shareholders and the extent to which the performance hurdles were incentivising Executives. As noted in the 2021 Remuneration Report, the Board was considering the introduction of an Environmental, Social and Governance (ESG) measure for 2023.

The Board approved a change to the performance hurdles for the 2023 LTI plan to reflect shareholder feedback to more closely align the financial measures with the creation of shareholder value, as well as to introduce an ESG measure. The two financial measures, equally weighted, are a Return on Capital measure and Earnings Per Share (EPS). A Return on Capital measure is intended to reward Executives for prudent management of capital to drive positive and improved financial returns. The EPS measure is aimed at aligning executive incentives strongly with growth in the value flowing directly to equity holders. The ESG measure will be linked to renewable energy targets, demonstrating TPG Telecom's focus on addressing climate change and aligning with community expectations, including attracting capital.

The 2023 LTI Grant will be made at the start of 2023 with performance tested over a three-year period against three hurdles. For the 2023 LTI allocation, the VWAP used will be for the five working days from 28 February 2023. This value will also be used for the performance rights granted to the CEO in May 2023, which will be subject to shareholder approval at the May 2023 Annual General Meeting.

There is no change in the performance hurdles for the 2021 and 2022 LTI Grants which are already in operation.

PERFORMANCE MEASURE	WEIGHTING
A Return on Capital Measure	45%
Earnings Per Share (EPS)	45%
ESG – Renewable Energy Target	10%
TOTAL	100%

The table below shows the LTI Maximum as a percentage of Base Salary for those who were Executive KMP as at 31 December 2022, proposed to be granted in March 2023.

EXECUTIVE KMP	2023 LTI MAXIMUM % OF BASE SALARY	2023 LTI MAXIMUM $
Iñaki Berroeta[1]	150%	3,000,000
Ana Bordeianu	100%	785,400
Kieren Cooney	100%	945,000
Grant Dempsey	100%	880,000
Jonathan Rutherford	100%	785,400

1. Shareholder approval for the LTI grant to the CEO will be sought at the May 2023 Annual General Meeting.

6. Remuneration Governance

6.1. Governance responsibilities have been clearly defined.

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

The GRNC undertakes detailed work on remuneration and reports to the full Board through both formal minutes as well as a verbal report provided to the Board by the Chairman of the GRNC.

The responsibilities of the Board and the GRNC, as defined in the Board and GRNC Charters, are as follows:

AREA	APPROVED BY BOARD ON RECOMMENDATION OF GRNC	ROLE OF GRNC
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 GRNC 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 • 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 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

6.2. The relevant Board Committee is composed of Non-Executive Directors, who operate independently of management.

The GRNC consists of four Non-Executive Directors, two of whom, including the Committee Chairman, are independent Non-Executive Directors. All Committee members have a comprehensive understanding of the Company and the interaction of remuneration, risk and performance.

NON-EXECUTIVE KMP	ROLE	TERM AS KMP
Helen Nugent	Independent Non-Executive Director, Senior Independent Director and GRNC Chairman	Full year
Arlene Tansey	Independent Non-Executive Director and Audit & Risk Committee Chairman	Full year
Diego Massidda	Non-Executive Director	Full year
Frank Sixt	Non-Executive Director	Full year

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

6.3. Effective remuneration governance processes are in operation.

In 2022, the GRNC met six times. Director's attendance at the meetings is set out in the Directors' report. Over that period, the GRNC 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.

More specifically, the GRNC and the Board have strong processes in place 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 GRNC and the Board.

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

The GRNC and Board meet without the CEO in attendance to evaluate his performance, with this conversation supported by a performance report.

6.4. The Board reached its own decision on benchmark information.

A range of benchmark data was sought from independent third parties: Aon Hewitt and Guerdon Associates, in addition to publicly available information including detailed analysis of ASX annual reports. This data was considered in detail by the GRNC 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.

Remuneration report continued

7. Non-Executive Director Remuneration

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

7.1. The fees paid to Non-Executive Directors are appropriate.

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. For 2022, fees were aligned for the Chairman of the Audit and Risk Committee and the Chairman of the Governance, Remuneration and Nomination Committee consistent with the responsibilities of the committees. No further changes were made in 2022. The table below outlines the fees (inclusive of superannuation) paid to Non-Executive Directors in 2022.

ROLE	BOARD $	AUDIT AND RISK COMMITTEE $	GOVERNANCE, REMUNERATION AND NOMINATION COMMITTEE $
Chair	450,000	50,000	50,000
Member	165,000	25,000	25,000

A market review of Board and Committee Chair and Member fees was undertaken in late 2022. Even though fees were found to be significantly below the market benchmark, no changes are proposed for Director's fees in 2023. In making this decision, conflict of interest considerations were assiduously managed.

The table below outlines the fees (inclusive of superannuation) that will be paid to Non-Executive Directors for the 2023 financial year.

ROLE	BOARD $	AUDIT AND RISK COMMITTEE $	GOVERNANCE, REMUNERATION AND NOMINATION COMMITTEE $
Chair	450,000	50,000	50,000
Member	165,000	25,000	25,000

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

7.2. Non-Executive Directors are required to hold a minimum shareholding of TPG Telecom shares.

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

Under the minimum shareholding requirement, Non-Executive Directors are required to acquire and maintain, directly or indirectly, a holding with a value equivalent of one year of base Non-Executive fees (excluding Committee fees). Each Non-Executive Director may accumulate this value over four years from the date of the merger or appointment, whichever is later.

The shareholding requirement is reviewed annually. This requirement does not apply to any Non-Executive Director appointed by a nominating shareholder who does not personally receive Non-Executive Director fees from the Company. 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 2022, 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 and 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.

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 GRNC annually monitors conformance of Non-Executive Directors with this policy. There were no breaches of this policy in 2022.

8. Appendices

8.1. Executive Service Agreements

The table below sets out the main terms and conditions of the employment contracts of those who were Executive KMP as at 31 December 2022.

	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

8.2. 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 accounting standards required statutory disclosure does not reflect cash received throughout 2022.

		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 CASH & EQUITY[6,7]	TOTAL	PERFORMANCE RELATED REMUNERATION (%)
I Berroeta	2022	1,850,000	857,040	18,196	24,430	92,500[8]	(175,538)	616,231	839,386	4,122,245	56%
	2021	1,850,000	1,100,617	15,335	22,631	370,000	30,808	68,389	1,080,099	4,537,879	50%
A Bordeianu	2022	711,667	215,001	2,821	24,930[9]	-	(32,045)	136,698	262,388	1,321,460	46%
	2021	700,000	270,692	36,027	23,131	-	13,660	62,915	374,280	1,480,705	48%
K Cooney[10]	2022	900,000	267,793	14,374	24,430	214,063[11]	(6,923)	158,752	213,745	1,786,234	36%
	2021	737,260	285,101	12,562	22,631	969,366	-	66,264	123,419	2,216,603	21%

1. STI Cash includes actual STI amounts relating to the 2022 STI Plan performance year.
2. Non-monetary benefits are inclusive of any relevant fringe benefits tax and includes car parking, medical and health insurance costs, tax support, relocation and permanent residency costs, and corporate hospitality.
3. For Executive KMP employed for the full year, the annual statutory cap has been disclosed. The superannuation amount for KMPs not employed for the full year has been disclosed as the amount actually paid.
4. Leave takes into account the Annual Leave and Long Service Leave movement across 2022.
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. LTI Cash includes the accrued amounts during the year relating to the 2022 performance year of the 2020 VHA LTI Plan Award. The 2019 VHA LTI Plan Award is reflected in the Actual Cash remuneration in this report. The full payment of the 2020 VHA LTI Plan award will be reflected in the Actual Cash remuneration in the 2023 Remuneration Report.
7. 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 (rTSR) hurdle and ii) the Black-Scholes model for the Operating Free Cash Flow (OFCF) hurdle.
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. 2022 represents a full year as Executive KMP. 2021 reflects part year service from 8 March 2021 to 31 December 2021.
11. Represents the payment received in 2022 and the accrual of an amount to be paid in 2023, agreed on commencement with the Company related to the forfeiture of incentives. The final payment will occur in September 2023.

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		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 CASH & EQUITY[6,7]	TOTAL	PERFORMANCE RELATED REMUNERATION (%)
S Crowley[12]	2022	48,333	11,284	-	4,833	-	4,610	7,267	8,918	85,245	32%
	2021	96,932	28,834	2,563	3,939	21,726	1,614	6,701	38,897	201,206	37%
G Dempsey[13]	2022	806,667	241,139	-	24,430	91,286[14]	33,197	80,386	152,042	1,429,147	33%
	2021	-	-	-	-	-	-	-	-	-	-%
J Rutherford[15]	2022	711,667	212,449	57,742	24,430	-	21,969	107,330	174,417	1,310,004	38%
	2021	303,014	117,176	17,163	11,725	-	-	15,177	33,333	497,588	33%
C Levy	2022	-	-	-	-	-	-	-	-	-	-%
	2021	673,151	262,529	14,747	21,735	755,945	14,517	-	92,312	1,834,936	19%
D Lloyd	2022	-	-	-	-	-	-	-	-	-	-%
	2021	576,986	223,122	14,747	21,735	538,230	9,995	-	305,841	1,690,656	31%
E Aris	2022	-	-	-	-	-	-	-	-	-	-%
	2021	157,260	-	3,235	4,874	175,000	-	-	-	340,369	-%
S Banfield	2022	-	-	-	-	-	-	-	-	-	-%
	2021	620,548	-	12,688	18,571	-	7,917		-	659,724	-%
Total	**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%**
	2021	**5,715,151**	**2,288,071**	**129,067**	**150,972**	**2,830,267**	**78,511**	**219,446**	**2,048,181**	**13,459,666**	**34%**

12. Represents remuneration received during period as KMP from 1 November 2021 to 31 January 2022.
13. Represents remuneration received during period as KMP in 2022, commencing 1 February 2022.
14. Represents the accrual of an amount to be paid in 2023, agreed on commencement with the Company related to the forfeiture of incentives. The payment will be reflected in the Actual Cash Remuneration in the 2023 Remuneration Report.
15. 2022 represents a full year as Executive KMP. 2021 reflects part-year service from 27 July 2021 to 31 December 2021.

8.3. 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 2022.

