



Ausgrid Group
Half Year Financial Report
For the half year ended 31 December 2021



Ausgrid Group Half Year Financial Report For the half year ended 31 December 2021

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	Notes	Half year ended 31 December 2021 \$M	Half year ended 31 December 2020 \$M
Revenue	3	1,215	1,206
Distribution of energy costs	4(a)	(217)	(213)
Depreciation and amortisation expense	4(c)	(330)	(335)
Finance costs	4(d)	(223)	(219)
Employee benefits expenses	4(b)	(134)	(178)
Other expenses	4(b)	(115)	(124)
Gain on disposal of property, plant and equipment		136	8
Profit before income tax		332	145
Income tax expense		-	-
Profit for the period		332	145
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Changes in the fair value of cash flow hedges		354	28
Income tax relating to these items		(105)	(8)
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Defined benefit superannuation actuarial gains		-	2
Income tax relating to these items		-	(1)
Other comprehensive income for the period		249	21
Total comprehensive income for the period		581	166
Profit for the period attributable to Partners:			
Ausgrid Operator Partnership (AOP)		77	64
Ausgrid Asset Partnership (AAP)		237	79
PLUS ES Partnership (PLUS ES)		18	2
Profit for the period		332	145
Total comprehensive income for the period attributable to Partners:			
AOP		77	65
AAP		482	99
PLUS ES		22	2
Total comprehensive income for the period		581	166

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

	Notes	31 December 2021 \$M	30 June 2021 \$M
Current assets			
Cash and cash equivalents		258	249
Trade and other receivables		268	94
Contract assets		271	277
Prepayments		25	34
Inventories		21	22
Assets classified as held for sale		5	5
Derivative financial assets	9	1	-
Total current assets		849	681
Non-current asset			
Property, plant and equipment	5	16,939	16,931
Intangible assets	6	3,558	3,582
Derivative financial assets	9	606	510
Deferred tax assets		68	173
Other receivables		2	3
Total non-current assets		21,173	21,199
Total assets		22,022	21,880
Current liabilities			
Trade and other payables		283	302
Contract liabilities		10	8
Borrowings	7	-	1,364
Derivative financial liabilities	9	9	-
Provisions	8	285	275
Deferred government grants		2	2
Other liabilities		5	5
Total current liabilities		594	1,956
Non-current liabilities			
Contract liabilities		71	64
Borrowings	7	12,380	11,237
Derivative financial liabilities	9	414	632
Provisions	8	97	105
Deferred government grants		37	38
Total non-current liabilities		12,999	12,076
Total liabilities		13,593	14,032
Net assets		8,429	7,848

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 2021
(continued)

		31 December 2021 \$M	30 June 2021 \$M
	Notes		
Equity attributable to Partners of AOP			
Contributed equity	10	1,716	1,716
Reserves		23	23
Retained earnings	11	(17)	(94)
Total equity attributable to Partners of AOP		1,722	1,645
 Equity attributable to Partners of AAP			
Contributed equity	10	7,021	7,021
Reserves		(182)	(427)
Retained earnings	11	(315)	(552)
Total equity attributable to Partners of AAP		6,524	6,042
 Equity attributable to Partners of PLUS ES			
Contributed equity	10	183	183
Reserves		4	-
Retained earnings	11	(4)	(22)
Total equity attributable to Partners of PLUS ES		183	161
 Total equity attributable to Partners of the Ausgrid Group		8,429	7,848

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 2021	8,920	(427)	23	(668)	7,848
Profit for the period	-	-	-	332	332
Other comprehensive income					
Changes in the fair value of cash flow hedges - AAP and PLUS ES	-	249	-	-	249
Defined benefit superannuation actuarial gains - AOP	-	-	-	-	-
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.

	Contributed equity \$M	Cash flow hedge reserve \$M	Defined benefit superannuation reserve \$M	Retained earnings \$M	Total \$M
Balance at 1 July 2020	8,920	(718)	7	(902)	7,307
Profit for the period	-	-	-	145	145
Other comprehensive income					
Changes in the fair value of cash flow hedges - AAP	-	20	-	-	20
Defined benefit superannuation actuarial gains - AOP	-	-	1	-	1
Total other comprehensive income	-	20	1	-	21
Total comprehensive income for the period	-	20	1	145	166
Balance at 31 December 2020	8,920	(698)	8	(757)	7,473
Closing balance of equity attributable to					
AOP	1,716	-	8	(198)	1,526
AAP	7,021	(698)	-	(533)	5,790
PLUS ES	183	-	-	(26)	157
Balance at 31 December 2020	8,920	(698)	8	(757)	7,473

