



Ausgrid Group
Half Year Financial Report
For the half year ended 31 December 2022



Ausgrid Group Half Year Financial Report For the half year ended 31 December 2022

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	Notes	Half year ended 31 December 2022 \$M	Half year ended 31 December 2021 \$M
Revenue	3	1,187	1,215
Distribution of energy costs	4(a)	(218)	(217)
Depreciation and amortisation expense	4(c)	(312)	(330)
Finance costs	4(d)	(221)	(223)
Employee benefits expenses	4(b)	(138)	(134)
Other expenses	4(b)	(135)	(115)
Gain on disposal of property, plant and equipment		3	136
Profit before income tax		166	332
Income tax expense		-	-
Profit for the period		166	332
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Changes in the fair value of cash flow hedges		(2)	230
Reclassification to profit or loss		63	124
Income tax relating to these items		(19)	(105)
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Defined benefit superannuation actuarial gains		4	-
Income tax relating to these items		(1)	-
Other comprehensive income for the period		45	249
Total comprehensive income for the period		211	581
Profit for the period attributable to Partners:			
Ausgrid Operator Partnership (AOP)		75	77
Ausgrid Asset Partnership (AAP)		73	237
PLUS ES Partnership (PLUS ES)		18	18
Profit for the period		166	332
Total comprehensive income for the period attributable to Partners:			
AOP		78	77
AAP		117	482
PLUS ES		16	22
Total comprehensive income for the period		211	581

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

		31 December 2022 \$M	30 June 2022 \$M
	Notes		
Current assets			
Cash and cash equivalents		258	432
Trade and other receivables		281	281
Contract assets		256	290
Prepayments		29	32
Inventories		34	22
Assets classified as held for sale		1	5
Derivative financial assets	9	82	68
Total current assets		941	1,130
Non-current assets			
Property, plant and equipment	5	17,194	17,013
Intangible assets	6	3,514	3,529
Derivative financial assets	9	997	1,019
Other receivables		3	2
Defined benefit plan asset		5	1
Total non-current assets		21,713	21,564
Total assets		22,654	22,694
Current liabilities			
Trade and other payables		273	338
Contract liabilities		9	10
Borrowings	7	1,712	727
Provisions	8	295	301
Deferred government grants		2	2
Other liabilities		5	6
Total current liabilities		2,296	1,384
Non-current liabilities			
Contract liabilities		69	67
Borrowings	7	9,826	11,051
Derivative financial liabilities	9	413	372
Provisions	8	63	64
Deferred government grants		36	36
Deferred tax liabilities		254	234
Total non-current liabilities		10,661	11,824
Total liabilities		12,957	13,208
Net assets		9,697	9,486

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



Ausgrid Group
Consolidated statement of financial position
As at 31 December 2022
(continued)

		31 December 2022 \$M	30 June 2022 \$M
	Notes		
Equity attributable to Partners of AOP			
Contributed equity	10	1,716	1,716
Reserves		26	23
Retained earnings	11	137	62
Total equity attributable to Partners of AOP		1,879	1,801
 Equity attributable to Partners of AAP			
Contributed equity	10	7,021	7,021
Reserves		567	523
Retained earnings	11	9	(64)
Total equity attributable to Partners of AAP		7,597	7,480
 Equity attributable to Partners of PLUS ES			
Contributed equity	10	183	183
Reserves		6	8
Retained earnings	11	32	14
Total equity attributable to Partners of PLUS ES		221	205
 Total equity attributable to Partners of the Ausgrid Group		9,697	9,486

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

	Contributed equity \$M	Cash flow hedge reserve \$M	Defined benefit superannuation reserve \$M	Retained earnings \$M	Total \$M
Balance at 1 July 2022	8,920	531	23	12	9,486
Profit for the period	-	-	-	166	166
Other comprehensive income					
Changes in cash flow hedges - AAP and PLUS ES	-	42	-	-	42
Defined benefit superannuation actuarial gains - AOP	-	-	3	-	3
Total other comprehensive income	-	42	3	-	45
Total comprehensive income for the period	-	42	3	166	211
Balance at 31 December 2022	8,920	573	26	178	9,697
Closing balance of equity attributable to					
AOP	1,716	-	26	137	1,879
AAP	7,021	567	-	9	7,597
PLUS ES	183	6	-	32	221
Balance at 31 December 2022	8,920	573	26	178	9,697

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

Ausgrid Group
Consolidated statement of changes in equity
For the half year ended 31 December 2022
(continued)

	Contributed equity \$M	Cash flow hedge reserve \$M	Defined benefit superannuation reserve \$M	Retained earnings \$M	Total \$M
Balance at 1 July 2021	8,920	(427)	23	(668)	7,848
Profit for the period	-	-	-	332	332
Other comprehensive income					
Changes in cash flow hedges - AAP and PLUS ES	-	249	-	-	249
Total other comprehensive income	-	249	-	-	249
Total comprehensive income for the period	-	249	-	332	581
Balance at 31 December 2021	8,920	(178)	23	(336)	8,429
Closing balance of equity attributable to					
AOP	1,716	-	23	(17)	1,722
AAP	7,021	(182)	-	(315)	6,524
PLUS ES	183	4	-	(4)	183
Balance at 31 December 2021	8,920	(178)	23	(336)	8,429