		SHORT-TERM BENEFITS		POST-EMPLOYMENT BENEFITS		
NAME	**YEAR**	**CASH SALARY AND FEES**	**NON-MONETARY BENEFITS**	**SUPERANNUATION**	**TERMINATION BENEFITS**	**TOTAL**
C Fok	2022	450,000	-	-	-	450,000
	2021	382,880	-	-	-	382,880
P Klotz	2022	173,333	-	-	-	173,333
	2021	181,667	-	-	-	181,667
D Massidda	2022	190,000	-	-	-	190,000
	2021	185,000	-	-	-	185,000
R Millner	2022	149,661	-	15,339	-	165,000
	2021	150,340	-	14,660	-	165,000
A Moffatt	2022	149,661	-	15,339	-	165,000
	2021	114,855	-	11,286	-	126,141
Dr H Nugent AC	2022	217,688	-	22,312	-	240,000
	2021	209,564	-	20,436	-	230,000
F Sixt	2022	206,667	-	-	-	206,667
	2021	193,333	-	-	-	193,333
A Tansey	2022	228,597	-	11,403	-	240,000
	2021	214,120	-	20,880	-	235,000
J Teoh	2022	149,661	-	15,339	-	165,000
	2021	114,855	-	11,286	-	126,141
D Teoh	2022	-	-	-	-	-
	2021	98,780	-	9,384	-	108,164
S Teoh	2022	-	-	-	-	-
	2021	34,678	-	3,294	-	37,972
Total	**2022**	**1,915,268**	**-**	**79,732**	**-**	**1,995,000**
	2021	**1,880,073**	**-**	**91,227**	**-**	**1,971,300**

8.4. Equity Movements

The table below provides movements in equity during the financial year for Non-Executive Directors and Executives who were KMP for all or part of 2022. The numbers in the table reflect equity holdings and movements only for the period the Non-Executive Director or Executive was KMP.

NAME	HOLDING AT START OF TERM AS KMP IN 2022	GRANTED AS REMUNERATION	PURCHASED / (SOLD)	BALANCE AT END OF TERM AS KMP IN 2022
Canning Fok	-	-	-	-
Pierre Klotz	-	-	-	-
Diego Massidda	-	-	-	-
Robert Millner	8,573,058	-	100,000	8,673,058
Antony Moffatt	611,269	-	-	611,269
Dr Helen Nugent AC	11,000	-	17,000	28,000
Frank Sixt	-	-	-	-
Arlene Tansey	20,000	-	5,000	25,000
Jack Teoh	133,258	-	-	133,258
Iñaki Berroeta	116,000	27,355	-	143,355
Ana Bordeianu	-	-	-	-
Kieren Cooney	-	-	-	-
Sean Crowley[1]	-	-	-	-
Grant Dempsey[2]	-	-	-	-
Jonathan Rutherford	-	-	-	-

1. Sean Crowley was KMP (Interim CFO) for the period 1 January 2022 to 31 January 2022.
2. Grant Dempsey was appointed KMP on 1 February 2022.

8.5. 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:

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	-%
3 & 5 May 2022	31 March 2023	31 March 2024	$5.47	113,808	-%
3 & 5 May 2022	31 March 2024	31 March 2025	$5.26	113,805	-%

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	rTSR	$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	rTSR	$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	rTSR	$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	rTSR	$2.98	243,421	-%

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Reconciliation of shares rights and ordinary shares held by KMP

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

NAME	GRANT TYPE[1,2]	BALANCE AT START OF YEAR (NUMBER)	GRANTED DURING YEAR (NUMBER)	VESTED (NUMBER)	VESTED (%)	FORFEITED (NUMBER)	FORFEITED (%)	BALANCE AT END OF THE YEAR (UNVESTED) (NUMBER)
I Berroeta	2020 DSR	54,709	-	27,355	50%	-	-%	27,354
	2021 DSR	-	128,727	-	-%	-	-%	128,727
	2021 LTI	408,088	-	-	-%	-	-%	408,088
	2022 LTI	-	486,842	-	-%	-	-%	486,842
A Bordeianu	2021 DSR	-	31,659	-	-%	-	-%	31,659
	2021 LTI	102,941	-	-	-%	-	-%	102,941
	2022 LTI	-	125,263	-	-%	-	-%	125,263
K Cooney	2021 DSR	-	33,345	-	-%	-	-%	33,345
	2021 LTI	132,352	-	-	-%	-	-%	132,352
	2022 LTI	-	157,894	-	-%	-	-%	157,894
S Crowley	2021 DSR	-	20,178	-	-%	-	-%	20,178
	2021 LTI	30,705	-	-	-%	-	-%	30,705
	2022 LTI	-	36,631	-	-%	-	-%	36,631
G Dempsey	2021 DSR	-	-	-	-%	-	-%	-
	2021 LTI	-	-	-	-%	-	-%	-
	2022 LTI	-	154,385	-	-%	-	-%	154,385
J Rutherford	2021 DSR	-	13,704	-	-%	-	-%	13,704
	2021 LTI	44,560	-	-	-%	-	-%	44,560
	2022 LTI	-	125,263	-	-%	-	-%	125,263

1. DSR includes 2021 STI deferred share rights.
2. PSR includes 2021 and 2022 performance rights.

8.6. Related Party Transactions

There are no related party transactions in 2022 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 27 February 2023.

Fok Kin Ning, Canning
Chairman
27 February 2023

Iñaki Berroeta
Chief Executive Officer and Managing Director
27 February 2023

Auditor's independence declaration

Auditor's Independence Declaration

As lead auditor for the audit of TPG Telecom Limited for the year ended 31 December 2022, 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
27 February 2023

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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 1, 177 Pacific Highway North Sydney NSW 2060

A description of the nature of the Group's operations and its principal activities is included in the Directors' report on pages 4 to 60.

The financial report was authorised for issue by the Directors on 27 February 2023. The Directors have the power to amend and reissue the financial report.

Contents

Consolidated income statement

for the year ended 31 December 2022

	NOTES	2022 $m	2021 *Restated** $m
Revenue from contracts with customers	4	5,415	5,292
Other income	5	438	41
Cost of provision of telecommunication services		(1,636)	(1,655)
Cost of handsets and hardware sold		(974)	(891)
Technology costs		(363)	(358)
Employee benefits expense	5	(377)	(377)
Other operating expenses	5	(368)	(325)
Earnings before interest, tax, depreciation and amortisation		**2,135**	**1,727**
Depreciation and amortisation expense	5	(1,389)	(1,415)
Results from operating activities		**746**	**312**
Finance income	5	2	1
Finance expenses	5	(189)	(150)
Net financing costs		(187)	(149)
Profit before income tax		**559**	**163**
Income tax expense	6	(46)	(50)
Profit for the year		**513**	**113**
Attributable to:			
Owners of the Company		513	113
		513	**113**

		2022 CENTS PER SHARE	2021 CENTS PER SHARE
Earnings per share for profit attributable to owners of the Company			
Basic earnings per share	7	27.6	6.1
Diluted earnings per share	7	27.6	6.1

*Refer to Note 2(l) for restatement.

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 2022

	2022 $m	2021 *Restated** $m
Profit for the year	**513**	**113**
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	2	1
Other comprehensive income for the year, net of tax	**2**	**1**
Total comprehensive income for the year	**515**	**114**
Attributable to:		
Owners of the Company	515	114
	515	**114**

*Refer to Note 2(l) for restatement.

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 2022

	NOTES	2022 $m	2021 Restated* $m
ASSETS			
Current assets			
Cash and cash equivalents	8	114	202
Trade and other receivables	9	681	476
Inventories	10	155	95
Prepayments and other assets		83	60
Total current assets		**1,033**	**833**
Non-current assets			
Trade and other receivables	9	358	204
Property, plant and equipment	14	3,580	3,401
Right-of-use assets	15	1,527	1,294
Intangible assets	16	12,663	13,144
Deferred tax assets	6	183	261
Derivative financial instruments	11	2	-
Prepayments and other assets		20	27
Total non-current assets		**18,333**	**18,331**
Total assets		**19,366**	**19,164**
LIABILITIES			
Current liabilities			
Trade and other payables	17	1,185	1,118
Contract liabilities	4	283	281
Lease liabilities	15	93	61
Provisions	19	87	108
Other liabilities	20	84	75
Total current liabilities		**1,732**	**1,643**
Non-current liabilities			
Contract liabilities	4	18	17
Borrowings	18	3,690	4,290
Lease liabilities	15	1,872	1,359
Provisions	19	61	62
Other liabilities	20	93	73
Total non-current liabilities		**5,734**	**5,801**
Total liabilities		**7,466**	**7,444**
Net assets		**11,900**	**11,720**
EQUITY			
Contributed equity	21	18,399	18,399
Reserves	22	(3)	5
Accumulated losses		(6,496)	(6,684)
Equity attributable to owners of the Company		**11,900**	**11,720**
Total equity		**11,900**	**11,720**

*Refer to Note 2(l) for restatement.

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 2022

		ATTRIBUTABLE TO OWNERS OF THE COMPANY			
	NOTES	CONTRIBUTED EQUITY $m	RESERVES $m	ACCUMULATED LOSSES $m	TOTAL EQUITY $m
Balance at 1 January 2022 *(restated*)*		**18,399**	**5**	**(6,684)**	**11,720**
Profit for the year		-	-	513	513
Other comprehensive income, net of tax	22	-	2	-	2
Employee share schemes – value of employee services	25	-	4	-	4
Acquisition of treasury shares	25	-	(14)	-	(14)
Dividends paid	23	-	-	(325)	(325)
Balance at 31 December 2022		**18,399**	**(3)**	**(6,496)**	**11,900**
Balance reported at 1 January 2021		**18,399**	**1**	**(6,508)**	**11,892**
*Opening restatement**		-	-	(1)	11,891
Balance at 1 January 2021 *(restated*)*		**18,399**	**1**	**(6,509)**	**11,891**
Profit for the year		-	-	113	113
Other comprehensive income, net of tax	22	-	1	-	1
Employee share schemes – value of employee services	25	-	3	-	3
Dividends paid	23	-	-	(288)	(288)
Balance at 31 December 2021 *(restated*)*		**18,399**	**5**	**(6,684)**	**11,720**

*Refer to Note 2(l) for restatement.

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 2022

	NOTES	2022 $m	2021 *Restated** $m
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		5,652	5,715
Payments to suppliers and employees (inclusive of GST)		(4,401)	(4,089)
		1,251	1,626
Income taxes paid		-	(4)
Net cash generated from operating activities	8(b)	**1,251**	**1,622**
Cash flows from investing activities			
Payments for property, plant and equipment		(745)	(602)
Payments for spectrum licenses		(31)	(106)
Receipts on sale of tower assets		892	-
Receipts on sale of spectrum licenses		-	15
Payments for intangible assets		(216)	(224)
Loan repayment from Tech2		1	2
Interest received		2	-
Net cash outflows from investing activities		**(97)**	**(915)**
Cash flows from financing activities			
Proceeds from borrowings		470	1,420
Repayment of borrowings		(1,070)	(1,460)
Principal elements of lease payments		(123)	(139)
Payments for shares acquired by the TPG Employee Incentive Plan Trust		(14)	-
Finance costs paid		(180)	(158)
Dividends paid		(325)	(288)
Net cash outflows from financing activities		**(1,242)**	**(625)**
Net (decrease)/increase in cash and cash equivalents		**(88)**	**82**
Cash and cash equivalents at 1 January		202	120
Cash and cash equivalents at 31 December	8	**114**	**202**

*Refer to Note 2(l) for restatement.