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 2021

	Half year ended 31 December 2021 \$M	Half year ended 31 December 2020 \$M
Cash flows from operating activities		
Receipts from customers	1,145	1,119
Payments to suppliers and employees	(428)	(477)
Interest received	-	1
Interest paid	(214)	(224)
Net cash inflow from operating activities	<u>503</u>	<u>419</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(288)	(271)
Payments for intangible assets	(25)	(19)
Proceeds from sale of property, plant and equipment	9	12
Net cash outflow from investing activities	<u>(304)</u>	<u>(278)</u>
Cash flows from financing activities		
Proceeds from borrowings	845	1,130
Repayment of borrowings	(1,028)	(1,377)
Transaction costs paid	(7)	(4)
Net cash outflow from financing activities	<u>(190)</u>	<u>(251)</u>
Net increase/(decrease) in cash and cash equivalents	<u>9</u>	<u>(110)</u>
Cash and cash equivalents at the beginning of the period	249	403
Cash and cash equivalents at the end of the period	<u>258</u>	<u>293</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 2021.

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), on the signing of the respective Partnership Deeds. A 50/50 consortium comprising IFM Investors and AustralianSuper holds 50.4% partnership interest and the New South Wales (NSW) State Government (through various corporations established in accordance with the *Electricity Retained Interest Corporation Act 2015 (NSW)*) holds 49.6% partnership interest in AOP, AAP and PLUS ES.

On 9 December 2021, AustralianSuper entered into a binding agreement for the sale of a 16.8% interest in the Ausgrid Group to APG Asset Management (**APG**), a Netherlands based pension provider and asset manager. The sale is subject to the closure of certain conditions precedent, which AustralianSuper and APG are working to resolve. As a result of the sale, AustralianSuper will reduce its direct holding in the Ausgrid Group from 25.2% to 8.4%. The remaining holdings of NSW State Government (49.6%) and IFM Investors (25.2%) are not impacted by the sale.

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 2021.

(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 2021.

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

(b) Critical accounting estimates and judgements

The preparation of the half year consolidated 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.

1 Summary of significant accounting policies (continued)

(c) Going concern

As at 31 December 2021, the Ausgrid Group had net current assets of \$255 million (30 June 2021: \$1,275 million net current liabilities).

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:

- The Ausgrid Group generated net operating cash inflows of \$503 million for the half year ended 31 December 2021 (half year ended 31 December 2020: \$419 million). The Ausgrid Group is forecasting a positive cash balance for the next 12 months.
- The Ausgrid Group has available cash and cash equivalents of \$258 million (30 June 2021: \$249 million) and undrawn bank facilities of \$473 million as at 31 December 2021 (30 June 2021: \$473 million).
- The Ausgrid Group's credit rating was reaffirmed by Moody's in October 2021 and Standard and Poor's (S&P) in July 2021 with a stable rating outlook. This supports continued access to bank lending and capital markets.
- According to the Partnership Deeds, each Partner is responsible for discharging the liabilities of the Partnerships in proportion with their respective Partnership interest, and indemnifies each other Partner 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.

On 11 March 2020, the World Health Organisation declared Coronavirus (**COVID-19**) a global health pandemic. The half year consolidated financial statements reflect the material impacts of COVID-19 including appropriate measurement, presentation, disclosure and going concern assessment. Refer to Note 2 for further details.

The Directors do not foresee a significant impact on the Ausgrid Group's access to capital or liquidity position as a result of the COVID-19 pandemic. Given the Ausgrid Group provides a regulated essential service and currently maintains a strong financial position, is forecasting a positive cash balance for the next 12 months, and has available undrawn borrowing facilities, the half year consolidated financial statements have been prepared on a going concern basis.

(d) New and amended accounting standards adopted

The Ausgrid Group adopted AASB 2020-8 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform - Phase 2 on 1 July 2021.

The amendments provide practical expedients to account for changes in the basis for determining contractual cash flows as a result of Interbank Offered Rate (**IBOR**) reform and provide additional temporary relief from applying specific hedge accounting requirements to hedging relationships that are directly affected by IBOR reform. The amendments also require additional disclosures, including information about new risks arising from the IBOR reform, how the entity manages transition to the alternative benchmark rates and quantitative information about derivatives and non-derivatives that have yet to transition.

The Ausgrid Group holds a portfolio of foreign currency denominated fixed rate borrowings that are exposed to changes in fair value due to movements in market interest rates. The Ausgrid Group uses fair value hedge accounting to manage this interest rate risk exposure, which is determined as the change in fair value of the borrowings arising from changes in three month US\$ London Interbank Offered Rate (**LIBOR**) for US\$ denominated borrowings.

Under the relief provided by the amendments, the Ausgrid Group has assessed whether the hedged US\$ LIBOR risk component is a separately identifiable risk only when it first designates the hedge relationship and not on an ongoing basis.

The Ausgrid Group also has US\$ cross currency swaps designated in hedge relationships which reference three month US\$ LIBOR. These hedge relationships will continue to reference three month US\$ LIBOR until it is deemed not representative of the market.

1 Summary of significant accounting policies (continued)

(d) New and amended accounting standards adopted (continued)

As at 31 December 2021, the Ausgrid Group had \$3,841 million of US\$ denominated interest bearing notes and \$476 million of US\$ cross currency swaps designated in hedge relationships referencing three month US\$ LIBOR.