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



Ausgrid Group
Consolidated statement of cash flows
For the half year ended 31 December 2022

	Half year ended 31 December 2022 \$M	Half year ended 31 December 2021 \$M
Cash flows from operating activities		
Receipts from customers	1,145	1,145
Payments to suppliers and employees	(545)	(428)
Interest received	2	-
Interest paid	(222)	(214)
Net cash inflow from operating activities	<u>380</u>	<u>503</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(375)	(288)
Payments for intangible assets	(30)	(25)
Proceeds from sale of property, plant and equipment	9	9
Net cash outflow from investing activities	<u>(396)</u>	<u>(304)</u>
Cash flows from financing activities		
Proceeds from borrowings	1,120	845
Repayment of borrowings	(1,269)	(1,028)
Transaction costs paid	(9)	(7)
Net cash outflow from financing activities	<u>(158)</u>	<u>(190)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(174)</u>	<u>9</u>
Cash and cash equivalents at the beginning of the period	432	249
Cash and cash equivalents at the end of the period	<u>258</u>	<u>258</u>

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

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1 Summary of significant accounting policies

This half year financial report is the consolidated financial statements of AOP (parent entity), AAP, PLUS ES and their respective controlled entities (**Ausgrid Group**) for the half year ended 31 December 2022.

Ausgrid Group is domiciled in Australia. Its registered office and principal place of business is 24-28 Campbell Street, Sydney NSW 2000.

Ausgrid Group is a stapled structure comprised of AOP, AAP and PLUS ES. The accounting standards require the nomination of one parent entity in a consolidated group, so for the purpose of preparing these consolidated financial statements only, AOP was identified as the parent. AOP and its partnership entities, AAP and PLUS ES, were established on 20 October 2016 (AOP and AAP) and 1 November 2017 (PLUS ES). A consortium comprising IFM Investors, AustralianSuper and APG Asset Management holds 50.4% partnership interest and the New South Wales (**NSW**) State Government (through entities established in accordance with the *Electricity Retained Interest Corporation Act 2015 (NSW)*) holds 49.6% partnership interest in AOP, AAP and PLUS ES.

Pursuant to the Partnership Deeds, all the Partners agreed to ensure equivalence in that the proportion of Partnership interest held by each Partner should be identical between AOP, AAP and PLUS ES.

This half year financial report does not include all notes of the type normally included in the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Ausgrid Group. Therefore, this half year financial report should be read in conjunction with the full year financial report of the Ausgrid Group for the year ended 30 June 2022.

(a) Basis of preparation

This half year financial report is a general purpose financial report, which has been prepared in accordance with the requirements of Australian Accounting Standards Board (**AASB**) 134 Interim Financial Reporting which complies with International Accounting Standards (**IAS**) 34 Interim Financial Reporting.

This half year financial report has been prepared on a historical cost basis, except for the following:

- derivative financial instruments which are measured at their fair value;
- defined benefit plan which is measured at fair value; and
- assets classified as held for sale which are measured at the lower of their carrying value or Fair Value Less Costs of Disposal (**FVLCD**).

This half year financial report has been prepared using the same accounting policies as used in the financial report for the year ended 30 June 2022.

This half year financial report is presented in Australian Dollars (**AUD**).

(b) Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Ausgrid Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 2.

(c) Going concern

As at 31 December 2022, the Ausgrid Group had net current liabilities of \$1,355 million (30 June 2022: \$254 million) due to \$1,705 million of borrowings being classified as current borrowings as they mature within the next 12 months (refer to Note 7 for details).

The Directors have considered the following factors in determining whether the Ausgrid Group can pay its debts as and when they fall due for the next 12 months:

1 Summary of significant accounting policies (continued)

(c) Going concern (continued)

- The Ausgrid Group has \$1,233 million in available liquidity, comprising cash and cash equivalents of \$258 million (30 June 2022: \$432 million) and undrawn bank facilities of \$975 million as at 31 December 2022 (30 June 2022: \$475 million).
- The Ausgrid Group generated net operating cash inflows of \$380 million for the half year ended 31 December 2022 (half year ended 31 December 2021: \$503 million). The Ausgrid Group is forecasting a positive cash balance for the next 12 months.
- The Ausgrid Group's investment grade credit rating was reaffirmed by Moody's in October 2022 and Standard and Poor's (**S&P**) in July 2022 with a stable rating outlook.
- The Ausgrid Group Treasury Policy requires that the refinancing process for borrowing facilities to be commenced no later than 12 months prior to maturity date. Consistent with this policy, key bond program documentation is updated and reviewed annually to facilitate potential bond issuance in a wide range of capital markets. Management continues to engage with potential lenders in relation to refinancing borrowings maturing within the next 12 months.
- According to the Partnership Deeds, each Partner is jointly and severally liable and are responsible for discharging the liabilities of the Partnerships in proportion with their respective Partnership interest, and each Partner indemnifies the other Partners from the default of the liabilities. Accordingly, the Partners will provide continuing financial support so that the Ausgrid Group is able to pay its debts as and when they fall due.