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 1, 177 Pacific Highway, North Sydney NSW 2060. The consolidated financial statements as at, and for the year ended 31 December 2022 (referred to throughout this report as '2022'), comprise the accounts of the Company and its subsidiaries (together referred to as the 'Group'). 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 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).

The consolidated financial statements are presented without the parent entity financial statements. Disclosures in relation to the parent entity required under paragraph 295(3)(a) of the *Corporations Act 2001* have been included in Note 27.

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

(a) Net current asset deficiency

At 31 December 2022, the Group had a deficiency of net current assets of $699 million (2021: a deficiency of $810 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 positive operating cash flows, its 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). 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 Balance Sheet respectively.

Notes to the consolidated financial statements continued

Note 2. Basis of preparation continued

(c) Contributed equity

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

(d) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary company comprises:

- fair values of assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interest issued by the Group,
- fair value of any assets or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in the Consolidated Income Statement as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of acquisition. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the Consolidated Income Statement.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the Consolidated Income Statement.

(e) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. It has been determined the Board of directors is the chief operating decision maker, as they are ultimately responsible for allocating resources and assessing performance.

Notes to the consolidated financial statements continued

Note 2. Basis of preparation continued

(f) 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.

(g) 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.

(h) 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

(i) Update on COVID-19

The FY21 results were impacted by COVID-19 as a result of the containment policies, restrictions and measures put in place to limit movement both domestically and internationally which materially affected inbound related connections, visitor revenue and international roaming revenue of the Group during 2021.

The Group has considered the impact of the COVID-19 pandemic on the financial statements for the year ended 31 December 2022. FY22 saw the re-opening of international borders and a cessation of most restrictions. As a result, visitor and international roaming revenue as well as inbound migrations are beginning to return to pre-COVID levels. Consequently, the impacts occurring in the FY21 results started to reverse in FY22 and there were no new and/or emerging material impacts to the Group's results or operations arising from COVID-19 for the year ended 31 December 2022.

(j) 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. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 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 is currently assessing the financial impact of the Amendments to AASB 16.

- *Classification of liabilities as current or non-current (Amendments to AASB 101 Presentation of Financial Statements)*

  The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after 1 January 2023. However, the IASB has subsequently proposed further amendments and the deferral of the effective date of the 2020 amendments to no earlier than 1 January 2024.

  Due to these ongoing developments, the Group is unable to determine the impact of these amendments on the consolidated financial statements in the period of initial application. The Group is closely monitoring the developments.

- Other standards

  The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements:

  - AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

Notes to the consolidated financial statements continued

Note 2. Basis of preparation continued

(k) 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 9 Recognition of unbilled handset and accessories revenue
- Note 13 Fair value of assets sold
- Note 14 Useful lives of property, plant and equipment
- Note 15 Lease terms and incremental borrowing rates
- Note 16 Useful lives of intangible assets
- Note 16 Determination of the Group's cash generating units
- Note 17 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.

(l) Voluntary changes in accounting policy – Government Grants

The Group has decided to voluntarily amend the accounting policy for government grants.

Historically, government grants have been recognised as deferred revenue in the Consolidated Statement of Financial Position, and subsequently recognised in Other Income in the Consolidated Income Statement over the useful life of the asset. The new accounting policy deducts the grant in arriving at the carrying amount of the asset, rather than being disclosed as Other Income in the Consolidated Income Statement.

The Group receives grants from the government which are considered, in substance, funding to develop and maintain assets. The assets are usually for assistance with emergency response, data collection or to provide stronger coverage in rural areas. The Group's view is that the new accounting policy more clearly represents TPG's actual costs to develop and operate these assets and is therefore more relevant.

Note that both policies are acceptable under the Australian Accounting Standards.

Notes to the consolidated financial statements continued

Note 2. Basis of preparation continued

(l) Voluntary changes in accounting policy – Government Grants continued

The change in accounting policy results in the following changes to the prior period amounts:

	OTHER INCOME $m	DEPRECIATION AND AMORTISATION EXPENSE $m	INCOME TAX EXPENSE	PROPERTY, PLANT AND EQUIPMENT $m	DEFERRED TAX ASSETS $m	OTHER LIABILITIES (CURRENT) $m	ACCUMULATED LOSSES $m
Opening balance at 1 January 2021				3,258	264	81	(6,508)
Impact of change in accounting policy				(20)	-	(19)	(1)
Opening balance at 1 January 2021 *(restated)*				**3,238**	**264**	**62**	**(6,509)**
Disclosed amount at 31 December 2021	45	1,423	49	3,422	262	99	(6,686)
Impact of change in accounting policy	(4)	(8)	1	(21)[1]	(1)	(24)	2
Disclosed amount at 31 December 2021 *(restated)*	**41**	**1,415**	**50**	**3,401**	**261**	**75**	**(6,684)**

1. Property, plant and equipment impact of $21 million outlined in Note 14 comprises a $54 million reduction in the cost base and a $33 million reduction for accumulated depreciation within network equipment and infrastructure assets.

All prior period balances have been restated in the financial report to reflect the updated balances. The Group has adopted the new accounting policy from 1 January 2022.

All prior period balances in Note 27 Parent entity financial information and Note 28 Deed of cross guarantee have been restated to reflect the impact of change in accounting policy noted above.

(m) Change in presentation of the Consolidated Income Statement

The Consolidated Income Statement has been amended to provide further information on the breakdown of costs. The amendment has resulted in balances not directly being attributed to cost of sales to be reclassified to technology costs, employee benefits expense or other operating expenses.

These amendments have been made to enhance comparability for both the current year and prior year comparative balances and better reflect the Group's view on the business' operations.

Notes to the consolidated financial statements continued

Note 3. Segment reporting

(a) Basis for segmentation

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 SOHO customers.
Enterprise, Government and Wholesale	Provision of telecommunications services to corporate, government and wholesale customers. Mobile SME customers have been categorised in this segment. In the current year, the 'Corporate' segment was formally renamed to the 'Enterprise, Government and Wholesale' segment.

The Board of directors and executive management primarily use 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 discontinued operations and effects of significant items of income and expenditure which may have an impact on the quality of earnings such as restructuring costs, legal expenses and impairments where the impairment is the result of an isolated, non-recurring event. It also excludes the effects of unrealised gains or losses on financial instruments.

Unallocated items include net financing costs, depreciation and amortisation costs, certain head office costs, other extraordinary incomes and other one-off transactions. There were no one-off transactions that met the quantitative thresholds for reportable segments in 2022 and 2021.

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.

Notes to the consolidated financial statements continued

Note 3. Segment reporting continued

(b) Information about reportable segments

	CONSUMER $m	ENTERPRISE, GOVERNMENT AND WHOLESALE $m	CONSOLIDATED $m
For the year ended 31 December 2022			
Revenue from contracts with customers	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**
Unallocated items			
Net financing costs	-	-	(187)
Depreciation and amortisation	-	-	(1,389)
Head office costs	-	-	(2)
Gain on sale of tower assets	-	-	402
Other income	-	-	29
One-off restructuring costs	-	-	(60)
Profit before tax from continuing operations			**559**
For the year ended 31 December 2021 (Restated**)			
Revenue from contracts with customers	4,306	986	5,292
Other income	-	18	18
Cost of provision of telecommunication services	(1,457)	(195)	(1,652)
Cost of handsets and hardware sold	(802)	(89)	(891)
Segment gross margin	**2,047**	**720**	**2,767**
Segment EBITDA	**1,223**	**480**	**1,703**
Unallocated items			
Net financing costs	-	-	(149)
Depreciation and amortisation	-	-	(1,415)
Head office costs	-	-	1
Other income (Restated*)	-	-	23
Profit before tax from continuing operations	**-**	**-**	**163**

*Refer to Note 2(l) for restatement.

**Refer to Note 2(m) for change in presentation of the Consolidated Statement of Comprehensive income.

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:

	2022 $m	2021 *Restated** $m
Australia	18,075	18,063
Other	258	268
	18,333	**18,331**

'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.

Notes to the consolidated financial statements continued

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 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	
		2022 $m	2021 *Restated** $m	2022 $m	2021 *Restated** $m	2022 $m	2021 *Restated** $m
Mobile – Post-paid	Over time	1,347	1,319	175	172	1,522	1,491
Mobile – Prepaid	Over time	449	439	-	-	449	439
Fixed (including data and internet)	Over time	1,738	1,717	634	643	2,372	2,360
Other service revenue	Over time	6	4	90	78	96	82
Handsets, accessories and other hardware	Point in time	877	827	99	93	976	920
		4,417	**4,306**	**998**	**986**	**5,415**	**5,292**

*Refer to Note 2(m) for change in presentation of the Consolidated Statement of Comprehensive income.

(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 16 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 $278 million (2021: $258 million).

	2022 $m	2021 $m
Contract liabilities	301	298

Notes to the consolidated financial statements continued

Note 5. Other profit and loss items

(a) Other income

	2022 $m	2021 *Restated** $m
Gain on sale of tower assets (refer to Note 13)	402	-
Gain on sale of spectrum	-	7
Other income	36	34
	438	**41**

(b) Employee benefits expense

	2022 $m	2021 $m
Superannuation expense	33	33
Redundancy costs	18	9
Other employee benefits expense	326	335
	377	**377**

(c) Other operating expenses

	2022 $m	2021 $m
Advertising and promotion expenses	122	110
Consulting and outsourced services costs	155	130
Facilities expenses	36	36
Transaction costs associated with the merger	-	(4)
Administration and other expenses	55	53
	368	**325**

(d) Depreciation and amortisation expense

	2022 $m	2021 *Restated** $m
Depreciation of property, plant and equipment	554	607
Depreciation of right-of-use assets	143	141
Amortisation of intangible assets	692	667
	1,389	**1,415**

*Refer to Note 2(l) for restatement.