(e) New accounting standards and interpretations not yet adopted

There have not been any newly issued but yet to be effective accounting standards or interpretations that will materially impact the half year consolidated financial statements of the Ausgrid Group.

(f) 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.

2 Uses of estimates and judgements

The preparation of the half year consolidated 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.

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.

During the half year ended 31 December 2021, the following significant events have occurred that provide further information on the estimates and judgements disclosed in the half year consolidated financial statements.

Revision of useful lives of contestable meters

During the period the estimated useful lives of contestable meter assets were revised from ten years to 15 years. The net effect of the changes in the current period was a decrease in depreciation expense of \$6 million.

Compulsory acquisition of 33 Bligh Street, Sydney

On 5 November 2021, a notice of compulsory acquisition for the Ausgrid Group's property located at 33 Bligh Street, Sydney was published in the NSW Government Gazette (**Gazette**). Following the Gazette, Sydney Metro became the owner of the property; however, the actual compensation amount for the compulsory acquisition has yet to be determined. Accordingly, the Ausgrid Group disposed of the property, of which the disposal of network assets in Note 5 Property, plant and equipment mainly consist, and recognised a gain on disposal based on an estimated compensation amount. The gain was recognised to the extent that it is highly probable that a significant reversal in the amount of revenue recognised will not occur. The compulsory acquisition process (including payment of compensation) is expected to be completed by the end of 2022, at which time the gain on disposal will be updated to reflect the actual compensation amount.

COVID-19

The continuation of the COVID-19 pandemic has impacted revenue, operations, expected credit losses, valuation of derivatives and the application of hedge accounting, and recoverable amount assessments of non-financial assets. The impact of COVID-19 on each of these accounting estimates is discussed further below and/or in the relevant note to the half year consolidated financial statements.

(a) Revenue impact

The Ausgrid Group continues to provide essential network services during the COVID-19 pandemic. Under the regulatory framework, the Ausgrid Group does not assume volume risk, meaning any under or over recovered revenue due to changes in energy consumption, fixed charges, demand or capacity charges is recovered or paid back in future years within the current five year regulatory period (1 July 2019 to 30 June 2024).

2 Uses of estimates and judgements (continued)

(a) Revenue impact (continued)

The Ausgrid Group has considered and incorporated these impacts when assessing goodwill impairment indicators and going concern. The Ausgrid Group concluded that no impairment is required and there is sufficient liquidity to be able to pay debts as and when incurred for the next 12 months.

(b) Operations

The impact of COVID-19 on the Ausgrid Group's operations and the measures taken by the Ausgrid Group to mitigate the impact are outlined below:

- The Ausgrid Group continues to utilise its existing Business Continuity Management Framework to monitor the impact of COVID-19 developments and ensure timely and co-ordinated communication across the business on all matters relating to network resilience, customer service and the safety and well-being of its employees. Since the onset of government COVID-19 restrictions in March 2020, the Ausgrid Group has implemented enterprise-wide protocols governing the security of critical infrastructure, physical distancing, hygiene, travel and face-to-face meetings;
- Certain non-essential work that was deferred to allow an increased focus on the maintenance of critical network assets, and reduce the likelihood of unplanned outages in the early stages of the COVID-19 pandemic, was gradually reinstated as government COVID-19 restrictions eased across the network area. The delivery of non-essential work was also reviewed in order to comply with government restrictions and to respond to the June and December 2021 COVID-19 outbreaks impacting much of the Ausgrid network area;
- Protective measures have been implemented to safeguard the functioning of critical network facilities including the system control rooms and contact centres. Additional controls to limit the spread of COVID-19 include establishing back-up locations and split teams;
- Except for field staff, a significant component of the workforce was transitioned to working from home arrangements at the onset of government COVID-19 restrictions in March 2020 and again in June 2021 in response to the COVID-19 outbreaks in Greater Sydney. Between October 2020 and June 2021, the majority of employees that had been working from home returned to work in Ausgrid locations two days a week, with appropriate hygiene and physical distancing protocols in place; and
- Employee development activities have been transitioned to online delivery platforms or reduced physical contact settings to ensure the continuation of mandatory training and compliance activity.

The Recovery Management Team continues to review COVID-19 related processes and documentation to ensure they are fit for purpose and aligned with government COVID-19 restrictions.

(c) Liquidity

The Ausgrid Group holds a cash balance of \$258 million and undrawn facilities of \$473 million at 31 December 2021. Based on operating cash flow projections at 31 December 2021, management does not anticipate any material impact from COVID-19 on its forecast liquidity position.

(d) Expected credit losses

The Ausgrid Group measures the allowance for expected credit losses using an expected credit loss impairment model as required by AASB 9 Financial Instruments (**AASB 9**). For the regulated business, 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.