Based on factors above, the consolidated financial statements have been prepared on a going concern basis.

(d) Rounding of amounts

The Ausgrid Group has applied Australian Securities and Investments Commission (**ASIC**) Legislative Instrument 2016/191 (Rounding in Financial/Directors' Reports). The amounts shown in this report have been rounded to the nearest \$1,000,000, unless otherwise indicated.

(e) New accounting standards and interpretations adopted

A number of amended Australian Accounting Standards and Interpretations became applicable for the current reporting period. The Ausgrid Group did not change its accounting policies or make retrospective adjustments as a result of adopting these amended standards and interpretations.

(f) New accounting standards and interpretations not yet adopted

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Ausgrid Group for the half year ended 31 December 2022. The amendments are as follows:

- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates; and
- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current.

These standards, amendments or interpretations are not expected to have a material impact on the Ausgrid Group in the current or future reporting periods and on foreseeable future transactions.

2 Uses of estimates and judgements

The preparation of financial statements require judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2 Uses of estimates and judgements (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

Judgements made by management in the application of Australian Accounting Standards that have a significant effect on the financial statements, and estimates with a significant risk of material adjustment in the next year, are discussed below and in the various respective notes:

Note 5 - Property, plant and equipment

Note 6 - Intangible assets

Note 8 - Provisions

Note 16 - Fair value measurements

3 Revenue

	Half year ended 31 December 2022 \$M	Half year ended 31 December 2021 \$M
Revenue components		
Distribution Use of System (DUOS)	689	730
Transmission Use of System (TUOS)		
Pass-through	137	142
Non pass-through	48	42
Climate Change Fund (CCF) pass-through	72	66
Network Use of System (NUOS)	946	980
Transmission	14	12
Standard Control Services (SCS) capital contributions	57	70
Other	3	2
Total SCS revenue	1,020	1,064
Metering	27	27
Street lighting	18	17
Ancillary Network Services (ANS)	36	32
Alternative Control Services (ACS) capital contributions	1	1
Total ACS revenue	82	77
Unregulated revenue	82	74
Total unregulated revenue	82	74
Interest income	3	-
Total other revenue	3	-
Total revenue¹	1,187	1,215

- (1) Revenue billings of \$675 million (half year ended 31 December 2021: \$705 million) is derived from retailers that individually make up more than 10% of the Ausgrid Group's total revenue and relate to SCS revenue. For SCS revenue, the retailer carries the bad debt risk of customers' inability to pay. The Ausgrid Group's regulated revenue is protected from retailer insolvency by a pass-through mechanism which allows recovery of revenue lost due to retailer failure.

4 Expenses

(a) Distribution of energy costs

	Half year ended 31 December 2022 \$M	Half year ended 31 December 2021 \$M
SCS regulated pass-through costs		
Transmission Network Service Provider (TNSP)	150	150
CCF	68	67
Total regulated pass-through costs	<u>218</u>	<u>217</u>
Total distribution of energy costs	<u>218</u>	<u>217</u>

(b) Operating expenses

	Half year ended 31 December 2022 \$M	Half year ended 31 December 2021 \$M
(i) Operating expenses by nature		
Employee benefits expense	111	107
Superannuation expenses (defined benefit plan)	1	2
Superannuation expenses (defined contribution plan)	26	25
Employee benefits expenses	<u>138</u>	<u>134</u>
Contracted services	63	53
Information Technology (IT) expenses	37	30
Land and other taxes	12	14
Materials	11	9
Other	12	9
Other expenses	<u>135</u>	<u>115</u>
Total operating expenses	<u>273</u>	<u>249</u>

	Half year ended 31 December 2022 \$M	Half year ended 31 December 2021 \$M
(ii) Operating expenses by line of business		
SCS	196	179
ACS	53	48
Unregulated	24	22
Total operating expenses	<u>273</u>	<u>249</u>

4 Expenses (continued)

(c) Depreciation and amortisation expense

	Half year ended 31 December 2022 \$M	Half year ended 31 December 2021 \$M
Depreciation of property, plant and equipment	267	282
Amortisation of intangible assets	45	48
Total depreciation and amortisation expense	312	330

(d) Finance costs

	Half year ended 31 December 2022 \$M	Half year ended 31 December 2021 \$M
Interest expense for borrowings	196	136
Interest expense for derivatives	38	124
Interest income from derivatives	(26)	(51)
Amortisation of loan transaction costs	11	10
Unwinding of discount	1	-
Lease interest	3	2
Capitalised interest	(3)	(2)
Hedge ineffectiveness	(1)	3
Adjustments to the Syndicated Facility Agreement (SFA)	1	3
Other	1	(2)
Total finance costs	221	223