(e) Net financing costs

	2022 $m	2021 $m
Finance income		
Interest income	(2)	(1)
Finance expenses		
Amortisation of borrowing costs	6	9
Interest and finance charges for borrowings and lease liabilities	183	141
	187	**149**

Notes to the consolidated financial statements continued

Note 6. Income tax

The consolidated current tax payable or recoverable 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	2022 $m	2021 *Restated** $m
Current tax			
Current tax expense on profit for the period		(44)	48
Adjustments for current tax in respect of prior periods		14	1
Total current tax expense		**(30)**	**49**
Deferred tax			
Decrease / (increase) in deferred tax assets	6(d)	61	(19)
Increase / (decrease) in deferred tax liabilities	6(d)	17	22
Adjustments for deferred tax of prior periods		(2)	(2)
Total deferred tax expense/(benefit)		**76**	**1**
Income tax expense/(benefit)		**46**	**50**

*Refer to Note 2(l) for restatement.

Notes to the consolidated financial statements continued

Note 6. Income tax continued

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

	2022 $m	2021 *Restated** $m
Profit from operations before income tax	559	159
Income tax expense using the Australian tax rate of 30% (2021: 30%)	168	48
Tax effect of amounts which are (not deductible)/taxable in calculating taxable income:		
Non-deductible expenses	4	-
Under/over from prior periods	14	-
Initial recognition of deferred tax balances related to tower sale	(212)	-
Tax expense differential between accounting gain and capital gain on tower sale	72	-
Other	-	2
Income tax expense	**46**	**50**

*Refer to Note 2(l) for restatement.

(c) Tax losses

	2022 $m	2021 $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% (2021: 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.

Notes to the consolidated financial statements continued

Note 6. Income tax continued

(d) Deferred tax assets and liabilities *continued*

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.

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 2022, $326 million (2021: $477 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.

	2022 $m	2021 *Restated** $m
Deferred tax assets		
The balance comprises temporary differences attributable to:		
Employee benefits	18	20
Deferred revenue	15	13
Property, plant and equipment	84	163
Provisions and accruals	70	58
Lease liabilities	570	416
Tax losses	326	477
Other	19	14
Copyright	43	45
Total deferred tax assets	1,145	1,206
Set off tax liabilities pursuant to set-off provisions	(962)	(945)
Net deferred tax assets	**183**	**261**

*Refer to Note 2(l) for restatement.

Notes to the consolidated financial statements continued

Note 6. Income tax 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 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**
At 1 January 2021 (charged)/credited	19	15	134	72	336	590	21	-	1,187
- addition from business combination	-	-	-	(3)	-	-	-	48	45
- to profit or loss *(restated*)*	1	(2)	29	(11)	80	(113)	(7)	(3)	(26)
At 31 December 2021 *(restated*)*	**20**	**13**	**163**	**58**	**416**	**477**	**14**	**45**	**1,206**

*Refer to Note 2(l) for restatement.

	2022 $m	2021 $m
Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Right-of-use assets	436	374
Intangible assets	517	564
Other	9	7
	962	945
Set off tax liabilities pursuant to set-off provisions	(962)	(945)
Net deferred tax liabilities	**-**	**-**

MOVEMENTS	RIGHT-OF-USE ASSETS $m	INTANGIBLE ASSETS $m	OTHER $m	TOTAL $m
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**
At 1 January 2021 (charged)/credited	298	612	13	923
- to profit or loss	76	(48)	(6)	22
At 31 December 2021	**374**	**564**	**7**	**945**

Notes to the consolidated financial statements continued

Note 7. Earnings per share

	Units	2022	2021
Basic earnings per share	cents	27.6	6.1
Diluted earnings per share	cents	27.6	6.1
Profit attributable to the owners of the Company used in calculating basic and diluted earnings per share	$m	513	113
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	number	1,857,835,988	1,859,341,669
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	number	1,858,761,611	1,859,655,262

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 TPG Employee Incentive Plan Trust. Refer to note 25 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 2022, $6 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 (2021: $3 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.

	2022 $m	2021 *Restated** $m
Cash flows from operating activities		
Profit for the year after income tax	513	113
Adjustments for:		
Depreciation and amortisation expense	1,389	1,415
Net financing costs	187	149
Tower sale gain	(402)	-
Share based payment expense	5	-
Gain on sale of spectrum	-	(7)
	1,692	**1,670**
Movements in operating assets and liabilities:		
(Increase) in trade and other receivables	(339)	(144)
(Increase) in inventories	(60)	(44)
(Increase)/ decrease in prepayments	(23)	19
Decrease in deferred tax assets	46	3
(Decrease)/ increase in trade and other payables	(24)	3
Increase in contract liabilities	3	4
(Decrease)/ increase in other liabilities	(30)	88
(Decrease)/ increase in provisions	(14)	23
	(441)	**(48)**
Net cash generated from operating activities	**1,251**	**1,622**

*Refer to Note 2(l) for restatement.

(c) Non-cash investing and financing activities

	2022 $m	2021 $m
Acquisition of right-of-use assets	565	124

(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.

	2022 $m	2021 $m
Cash and cash equivalents	114	202
Borrowings (non-current)	(3,690)	(4,290)
Lease liabilities (current)	(93)	(61)
Lease liabilities (non-current)	(1,872)	(1,359)
Derivative financial instruments	2	-
Net debt	**(5,539)**	**(5,508)**

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	DERIVATIVE FINANCIAL INSTRUMENTS $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	-	-	-	2	2
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)**	**2**	**(5,539)**

	CASH AND CASH EQUIVALENTS $m	LEASE LIABILITIES $m	BORROWINGS $m	DERIVATIVE FINANCIAL INSTRUMENTS $m	TOTAL $m
Net debt at 1 January 2021	120	(1,143)	(4,330)	(1)	(5,354)
Cash flows	82	200	-	-	282
Lease acquisitions	-	(124)	-	-	(124)
Interest unwinding	-	(61)	-	-	(61)
Lease revaluations and terminations	-	(292)	-	-	(292)
Foreign exchange adjustments	-	-	-	1	1
Proceeds from borrowings	-	-	(1,420)	-	(1,420)
Repayment of borrowings	-	-	1,460	-	1,460
Net debt at 31 December 2021	**202**	**(1,420)**	**(4,290)**	**-**	**(5,508)**

(e) Guarantees

	2022 $m	2021 $m
Secured guarantees	-	-
Unsecured guarantees	25	18

The Group has provided bankers' guarantees to support various commercial and regulatory obligations of $25 million (2021: $18 million).

Note 9. Trade and other receivables

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. 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 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 Financial Instruments* were satisfied, the fair value of the current receivables sold were derecognised from the financial statements. The following unsold handset receivables were yet to satisfy the qualifying criteria required under the risk transfer arrangement with third parties, and were not derecognised by the Group.

	2022 $m	2021 $m
Unsold handset receivables measured at fair value	-	130

Notes to the consolidated financial statements continued

Note 9. Trade and other receivables continued

	2022 $m	2021 $m
Current		
Trade receivables	219	204
Less: expected credit loss allowance	(17)	(20)
	202	**184**
Handset and accessories receivables	377	214
Accrued revenue	27	26
Receivables from related parties	1	1
Other receivables	74	51
	681	**476**
Non-current		
Handset and accessories receivables	353	199
Other receivables	5	5
	358	**204**

(a) Movement in provision for impairment of trade receivables

	2022 $m	2021 $m
Balance at 1 January	**(20)**	**(37)**
Provision for impairment recognised during the year	(11)	(15)
Receivables written off during the year	14	32
Balance at 31 December	**(17)**	**(20)**

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.

(b) Handset and accessories receivables

	2022 $m	2021 $m
Handsets and accessories receivables	793	473
Estimated future adjustments to unbilled revenue[1]	(63)	(60)
	730	**413**
Handset receivables sale expense	28	32

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

Notes to the consolidated financial statements continued

Note 9. Trade and other receivables continued

Critical Estimates and Judgements: Recognition of unbilled handset and accessories revenue

Judgement is required to determine the potential future adjustments to handset and accessories revenue. Handset and accessories revenue is recognised upfront, with cash collected from customers over the instalment contract period. At the end of the reporting period, the Group assesses the risks associated with the recovery of unsold handset receivables paid through instalments and potential future buy-backs of sold receivables, and other loss risks relating to factors such as the introduction of new pricing plans, industry trends and company policies. During the financial year, the Group has performed a detailed analysis of historical data and future expected trends to identify any required revenue reversal to the original transaction price.

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.

	2022 $m	2021 $m
Finished goods at net realisable value	155	95

Inventories expensed in the Consolidated Income Statement during the year ended 31 December 2022 amounted to $908 million (2021: $806 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 an economic relationship exists between the hedged item and hedging instrument.

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.

Notes to the consolidated financial statements continued

Note 11. Derivative financial instruments and hedge accounting continued

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.

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, is terminated or is exercised, 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.

	2022 $m	2021 $m
Non-current assets		
Interest rate swaps	2	-

Interest rate swaps

The Group enters into interest rate swaps on trade date 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, maturities 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 ('ISDA')'s 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 2022 and 2021.

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)	2022 $m	2021 $m
Carrying amount	2	-
Notional amount	1,000	-
Maturity date	2024-2025	-
Hedge ratio	1:1	-
Change in fair value of outstanding hedging instruments since inception of the hedge	2	-
Change in value of hedged item used to determine hedge ineffectiveness	-	-
Weighted average hedged rate	n/a	-

Hedging reserves

The group's hedging reserves disclosed in note 23 relate to the following hedging instrument:

	INTEREST RATE SWAPS $m
At 1 January 2021	-
Change in fair value of hedging instrument recognised in OCI	-
At 31 December 2021	-
Change in fair value of hedging instrument recognised in OCI	2
At 31 December 2022	**2**

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

Notes to the consolidated financial statements continued

Note 12. 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 entities that formed part of the Group as at 31 December 2022.