(e) Valuation of derivatives and application of hedge accounting

The Ausgrid Group continues to review the appropriateness of the inputs to the valuation of derivatives. This includes the use of the appropriate credit default swap curves to calculate the bilateral credit adjustments that are applied to the valuation of Interest Rate Swaps (**IRS**) and Cross Currency Interest Rate Swaps (**CCIRS**). The market observable inputs are used for the valuation of derivatives and they continue to be deemed level two within the fair value hierarchy in accordance with AASB 13 Fair Value Measurement (**AASB 13**). Refer to Note 16 for further details.

2 Uses of estimates and judgements (continued)

(e) Valuation of derivatives and application of hedge accounting (continued)

As at 31 December 2021, the Ausgrid Group only has derivatives with counterparties that have a minimum long-term credit rating of A- from S&P or A3 from Moody's.

The hedged forecasted cash flows in cash flow hedge relationships remain highly probable. Accordingly, the application of hedge accounting is permissible in accordance with AASB 9.

(f) Recoverable amount assessments of non-financial assets

Consistent with the Ausgrid Group's accounting policies, the Ausgrid Group has assessed the indicators of impairment for goodwill and property, plant and equipment for half year ended 31 December 2021. Such assessment incorporated a consideration of COVID-19. No impairment is required as a result of the assessment.

3 Revenue

	Half year ended 31 December 2021 \$M	Half year ended 31 December 2020 \$M
Revenue components		
Distribution Use of System (DUOS)	730	742
Transmission Use of System (TUOS)		
Pass-through	142	148
Non pass-through	42	23
Climate Change Fund (CCF) pass-through	66	66
Network Use of System (NUOS)	980	979
Transmission	12	7
Standard Control Services (SCS) capital contributions	70	74
Other	2	-
Total SCS revenue	1,064	1,060
Metering	27	29
Street lighting	17	16
Ancillary Network Services (ANS)	32	34
Alternative Control Services (ACS) capital contributions	1	1
Total ACS revenue	77	80
Unregulated revenue	74	65
Total unregulated revenue	74	65
Interest income	-	1
Total other revenue	-	1
Total revenue¹	1,215	1,206

- (1) Revenue billings of \$705 million (half year ended 31 December 2020: \$713 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 the regulated business, 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 2021 \$M	Half year ended 31 December 2020 \$M
SCS regulated pass-through costs		
Transmission Network Service Provider (TNSP)	150	146
CCF	67	67
Total regulated pass-through costs	<u>217</u>	<u>213</u>
Total distribution of energy costs	<u>217</u>	<u>213</u>

(b) Operating expenses

	Half year ended 31 December 2021 \$M	Half year ended 31 December 2020 \$M
(i) Operating expenses by nature		
Employee benefits expense	107	121
Superannuation expenses (defined benefit plan)	2	2
Superannuation expenses (defined contribution plan)	25	24
Reform costs - SCS	-	27
Reform costs - ACS	-	4
Employee benefits expenses	<u>134</u>	<u>178</u>
Contracted services	53	63
Information Technology (IT) expenses	30	31
Land and other taxes	14	13
Materials	9	8
Short-term and low-value lease rental	1	1
Other	8	8
Other expenses	<u>115</u>	<u>124</u>
Total operating expenses	<u>249</u>	<u>302</u>

4 Expenses (continued)

(b) Operating expenses (continued)

	Half year ended 31 December 2021 \$M	Half year ended 31 December 2020 \$M
(ii) Operating expenses by line of business		
SCS	179	217
ACS	48	58
Unregulated	22	27
Total operating expenses	249	302

(c) Depreciation and amortisation expense

	Half year ended 31 December 2021 \$M	Half year ended 31 December 2020 \$M
Depreciation of property, plant and equipment	282	288
Amortisation of intangible assets	48	47
Total depreciation and amortisation expense	330	335

(d) Finance costs

	Half year ended 31 December 2021 \$M	Half year ended 31 December 2020 \$M
Interest expense	260	265
Interest income from derivatives	(51)	(45)
Amortisation of loan transaction costs	10	12
Lease interest	2	2
Capitalised interest	(2)	(2)
Hedge ineffectiveness	3	(15)
Adjustments to the Syndicated Facility Agreement (SFA)	3	1
Other	(2)	1
Total finance costs	223	219

5 Property, plant and equipment

	Land and buildings \$M	Network assets \$M	Plant and equipment \$M	Total ¹ \$M
At 31 December 2021				
At cost	819	18,037	758	19,614
Accumulated depreciation	(80)	(2,310)	(285)	(2,675)
Net carrying amount	739	15,727	473	16,939
Period ended 31 December 2021				
Net carrying amount at 1 July 2021	745	15,729	457	16,931
Additions	4	297	49	350
Disposals	-	(58)	(2)	(60)
Depreciation expense	(10)	(241)	(31)	(282)
Net carrying amount	739	15,727	473	16,939
30 June 2021				
At cost	815	17,811	714	19,340
Accumulated depreciation	(70)	(2,082)	(257)	(2,409)
Net carrying amount	745	15,729	457	16,931

(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 \$16,462 million as at 31 December 2021, constitute a major portion of Ausgrid Group's property, plant and equipment.