5 Property, plant and equipment

	Land and buildings \$M	Network assets \$M	Plant and equipment \$M	Total ¹ \$M
At 31 December 2022				
At cost	783	18,701	900	20,384
Accumulated depreciation	(97)	(2,757)	(336)	(3,190)
Net carrying amount	686	15,944	564	17,194
Period ended 31 December 2022				
Net carrying amount at 1 July 2022	685	15,807	521	17,013
Additions	12	372	76	460
Disposals	-	(8)	(4)	(12)
Depreciation expense	(11)	(227)	(29)	(267)
Net carrying amount	686	15,944	564	17,194
30 June 2022				
At cost	771	18,340	832	19,943
Accumulated depreciation	(86)	(2,533)	(311)	(2,930)
Net carrying amount	685	15,807	521	17,013

(1) Right of Use (ROU) assets in property, plant and equipment

On 1 December 2016, the Ausgrid Group entered into a 99 year finance lease with the NSW State Government. The underlying leased assets arising from the 99 year finance lease are land and buildings, network assets and plant and equipment. These leased assets, with a ROU carrying value of \$16,633 million as at 31 December 2022, constitute a major portion of Ausgrid Group's property, plant and equipment. The non-leased assets are land and buildings of \$1 million, network assets of \$7 million, and plant and equipment of \$553 million as at 31 December 2022. The depreciation expense on ROU assets during the period was \$238 million.

Assets under construction

At 31 December 2022, property, plant and equipment included the following assets under construction:

Land and buildings	\$24 million (30 June 2022: \$27 million)
Network assets	\$415 million (30 June 2022: \$454 million)
Plant and equipment	\$74 million (30 June 2022: \$57 million)

5 Property, plant and equipment (continued)

Capital expenditure

	Half year ended 31 December 2022 \$M	Half year ended 31 December 2021 \$M
SCS capital expenditure		
Replacement	256	182
Augmentation	17	12
Connection	9	8
Reliability	3	1
Non-network and other	54	27
Total SCS capital expenditure	339	230
ACS capital expenditure		
Street lighting and other ACS activities	25	22
Total ACS capital expenditure	25	22
Unregulated capital expenditure		
PLUS ES	59	43
Network Service Provider (NSP)	1	-
Total unregulated capital expenditure	60	43
Total capital expenditure	424	295

6 Intangible assets

	Network assets \$M	Customer contracts \$M	Computer software \$M	Goodwill \$M	Total \$M
At 31 December 2022					
At cost	1,686	4	530	2,135	4,355
Accumulated amortisation	(101)	(4)	(388)	-	(493)
Accumulated impairment	-	-	-	(348)	(348)
Net carrying amount	1,585	-	142	1,787	3,514
Period ended 31 December 2022					
Net carrying amount at 1 July 2022	1,593	-	149	1,787	3,529
Additions	-	-	30	-	30
Amortisation expense	(8)	-	(37)	-	(45)
Net carrying amount	1,585	-	142	1,787	3,514
At 30 June 2022					
At cost	1,686	4	500	2,135	4,325
Accumulated amortisation	(93)	(4)	(351)	-	(448)
Accumulated impairment	-	-	-	(348)	(348)
Net carrying amount	1,593	-	149	1,787	3,529

Assets under construction

At 31 December 2022, assets under construction included in intangible assets related to computer software of \$42 million (30 June 2022: \$31 million).

7 Borrowings

	31 December 2022 \$M	30 June 2022 \$M
Notes		
Current		
Lease liabilities	7	4
Total current lease liabilities	<u>7</u>	<u>4</u>
A\$ denominated interest bearing loans	975	-
US\$ denominated interest bearing notes	732	724
Less: Transaction costs	(2)	(1)
Total current loans and notes	7(a) <u>1,705</u>	<u>723</u>
Total current borrowings	<u>1,712</u>	<u>727</u>
Non-current		
Lease liabilities	48	34
Total non-current lease liabilities	<u>48</u>	<u>34</u>
A\$ denominated interest bearing loans	2,721	3,844
A\$ denominated interest bearing notes	2,621	2,622
US\$ denominated interest bearing notes	2,887	2,973
EUR denominated interest bearing notes	1,595	1,627
Less: Transaction costs	(46)	(49)
Total non-current loans and notes	7(a) <u>9,778</u>	<u>11,017</u>
Total non-current borrowings	<u>9,826</u>	<u>11,051</u>

Common Terms Deed (CTD)

On 13 December 2022, the Ausgrid Group established a new CTD to borrow AUD denominated debt and entered into a four year facility of \$500 million (B6), a 7.25 year facility of \$425 million (B7), and a 5.25 year facility of \$600 million (B8). Facilities B7 and B8 were fully drawn to partially repay SFA Facility B4 and fully repay SFA Facility B5. Facility B6 is currently undrawn and will be used to partially repay the US144A notes maturing on 1 May 2023.

As a result of the refinance, a \$4 million expense relating to the accelerated amortisation of transaction costs of SFA Facility B4 and SFA Facility B5 was recognised in Finance costs (refer to Note 4(d)).