NAME OF ENTITY	NOTES	COUNTRY OF INCORPORATION	EQUITY HOLDINGS 2022 %	EQUITY HOLDINGS 2021 %
Vodafone Hutchison Spectrum Pty Limited	6	Australia	100	100
Vodafone Hutchison Receivables Pty. Ltd.	6	Australia	100	100
H3GA Properties (No. 3) Pty Limited	1	Australia	100	100
Vodafone Foundation Australia Pty Limited	7	Australia	100	100
Vodafone Australia Pty Limited	6	Australia	100	100
Vodafone Pty Limited	6	Australia	100	100
Vodafone Network Pty Limited	6	Australia	100	100
Mobileworld Operating Pty Ltd	6	Australia	100	100
Mobileworld Communications Pty Ltd	6	Australia	100	100
Mobile JV Pty Limited	6	Australia	100	100
AAPT Limited	6	Australia	100	100
A.C.N. 088 889 230 Pty Ltd	6	Australia	100	100
A.C.N. 139 798 404 Pty Ltd	6	Australia	100	100
Adam Internet Holdings Pty Ltd	6	Australia	100	100
Adam Internet Pty Ltd	6	Australia	100	100
Agile Pty Ltd	6	Australia	100	100
AlchemyIT Pty Ltd	1	Australia	100	100
Blue Call Pty Ltd	2,6	Australia	-	100
Cable Licence Holdings Pty Ltd	2,6	Australia	-	100
Chariot Pty Ltd	6	Australia	100	100
Chime Communications Pty Ltd	6	Australia	100	100
Connect Internet Solutions Pty Limited	2,6	Australia	-	100
Connect West Pty Ltd	6	Australia	100	100
3.6 GHZ Spectrum Pty Ltd	6	Australia	100	100
Destra Communications Pty Ltd	1	Australia	100	100
Digiplus Contracts Pty Ltd	6	Australia	100	100
Digiplus Holdings Pty Limited	6	Australia	100	100
Digiplus Investments Pty Ltd	6	Australia	100	100
Digiplus Pty Ltd	6	Australia	100	100
Vision Network Pty Limited	4,6	Australia	100	100
Hosteddesktop.com Pty Ltd	1,3	Australia	-	100
iHug Pty Ltd	2,6	Australia	-	100

Notes to the consolidated financial statements continued

Note 12. Interests in other entities continued

(a) Subsidiaries continued

NAME OF ENTITY	NOTES	COUNTRY OF INCORPORATION	EQUITY HOLDINGS 2022 %	EQUITY HOLDINGS 2021 %
iiNet (New Zealand) AKL Limited	6,8	New Zealand	100	100
iiNet (OzEmail) Pty Ltd	3,6	Australia	-	100
iiNet Labs Pty Ltd	6	Australia	100	100
iiNet Limited	6	Australia	100	100
Internode Pty Ltd	6	Australia	100	100
Intrapower Pty Limited	6	Australia	100	100
Intrapower Terrestrial Pty Ltd	6	Australia	100	100
IP Group Pty Ltd	6	Australia	100	100
IP Service Xchange Pty Ltd	1	Australia	100	100
Jiva Pty Ltd	2,6	Australia	-	100
Kooee Communications Pty Limited	6	Australia	100	100
Kooee Mobile Pty Limited	6	Australia	100	100
Kooee Pty Ltd	2,6	Australia	-	100
Mercury Connect Pty Ltd	1	Australia	100	100
Neighbourhood Cable Unit Trust		Australia	100	100
Netspace Online Systems Pty Ltd	6	Australia	100	100
Numillar IPS Pty Ltd	1	Australia	88.57	88.57
Orchid Cybertech Services Incorporated		Philippines	99.99	99.99
Orchid Human Resources Pty Ltd	2,6	Australia	-	100
PIPE International (Australia) Pty Ltd	6	Australia	100	100
PIPE Networks Pty Limited	6	Australia	100	100
PIPE Transmission Pty Ltd	6	Australia	100	100
PowerTel Limited	6	Australia	100	100
PPC 1 (US), Inc.		USA	100	100
PPC 1 Limited		Bermuda	100	100
Request Broadband Pty Ltd	6	Australia	100	100
Soul Communications Pty Ltd	6	Australia	100	100
Soul Contracts Pty Ltd	6	Australia	100	100
Soul Pattinson Telecommunications Pty Limited	6	Australia	100	100
SPT Telecommunications Pty Limited	6	Australia	100	100
SPTCom Pty Limited	6	Australia	100	100
Telecom Enterprises Australia Pty Limited	6	Australia	100	100
Telecom New Zealand Australia Pty Ltd	6	Australia	100	100
TPG (NZ) Pty Limited	5,6,8	New Zealand	-	100
TPG Corporation Limited	6	Australia	100	100
TPG Energy Pty Ltd	6	Australia	100	100

Notes to the consolidated financial statements continued

Note 12. Interests in other entities continued

(a) Subsidiaries continued

NAME OF ENTITY	NOTES	COUNTRY OF INCORPORATION	EQUITY HOLDINGS 2022 %	EQUITY HOLDINGS 2021 %
TPG Finance Pty Limited	6	Australia	100	100
TPG Holdings Pty Limited	6	Australia	100	100
TPG Internet Pty Ltd	6	Australia	100	100
TPG JV Company Pty Ltd	6	Australia	100	100
TPG Network Pty Ltd	6	Australia	100	100
TransACT Broadcasting Pty Ltd	2,6	Australia	-	100
TransACT Capital Communications Pty Ltd	6	Australia	100	100
TransACT Communications Pty Limited	6	Australia	100	100
TransACT Victoria Communications Pty Ltd	6	Australia	100	100
TransACT Victoria Holdings Pty Ltd	6	Australia	100	100
Transflicks Pty Ltd	3,6	Australia	-	100
Trusted Cloud Pty Limited	6	Australia	100	100
Trusted Cloud Solutions Pty Limited	1	Australia	100	100
Value Added Network Pty Limited	6	Australia	100	100
Virtual Desktop Pty Ltd	2,6	Australia	-	100
VtalkVoip Pty Ltd	1	Australia	100	100
Westnet Pty Ltd	6	Australia	100	100

1. These companies are exempt from financial reporting requirements and do not form part of the deed of cross guarantee and are recognised as a small proprietary company.
2. These companies were deregistered on 1 May 2022.
3. These companies were deregistered on 11 May 2022.
4. The company FTTB Wholesale Pty Ltd changed its name to Vision Network Pty Limited from 5 August 2022.
5. This company was deregistered on 10 November 2022.
6. 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 2022 (to the extent they apply).
7. 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.
8. These companies are exempt from financial reporting requirements in New Zealand and are not recognised as large companies in New Zealand.

Notes to the consolidated financial statements continued

Note 12. 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 14.

The following is a list of all entities accounted for using the equity method as at 31 December 2022.

NAME OF ENTITY	COUNTRY OF INCORPORATION	EQUITY HOLDINGS 2022 %	2021 %
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 13. Tower assets sale transaction

In May 2022, the Group announced that it had entered into a binding agreement to sell 100% of passive mobile tower and rooftop infrastructure. The sale was completed on 29 July 2022, through the sale of a special purpose vehicle that was a wholly owned subsidiary of TPG Telecom Limited. The agreement includes a sale-and-leaseback arrangement, whereby the Group has entered into a master services arrangement to leaseback access to the towers for 20 years.

The Group recognised total cash proceeds of $911 million during the year in investing cash inflows. The net impact on profit and loss before tax of the transaction was $402 million (Refer to Note 5). This amount consists of a $409 million net gain on sale (after transaction costs of $25 million) less $7 million of net loss from lease modifications. Net cash proceeds after transaction costs were used to repay existing bank debt (Refer to Note 18).

The master service agreement resulted in a net addition to lease liabilities of $519 million and right-of-use assets of $234 million. As part of the transaction, the Group also entered into an agreement to lease access to future towers that the purchaser will build at the direction of the Group, resulting in a financial liability of $22 million (Refer to Note 20).

Critical Estimates and Judgements: Fair value of assets sold

Judgement is required to determine the fair value of the assets sold as a part of the transaction, which impacts the portion of the assets for which control has passed to the buyer-lessor in the sale-and-leaseback transaction. The Group engaged valuation specialists to determine the fair value of asset components at the transaction date.

Note 14. Property, plant and equipment

Property, plant and equipment 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.

Notes to the consolidated financial statements continued

Note 14. Property, plant and equipment continued

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.

Critical Estimates and Judgements: Useful lives of property, plant and equipment

Judgement is required to determine the estimated useful lives of property, plant and equipment for the basis of the depreciation 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.

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 are tested for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. This includes intangible assets in the course of 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. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period or when there is an indication that the impairment loss may no longer exist. 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.

Notes to the consolidated financial statements continued

Note 14. 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 2020					
Cost (restated)	43	111	5,992	416	6,562
Accumulated depreciation (restated)	(1)	(85)	(3,234)	(4)	(3,324)
Restated net book value	**42**	**26**	**2,758**	**412**	**3,238**[1]
Year ended 31 December 2021					
Opening net book value	42	26	2,758	412	3,238
Additions (restated)	-	5	91	875	971[1]
Transfers	-	-	444	(617)	(173)
Disposals	-	-	(28)	-	(28)
Depreciation (restated)	(3)	(14)	(561)	(29)	(607)
Restated net book value	**39**	**17**	**2,704**	**641**	**3,401**[1]
At 31 December 2021					
Cost	43	116	6,359	674	7,192
Accumulated depreciation	(4)	(99)	(3,655)	(33)	(3,791)
Restated net book value	**39**	**17**	**2,704**	**641**	**3,401**[1]

1. Refer to Note 2(l) for restatement in relation to the voluntary changes in accounting policy.

	LAND AND BUILDINGS $m	LEASEHOLD IMPROVEMENTS $m	NETWORK & IT EQUIPMENT AND INFRASTRUCTURE $m	ASSETS UNDER CONSTRUCTION $m	TOTAL $m
Year ended 31 December 2022					
Opening net book value	39	17	2,704	641	3,401
Additions	-	-	110[2]	971	1,081
Transfers	-	7	623	(740)	(110)[3]
Disposals	-	-	(237)[2,4]	(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**

2. The additions of $110 million and disposal of $105 million related to equipment that were accounted for as asset swaps.
3. 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).
4. The network-related towers and rooftops of $132 million were disposed as part of the tower assets sale transaction (Refer to Note 13).

Notes to the consolidated financial statements continued

Note 15. 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, as it is 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.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.

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

Notes to the consolidated financial statements continued

Note 15. Right-of-use assets and lease liabilities continued

(a) Initial measurement continued

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.

Notes to the consolidated financial statements continued

Note 15. 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.

(f) Impairment of assets

Refer to Note 14 for the Group's non-financial asset impairment policy.

Notes to the consolidated financial statements continued

Note 15. Right-of-use assets and lease liabilities continued

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

	2022 $m	2021 $m
Right-of-use assets		
Commercial properties	182	194
Network properties	1,345	1,100
	1,527	**1,294**
Lease liabilities		
Current	93	61
Non-current	1,872	1,359
	1,965	**1,420**

- Additions to the right-of-use assets during the 2022 financial year were $565 million (2021: $124 million). This includes transfers from assets under construction in property, plant & equipment of $30 million (Refer to Note 14).
- The increase in right-of-use assets and lease liabilities during the year included lease modification arising from the transfer of existing leases to OMERS, and the sale-and-leaseback of the majority of sites as parts of the tower sale transaction (Refer to Note 13).

