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

Sydney, 24 August 2023

TPG Telecom Limited Results for Half-Year Ended 30 June 2023 - Appendix 4D and Half-Year Financial Report

TPG Telecom Limited (ASX: TPG) today releases its results for the half-year ended 30 June 2023.

Please find attached TPG Telecom Limited's Appendix 4D and Half-Year Financial 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 live question-and-answer session at 10.30am (Sydney time), on Thursday, 24 August 2023.

Webcast link: https://kapara.rdbk.com.au/landers/7e04f9.html

The recorded presentation will also be made available on the TPG Telecom website after the event.

Authorised for lodgement with ASX by:

Trent Czinner
Company Secretary
TPG Telecom Limited

Investor contact: Bruce Song, bruce.song@tpgtelecom.com.au, 0426 386 006

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TPG Telecom Limited
Appendix 4D

TPG Telecom Limited

(ABN 76 096 304 620)

and its controlled entities

Lodged with the Australian Securities Exchange (‘ASX’) under Listing Rule 4.2A.3.

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

This Appendix 4D report should be read in conjunction with the TPG Telecom Half-Year Financial Report 2023 incorporating information including the Directors' Report and Financial Report.

ASX Appendix 4D for the half-year ended 30 June 2023

(Previous corresponding period: Half-year ended 30 June 2022)

Results for announcement to the market

Reported results

		30 JUN 2023	30 JUN 2022	CHANGE
Revenue from ordinary activities	$m	2,708	2,626	3 %
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	$m	941	837	12 %
Profit from ordinary activities after tax for the half-year attributable to owners of the Company	$m	48	167	(71)%
Basic earnings per share attributable to owners of the Company	cps	2.6	9.0	(67)%
Diluted earnings per share attributable to owners of the Company	cps	2.6	9.0	(67)%

Dividend information

	AMOUNT PER SHARE	FRANKED AMOUNT PER SHARE
Final dividend for FY22	9.0 cents	9.0 cents
Interim dividend for FY23	9.0 cents	9.0 cents

The interim dividend for FY23 has a record date of 13 September 2023 and will be paid on 11 October 2023.

Net Assets

		30 JUN 2023	30 JUN 2022
Net assets per security	$	6.34	6.30

Net Tangible Assets

		30 JUN 2023	30 JUN 2022
Net tangible assets per security	$	(0.36)	(0.62)

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.

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

No entities were gained or lost during the period.

Details of investments in joint ventures

NAME OF ENTITY	COUNTRY OF INCORPORATION	EQUITY HOLDINGS 30 JUN 2023 %	EQUITY HOLDINGS 30 JUN 2022 %
3GIS Pty Limited	Australia	50	50
3GIS Properties (No 1) Pty Limited	Australia	50	50
3GIS Properties (No 2) Pty Limited	Australia	50	50
Tovadan Pty Limited	Australia	50	50
Mondjay Pty Limited	Australia	50	50

The Consolidated Financial Statements contained within the TPG Telecom Half-Year Financial Report 2023, of which this report is based upon, has been reviewed by PricewaterhouseCoopers.

Half-Year Financial Report 2023

Contents

Lodged with the Australian Securities Exchange ('ASX') under Listing Rule 4.2A.

The ASX Appendix 4D and Half-Year Financial Results of TPG Telecom Limited (ABN 76 096 304 620) and its controlled entities for the half-year ended 30 June 2023.

Directors' report

The Directors present their report, together with the Half-Year Financial Report of TPG Telecom Limited (the 'Company') and its controlled entities (collectively referred to as 'TPG Telecom' or the 'Group') for the half-year ended 30 June 2023 ('HY23') in compliance with the provisions of the *Corporations Act 2001*.

Board of Directors

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

Name
Fok Kin Ning, Canning (Chairman)
Iñaki Berroeta
Pierre Klotz
Diego Massidda (resigned 28 March 2023)
Robert Millner AO
Antony Moffatt
Dr Helen Nugent AC
Frank Sixt
Arlene Tansey
Serpil Timuray (appointed 29 March 2023)
Jack Teoh

Review of financial performance

Introduction and business overview

TPG Telecom provides telecommunications services to consumer, business, enterprise, government and wholesale customers in Australia. The Group markets its services through multiple well-known brands including Vodafone, TPG, iiNet, AAPT, Internode, Lebara and felix. The Group provides 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.

Directors' report continued

Review of financial performance continued

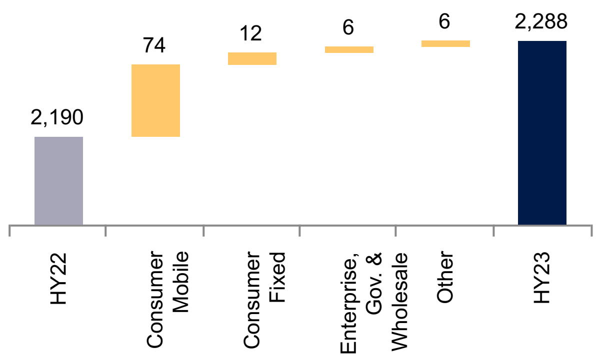
Key financial metrics

The following section provides an overview and management discussion and analysis of the Group's key financial metrics. Users of this report seeking to obtain a better understanding of the performance of the Group should review this section in conjunction with the consolidated financial statement overviews on page 8 to 10 and refer to the HY23 Investor Presentation available via the ASX and on the Company's website at tpgtelecom.com.au/investor-relations.

Service revenue

Service revenue was $2,288 million, an increase of $98 million or 4.5% compared to HY22 ($2,190 million). This increase reflected strong revenue growth across all core business segments, supported by an increase in the mobile subscriber base compared to HY22.