7 Borrowings (continued)

(a) Loans and notes

	Drawdown ¹ \$M	Foreign exchange movements ² \$M	Fair value adjustments ³ \$M	Transaction costs \$M	Carrying value \$M
31 December 2022					
Fixed rate notes					
10 year US\$770M US Private Placement (USPP)	966	170	(88)	(3)	1,045
12 year US\$430M USPP	540	95	(60)	(2)	573
15 year US\$430M USPP	540	95	(74)	(4)	557
10 year A\$29M USPP	29	-	-	-	29
12 year A\$103M USPP	103	-	-	-	103
15 year A\$88M USPP	88	-	-	(1)	87
7 year A\$750M Australian Medium Term Note (AMTN)	750	-	(19)	(2)	729
6.5 year A\$750M AMTN	750	-	(100)	(2)	648
7.25 year EUR650M EMTN	1,037	(15)	(64)	(2)	956
10 year EUR525M EMTN	845	(19)	(189)	(4)	633
5 year US\$500M 144A	659	80	(7)	-	732
10.25 year US\$500M 144A	659	80	(36)	(6)	697
	6,966	486	(637)	(26)	6,789
Floating rate notes and facilities					
15 year A\$100M USPP	100	-	-	(1)	99
7 year A\$450M AMTN	450	-	-	-	450
5 year A\$220M AMTN	220	-	-	-	220
3.5 year A\$250M AMTN	250	-	-	-	250
Bank Facilities ⁴	2,450	-	1	(13)	2,438
Asian Syndicated Facility (ASF) ⁵	1,245	-	-	(8)	1,237
	4,715	-	1	(22)	4,694
Total loans and notes	11,681	486	(636)	(48)	11,483

- (1) The drawdown represents A\$ denominated loans and notes or, in regards to foreign currency denominated notes, the A\$ equivalent translated at the hedged rate at inception.
- (2) This relates to foreign exchange movements from the date of original drawdown of non AUD notes to 31 December 2022.
- (3) The fair value adjustment of \$636 million (30 June 2022: \$396 million) is made up of a hedge accounting adjustment of \$637 million (30 June 2022: \$396 million) due to interest rate movements, offset by a net gain on the amend and extend of the SFA of \$1 million (30 June 2022: nil).
- (4) Bank Facilities include Facility B4, C and D of the SFA and Facilities B6, B7 and B8 of the CTD. The original drawdown of the SFA Facilities was \$11,931 million. This was reduced to \$1,425 million due to repayments of \$11,555 million, partially offset by additional drawdowns of \$1,049 million since the inception of the SFA. The original drawdown of the CTD Facilities was \$1,025 million.
- (5) The original drawdown of the ASF was \$1,650 million. This was reduced to \$1,245 million due to repayment of \$405 million.

7 Borrowings (continued)

(a) Loans and notes (continued)

	Drawdown	Foreign exchange movements	Fair value adjustments	Transaction costs	Carrying value
	\$M	\$M	\$M	\$M	\$M
30 June 2022					
Fixed rate notes					
10 year US\$770M USPP	966	152	(46)	(3)	1,069
12 year US\$430M USPP	540	84	(32)	(2)	590
15 year US\$430M USPP	540	84	(40)	(3)	581
10 year A\$29M USPP	29	-	-	-	29
12 year A\$103M USPP	103	-	-	-	103
15 year A\$88M USPP	88	-	-	(1)	87
7 year A\$750M AMTN	750	-	(16)	(2)	732
6.5 year A\$750M AMTN	750	-	(102)	(2)	646
7.25 year EUR650M EMTN	1,037	(50)	(23)	(2)	962
10 year EUR525M EMTN	845	(48)	(134)	(4)	659
5 year US\$500M 144A	659	67	(2)	(1)	723
10.25 year US\$500M 144A	659	67	(1)	(6)	719
	6,966	356	(396)	(26)	6,900
Floating rate notes and facilities					
15 year A\$100M USPP	100	-	-	(1)	99
7 year A\$450M AMTN	450	-	-	(1)	449
5 year A\$220M AMTN	220	-	-	-	220
3.5 year A\$250M AMTN	250	-	-	(1)	249
Bank Facilities	2,424	-	-	(11)	2,413
ASF	1,420	-	-	(10)	1,410
	4,864	-	-	(24)	4,840
Total loans and notes	11,830	356	(396)	(50)	11,740

7 Borrowings (continued)

(a) Loans and notes (continued)