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

	2022 $m	2021 $m
Depreciation of right-of-use assets		
Commercial properties	42	34
Network properties	101	107
	143	**141**
Interest expense (included in finance expenses)	75	61
Expense relating to short-term and low-value leases (included in technology costs and other operating expenses)	55	62

The total cash outflow for leases in 2022 was $253 million (2021: $262 million).

Note 16. Intangible assets

(a) 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.

Goodwill is classified as an indefinite life intangible asset. Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently, if events or changes in circumstances indicate that it might be impaired. Goodwill is allocated to cash generating units for the purpose of impairment testing.

(b) 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.

Amortisation is charged to the Consolidated Income Statement on a straight-line basis over the estimated useful lives for the finite life brand names. Indefinite life 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. Indefinite life brand names are allocated to cash generating units for the purpose of impairment testing.

(c) 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.

Internally developed software is recognised only if all of the following conditions are met:

- an asset is created that can be separately identified;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

On acquisition, internally developed software and systems of the acquiree are valued and brought to account as intangible assets. The software is valued at its amortised replacement cost.

Amortisation is charged to the Consolidated Income Statement on a straight-line basis over the estimated useful lives from the date the software is available for use.

The carrying values of these intangible assets are reviewed on a regular basis and written down to the recoverable amount where this is less than the carrying value.

Note 16. Intangible assets continued

(d) 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. The spectrum licences are amortised on a straight-line basis over the periods of their expected benefit. The carrying values of these intangible assets are reviewed on a regular basis and written down to the recoverable amount where this is less than the carrying value.

(e) 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. The carrying values of these assets are reviewed on a regular basis. 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.

Connection costs, being costs of fulfilling orders, are capitalised and amortised over the life of the contract.

(f) Acquired customer bases

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. The acquired customer bases are amortised to the Consolidated Income Statement on a straight-line basis in line with the expected economic benefits to be derived.

(g) Indefeasible rights of use of 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. Amortisation is charged to the Consolidated Income Statement on a straight-line basis over the estimated useful lives of the IRU contracts.

(h) Amortisation

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

Definite life brand name	1 to 5 years
Spectrum licences	9 to 20 years
Computer software	3 to 8 years
Contract costs	1 to 3 years
Customer bases	8 to 15 years
Indefeasible rights of use (IRUs)	10 to 15 years

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.

Notes to the consolidated financial statements continued

Note 16. Intangible assets continued

(i) Intangibles assets movement schedule

	BRAND NAMES $m	SPECTRUM LICENCES $m	COMPUTER SOFTWARE $m	CONTRACT COSTS $m	CUSTOMER BASES $m	IRUS $m	GOODWILL $m	TOTAL $m
At 1 January 2021								
Cost	425	2,945	852	105	1,689	201	8,568	14,785
Accumulated amortisation	(1)	(620)	(543)	(60)	(82)	(10)	-	(1,316)
Net book value	**424**	**2,325**	**309**	**45**	**1,607**	**191**	**8,568**	**13,469**
Year ended 31 December 2021								
Opening net book value	424	2,325	309	45	1,607	191	8,568	13,469
Finalisation of Purchase Price Accounting	-	-	-	-	-	-	(53)	(53)
Additions	-	195	6	66	-	-	-	267
Transfers	-	-	131	-	-	1	-	132
Written-off	-	(8)	-	4	-	-	-	(4)
Amortisation	-	(261)	(161)	(65)	(160)	(20)	-	(667)
Net book value	**424**	**2,251**	**285**	**50**	**1,447**	**172**	**8,515**	**13,144**
At 31 December 2021								
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 value	424	2,251	285	50	1,447	172	8,515	13,144
Additions	-	27	-	105	-	-	-	132
Transfers	-	1	64	-	-	15	-	80
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**

Notes to the consolidated financial statements continued

Note 16. Intangible assets continued

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

Refer to Note 14 for the Group's non-financial asset impairment policy.

(k) 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').

In the current year, the 'Corporate' CGU was formally renamed to the 'Enterprise, Government and Wholesale' CGU

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.

	2022			2021		
	BRAND NAMES $m	GOODWILL $m	TOTAL $m	BRAND NAMES $m	GOODWILL $m	TOTAL $m
Consumer CGU	326	6,386	6,712	326	6,386	6,712
Enterprise, Government and Wholesale CGU	98	2,129	2,227	98	2,129	2,227
	424	**8,515**	**8,939**	**424**	**8,515**	**8,939**

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 is not reversed in a subsequent period.

Notes to the consolidated financial statements continued

Note 16. 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 2022		31 DECEMBER 2021	
	CONSUMER	ENTERPRISE, GOVERNMENT AND WHOLESALE	CONSUMER	ENTERPRISE, GOVERNMENT AND WHOLESALE
Discount rate (pre-tax)	9.59%	10.07%	8.90%	9.21%
Discount rate (post-tax)	7.65%	8.05%	7.20%	7.60%
Terminal growth rate	3.00%	3.00%	2.50%	2.50%

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.

Included in the table below is a sensitivity analysis of the recoverable amounts of the CGU’s considering reasonable possible change scenarios relating to key assumptions at 31 December 2022.

	CONSUMER			ENTERPRISE, GOVERNMENT AND WHOLESALE		
	Post-tax discount rate	Terminal growth rate	EBITDA	Post-tax discount rate	Terminal growth rate	EBITDA
	+0.3%	-0.3%	-2%	+0.3%	-0.3%	-2%
Change in recoverable amount ($m)	815	705	516	309	266	183
Headroom ($m)	420	530	719	1,002	1,045	1,128

Note 17. Trade and other payables

	2022 $m	2021 $m
Trade creditors and accruals	1,106	1,045
Employee benefits related payables	36	44
Other creditors	36	24
Payables to related parties	7	5
	1,185	**1,118**

(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 90 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 18. Borrowings

Borrowings are initially recognised at fair value net of 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.

	2022 $m	2021 $m
Non-current		
Bank loans (unsecured)	3,690	4,290
	3,690	**4,290**

(a) Available facilities

At 31 December 2022, the Group has total loan facilities of $4,700 million (31 December 2021: $5,250 million). The total amount of undrawn borrowing facilities at 31 December 2022 was $1,045 million (31 December 2021: $995 million) which includes a committed overdraft facility of $35 million (31 December 2021: $35 million).

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 2022.

Note 19. 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.

Note 19. 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 national 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.

	2022 $m	2021 $m
Current		
Employee benefits	53	55
Decommissioning and make good	18	27
Other provisions	16	26
	87	**108**
Non-current		
Employee benefits	7	8
Decommissioning and make good	54	54
	61	**62**

(a) Movement in provisions (excluding employee benefits)

	DECOMMISSIONING AND MAKE GOOD $m	OTHER PROVISIONS $m	TOTAL $m
Balance at 1 January 2022	81	26	107
Additional amounts recognised during the year	5	6	11
Amounts used during the year	(14)	(16)	(30)
Balance at 31 December 2022	**72**	**16**	**88**

Notes to the consolidated financial statements continued

Note 20. Other liabilities

	2022 $m	2021 *Restated** $m
Current		
Carrier network payables	28	22
Other contract liabilities	5	-
Other payables	51	53
	84	**75**
Non-current		
Carrier network payables	55	66
Other financial liabilities	22	-
Other contract liabilities	6	-
Other payables	10	7
	93	**73**

*Refer to Note 2(l) for restatement.

Other financial liabilities represent amounts arising from sale-and-leaseback transaction accounted as financial liability under the accounting standards (Refer to Note 13).

Other contract liabilities represent amounts arising from the master service agreement with OMERS, which are different from the contract liabilities associated with unearned revenue that primarily relate to the advance consideration received from customers for services provided.

Note 21. 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.

	2022 SHARES	2021 SHARES	2022 $m	2021 $m
Ordinary shares (fully paid)	**1,859,341,669**	1,859,341,669	**18,399**	18,399

Notes to the consolidated financial statements continued

Note 22. 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 25).

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

	31 DEC 2022 SHARES	31 DEC 2021 SHARES	31 Dec 2022 $m	31 Dec 2021 $m
Shares acquired by the TPG Employee Incentive Plan Trust (average price: $5.94 per share)	2,395,453	-	14	-
	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.

	2022 $m	2021 $m
Cash flow hedge reserve	2	-
Foreign currency translation reserve	(1)	(1)
Common control reserve	3	3
Share-based payments reserve	(7)	3
	(3)	**5**
Movement in reserves		
Balance at 1 January	5	1
Change in value of cash flow hedge reserve	2	1
Change in value foreign currency translation reserve	-	-
Change in value of common control reserve	-	-
Change in value of share-based payments reserve	(10)	3
Balance at 31 December	**(3)**	**5**

Notes to the consolidated financial statements continued

Note 23. Dividends

During the year ended 31 December 2022, the following dividends were paid:

- fully franked final FY21 dividend of $158 million (8.5 cents per fully paid share) was paid on 11 April 2022 (2021: $139 million)
- fully franked interim FY22 dividend of $167 million (9.0 cents per fully paid share) was paid on 12 October 2022 (2021: $149 million)

Subsequent to year end, on 27 February 2023, the Board of directors have declared a fully franked final FY22 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 2022, the dividend has not been provided for in the Consolidated Statement of Financial Position. The final FY22 dividend has a record date of 16 March 2023 and will be paid on 13 April 2023.

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

Dividend franking account

	2022 $m	2021 $m
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2021 – 30%)	277	417

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

- franking credits that will arise from the payment of the current tax liabilities; and
- franking credits transferred in on business combinations.

Note 24. Related party transactions

(a) Parent entity

TPG Telecom Limited is the head entity of the Group.

(b) Interests in other entities

Interests in other entities are set out in Note 12.

(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:

	2022 $'000	2021 $'000
Short-term employee benefits	8,841	11,373
Post-employment benefits	207	242
Long-term benefits	(155)	79
Termination, retention and sign-on payments	398	1,469
Share and cash incentive payments	2,758	2,268
	12,049	**15,431**

Notes to the consolidated financial statements continued

Note 24. Related party transactions continued

(d) Transactions with related parties

	2022 $'000	2021 $'000
Purchases of goods and services		
Purchases of equipment	815	26,124
Service expense	46,270	44,931
Roaming expense	8,237	2,810
Inter-operator tariff expense	2,118	3,390
Provision of services		
Service income	1,097	1,679
Roaming income	1,350	1,111
Inter-operator tariff income	1,177	3,204
Other transactions		
Office rental	1,728	1,723

All transactions were made 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:

	2022 $'000	2021 $'000
Current receivables		
Related parties	1,445	347
	1,445	**347**
Current payables		
Related parties	7,030	5,045
	7,030	**5,045**

Note 25. 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. (Non-market performance conditions being operating free cash flow and market performance conditions being total shareholder return.) 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 on 17 March 2022 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 2022 is 2,395,453, acquired at an average price of $5.94 per share (31 December 2021 nil shares were held).