Service revenue bridge ($m)



EBITDA

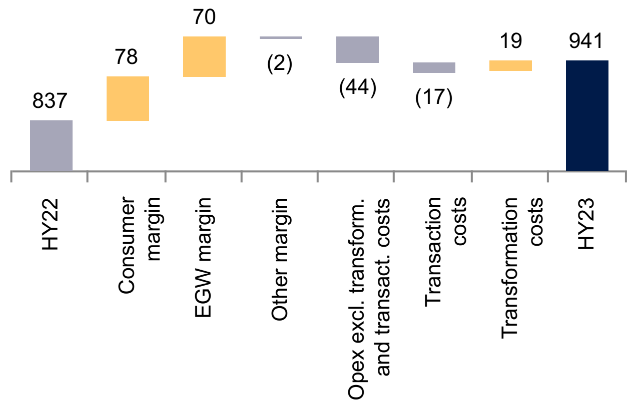
Earnings before interest, tax, depreciation and amortisation (EBITDA) was $941 million, an increase of $104 million or 12.4% compared to HY22 ($837 million). EBITDA included transformation costs of $16 million, related to scoping and planning of simplification projects compared to $35 million in HY22. Excluding these costs, EBITDA was $957 million, up 9.7% compared to HY22 ($872 million), reflecting strong mobile revenue growth and cost discipline.

Cost of telecommunication services was $784 million, a decrease of $47 million or 5.7% compared to HY22 ($831 million). This decrease reflected lower NBN wholesale costs, as more customers moved from NBN services to Fixed Wireless services, and a reduction in intercarrier Multimedia Messaging Service access fees.

Handsets and hardware margins were $11 million, an increase of $3 million compared to HY22 ($8 million). This increase reflected margin benefits of the suspension in FY22 of the sale of mobile handset payment plan receivables to third parties, offset by discounting activities on handset sales to attract and retain customers.

Operating expense (opex) was $585 million, an increase of $42 million or 7.7% compared to HY22 ($543 million), including $16 million of transformation costs noted above and $17 million in transaction costs related to strategic projects, including the costs incurred on the proposed regional mobile network sharing agreement with Telstra and the strategic review of Vision Network. Excluding these costs, the increase of $44 million reflected inflationary pressures and investment in new capabilities.

EBITDA bridge ($m)



NPAT

Net profit after tax (NPAT) was $48 million, a decrease of $119 million compared to HY22 ($167 million). NPAT in HY22 included a one-off tax benefit of $110 million from the recognition of capital tax losses in anticipation of the sale of the Group's passive mobile tower assets in July 2022. Excluding this benefit, NPAT in HY22 was $57 million. The reduction in HY23 NPAT, excluding 2022 one-off tax benefits, primarily reflected an increase of $80 million, or 114.3% in net financing costs compared to HY22, due to higher market interest rates on bank debt, and an increase in leases arising from the tower assets sale.

NPAT excluding customer base amortisation and 2022 one-off tax benefit was $104 million, a decrease of $9 million or 8.0% compared to HY22 ($113 million).

Directors' report continued

Review of financial performance continued

Adjusted NPAT[1] was $320 million, a decrease of $11 million or 3.3% compared to HY22 ($331 million).

Earnings per share

Earnings per share (EPS) was 2.6 cents, a decrease of 6.4 cents compared to HY22 (9.0 cents). EPS in HY22 included the one-off tax benefit noted above.

EPS excluding customer base amortisation and one-off tax benefit was 5.6 cents, a decrease of 0.5 cents or 8.2% compared to HY22 (6.1 cents).

Return on Invested Capital

Return on Invested Capital[2] was 6.1% compared to 5.1% in HY22. The increase largely reflected the growth in service revenue noted above.

Operating Free Cash Flow[3]

Operating Free Cash Flow (OFCF) was an outflow of $62 million, compared to an outflow of $49 million in HY22. The larger cash outflow largely reflected higher capital expenditure (capex) of $670 million compared to $485 million in HY22. The higher cash capex primarily arose because of changes to the timing of supplier payments.

The other drivers of OFCF were higher EBITDA, a less negative working capital movement, and higher overall lease payments. The negative working capital movement in HY23 included a $214 million outflow from the Group's decision to fund mobile handset payment plans using bank borrowings rather than selling receivables to third parties, which would have incurred higher overall costs.

Higher lease payments arose from the tower assets sale in July 2022, which enabled the Group to replace shorter-term bank borrowings with long-term leases.

Despite the increase in capex, OFCF, excluding the reduction in handset receivables financing, was $152 million, an increase of $73 million compared to HY22 ($79 million).

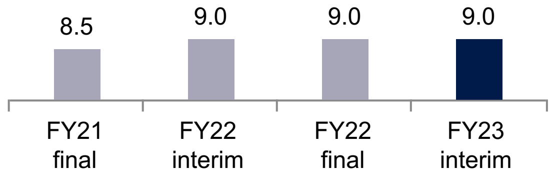
Dividend[4]

The TPG Telecom Board has declared an interim dividend of 9.0 cents per share to be paid on 11 October 2023.

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

Dividends paid in HY23 were $167 million, an increase of $9 million compared to HY22 ($158 million).

Dividends per share (cents)



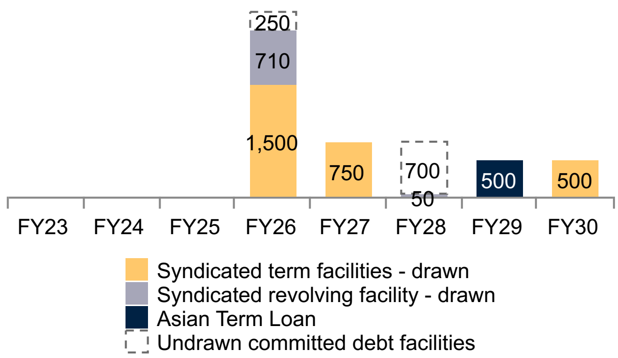
Net debt

Net borrowings (borrowings less cash) were $3,888 million at 30 June 2023, an increase of $312 million compared to 31 December 2022 ($3,576 million). Gross borrowings were $3,970 million at 30 June 2023, an increase of $280 million compared to 31 December 2022 ($3,690 million).