	Maturity	Facility limit \$M	Drawn \$M	Undrawn \$M
31 December 2022				
7 year A\$750M AMTN fixed rate	30 Oct 24	750	750	-
7 year A\$450M AMTN floating rate	30 Oct 24	450	450	-
6.5 year A\$750M AMTN fixed rate	5 Feb 27	750	750	-
5 year A\$220M AMTN floating rate	24 Feb 26	220	220	-
3.5 year A\$250M AMTN floating rate	5 Feb 24	250	250	-
Total AMTN		2,420	2,420	-
5 year US\$500M 144A fixed rate	1 May 23	739	739	-
10.25 year US\$500M 144A fixed rate	1 Aug 28	739	739	-
Total US144A notes		1,478	1,478	-
7.25 year EUR650M EMTN fixed rate	30 Jul 25	1,022	1,022	-
10 year EUR525M EMTN fixed rate	7 Oct 31	826	826	-
Total EMTN		1,848	1,848	-
10 year US\$770M USPP fixed rate	1 Oct 27	1,136	1,136	-
12 year US\$430M USPP fixed rate	1 Oct 29	635	635	-
15 year US\$430M USPP fixed rate	1 Oct 32	635	635	-
10 year A\$29M USPP fixed rate	1 Oct 27	29	29	-
12 year A\$103M USPP fixed rate	1 Oct 29	103	103	-
15 year A\$88M USPP fixed rate	1 Oct 32	88	88	-
15 year A\$100M USPP floating rate	1 Oct 32	100	100	-
Total USPP notes		2,726	2,726	-
5.25 year SFA Term Facility B4	1 Dec 23	975	975	-
4 year Syndicated Facility B6T ¹	15 Dec 26	105	-	105
7.25 year Syndicated Facility B7T ¹	15 Mar 30	195	195	-
5.25 year Syndicated Facility B8T ¹	15 Mar 28	435	435	-
7 year ASF Term Facility A1	2 Jul 26	995	995	-
10 year ASF Term Facility A2	2 Jul 29	250	250	-
Total term loans		2,955	2,850	105
Capex Facility C	1 Jun 24	721	343	378
Working Capital Facility D ²	1 Jun 24	250	107	143
4 year Syndicated Facility B6R ¹	15 Dec 26	395	-	395
7.25 year Syndicated Facility B7R ¹	15 Mar 30	230	230	-
5.25 year Syndicated Facility B8R ¹	15 Mar 28	115	115	-
5.25 year Bilateral Facility B8R ¹	15 Mar 28	50	50	-
Total revolving loans		1,761	845	916
Total³		13,188	12,167	1,021

(1) New facilities under the CTD.

(2) In addition to the \$107 million drawn under the Working Capital Facility D, \$46 million of bank guarantees have been issued under the facility (refer to Note 14) and therefore the unutilised funds available under the Working Capital Facility D is \$97 million. Therefore, total undrawn bank facilities excluding bank guarantees is \$975 million.

7 Borrowings (continued)

(a) Loans and notes (continued)

- (3) The weighted average interest rate for total drawn debt for the half year ended 31 December 2022, including net payments under interest rate derivatives and excluding transaction costs was 3.52% (half year ended 31 December 2021: 3.43%).

	Maturity	Facility limit \$M	Drawn \$M	Undrawn \$M
30 June 2022				
7 year A\$750M AMTN fixed rate	30 Oct 24	750	750	-
7 year A\$450M AMTN floating rate	30 Oct 24	450	450	-
6.5 year A\$750M AMTN fixed rate	5 Feb 27	750	750	-
5 year A\$220M AMTN floating rate	24 Feb 26	220	220	-
3.5 year A\$250M AMTN floating rate	5 Feb 24	250	250	-
Total AMTN		2,420	2,420	-
5 year US\$500M 144A fixed rate	1 May 23	726	726	-
10.25 year US\$500M 144A fixed rate	1 Aug 28	726	726	-
Total US144A notes		1,452	1,452	-
7.25 year EUR650M EMTN fixed rate	30 Jul 25	987	987	-
10 year EUR525M EMTN fixed rate	7 Oct 31	797	797	-
Total EMTN		1,784	1,784	-
10 year US\$770M USPP fixed rate	1 Oct 27	1,118	1,118	-
12 year US\$430M USPP fixed rate	1 Oct 29	624	624	-
15 year US\$430M USPP fixed rate	1 Oct 32	624	624	-
10 year A\$29M USPP fixed rate	1 Oct 27	29	29	-
12 year A\$103M USPP fixed rate	1 Oct 29	103	103	-
15 year A\$88M USPP fixed rate	1 Oct 32	88	88	-
15 year A\$100M USPP floating rate	1 Oct 32	100	100	-
Total USPP notes		2,686	2,686	-
5.25 year SFA Term Facility B4	1 Dec 23	1,400	1,400	-
7.25 year SFA Term Facility B5	1 Dec 25	574	574	-
7 year ASF Term Facility A1	2 Jul 26	1,170	1,170	-
10 year ASF Term Facility A2	2 Jul 29	250	250	-
Total term loans		3,394	3,394	-
Capex Facility C	1 Jun 24	721	343	378
Working Capital Facility D	1 Jun 24	250	107	143
Total revolving loans		971	450	521
Total		12,707	12,186	521

7 Borrowings (continued)

(b) Interest rate for public debt instrument

	Rate in currency of issue ¹
AMTN	
7 year A\$750M AMTN fixed rate	3.750%
7 year A\$450M AMTN floating rate	BBSW+1.220%
6.5 year A\$750M AMTN fixed rate	1.814%
5 year A\$220M AMTN floating rate	BBSW+1.000%
3.5 year A\$250M AMTN floating rate	BBSW+1.100%
US144A notes	
5 year US\$500M 144A fixed rate	3.850%
10.25 year US\$500M 144A fixed rate	4.350%
EMTN	
7.25 year EUR650M EMTN fixed rate	1.250%
10 year EUR525M EMTN fixed rate	0.875%

(1) The Bank Bill Swap Rate (**BBSW**) is a floating short-term benchmark interest rate.