The remuneration report sets out the details relating to the TPG share plans (pages 31 to 35), together with details of the LTI performance share rights (pages 34 to 35) and deferred share rights (pages 31 to 33) 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 $4,808,000 (31 December 2021: $2,817,000).

(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).

Notes to the consolidated financial statements continued

Note 25. Share-based payments continued

(b) Performance rights – LTI continued

The number of rights granted or outstanding during the year ended 31 December 2022 are set out below.

	31 DECEMBER 2022 NUMBER OF RIGHTS	31 DECEMBER 2021 NUMBER OF RIGHTS
Weighted average of contractual life of all performance share rights outstanding	1.75 years	2.25 years
At 1 January	1,160,407	-
Granted during the year	1,373,497	1,270,701
Vested during the year	-	-
Forfeited during the year	-	(110,294)
At 31 December	**2,533,904**	**1,160,407**

All awards granted during the year have a $0 exercise price

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 Dec 2022 have been performed by an external independent valuer using Total Shareholder Return ('TSR') and Operating Free Cash Flow ('OFCF'). Performance Share Rights with a market vesting condition (for example, 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, OFCF) considers the likelihood that the vesting condition will be met.

TSR hurdle – The external independent valuer has utilised the Monte-Carlo model which incorporates the impact of performance hurdles and the vesting scale on the value of the PSRs was used. This pricing model takes into account factors such as the Company's share price at the date of grant, volatility of the underlying shares, the risk-free rate of return, expected dividend yield and the likelihood that vesting conditions will be met. The accounting valuation of rights issued is allocated equally over the vesting period.

OFCF hurdle – 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.

Notes to the consolidated financial statements continued

Note 25. Share-based payments continued

(b) Performance rights – LTI continued

The model inputs for performance share rights granted during the year ended 31 December 2022 included:

GRANT DATE	3-MAY-22	5-MAY-22	6-MAY-21	24-SEP-21
Share price as at Grant Date	$5.66	$5.66	$5.24	$6.91
Risk-free rate	2.98%	2.92%	0.23%	0.10%
Dividend yield	3.8%	3.8%	3.33%	2.43%
Effective life	2.9	2.9	2.65	2.27
Exercise price	Nil	Nil	Nil	Nil
TPG volatility	30%	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 - 2022

GRANT DATE	PLAN	EXPIRY DATE	HURDLE	FAIR VALUE PER PERFORMANCE SHARE RIGHT AT GRANT DATE	SHARE PRICE	VESTING DATE
3-May-22	LTI 2022-2024	31-Mar-26	OFCF	$5.07	$5.66	31-Mar-25
3-May-22	LTI 2022-2024	31-Mar-26	TSR	$3.02	$5.66	31-Mar-25
5-May-22	LTI 2022-2024	31-Mar-26	OFCF	$5.07	$5.66	31-Mar-25
5-May-22	LTI 2022-2024	31-Mar-26	TSR	$2.98	$5.66	31-Mar-25

Consolidated - 2021

GRANT DATE	PLAN	EXPIRY DATE	HURDLE	FAIR VALUE PER PERFORMANCE SHARE RIGHT AT GRANT DATE	SHARE PRICE	VESTING DATE
6-May-21	LTI 2021-2023	31-Mar-25	OFCF	$4.80	$5.24	31-Mar-24
6-May-21	LTI 2021-2023	31-Mar-25	TSR	$1.26	$5.24	31-Mar-24
24-Sep-21	LTI 2021-2023	31-Mar-25	OFCF	$6.54	$6.91	31-Mar-24
24-Sep-21	LTI 2021-2023	31-Mar-25	TSR	$2.73	$6.91	31-Mar-24

Note 25. Share-based payments continued

(c) Deferred share rights – STI

The Group offers a short-term incentive scheme to executives who receive 55% of the annual STI achieved in cash and 45% in the form of rights to deferred shares of TPG Telecom (60% cash and 40% deferred share rights in 2021). 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 ($5.70 for rights granted 3 May 2022 and 5 May 2022 and $6.80 for the rights granted in 2021).

	2022 NUMBER OF SHARES	2021 NUMBER OF SHARES
As at 1 January	54,709	-
Granted during the year	563,629	54,709
Vested during the year	(27,355)	-
Forfeited during the year	-	-
As at 31 December	590,983	54,709
Weighted average remaining contractual life of the deferred shares outstanding at the end of the period	0.58 years	0.75 years

Note 26. 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:

	2022 $m	2021 $m
Property, plant & equipment	454	323

(b) Contingent liabilities

The Group will incur approximately $29 million of decommissioning costs related to the Regional Multi-Operator Core Network Agreement with Telstra (refer to Note 31) which will be recognised on approval by the Australian Competition Tribunal.

Notes to the consolidated financial statements continued

Note 27. Parent entity financial information

Investments in subsidiaries by the Company 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 for the year ended 31 December 2022 has been prepared on the basis that the transactions and balances of the Group are all recorded in the Parent Entity of the Group, being TPG Telecom Limited.

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

	2022 $m	2021 *Restated* $m
Financial position		
Assets		
Current assets	812	2,178
Non-current assets	19,813	18,504[1]
Total assets	**20,625**	**20,682**
Liabilities		
Current liabilities	1,497	1,416
Non-current liabilities	6,521	6,579[1]
Total liabilities	**8,018**	**7,995**
Net assets	**12,607**	**12,687**
Equity		
Contributed equity	18,399	18,399
Cash flow hedge reserve	(1)	3
Pre-merger accumulated losses	(7,389)	(7,389)
Post-merger retained earnings	1,598	1,674
Total equity	**12,607**	**12,687**
Financial performance		
Profit for the year	249	567
Total comprehensive profit for the year	**251**	**568**

1. In addition to note 2(l), parent entity comparatives have been adjusted to fully reflect gross inter-company balances. These changes in the parent entity had no impact on the Group balances due to being eliminated on consolidation.

Note 27. Parent entity financial information continued

(b) Guarantees entered into by the parent entity

	2022 $m	2021 $m
Unsecured	18	10
	18	**10**

(c) Contractual commitments for the acquisition of property, plant or equipment

As at 31 December 2022, the parent entity had the following contractual commitments for the acquisition of property, plant or equipment. These commitments are not recognised as liabilities as the relevant assets have not yet been received.

	2022 $m	2021 $m
Property, plant & equipment	454	323

(d) Contingent liabilities

The parent entity will incur approximately $29 million of decommissioning costs related to the Regional Multi-Operator Core Network Agreement with Telstra (refer to Note 31) which will be recognised on approval by the Australian Competition Tribunal.

Notes to the consolidated financial statements continued

Note 28. Deed of cross guarantee

The parties to the deed of cross guarantee are those as disclosed in Note 12. 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.

	2022 $m	2021 *Restated** $m
Revenue from contracts with customers	5,415	5,273
Other income	438	41
Cost of provision of telecommunication services	(1,635)	(1,652)
Cost of handsets and hardware sold	(974)	(891)
Technology costs	(359)	(358)
Employee benefits expense	(334)	(360)
Other operating expenses	(421)	(322)
Earnings before interest, tax, depreciation and amortisation	**2,130**	**1,731**
Depreciation and amortisation expense	(1,374)	(1,409)
Results from operating activities	**756**	**322**
Finance income	2	1
Finance expenses	(189)	(150)
Net financing costs	(187)	(149)
Profit before income tax	**569**	**173**
Income tax expense	(45)	(50)
Profit for the year	**524**	**123**
Items that may subsequently be reclassified to the income statement, net of tax:		
Net gain on cash flow hedges taken to equity	2	1
Other comprehensive income for the year, net of tax	**2**	**1**
Total comprehensive income for the year	**526**	**124**

*Refer to Note 2(l) for restatement.

Summary of movements in consolidated retained earnings

	2022 $m	2021 *Restated** $m
Accumulated losses at the beginning of the financial year	**(6,675)**	**(6,510)**
Profit for the year	524	123
Dividends paid	(325)	(288)
Accumulated losses at the end of the financial year	**(6,476)**	**(6,675)**

*Refer to Note 2(l) for restatement.

Notes to the consolidated financial statements continued

Note 28. Deed of cross guarantee continued

Set out below is the consolidated statement of financial position for the deed of cross guarantee.

	2022 $m	2021 *Restated** $m
ASSETS		
Current assets		
Cash and cash equivalents	112	200
Trade and other receivables	834	461
Inventories	155	95
Prepayments and other assets	82	58
Total current assets	**1,183**	**814**
Non-current assets		
Trade and other receivables	357	203
Property, plant and equipment	3,518	3,290
Right-of-use assets	1,503	1,294
Intangible assets	12,556	13,075
Deferred tax assets	183	261
Derivative financial instruments	2	-
Prepayments and other assets	20	27
Total non-current assets	**18,139**	**18,150**
Total assets	**19,322**	**18,964**
LIABILITIES		
Current liabilities		
Trade and other payables	1,125	909
Contract liabilities	283	281
Lease liabilities	93	61
Provisions	87	108
Other liabilities	84	99
Total current liabilities	**1,672**	**1,458**
Non-current liabilities		
Contract liabilities	18	17
Borrowings	3,690	4,290
Lease liabilities	1,868	1,359
Provisions	61	62
Other liabilities	93	49
Total non-current liabilities	**5,730**	**5,777**
Total liabilities	**7,402**	**7,235**
Net assets	**11,920**	**11,729**
EQUITY		
Contributed equity	18,399	18,399
Reserves	(3)	5
Accumulated losses	(6,476)	(6,675)
Total equity	**11,920**	**11,729**

*Refer to Note 2(l) for restatement.

Note 29. Financial risk management

The Group's activities are exposed to a variety of financial risks which include market risk (including interest rate risk and foreign currency risk), 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 all relevant criteria are met, hedge accounting is applied to remove the accounting 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.

(b) Interest rate risk

The Group has cash balances placed with reputable banks and financial institutions which generate interest income for the Group. The Group manages its interest rate risks on its interest income by placing the cash balances on varying maturities and interest rate terms.

The Group's borrowings include bank borrowings and leases. The Group's main interest rate risk arises from bank borrowings, which 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:

	2022 $m	PERCENTAGE OF TOTAL LOANS	2021 $m	PERCENTAGE OF TOTAL LOANS
Variable rate borrowings	3,690	100%	4,290	100%
Fixed rate borrowings	-	-	-	-
	3,690	100%	4,290	100%

Notes to the consolidated financial statements continued

Note 29. Financial risk management continued

(b) 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 0% (2021: 0%) of the variable loan principal outstanding as at 31 December 2022.