The increase in borrowings largely reflected the funding of handset receivables with bank borrowings.

In July 2023, the Group refinanced $2.02 billion of debt facilities maturing in FY24. The new $2.0 billion syndicated debt facility included 4, 5 and 7-year tranches. In August, proceeds from a subsequent $500 million 6-year Asian Institutional Loan (Asian Term Loan) were applied to repay and cancel $220 million of debt maturing in FY26.

Debt maturity profile as at 21 August 2023 ($m)



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[1] For the purpose of dividend calculation, Adjusted NPAT is defined as statutory Net Profit After Tax adding back transformation and transaction costs, customer base intangible amortisation, spectrum amortisation and non-cash tax expense.
[2] Return on Invested Capital measures net operating profit after tax adjusted to remove customer base amortisation, divided by average invested capital excluding goodwill and customer base intangibles.
[3] Operating Free Cash Flow, defined as cash from operating activities less tax paid less capital expenditure less lease payments.
[4] Further information regarding HY23 dividends is set out in Note 12 and Note 15 of this report.

Directors' report continued

Review of financial performance continued

Business segment and product highlights

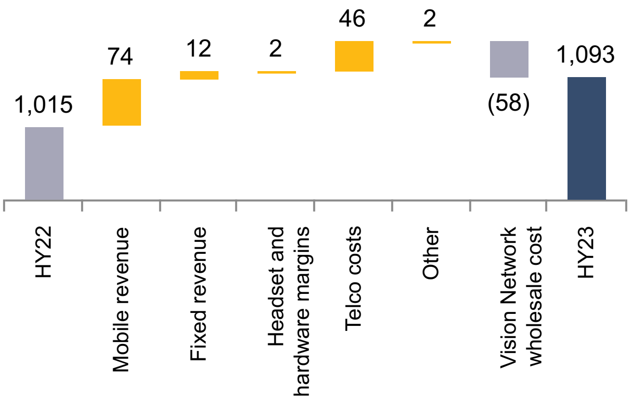
Consumer segment

Consumer Mobile service revenue was $956 million, an increase of $74 million or 8.4% compared to HY22 ($882 million). This increase reflected a higher number of subscribers during the period and initial benefits from the Postpaid Mobile base re-pricing during the period.

Fixed service revenue was $871 million, an increase of $12 million or 1.4% compared to HY22 ($859 million). This reflected a positive contribution from a larger Fixed Wireless subscriber base and six months' contribution from modest price increases for some NBN plans.

Consumer cost of telecommunication services was $748 million, an increase of $12 million or 1.6% compared to HY22 ($736 million). This increase reflected the intersegment charge related to Vision Network's wholesale costs, offset by lower NBN costs and intercarrier MMS access fees. Excluding the intersegment charge, the cost of telecommunication services was $690 million, a decrease of $46 million or 6.3% compared to HY22.

Consumer gross margin bridge ($m)



Enterprise, Government and Wholesale segment

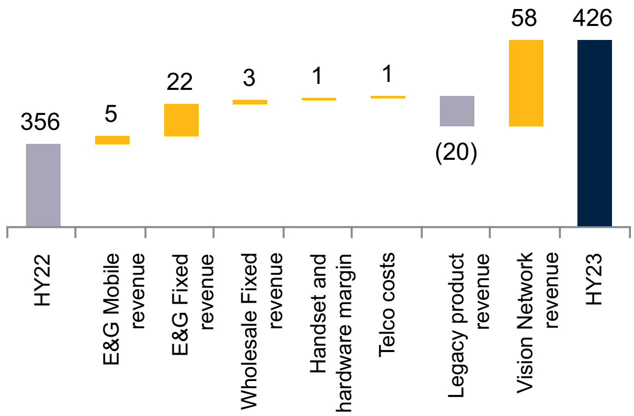
Enterprise, Government and Wholesale revenue was $557 million, an increase of $73 million or 15.1% compared to HY22 ($484 million). This increase included the recognition of $58 million intersegment wholesale revenue related to Vision Network after it functionally separated from the retail operations in October 2022.

Excluding Vision Network, Enterprise, Government and Wholesale revenue was $499 million, an increase of $15 million or 3.1% compared to HY22 ($484 million).

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

Wholesale revenue growth was primarily driven by the recognition of the Vision Network wholesale revenue. Excluding Vision Network and non-core products, wholesale revenue was up $3 million to $107 million.

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



Directors' report continued

Review of financial performance continued

Mobile subscriber numbers and ARPU

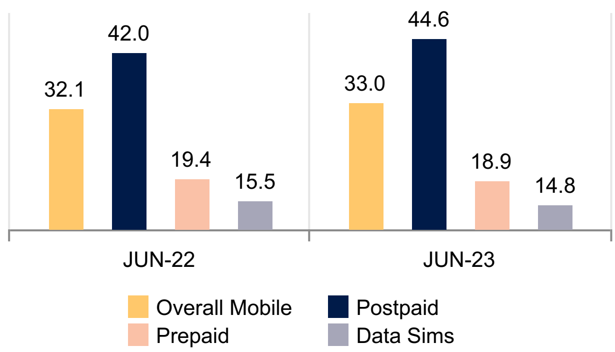
Mobile subscribers increased by 39,000 in the half, bringing total Mobile subscribers to 5.32 million. Subscriber growth moderated following a period of elevated inbound travellers in the second half of 2022 as well as slower growth following the refresh of existing and new Postpaid plans.