Assets under construction

At 31 December 2021, property, plant and equipment includes the following assets under construction:

Land and buildings	\$15 million (30 June 2021: \$12 million)
Network assets	\$425 million (30 June 2021: \$409 million)
Plant and equipment	\$54 million (30 June 2021: \$41 million)

5 Property, plant and equipment (continued)

Capital expenditure

	Half year ended 31 December 2021 \$M	Half year ended 31 December 2020 \$M
SCS capital expenditure		
Augmentation	12	18
Replacement	182	162
Connection	8	13
Reliability	1	3
Non-network and other	27	23
Total SCS capital expenditure	230	219
ACS capital expenditure		
Street lighting and other ACS activities	22	24
Total ACS capital expenditure	22	24
Unregulated capital expenditure		
PLUS ES	43	47
Total unregulated capital expenditure	43	47
Total capital expenditure¹	295	290

- (1) The total capital expenditure by line of business of \$295 million is different to the total additions of property, plant and equipment of \$350 million and intangible assets of \$25 million (refer to Note 6). This variance of \$80 million comprises of capitalised capital contributions of \$77 million, capitalised interest of \$2 million, and an increase of property, plant and equipment resulting from asset related provision movements of \$1 million.

6 Intangible assets

	Network assets \$M	Customer contracts \$M	Computer software \$M	Goodwill \$M	Total \$M
At 31 December 2021					
At cost	1,686	4	481	2,135	4,306
Accumulated amortisation	(85)	(3)	(312)	-	(400)
Accumulated impairment	-	-	-	(348)	(348)
Net carrying amount	1,601	1	169	1,787	3,558
Period ended 31 December 2021					
Net carrying amount at 1 July 2021	1,611	1	183	1,787	3,582
Additions	-	-	25	-	25
Disposals	(1)	-	-	-	(1)
Amortisation expense	(9)	-	(39)	-	(48)
Net carrying amount	1,601	1	169	1,787	3,558
At 30 June 2021					
At cost	1,687	4	456	2,135	4,282
Accumulated amortisation	(76)	(3)	(273)	-	(352)
Accumulated impairment	-	-	-	(348)	(348)
Net carrying amount	1,611	1	183	1,787	3,582

Assets under construction

At 31 December 2021, assets under construction included in intangible assets related to computer software of \$28 million (30 June 2021: \$16 million).

7 Borrowings

	31 December 2021 \$M	30 June 2021 \$M
Notes		
Current		
A\$ denominated interest bearing loans	-	1,367
Less: Transaction costs	-	(3)
Total current borrowings	7(a) <u>-</u>	<u>1,364</u>
Non-current		
Lease liabilities	<u>30</u>	<u>29</u>
Total non-current lease liabilities	<u>30</u>	<u>29</u>
A\$ denominated interest bearing loans	3,989	3,647
A\$ denominated interest bearing notes	2,728	2,771
US\$ denominated interest bearing notes	3,841	3,774
EUR denominated interest bearing notes	1,850	1,074
Less: Transaction costs	(58)	(58)
Total non-current loans and notes	7(a) <u>12,350</u>	<u>11,208</u>
Total non-current borrowings	<u>12,380</u>	<u>11,237</u>

SFA

On 2 July 2021, the Ausgrid Group renegotiated its existing \$721 million Capex Facility and \$250 million Working Capital Facility under the existing Terms and Conditions of the SFA. The maturity for both facilities was extended by two years from the original maturity date of 1 June 2022 to 1 June 2024.

Euro Medium Term Note (EMTN)

On 27 September 2021, the Ausgrid Group priced a EUR525 million senior secured medium term note issue in the EMTN market. This comprised EUR525 million of fixed rate notes at a coupon of 0.875% with a tenor of ten years. The net proceeds were used to repay Facility B1 (\$820 million) and Facility B5 (\$22 million) of the SFA.

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 2021					
Fixed rate notes					
10 year US\$770M US Private Placement (USPP)	966	95	48	(4)	1,105
12 year US\$430M USPP	540	53	34	(3)	624
15 year US\$430M USPP	540	53	45	(4)	634
10 year A\$29M USPP	29	-	-	-	29
12 year A\$103M USPP	103	-	-	-	103
15 year A\$88M USPP	88	-	-	-	88
7 year A\$750M Australian Medium Term Note (AMTN)	750	-	29	(3)	776
6.5 year A\$750M AMTN	750	-	(41)	(2)	707
7.25 year EUR650M EMTN	1,037	(23)	30	(3)	1,041
10 year EUR525M EMTN	845	(26)	(13)	(4)	802
5 year US\$500M 144A	659	31	20	(1)	709
10.25 year US\$500M 144A	659	31	67	(6)	751
	6,966	214	219	(30)	7,369
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
Syndicated Facility Agreement ⁴	2,424	-	-	(14)	2,410
Asian Syndicated Facility (ASF) ⁵	1,565	-	-	(11)	1,554
	5,009	-	-	(28)	4,981
Total loans and notes	11,975	214	219	(58)	12,350