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 2022, 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]	
	2022 $m	2021 $m	2022 $m	2021 $m
Interest rates – Increase by 50 basis points	(13)	(15)	(13)	(15)
Interest rates – Decrease by 50 basis points	13	15	13	15

1. This is a result of the net changes in interest expenses and income tax expenses.

(c) 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:

	2022 $m	2021 $m
Trade and other receivables	4	6
Trade and other payables	19	8

During the year, the following foreign exchange related amounts were recognised in consolidated income statement and consolidated statement of comprehensive income:

	2022 $m	2021 $m
Profit or loss		
Foreign exchange (loss)/gain	(10)	(1)
	(10)	(1)
Other comprehensive income		
Movement in reserves	2	1

Notes to the consolidated financial statements continued

Note 29. Financial risk management continued

(c) 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	
	2022 $m	2021 $m	2022 $m	2021 $m
USD impact				
10%	(1)	1	(1)	(2)
(10%)	1	(1)	1	3

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.

(d) 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 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
At 31 December 2021							
Expected loss rate	%	5.8	9.0	23.0	37.9	79.3	
Gross trade receivables	$m	151	38	6	2	7	204
Loss allowance	$m	9	3	1	1	6	20

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.

Notes to the consolidated financial statements continued

Note 29. Financial risk management continued

(e) 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 and matching the maturity profiles of financial assets and liabilities. Treasury aims at maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties. Surplus funds are generally only invested in instruments that are tradeable in highly liquid markets.

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 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**
At 31 December 2021							
Non-derivatives							
Trade and other payables	1,118	-	-	-	-	1,118	1,118
Borrowings	34	39	75	4,383	-	4,531	4,290
Lease liabilities	87	83	162	427	1,280	2,039	1,420
	1,239	**122**	**237**	**4,810**	**1,280**	**7,688**	**6,828**

Notes to the consolidated financial statements continued

Note 29. Financial risk management continued

(f) 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.

The following table summarises information on how the fair values of financial instruments measured at fair value are determined.

DESCRIPTION	VALUATION TECHNIQUE
Handset receivables	Trade receivables from contracts with customers measured at fair value are such where the instrument does not meet the classification requirements of financial assets at amortised cost. Handset receivables expected to be sold are measured at fair value based on quoted price from the third party factor (e.g. banks or other financial institutions).

(g) 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.

Notes to the consolidated financial statements continued

Note 29. Financial risk management continued

(g) Fair value hierarchy continued

The following table presents the Group's financial assets measured and recognised at fair value at 31 December 2022 and 31 December 2021 on a recurring basis:

	LEVEL 1 $m	LEVEL 2 $m	LEVEL 3 $m	TOTAL $m
At 31 December 2022				
Financial assets				
Handset receivables	-	-	-	-
Interest rate swaps	-	2	-	2
Total financial assets	**-**	**2**	**-**	**2**
At 31 December 2021				
Financial assets				
Handset receivables	-	-	130	130
Total financial assets	**-**	**-**	**130**	**130**

There were no financial liabilities measured and recognised at fair value at 31 December 2022 and 31 December 2021.

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 2022 (2021: nil).

Notes to the consolidated financial statements continued

Note 29. Financial risk management continued

(h) 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 sound capital position.

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:

	2022 $m	2021 $m
Cash and cash equivalents	114	202
Borrowings (current)	-	-
Borrowings (non-current)	(3,690)	(4,290)
Lease liabilities (current)	(93)	(61)
Lease liabilities (non-current)	(1,872)	(1,359)
Net debt	**(5,541)**	**(5,508)**
Total equity	**11,900**	**11,718**
Net debt to equity ratio at 31 December	**0.47**	**0.47**

Note 30. 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.

	2022 $'000	2021 $'000
Audit and other assurance services		
Audit and review of financial statements	2,365	2,138
Audit of non-statutory financial statements and reports	481	-
Other statutory audit services	18	17
Other assurance services	18	56
	2,882	**2,211**
Non-audit services	-	-
	2,882	**2,211**

Notes to the consolidated financial statements continued

Note 31. 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.

Update on the regional MOCN agreement with Telstra

On 21 February 2022, the Group announced a regional Multi-Operator Core Network ('MOCN') agreement with Telstra (ASX:TLS) which will provide TPG Telecom's subscribers with 4G and 5G coverage for data, calls and messaging from over 3,700 Telstra sites in regional and rural Australia.

On 21 December 2022, the Australian Competition & Consumer Commission ('ACCC') decided not to grant authorisation for the proposed arrangement.

Consequently, TPG Telecom has submitted an application to the Australian Competition Tribunal for a review of the decision, with a Tribunal decision expected in the first half of FY23.

As a result, the potential financial impacts highlighted in the FY22 half year report (impairment of fixed assets and ROU assets) have not been recognised in FY22.

Dividends declared

The Board of directors have declared a fully-franked final FY22 dividend of 9.0 cents per share on 27 February 2023. As the final dividend was not declared or resolved to be paid by the Board of directors as at 31 December 2022, the dividend has not been provided for in the Consolidated Statement of Financial Position. The dividend has a record date of 16 March 2023 and will be paid on 13 April 2023. All dividends declared or paid were fully franked at the tax rate of 30%. The ability to utilise the franking credits is dependent upon the ability of the Company to pay dividends. The impact on the dividend franking account of dividends proposed after the balance sheet date but not yet recognised as a liability is to reduce it by $72 million (2021: $68 million).

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 2022 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 12 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 12 and 28.

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

27 February 2023

Iñaki Berroeta
Chief Executive Officer and Managing Director

27 February 2023

Independent auditor's report

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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 2022 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 2022
- 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, which include significant accounting policies 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.

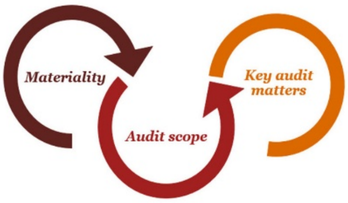
Independence

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.

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.



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Independent auditor's report continued

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Materiality	Audit scope
• For the purpose of our audit we used overall Group materiality of $42m, which represents approximately 2.5% of the Group's earnings before interest, tax, depreciation and amortisation (EBITDA) and before the gain on the sale of tower assets (Tower Asset Gain). • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose EBITDA because, in our view, it is the benchmark against which the performance of the Group is most commonly measured and we adjusted for the Tower Asset Gain as it is an infrequently occurring item. • We utilised a 2.5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.	• 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 16) $8,939m* 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; and • judgement applied by the Group in completing and concluding on the impairment assessment.	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 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.

Independent auditor's report continued

Key audit matter	*How our audit addressed the key audit matter*
Revenue from contracts with customers *(Refer to note 4) $5,415m* 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 Australian Accounting Standard 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 2022, 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.

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.

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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 pages 24 to 60 of the directors' report for the year ended 31 December 2022.

In our opinion, the remuneration report of TPG Telecom Limited for the year ended 31 December 2022 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

PricewaterhouseCoopers

Mark Dow
Partner

Sydney
27 February 2023

ASX additional information

for the year ended 31 December 2022

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 3 February 2023. As at that date, there were 1,859,341,669 ordinary shares held by 24,215 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 Pty Ltd[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 3 February 2023 is set out below:

NUMBER OF SHARES HELD	NUMBER OF HOLDERS	UNITS	% UNITS
1 - 1,000	12,540	5,148,551	0.28
1,001 - 5,000	8,312	20,646,496	1.11
5,001 - 10,000	1,790	13,191,910	0.71
10,001 - 100,000	1,406	34,141,869	1.84
100,001 Over	117	1,786,212,843	96.07
	24,165	**1,859,341,669**	**100.00**

The number of shareholders holding less than a marketable parcel of ordinary shares is 2,428.

ASX additional information continued

Twenty largest shareholders (as at 3 February 2023)

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	227,744,846	12.25
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	132,925,266	7.15
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	86,815,491	4.67
TSH HOLDINGS PTY LTD	68,278,498	3.67
VICTORIA HOLDINGS PTY LTD	66,654,913	3.58
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	63,215,698	3.40
CITICORP NOMINEES PTY LIMITED	52,946,701	2.85
NATIONAL NOMINEES LIMITED	26,733,742	1.44
VICTORIA HOLDINGS NO 3 PTY LTD	12,625,118	0.68
BNP PARIBAS NOMINEES PTY LTD < DRP>	11,677,394	0.63
VICTORIA HOLDINGS NO 1 PTY LTD	9,468,839	0.51
VICTORIA HOLDINGS NO 2 PTY LTD	9,468,839	0.51
BNP PARIBAS NOMS PTY LTD < AGENCY LENDING DRP>	7,596,020	0.41
J S MILLNER HOLDINGS PTY LIMITED	7,220,199	0.39
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	6,391,902	0.34
TSH HOLDINGS NO 1 PTY LTD	6,312,559	0.34
TSH HOLDINGS NO 2 PTY LTD	6,312,559	0.34
	1,733,918,760	**93.25**

Unquoted equity securities

As at 3 February 2023, the number of unquoted equity securities is:

UNQUOTED EQUITY SECURITIES	NUMBER OF SECURITIES	NUMBER OF HOLDERS
Performance rights	2,533,904	15
Deferred share rights	585,264	39

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

Level 1, 177 Pacific Highway
North Sydney NSW 2060

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

Glossary

TERM	EXPLANATION
Adjust NPAT	Statutory Net Profit After Tax adding back restructuring costs, customer base intangible amortisation, spectrum amortisation and non-cash tax expense.
AMPU	Average Margin Per Unit.
ARPU	Average Revenue Per Unit.
BBSY	Bank Bill Swap Rate (ask and bid) – a widely used benchmark rate in both lending transactions and interest rate derivative products.
Capex	Cash invested to fund the purchase, upgrade or improve long term assets.
EBITDA	Earnings before interest, income tax expense, depreciation and amortisation.
mmWave	Millimetre wave - the band of high frequency spectrum a ranging from 30 to 300 gigahertz.
FCF	Free Cash Flow, defined as "net cash flow" add "dividend paid" add "net change in borrowings".
NB-IOT	NarrowBand-Internet of Things.
NPAT	Net profit after tax - the total revenue minus all expenses and tax.
OFCF	Operating Free Cash Flow, defined as "Operating cash flow" less "tax paid" less "capital expenditure" less "lease payments".
Spectrum	Radio frequency spectrum is where radio waves are transmitted and received.
TCFD	Task Force on Climate-related Financial Disclosures.
VHA	Vodafone Hutchison Australia Pty Limited. VHA merged with TPG on 13 July 2020 and was renamed TPG Telecom Limited.

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