Postpaid Mobile subscribers grew to 2.96 million, up 6,000 compared to 31 December 2022. Prepaid Mobile subscribers grew to 2.05 million, up 38,000.

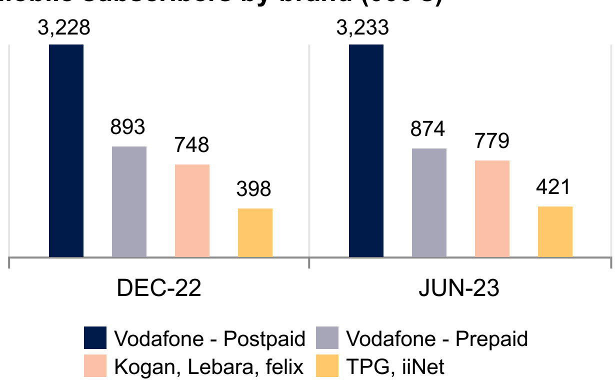
Average Revenue Per User (ARPU) for Mobile was $33.0 per month, an increase of $0.9 per month or 2.8% compared to HY22 ($32.1 per month). This reflected the initial benefits from the Postpaid repricing during the period. This was partially offset by a rate change for intercarrier multimedia messaging service access fee with other mobile carriers, which was more than offset in gross margin through lower cost of telecommunication services.

Postpaid ARPU was $44.6 per month, an increase of $2.6 or 6.2% compared to HY22. Prepaid ARPU was $18.9 per month, a decrease of $0.5 or 2.6% compared to HY22.

Mobile ARPU by subscriber type ($m)



Mobile subscribers by brand (000's)



Total Fixed subscribers and AMPU

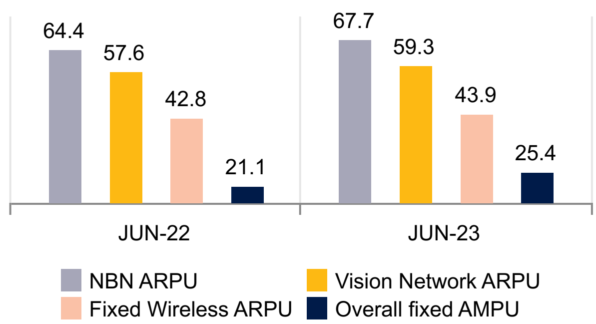
Fixed subscribers decreased by 43,000 in the half bringing total Fixed subscribers to 2.18 million compared to 31 December 2022, as the Group focused on optimising the Fixed subscriber base to improve segment profitability.

NBN subscribers declined to 1.81 million, down 65,000 reflecting intense competition as well as customer moves from NBN to Fixed Wireless services.

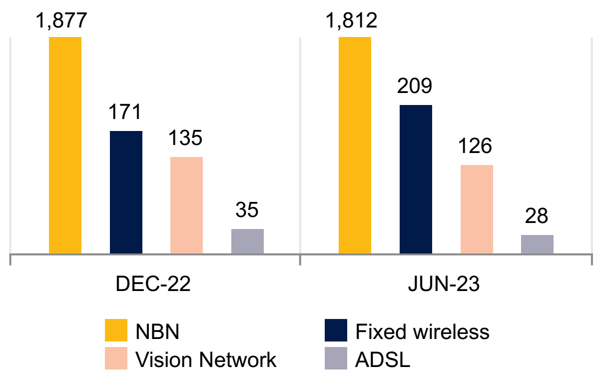
Fixed Wireless subscribers grew to 209,000, up 38,000 compared to 31 December 2022. The TPG subscribers on Vision Network declined to 126,000, down 9,000.

Average Margin Per User (AMPU) across all Fixed technologies was $25.4 per month, an increase of $4.3 or 20.4% compared to HY22, primarily reflecting growth of Fixed Wireless subscribers and modest repricing for some NBN plans.

Fixed ARPU and AMPU by technology type



Overall Fixed subscribers (000's)



Directors' report continued

Review of financial performance continued

Consolidated income statement overview

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

	HY23 $m	HY22 $m
Revenue		
Service revenue	2,288	2,190
Handset and hardware revenue	420	436
Total revenue	**2,708**	**2,626**
Other income	11	13
Cost of telecommunication services	(784)	(831)
Cost of handsets and hardware sold	(409)	(428)
Technology costs	(200)	(176)
Employee benefits expense	(205)	(194)
Other operating expenses	(180)	(173)
EBITDA	**941**	**837**
Depreciation and amortisation	(722)	(686)
Operating profit	**219**	**151**
Net financing costs	(150)	(70)
Profit before tax	**69**	**81**
Income tax (expense)/benefit	(21)	86
Profit after tax	**48**	**167**
Attributable to:		
Owners of the Company	**48**	**167**
Earnings per share (cents)	**2.6**	**9.0**

Depreciation and amortisation

Depreciation and amortisation expense was $722 million, an increase of $36 million or 5.2% compared to HY22 ($686 million). This increase primarily reflected larger right-of-use asset base following the tower assets sale and other one-off charges.

Net financing costs

Net financing costs were $150 million, an increase of $80 million or 114.3% compared to HY22 ($70 million). This reflected market interest rate increases during 2022 and 2023, as well as an increase in lease interest expense due to the tower assets sale.

Income tax expense

Income tax expense was $21 million in HY23 compared to an income tax benefit of $86 million in HY22. This primarily represents a $110 million income tax credit recognised in HY22 and subsequently utilised against the tax obligation arising from the tower assets sale.

Income tax expense otherwise represents the Group's profit before tax for the period multiplied by the applicable corporate tax rate of 30%.