(c) Reconciliation of liabilities arising from financing activities

	1 July 2022	Cash flows	Non-cash changes				31 December 2022
			Fair value adjustments	Foreign exchange movements	Amortisation	Acquisition	
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
A\$ denominated interest bearing loans	3,844	(149)	1	-	-	-	3,696
A\$ denominated interest bearing notes	2,622	-	(1)	-	-	-	2,621
US\$ denominated interest bearing notes	3,697	-	(143)	65	-	-	3,619
EUR denominated interest bearing notes	1,627	-	(96)	64	-	-	1,595
Transaction costs	(50)	(9)	-	-	11	-	(48)
Lease liabilities	38	(4)	-	-	3	18	55
Total liabilities from financing activities	11,778	(162)	(239)	129	14	18	11,538

8 Provisions

	Employee benefits \$M	Workers compensation and legal \$M	Other \$M	Total \$M
Balance at 1 July 2022	281	29	55	365
Additional provision	69	2	5	76
Unwinding of discount	-	-	1	1
Amounts used	(76)	(3)	(3)	(82)
Amounts reversed	(2)	-	-	(2)
At 31 December 2022	272	28	58	358
Current	270	9	16	295
Non-current	2	19	42	63
At 31 December 2022	272	28	58	358
Current	272	10	19	301
Non-current	9	19	36	64
At 30 June 2022	281	29	55	365

9 Derivatives

	31 December 2022 \$M	30 June 2022 \$M
Current asset		
Cross currency interest rate swaps (CCIRS)	74	65
Interest rate swaps (IRS)	6	-
Forward foreign exchange contracts	2	3
Total current derivative financial assets	82	68
Non-current asset		
IRS	809	739
CCIRS	184	275
Forward foreign exchange contracts	4	5
Total non-current derivative financial assets	997	1,019
Total derivative financial assets	1,079	1,087
Non-current liability		
CCIRS	(285)	(248)
IRS	(128)	(124)
Total non-current derivative financial liabilities	(413)	(372)
Total derivative financial liabilities	(413)	(372)
Net derivative financial assets	666	715

10 Partner capital

	AOP		AAP		PLUS ES	
	Number	\$M	Number	\$M	Number ¹	\$M
31 December 2022						
Ordinary capital interest	504	865	504	3,538	4,612	92
A class capital interest	496	851	496	3,483	4,538	91
Total contributed equity	1,000	1,716	1,000	7,021	9,150	183
30 June 2022						
Ordinary capital interest	504	865	504	3,538	4,612	92
A class capital interest	496	851	496	3,483	4,538	91
Total contributed equity	1,000	1,716	1,000	7,021	9,150	183

(1) The number of interests for PLUS ES is in millions.

11 Retained earnings

	AOP \$M	AAP \$M	PLUS ES \$M	Total \$M
Balance at 1 July 2022	62	(64)	14	12
Profit for the period	75	73	18	166
Balance at 31 December 2022	137	9	32	178

Balance at 1 July 2021	(94)	(552)	(22)	(668)
Profit for the period	77	237	18	332
Balance at 31 December 2021	(17)	(315)	(4)	(336)

12 Capital expenditure commitments

Commitments for the acquisition of property, plant and equipment and intangible assets not recognised in the consolidated financial statements at the reporting date are as follows:

	31 December 2022 \$M	30 June 2022 \$M
Within one year	360	283
Later than one year but no later than five years	34	33
	394	316

13 Leases

Lease receivables - leases as lessor

The Ausgrid Group leases out its properties, including premises, land and network assets, under operating lease agreements at market rentals, predominantly on a fixed term basis. The future minimum lease receivables under non-cancellable leases are as follows:

	31 December 2022 \$M	30 June 2022 \$M
Within one year	10	9
Later than one year but no later than five years	21	18
Later than five years	7	6
	38	33

14 Contingent liabilities and contingent assets

	31 December 2022 \$M	30 June 2022 \$M
Contingent liabilities		
Guarantees provided to regulatory and statutory authorities	40	40
Guarantees provided to external parties	6	6
	46	46
Contingent assets		
Potential recoveries from workers compensation claims	2	2
	2	2

The guarantees provided to regulatory and statutory authorities relate to bank guarantees in place in relation to the Ausgrid Group's self-insured workers compensation.

15 Group entities

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policies described in Note 1 for which AOP is the parent entity. All entities are incorporated in Australia.

Name of entity

AAP
 Ausgrid Management Pty Limited
 Ausgrid Finance Pty Limited
 PLUS ES
 PLUS ES Management 1 Pty Limited
 PLUS ES Management 2 Pty Limited
 Active Stream Pty Limited

16 Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

All assets and liabilities for which fair value is measured or disclosed in the half year consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The following table presents the Ausgrid Group's assets and liabilities measured and recognised at fair value at the reporting date.