- (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 2021.
- (3) The fair value adjustment of \$219 million (30 June 2021: \$347 million) is made up of a hedge accounting adjustment of \$219 million (30 June 2021: \$350 million) due to interest rate movements, offset by a net gain on the amend and extend of the SFA of nil (30 June 2021: \$3 million).
- (4) Syndicated Facility Agreement includes Facilities B4, B5, C and D. The original drawdown of the SFA was \$11,931 million. This was reduced to \$2,424 million due to repayments of \$10,461 million, partially offset by additional drawdowns of \$954 million since the inception of the SFA.
- (5) The original drawdown of the ASF was \$1,650 million. This was reduced to \$1,565 million due to repayment of \$85 million.

7 Borrowings (continued)

(a) Loans and notes (continued)

	Drawdown \$M	Foreign exchange movements \$M	Fair value adjustments \$M	Transaction costs \$M	Carrying value \$M
30 June 2021					
Fixed rate notes					
10 year US\$770M USPP	966	58	67	(4)	1,087
12 year US\$430M USPP	540	32	43	(3)	612
15 year US\$430M USPP	540	32	52	(4)	620
10 year A\$29M USPP	29	-	-	-	29
12 year A\$103M USPP	103	-	-	(1)	102
15 year A\$88M USPP	88	-	-	(1)	87
7 year A\$750M AMTN	750	-	51	(3)	798
6.5 year A\$750M AMTN	750	-	(20)	(2)	728
7.25 year EUR650M EMTN	1,037	(8)	45	(3)	1,071
5 year US\$500M 144A	659	7	32	(2)	696
10.25 year US\$500M 144A	659	7	80	(7)	739
	6,121	128	350	(30)	6,569
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
Syndicated Facility Agreement	3,367	-	(3)	(16)	3,348
Asian Syndicated Facility	1,650	-	-	(12)	1,638
	6,037	-	(3)	(31)	6,003
Total loans and notes	12,158	128	347	(61)	12,572

7 Borrowings (continued)

(a) Loans and notes (continued)

	Maturity	Facility limit \$M	Drawn \$M	Undrawn \$M	Rate in currency of issue ¹
31 December 2021					
10 year US\$770M USPP fixed rate	1 Oct 27	1,061	1,061	-	3.500%
12 year US\$430M USPP fixed rate	1 Oct 29	593	593	-	3.600%
15 year US\$430M USPP fixed rate	1 Oct 32	593	593	-	3.750%
10 year A\$29M USPP fixed rate	1 Oct 27	29	29	-	4.445%
12 year A\$103M USPP fixed rate	1 Oct 29	103	103	-	4.615%
15 year A\$88M USPP fixed rate	1 Oct 32	88	88	-	4.857%
15 year A\$100M USPP floating rate	1 Oct 32	100	100	-	BBSW+1.800%
Total USPP notes		2,567	2,567	-	
7 year A\$750M AMTN fixed rate	30 Oct 24	750	750	-	3.750%
7 year A\$450M AMTN floating rate	30 Oct 24	450	450	-	BBSW+1.220%
6.5 year A\$750M AMTN fixed rate	5 Feb 27	750	750	-	1.814%
5 year A\$220M AMTN floating rate	24 Feb 26	220	220	-	BBSW+1.000%
3.5 year A\$250M AMTN floating rate	5 Feb 24	250	250	-	BBSW+1.100%
Total AMTN		2,420	2,420	-	
5 year US\$500M 144A fixed rate	1 May 23	690	690	-	3.850%
10.25 year US\$500M 144A fixed rate	1 Aug 28	690	690	-	4.350%
Total US144A notes		1,380	1,380	-	
7.25 year EUR650M EMTN fixed rate	30 Jul 25	1,014	1,014	-	1.250%
10 year EUR525M EMTN fixed rate	7 Oct 31	819	819	-	0.875%
Total EMTN		1,833	1,833	-	
SFA 5.25 year Term Facility B4	1 Dec 23	1,400	1,400	-	BBSY+1.050%
SFA 7.25 year Term Facility B5	1 Dec 25	574	574	-	BBSY+1.300%
ASF 7 year Term Facility	2 Jul 26	1,315	1,315	-	BBSY+1.300%
ASF 10 year Term Facility	2 Jul 29	250	250	-	BBSY+1.550%
Total term loans		3,539	3,539	-	
Capex Facility C	1 Jun 24	721	343	378	BBSY+0.650%
Working Capital Facility D ²	1 Jun 24	250	107	143	BBSY+0.650%
Total liquidity		971	450	521	
Total³		12,710	12,189	521	

- (1) The rates listed are those that apply to each instrument in its respective currency of issuance. The Bank Bill Swap Rate (BBSW/BBSY) is a floating short-term benchmark interest rate. Market convention is that BBSY is typically 0.05% higher than BBSW.
- (2) In addition to the \$107 million drawn under the Working Capital Facility D, \$48 million of bank guarantees have been issued under the facility (refer to Note 14) and the unutilised funds available under the Working Capital Facility D is \$95 million.
- (3) The weighted average interest rate for the half year ended 31 December 2021 was 3.43% (half year ended 31 December 2020: 3.49%).