Directors' report continued

Review of financial performance continued

Consolidated balance sheet overview

Set out below is a condensed version of the Group's balance sheet as at 30 June 2023, together with commentary highlighting key points not already covered in the key financial metrics section.

	30 JUN 2023 $m	31 DEC 2022 $m
Cash and cash equivalents	82	114
Trade and other receivables	827	681
Inventories	126	155
Other current assets	97	83
Total current assets	**1,132**	**1,033**
Trade and other receivables	422	358
Property, plant and equipment	3,616	3,580
Right-of-use assets	1,540	1,527
Spectrum licences	1,875	2,010
Other intangible assets	10,588	10,653
Deferred tax assets	162	183
Other non-current assets	31	22
Total non-current assets	**18,234**	**18,333**
Trade and other payables	958	1,185
Contract liabilities	295	283
Borrowings	2,020	—
Lease liabilities	103	93
Other current liabilities	160	171
Total current liabilities	**3,536**	**1,732**
Borrowings	1,950	3,690
Lease liabilities	1,913	1,872
Other non-current liabilities	178	172
Total non-current liabilities	**4,041**	**5,734**
Net assets	**11,789**	**11,900**
Contributed equity	18,399	18,399
Reserves and accumulated losses	(6,610)	(6,499)
Total equity	**11,789**	**11,900**

Cash and cash equivalents

Cash and cash equivalents were $82 million at 30 June 2023, a decrease of $32 million compared to 31 December 2022 ($114 million).

Trade and other receivables

Current and non-current trade and other receivables were $1,249 million at 30 June 2023, an increase of $210 million compared to 31 December 2022 ($1,039 million). This was driven by an increase in handset receivables remaining on the Group's balance sheet following the cessation of receivables sale to third parties.

Property, plant and equipment

Property, plant and equipment was $3,616 million at 30 June 2023, an increase of $36 million compared to 31 December 2022 ($3,580 million). This increase largely reflected additional commissioned network infrastructure.

Spectrum licences

The net book value of spectrum licences was $1,875 million at 30 June 2023, a decrease of $135 million compared to 31 December 2022 ($2,010 million). This reflected amortisation on licences held. No new spectrum licences were acquired during the period.

Other intangible assets

Other intangible assets (excluding spectrum licences) were $10,588 million at 30 June 2023, a decrease of $65 million compared to 31 December 2022 ($10,653 million). This reflected amortisation of other intangible assets.

Directors' report continued

Review of financial performance continued

Consolidated cash flow statement overview

A condensed version of the cash flow statement is set out below, together with commentary highlighting key points not already covered in the key financial metrics section.

	30 JUN 2023 $m	30 JUN 2022 $m
Cash flow from operating activities	714	528
Capital expenditure	(670)	(485)
Interest received	2	—
Net cash flow before financing activities	**46**	**43**
Net drawdown of borrowings	280	170
Principal elements of lease repayments	(56)	(61)
Finance costs paid	(127)	(66)
Payments for Shares acquired by TPG Telecom Employee incentive Plan Trust	(8)	(14)
Dividends paid	(167)	(158)
Net cash flow	**(32)**	**(86)**

Capital expenditure

Capital expenditure for HY23 was $670 million, an increase of $185 million compared to HY22 ($485 million). As noted on page 5, the higher cash capital expenditure primarily arose because of changes to the timing of supplier payments.

Finance costs paid

Financing costs paid for HY23 were $127 million, an increase of $61 million compared to HY22 ($66 million). This increase comprised $42 million from higher market interest rates on bank debt and $19 million in higher lease financing costs, primarily arising from an increase in leases as a result of the tower assets sale.

Net drawdown of borrowings

Net drawdown of borrowings for HY23 was $280 million, an increase of $170 million compared to HY22 ($110 million). This increase reflected the debt drawn largely to fund handset receivables.

Directors’ report continued

Review of financial performance continued

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 12.

Rounding of amounts

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

This Directors’ report is made in accordance with a resolution of the Directors on 24 August 2023.

Fok Kin Ning, Canning
Chairman

24 August 2023

Iñaki Berroeta
Chief Executive Office and Managing Director

24 August 2023

Auditor’s independence declaration

Auditor’s Independence Declaration

As lead auditor for the review of TPG Telecom Limited for the half-year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been:

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

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

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

Mark Dow
Partner
PricewaterhouseCoopers

Sydney
24 August 2023

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Half-Year Financial Report

About this report

The Half-Year 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

Effective from 28 August 2023, TPG Telecom Limited's registered office and principal place of business is:

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

A description of the nature of the Group's operations and its principal activities is included in the Directors' report on pages 3 to 11.

The financial report was authorised for issue by the Directors on 24 August 2023. The Directors have the power to amend and reissue the financial report.

Contents

Consolidated income statement

for the half-year ended 30 June 2023

	NOTES	30 JUN 2023 $m	30 JUN 2022 $m
Revenue from contracts with customers	3	2,708	2,626
Other income		11	13
Cost of provision of telecommunication services		(784)	(831)
Cost of handsets and hardware sold		(409)	(428)
Technology costs		(200)	(176)
Employee benefits expense	4	(205)	(194)
Other operating expenses	4	(180)	(173)
Earnings before interest, tax, depreciation and amortisation		**941**	**837**
Depreciation and amortisation expense	4	(722)	(686)
Results from operating activities		**219**	**151**
Finance income	4	2	1
Finance expenses	4	(152)	(71)
Net financing costs		(150)	(70)
Profit before income tax		**69**	**81**
Income tax (expense)/benefit	5	(21)	86
Profit for the half-year		**48**	**167**
Attributable to:			
Owners of the Company		48	167
		48	**167**