16 Fair value measurements (continued)

31 December 2022	Notes	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M
Recurring fair value measurements					
Derivatives	9	-	666	-	666
Total		-	666	-	666
Non-recurring fair value measurements					
Assets classified as held for sale		-	-	1	1
Total		-	-	1	1
30 June 2022	Notes	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M
Recurring fair value measurements					
Derivatives	9	-	715	-	715
Total		-	715	-	715
Non-recurring fair value measurements					
Assets classified as held for sale		-	-	5	5
Total		-	-	5	5

The carrying amounts of financial instruments which are not measured at fair value in the statement of financial position approximate their fair values.

(a) Recurring fair value measurements

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.

The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using maximum observable market input data, which include prices from observable current market transactions and dealer quotes for similar instruments.

(b) Non-recurring fair value measurements

Non-current assets classified as held for sale during the reporting period are measured at the lower of their carrying amount and FVLCO and are included in Level 3. Assets held for sale comprises land and buildings transferred from property, plant and equipment.

17 Events subsequent to the half year end

No matter or circumstance has occurred subsequent to the end of the reporting period that has significantly affected, or may significantly affect, the operations of the Ausgrid Group, the results of those operations or the state of affairs of the Ausgrid Group in subsequent financial years.

In the Directors' opinion:

- (a) the half year consolidated financial statements and notes set out on pages 1 to 27 are in accordance with the Partnership Deeds, and:
- (i) comply with Accounting Standard *AASB 134 Interim Financial Reporting* and other mandatory professional reporting requirements; and
 - (ii) give a true and fair view of the Ausgrid Group's financial position as at 31 December 2022 and of its performance for the half year ended 31 December 2022;
- (b) there are reasonable grounds to believe that the Ausgrid Group will be able to pay its debts as and when they become due and payable.

Note 1(a) confirms that the half year consolidated financial statements comply with the requirement of *AASB 134 Interim Financial Reporting*, which is also compliant with *IAS 34 Interim Financial Reporting*.

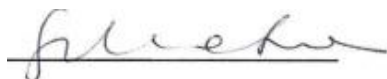
The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer consistent with the listed entity requirement under section 295A of the *Corporations Act 2001*.

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



Dr Helen Nugent AC 28/03/2023 4:04 PM
Director

28 March 2023



Gillian Brown 28/03/2023 5:25 PM
Director

28 March 2023



Independent auditor's review report to the partners of Ausgrid Group

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Ausgrid Group, which comprises the Ausgrid Operator Partnership (AOP), the Ausgrid Asset Partnership (AAP) and the PLUS ES Partnership (PLUS ES) and the respective entities that they controlled during the half year, which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half year ended 31 December 2022, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Ausgrid Group.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying half year financial report of Ausgrid Group does not present fairly, in all material respects, the Ausgrid Group's financial position as at 31 December 2022, its financial performance and its cash flows for the half year ended on that date, in accordance with the accounting policies as described in Note 1 to the financial statements.

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 Ausgrid Group in accordance with 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.

Emphasis of matter - basis of accounting and restriction on use

We draw attention to Note 1 in the half year financial report, which describes the basis of accounting. The half year financial report has been prepared by the directors to meet the information needs of the partners of Ausgrid Group. As a result, the half year financial report may not be suitable for another purpose. Our report is intended solely for the Ausgrid Group and its partners and should not be used by parties other than the Ausgrid Group and its partners. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half year financial report

The directors of Ausgrid Group are responsible for the preparation and fair presentation of the half year financial report in accordance with the accounting policies as described in Note 1 to the financial statements and have determined that the accounting policies in Note 1, which form part of the financial report, are appropriate to meet the needs of the partners and in accordance with AASB 134 Interim



Financial Reporting which is also compliant with IAS 34 Interim Financial Reporting. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that 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 anything has come to our attention that causes us to believe that the half year financial report does not present fairly, in all material respects, the financial position of the Ausgrid Group as at 31 December 2022 and of its financial performance and its cash flows for the half year ended on that date in accordance with the accounting policies as described in Note 1 to the financial statements.

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

A handwritten signature in black ink, appearing to read 'Craig Thomason', written over a horizontal line.

Craig Thomason
Partner

Sydney
28 March 2023

Glossary

AAP	Ausgrid Asset Partnership
AASB	Australian Accounting Standards Board
ACS	Alternative Control Services
AMTN	Australian Medium Term Note
ANS	Ancillary Network Services
AOP	Ausgrid Operator Partnership
ASF	Asian Syndicated Facility
ASIC	Australian Securities and Investments Commission
AUD	Australian Dollars
Ausgrid Group	AOP (parent entity), AAP, PLUS ES and their respective controlled entities
BBSW	Bank Bill Swap Rate
CCF	Climate Change Fund
CCIRS	Cross Currency Interest Rate Swaps
CTD	Common Terms Deed
DUOS	Distribution Use of System
EMTN	Euro Medium Term Note
FVLCOD	Fair Value Less Costs of Disposal
IAS	International Accounting Standards
IRS	Interest Rate Swaps
IT	Information Technology
NSW	New South Wales
NUOS	Network Use of System
PLUS ES	PLUS ES Partnership
ROU	Right of Use
S&P	Standard and Poor's
SCS	Standard Control Services
SFA	Syndicated Facility Agreement
TNSP	Transmission Network Service Provider
TUOS	Transmission Use of System
USPP	US Private Placement