7 Borrowings (continued)

(a) Loans and notes (continued)

	Maturity	Facility limit \$M	Drawn \$M	Undrawn \$M	Rate in currency of issue
30 June 2021					
10 year US\$770M USPP fixed rate	1 Oct 27	1,024	1,024	-	3.500%
12 year US\$430M USPP fixed rate	1 Oct 29	572	572	-	3.600%
15 year US\$430M USPP fixed rate	1 Oct 32	572	572	-	3.750%
10 year A\$29M USPP fixed rate	1 Oct 27	29	29	-	4.445%
12 year A\$103M USPP fixed rate	1 Oct 29	103	103	-	4.615%
15 year A\$88M USPP fixed rate	1 Oct 32	88	88	-	4.857%
15 year A\$100M USPP floating rate	1 Oct 32	100	100	-	BBSW+1.800%
Total USPP notes		2,488	2,488	-	
7 year A\$750M AMTN fixed rate	30 Oct 24	750	750	-	3.750%
7 year A\$450M AMTN floating rate	30 Oct 24	450	450	-	BBSW+1.220%
6.5 year A\$750M AMTN fixed rate	5 Feb 27	750	750	-	1.814%
5 year A\$220M AMTN floating rate	24 Feb 26	220	220	-	BBSW+1.000%
3.5 year A\$250M AMTN floating rate	5 Feb 24	250	250	-	BBSW+1.100%
Total AMTN		2,420	2,420	-	
5 year US\$500M 144A fixed rate	1 May 23	666	666	-	3.850%
10.25 year US\$500M 144A fixed rate	1 Aug 28	666	666	-	4.350%
Total US144A notes		1,332	1,332	-	
7.25 year EUR650M EMTN fixed rate	30 Jul 25	1,029	1,029	-	1.250%
Total EMTN		1,029	1,029	-	
SFA 5.5 year Term Facility B1	1 Jun 22	917	917	-	BBSY+0.800%
SFA 5.25 year Term Facility B4	1 Dec 23	1,400	1,400	-	BBSY+1.050%
SFA 7.25 year Term Facility B5	1 Dec 25	600	600	-	BBSY+1.300%
ASF 7 year Term Facility	2 Jul 26	1,400	1,400	-	BBSY+1.300%
ASF 10 year Term Facility	2 Jul 29	250	250	-	BBSY+1.550%
Total term loans		4,567	4,567	-	
Capex Facility C	1 Jun 22	721	343	378	BBSY+0.800%
Working Capital Facility D	1 Jun 22	250	107	143	BBSY+0.800%
Total liquidity		971	450	521	
Total		12,807	12,286	521	

7 Borrowings (continued)

(b) Reconciliation of liabilities arising from financing activities

	1 July 2021	Cash flows	Non-cash changes				31 December 2021
			Fair value adjustments	Foreign exchange movements	Amortisation	Acquisition	
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
A\$ denominated interest bearing loans	5,014	(1,028)	3	-	-	-	3,989
A\$ denominated interest bearing notes	2,771	-	(43)	-	-	-	2,728
US\$ denominated interest bearing notes	3,774	-	(60)	127	-	-	3,841
EUR denominated interest bearing notes	1,074	845	(28)	(41)	-	-	1,850
Transaction costs	(61)	(7)	-	-	10	-	(58)
Lease liabilities	29	(2)	-	-	2	1	30
Total liabilities from financing activities	12,601	(192)	(128)	86	12	1	12,380

8 Provisions

	Employee benefits \$M	Restructuring \$M	Workers compensation and legal \$M	Other \$M	Total \$M
Balance at 1 July 2021	286	4	32	58	380
Additional provision	71	-	4	1	76
Amounts used	(62)	(1)	(6)	(2)	(71)
Amount reversed	(2)	-	-	(1)	(3)
At 31 December 2021	293	3	30	56	382
Current	259	3	8	15	285
Non-current	34	-	22	41	97
At 31 December 2021	293	3	30	56	382
Current	249	4	10	12	275
Non-current	37	-	22	46	105
At 30 June 2021	286	4	32	58	380