		CENTS PER SHARE	CENTS PER SHARE
Earnings per share for profit attributable to owners of the Company			
Basic earnings per share	11	2.6	9.0
Diluted earnings per share	11	2.6	9.0

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

Consolidated statement of comprehensive income

for the half-year ended 30 June 2023

	30 JUN 2023 $m	30 JUN 2022 $m
Profit for the half-year	**48**	**167**
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	11	2
Other comprehensive income for the half-year, net of tax	**11**	**2**
Total comprehensive income for the half-year, net of tax	**59**	**169**
Attributable to:		
Owners of the Company	59	169
	59	**169**

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

Consolidated statement of financial position

as at 30 June 2023

	Notes	30 JUN 2023 $m	31 DEC 2022 $m
ASSETS			
Current assets			
Cash and cash equivalents		82	114
Trade and other receivables	6	827	681
Inventories		126	155
Derivative financial instruments		7	—
Prepayments and other assets		90	83
Total current assets		**1,132**	**1,033**
Non-current assets			
Trade and other receivables	6	422	358
Property, plant and equipment	7	3,616	3,580
Right-of-use assets		1,540	1,527
Intangible assets		12,463	12,663
Deferred tax assets		162	183
Derivative financial instruments		11	2
Prepayments and other assets		20	20
Total non-current assets		**18,234**	**18,333**
Total assets		**19,366**	**19,366**
LIABILITIES			
Current liabilities			
Trade and other payables		958	1,185
Contract liabilities		295	283
Borrowings	9	2,020	—
Lease liabilities		103	93
Provisions		91	87
Other liabilities		69	84
Total current liabilities		**3,536**	**1,732**
Non-current liabilities			
Contract liabilities		16	18
Borrowings	9	1,950	3,690
Lease liabilities		1,913	1,872
Provisions		69	61
Other liabilities		93	93
Total non-current liabilities		**4,041**	**5,734**
Total liabilities		**7,577**	**7,466**
Net assets		**11,789**	**11,900**
EQUITY			
Contributed equity	10	18,399	18,399
Reserves		5	(3)
Accumulated losses		(6,615)	(6,496)
Equity attributable to owners of the Company		**11,789**	**11,900**
Total equity		**11,789**	**11,900**

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

Consolidated statement of changes in equity

for the half-year ended 30 June 2023

		ATTRIBUTABLE TO OWNERS OF THE COMPANY			
	Notes	CONTRIBUTED EQUITY $m	RESERVES $m	ACCUMULATED LOSSES $m	TOTAL EQUITY $m
Balance at 1 January 2023		18,399	(3)	(6,496)	11,900
Profit for the period		—	—	48	48
Other comprehensive income, net of tax		—	11	—	11
Employee share schemes – value of employee services		—	5	—	5
Acquisition of treasury shares	13	—	(8)	—	(8)
Dividends paid	12	—	—	(167)	(167)
Balance at 30 June 2023		**18,399**	**5**	**(6,615)**	**11,789**
Balance at 1 January 2022		**18,399**	**5**	**(6,684)**	**11,720**
Profit for the period		—	—	167	**167**
Other comprehensive income, net of tax		—	2	—	**2**
Employee share schemes – value of employee services		—	2	—	**2**
Acquisition of treasury shares	13	—	(14)	—	**(14)**
Dividends paid	12	—	—	(158)	**(158)**
Balance at 30 June 2022		**18,399**	**(5)**	**(6,675)**	**11,719**

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

Consolidated statement of cash flows

for the half-year ended 30 June 2023

	Notes	30 JUN 2023 $m	30 JUN 2022 $m
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,804	2,798
Payments to suppliers and employees (inclusive of GST)		(2,090)	(2,270)
		714	528
Income taxes paid		—	—
Net cash generated from operating activities		**714**	**528**
Cash flows from investing activities			
Payments for property, plant and equipment		(547)	(403)
Payments for intangible assets		(123)	(82)
Interest received		2	—
Net cash outflows from investing activities		**(668)**	**(485)**
Cash flows from financing activities			
Proceeds from borrowings		540	350
Repayment of borrowings		(260)	(180)
Principal elements of lease payments		(56)	(61)
Payments for shares acquired by the TPG Employee Incentive Plan Trust		(8)	(14)
Finance costs paid		(127)	(66)
Dividends paid		(167)	(158)
Net cash outflows from financing activities		**(78)**	**(129)**
Net decrease in cash and cash equivalents		**(32)**	**(86)**
Cash and cash equivalents at 1 January		114	202
Cash and cash equivalents at 30 June		**82**	**116**

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

Notes to the consolidated financial statements

Note 1. Basis of preparation

TPG Telecom Limited (the 'Company') is a for-profit company limited by shares, which is incorporated and domiciled in Australia and listed on the Australian Securities Exchange (ASX).

The half-year financial statements as at, and for the half-year ended, 30 June 2023 comprise the accounts of the Company and its controlled entities (together referred to as the 'Group').

The Half-Year Financial Report was authorised for issue in accordance with a resolution of the Directors on 24 August 2023.

The Half-Year Financial Report is a consolidated interim financial report for the half-year reporting period ended 30 June 2023 and has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting.*

In accordance with AASB 134, the Half-Year Financial Report does not include all information included within an annual financial report and should be read in conjunction with the annual report for the year ended 31 December 2022, which is available on the Company's website at www.tpgtelecom.com.au, and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted by the Group in the Half-Year Financial Report are consistent with those of the previous financial year and corresponding interim reporting period. Comparative information is reclassified where appropriate to enhance comparability.

(a) Going concern

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

At 30 June 2023, the Group had a deficiency of net current assets of $2,404 million (31 December 2022: a deficiency of $699 million). Bank loans (unsecured) of $2,020 million, due within 12 months from the reporting date, are the largest contributor to this deficiency. In July 2023, these loans were replaced with new long term loan facilities, the Group has no debt facilities maturing until 2026 (Refer to Note 9).

In relation to the remaining net current asset deficiency of $384 million (31 December 2022: a deficiency of $699 million), the Group is satisfied that it will be able to meet all its obligations as and when they fall due, supported by its history of generating profits, positive operating cash flows, current cash reserves, and available debt facilities.

(b) 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.

(c) New accounting standards and interpretations

New and amended standards adopted by the Group

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

New standards and interpretations not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for the half-year ended 30 June 2023 and these have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Notes to the consolidated financial statements

Note 1. Basis of preparation continued

(d) 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.

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.

The Group's key accounting estimates and judgements are disclosed in Note 2 of the 31 December 2022 annual report. The Group has not identified any significant changes or updates to its accounting judgements and estimates, when reflecting latest information available during the half-year ended 30 June 2023.

Note 2. Segment reporting

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

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

The 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 3.

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 and transformation costs.

Unallocated items include net financing costs, depreciation and amortisation costs, certain head office costs, other income and other one-off transactions. There were no one-off transactions that met the quantitative thresholds for reportable segments for the half-years ended 30 June 2023 and 2022.

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

Notes to the consolidated financial statements

Note 2. Segment reporting continued

	CONSUMER	ENTERPRISE, GOVERNMENT AND WHOLESALE	ELIMINATIONS	TOTAL REPORTABLE SEGMENTS
	$m	$m	$m	$m
For the half-year ended 30 June 2023				
Revenue from contracts with customers	2,209	499	—	2,708
Inter-segment revenue	—	58	(58)	—
Segment revenue	**2,209**	**557**	**(58)**	**2,708**
Other income	—	3	—	3
Cost of provision of telecommunication services	(748)	(93)	58	(783)
Cost of handsets and hardware sold	(368)	(41)	—	(409)
Segment gross margin	**1,093**	**426**	**—**	**1,519**
Segment EBITDA	**669**	**298**	**—**	**967**
For the half-year ended 30 June 2022				
Revenue from contracts with customers	2,142	484	—	2,626
Segment revenue	**2,142**	**484**	**—**	**2,626**
Other income	—	3	—	3
Cost of provision of telecommunication services	(736)	(94)	—	(830)
Cost of handsets and hardware sold	(391)	(37)	—	(428)
Segment gross margin	**1,015**	**356**	**—**	**1,371**
Segment EBITDA	**623**	**240**	**—**	**863**

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

	30 JUN 2023
	$m
Total segment EBITDA	967
Other income	8
Head office costs	(1)
Transformation costs	(16)
Transaction costs	(17)
Depreciation and amortisation expense	(722)
Net financing costs	(150)
Profit before income tax	**69**

	30 JUN 2022
	$m
Total segment EBITDA	863
Other income	10
Head office costs	(1)
One-off restructuring costs	(35)
Depreciation and amortisation expense	(686)
Net financing costs	(70)
Profit before income tax	**81**

Notes to the consolidated financial statements

Note 3. Revenue from contracts with customers

The Group's operations and main revenue streams are those described in the last annual financial statements.

Major product categories

	TIMING OF REVENUE RECOGNITION	CONSUMER		ENTERPRISE, GOVERNMENT AND WHOLESALE		TOTAL	
		30 JUN 2023 $m	30 JUN 2022 $m	30 JUN 2023 $m	30 JUN 2022 $m	30 JUN 2023 $m	30 JUN 2022 $m
Mobile – Post-paid	Over time	723	663	91	86	814	749
Mobile – Prepaid	Over time	233	219	—	—	233	219
Fixed (including data and internet)	Over time	871	859	318	317	1,189	1,176
Other service revenue	Over time	5	3	47	43	52	46
Handsets, accessories and other hardware	Point in time	377	398	43	38	420	436
		2,209	**2,142**	**499**	**484**	**2,708**	**2,626**

Notes to the consolidated financial statements

Note 4. Other profit and loss items

(a) Employee benefits expense

	30 JUN 2023 $m	30 JUN 2022 $m
Superannuation expense	19	16
Redundancy costs	1	14
Other employee benefits expense	185	164
	205	**194**

(b) Other operating expenses

	30 JUN 2023 $m	30 JUN 2022 $m
Advertising and promotion expenses	58	52
Consulting and outsourced services costs	78	73
Facilities expenses	16	18
Administration and other expenses	28	30
	180	**173**

(c) Depreciation and amortisation expense

	30 JUN 2023 $m	30 JUN 2022 $m
Depreciation of property, plant and equipment	278	283
Depreciation of right-of-use assets	95	62
Amortisation of intangible assets	349	341
	722	**686**

(d) Net financing costs

	30 JUN 2023 $m	30 JUN 2022 $m
Finance income		
Interest income	(2)	(1)
Finance expenses		
Amortisation of borrowing costs	3	3
Interest and finance charges for borrowings and lease liabilities	149	68
	150	**70**

Notes to the consolidated financial statements

Note 5. Income tax

Numerical reconciliation between tax expense and pre-tax accounting profit

	30 JUN 2023 $m	30 JUN 2022 $m
Profit from operations before income tax	69	81
Income tax expense using the Australian tax rate of 30% (30 June 2022: 30%)	21	24
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Initial recognition of deferred tax assets	—	(110)
Income tax expense/(benefit)	**21**	**(86)**

Note 6. Trade and other receivables

At 30 June 2023, the Group had a total trade and other receivables balance of $1,249 million (31 December 2022: $1,039 million). This includes $887 million of total handset and accessories receivables (31 December 2022: $730 million).

Note 7. Property, plant and equipment

Additions to property, plant and equipment during the half-year were $426 million (30 June 2022: $439 million).