9 Derivatives

	31 December 2021 \$M	30 June 2021 \$M
Current asset		
Forward contracts	1	-
Total current derivative financial assets	<u>1</u>	<u>-</u>
Non-current asset		
CCIRS	476	393
IRS	127	117
Forward contracts	3	-
Total non-current derivative financial assets	<u>606</u>	<u>510</u>
Total derivative financial assets	<u>607</u>	<u>510</u>
Current liability		
IRS	(9)	-
Total current derivative financial liabilities	<u>(9)</u>	<u>-</u>
Non-current liability		
IRS	(368)	(632)
CCIRS	(46)	-
Total non-current derivative financial liabilities	<u>(414)</u>	<u>(632)</u>
Total derivative financial liabilities	<u>(423)</u>	<u>(632)</u>
Net derivative financial assets/(liabilities)	<u>184</u>	<u>(122)</u>

10 Partner capital

	AOP		AAP		PLUS ES	
	Number	\$M	Number	\$M	Number ¹	\$M
31 December 2021						
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	<u>1,000</u>	<u>1,716</u>	<u>1,000</u>	<u>7,021</u>	<u>9,150</u>	<u>183</u>
30 June 2021						
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	<u>1,000</u>	<u>1,716</u>	<u>1,000</u>	<u>7,021</u>	<u>9,150</u>	<u>183</u>

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

Balance at 1 July 2020	(262)	(612)	(28)	(902)
Profit for the period	64	79	2	145
Balance at 31 December 2020	(198)	(533)	(26)	(757)

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 2021 \$M	30 June 2021 \$M
Within one year	240	135
Later than one year but no later than five years	38	14
	<u>278</u>	<u>149</u>

13 Leases

Lease receivables - leases as lessor

The Ausgrid Group leases out its properties, including premises, land and network assets, under 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 2021 \$M	30 June 2021 \$M
Within one year	5	4
Later than one year but no later than five years	9	4
Later than five years	5	5
	<u>19</u>	<u>13</u>

14 Contingent liabilities and contingent assets

	31 December 2021 \$M	30 June 2021 \$M
Contingent liabilities		
Guarantees provided to regulatory and statutory authorities	43	43
Guarantees provided to external parties	5	5
	48	48
Contingent assets		
Potential recoveries from workers compensation claims	1	1
	1	1

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 policy 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 (**AMPL**)
 Ausgrid Finance Pty Limited (**AFPL**)
 PLUS ES
 PLUS ES Management 1 Pty Limited (**PESM1**)
 PLUS ES Management 2 Pty Limited (**PESM2**)
 Active Stream Pty Limited (**Active Stream**)

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 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; and
- 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 2021	Notes	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M
Recurring fair value measurements					
Derivatives	9	-	184	-	184
Total		-	184	-	184
Non-recurring fair value measurements					
Assets classified as held for sale		-	-	5	5
Total		-	-	5	5

30 June 2021	Notes	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M
Recurring fair value measurements					
Derivatives	9	-	(122)	-	(122)
Total		-	(122)	-	(122)
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

On 14 February 2022, the Ausgrid Group announced the decision to sell the Zetland depot site located at 130 Joynton Avenue, Zetland. Following the announcement, the sales and marketing campaign has commenced. The sale is expected to be completed before 30 June 2022.

Other than the above mentioned matter, no other 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 consolidated half year financial statements and notes set out on pages 1 to 28 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 2021 and of its performance for the half year ended 31 December 2021;
- (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 consolidated half year financial statements also 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 29/03/2022 4:04 PM
Director

29 March 2022



Robert Wright 29/03/2022 8:00 PM
Chairman Audit Committee

29 March 2022



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 2021, 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 2021, 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 2021 and 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 our 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.

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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 2021 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', with a stylized flourish at the end.

Craig Thomason
Partner

Sydney
29 March 2022

Glossary

AAP	Ausgrid Asset Partnership
AASB	Australian Accounting Standards Board
AASB 9	AASB 9 Financial Instruments
AASB 13	AASB 13 Fair Value Measurement
ACS	Alternative Control Services
Active Stream	Active Stream Pty Limited
AFPL	Ausgrid Finance Pty Limited
AMTN	Australian Medium Term Note
AMPL	Ausgrid Management Pty Limited
ANS	Ancillary Network Services
AOP	Ausgrid Operator Partnership
APG	APG Asset Management
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/BBSY	Bank Bill Swap Rate
CCF	Climate Change Fund
CCIRS	Cross Currency Interest Rate Swaps
COVID-19	Coronavirus
DUOS	Distribution Use of System
EMTN	Euro Medium Term Note
FVLCOD	Fair Value Less Costs of Disposal
Gazette	NSW Government Gazette
IAS	International Accounting Standards
IBOR	Interbank Offered Rate
IRS	Interest Rate Swaps
IT	Information Technology
LIBOR	London Interbank Offered Rate
NSW	New South Wales
NUOS	Network Use of System

Glossary (continued)

PLUS ES	PLUS ES Partnership
PESM1	PLUS ES Management 1 Pty Limited
PESM2	PLUS ES Management 2 Pty Limited
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