Note 8. Commitments

Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	30 JUN 2023 $m	31 DEC 2022 $m
Property, plant & equipment	479	454

Notes to the consolidated financial statements

Note 9. Borrowings

	30 JUN 2023 $m	31 DEC 2022 $m
Current		
Bank loans (unsecured)	2,020	—
Non-current		
Bank loans (unsecured)	1,950	3,690

Available facilities

At 30 June 2023, the Group has total loan facilities of $4,700 million (31 December 2022: $4,700 million). The total amount of undrawn borrowing facilities at 30 June 2023 was $765 million (31 December 2022: $1,045 million) which includes a committed overdraft facility of $35 million (31 December 2022: $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 half-year ended 30 June 2023.

In July 2023, the Group refinanced $2,020 million of debt facilities maturing in FY24. The new $2,000 million syndicated debt facility includes 4, 5 and 7-year tranches. In August 2023, a portion of the proceeds from a subsequent $500 million 6-year Asian Institutional Loan (Asian Term Loan) were applied to repay and cancel $220 million of debt maturing in FY26.

Note 10 Contributed equity

	30 JUN 2023 SHARES	31 DEC 2022 SHARES	30 JUN 2023 $m	31 DEC 2022 $m
Ordinary shares (fully paid)	**1,859,341,669**	1,859,341,669	**18,399**	18,399

Notes to the consolidated financial statements

Note 11. Earnings per share

	Units	30 JUN 2023	30 JUN 2022
Basic earnings per share	cents	2.6	9.0
Diluted earnings per share	cents	2.6	9.0
Profit attributable to the owners of the Company used in calculating basic and diluted earnings per share	$m	48	167
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	number	1,856,762,348	1,858,725,760
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	number	1,857,927,495	1,860,638,210

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.

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 12. Dividends

During the half-year ended 30 June 2023, a fully franked final FY22 dividend of $167 million (9.0 cents per fully paid share) was paid on 13 April 2023. No other dividends were declared or paid during the half-year (30 June 2022: $158 million).

Subsequent to the half-year end, on 24 August 2023, the Board of Directors has declared a fully franked interim FY23 dividend of 9.0 cents per share. As the interim dividend was not declared or resolved to be paid by the Board as at 30 June 2023, the dividend has not been provided for in the Consolidated Statement of Financial Position. The interim FY23 dividend has a record date of 13 September 2023 and will be paid on 11 October 2023.

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

The Group does not operate a Dividend Reinvestment Plan.

Notes to the consolidated financial statements

Note 13. Treasury shares

The table below provides the number and amount of treasury shares.

	NUMBER OF SHARES	$m
Opening balance at 1 January 2023	2,395,453	14
Shares acquired by the TPG Employee Incentive Plan Trust	1,565,136	8
Issue of shares under the employee incentive plan	(333,676)	(1)
Balance at 30 June 2023	**3,626,913**	**21**

	NUMBER OF SHARES	$m
Opening balance at 1 January 2022	—	—
Shares acquired by the TPG Employee Incentive Plan Trust	2,395,453	14
Issue of shares under the employee incentive plan	—	—
Balance at 30 June 2022	**2,395,453**	**14**

Note 14. Fair value measurement of financial instruments

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.

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

The following table presents the Group's financial assets measured and recognised at fair value at 30 June 2023 and 31 December 2022:

	LEVEL 1 $m	LEVEL 2 $m	LEVEL 3 $m	TOTAL $m
At 30 June 2023				
Financial assets				
Interest rate swaps	—	14	—	14
Other	—	4	—	4
Total financial assets	**—**	**18**	**—**	**18**
At 31 December 2022				
Financial assets				
Interest rate swaps	—	2	—	2
Total financial assets	**—**	**2**	**—**	**2**

There were no financial liabilities measured and recognised at fair value at 30 June 2023 and 31 December 2022.

Note 15. 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:

(a) the operations of the Company and of the Group in future financial years, or
(b) the results of those operations in future financial years, or
(c) the state of affairs of the Company and of the Group in future financial years.

Borrowings

The details of borrowing activities after 30 June 2023 are disclosed in Note 9.

Dividends

The details of dividends declared after 30 June 2023 are disclosed in Note 12.

Directors' Declaration

In the Directors' opinion:

(1) the financial statements and notes set out on pages 13 to 28 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Australian Accounting Standard *AASB 134 Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the Company and the Group's financial position as at 30 June 2023 and of its performance for the half-year ended on that date, and

(2) 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

This declaration is made in accordance with a resolution of the Directors.

Fok Kin Ning, Canning
Chairman
24 August 2023

Iñaki Berroeta
Chief Executive Office and Managing Director
24 August 2023

Independent Auditor's Review Report

Independent auditor's review report to the members of TPG Telecom Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of TPG Telecom Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and consolidated income statement for the half-year ended on that date, material accounting policy information and explanatory notes and the directors' declaration.

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

1. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that

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Independent Auditor's Report continued

the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

PricewaterhouseCoopers

PricewaterhouseCoopers

Mark Dow
Partner

Sydney
24 August 2023

Glossary

TERM	EXPLANATION
Adjusted NPAT	Statutory Net Profit After Tax adding back transformation and transaction costs, customer base intangible amortisation, spectrum amortisation and non-cash tax expense.
AMPU	Average Margin Per Unit.
ARPU	Average Revenue Per Unit.
Capex	Cash invested to fund the purchase, upgrade or improve long term assets.
EBITDA	Earnings before interest, income tax expense, depreciation and amortisation.
NPAT	Net profit after tax - the total revenue minus all expenses and tax.
OFCF	Operating Free Cash Flow, defined as cash flow from operating activities less tax paid less capital expenditure less lease payments.
Spectrum	Radio frequency spectrum is where radio waves are transmitted and received.