

**AusNet Pty Ltd**  
**ACN 603 317 559**

**Unaudited Interim Financial Report**

**For the six months ended 30 June 2023**

<b>Contents</b>	<b>Page</b>
Consolidated interim income statement	2
Consolidated interim statement of comprehensive income	3
Consolidated interim statement of financial position	4
Consolidated interim statement of changes in equity	5
Consolidated interim statement of cash flows	7
Condensed notes to the consolidated interim financial statements	8

This unaudited interim financial report (the interim financial report) covers the consolidated entity consisting of AusNet Pty Ltd (formerly AusNet Services Ltd) and its subsidiaries. The interim financial report is presented in Australian dollars.

AusNet Pty Ltd is a company limited by shares, incorporated and domiciled in Victoria, Australia. Its registered office and principal place of business is:

Level 31, 2 Southbank Boulevard  
Southbank, Victoria 3006  
Australia

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the financial statements of AusNet Pty Ltd for the nine-month period ended 31 December 2022.

**Consolidated interim income statement**

For the period ended 30 June 2023

		<b>30 June</b>	30 September
		<b>2023</b>	2022
		<b>\$M</b>	<b>\$M</b>
	<b>Notes</b>		Restated*
<b>Revenue*</b>	B.3	<b>1,057.4</b>	1,068.0
Use of system and associated charges		<b>(57.2)</b>	(64.9)
Easement and land tax		<b>(113.7)</b>	(98.7)
Employee benefit expenses		<b>(65.7)</b>	(76.5)
External maintenance and contractors' services		<b>(75.9)</b>	(73.1)
Materials		<b>(8.9)</b>	(6.7)
Information technology and communication costs		<b>(35.2)</b>	(28.8)
Administrative expenses		<b>(18.4)</b>	(21.6)
Service level payments		<b>(4.5)</b>	(2.9)
Disposal of property plant and equipment		<b>(4.6)</b>	(4.2)
Other costs		<b>(49.9)</b>	(24.3)
<b>Total expenses excluding depreciation, amortisation, interest and tax</b>		<b>(434.0)</b>	(401.7)
<b>Earnings before interest, tax, depreciation and amortisation</b>		<b>623.4</b>	666.3
Depreciation and amortisation		<b>(264.6)</b>	(238.8)
<b>Profit from operating activities</b>		<b>358.8</b>	427.5
Finance income*	D.2	<b>13.9</b>	12.9
Finance costs	D.2	<b>(219.4)</b>	(180.3)
<b>Net finance costs</b>		<b>(205.5)</b>	(167.4)
<b>Profit before income tax</b>		<b>153.3</b>	260.1
Income tax benefit / (expense)	B.6	<b>(256.2)</b>	1,463.7
<b>Profit / (loss) for the period</b>		<b>(102.9)</b>	1,723.8

The above consolidated interim income statement should be read in conjunction with the accompanying notes, including the basis of preparation.

\*Refer to Section A - (a) Basis of preparation for information on the accounting policy in relation to revenue and interest income recognised in relation to the desalination licence asset.

**Consolidated interim statement of comprehensive income**

For the period ended 30 June 2023

	<b>30 June</b>	30 September
	<b>2023</b>	2022
	<b>\$M</b>	\$M
Profit / (loss) for the period	<b>(102.9)</b>	1,723.8
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to profit or loss in subsequent periods</b>		
Movement in defined benefit fund	<b>1.7</b>	0.7
Income tax on movement in defined benefit fund	<b>(0.5)</b>	(0.2)
	<b>1.2</b>	0.5
<b>Items that may be reclassified to profit or loss in subsequent periods</b>		
Movement in hedge reserve	<b>(91.4)</b>	451.4
Income tax on movement in hedge reserve	<b>27.4</b>	(135.3)
	<b>(64.0)</b>	316.1
<b>Other comprehensive income / (loss) for the period, net of income tax</b>	<b>(62.8)</b>	316.6
<b>Total comprehensive income / (loss) for the period</b>	<b>(165.7)</b>	2,040.4

*The above consolidated interim statement of comprehensive income should be read in conjunction with the accompanying notes, including the basis of preparation.*

**Consolidated interim statement of financial position**

As at 30 June 2023

	Notes	30 June 2023 \$M	31 December 2022 \$M
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		94.4	16.5
Receivables	B.4	226.5	184.3
Finance lease receivables	B.5	4.6	4.4
Inventories		45.8	47.4
Derivative financial instruments		169.2	106.3
Other assets		87.8	48.0
<b>Total current assets</b>		<b>628.3</b>	<b>406.9</b>
<b>Non-current assets</b>			
Inventories		24.6	24.4
Property, plant and equipment	C.1	12,112.2	11,876.8
Intangible assets	C.2	518.7	553.2
Other financial assets		1.5	1.5
Finance lease receivables	B.5	316.8	317.9
Derivative financial instruments		737.2	825.0
Defined benefit asset		67.5	65.0
Deferred tax assets	B.6	91.9	317.7
Other assets		159.3	166.2
<b>Total non current assets</b>		<b>14,029.7</b>	<b>14,147.7</b>
<b>Total assets</b>		<b>14,658.0</b>	<b>14,554.6</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables and other liabilities		453.6	345.9
Lease liabilities		6.7	7.5
Provisions	E.2	70.6	90.0
Borrowings	D.1	570.3	-
Derivative financial instruments		176.2	188.3
<b>Total current liabilities</b>		<b>1,277.4</b>	<b>631.7</b>
<b>Non-current liabilities</b>			
Deferred revenue		212.9	213.9
Lease liabilities		55.3	57.0
Provisions	E.2	57.3	53.4
Borrowings	D.1	9,547.3	9,802.1
Derivative financial instruments		389.7	456.0
<b>Total non-current liabilities</b>		<b>10,262.5</b>	<b>10,582.4</b>
<b>Total liabilities</b>		<b>11,539.9</b>	<b>11,214.1</b>
<b>Net assets</b>		<b>3,118.1</b>	<b>3,340.5</b>
<b>EQUITY</b>			
Contributed equity	D.3	5,228.1	5,228.1
Reserves		(2,981.9)	(2,917.9)
Retained profits		1,967.0	2,125.4
Other equity		(1,095.1)	(1,095.1)
<b>Total equity</b>		<b>3,118.1</b>	<b>3,340.5</b>

The above consolidated interim statement of financial position should be read in conjunction with the accompanying notes, including the basis of preparation.

**Consolidated interim statement of changes in equity**

For the period ended 30 June 2023

	Notes	Share capital \$M	Restructure reserve (i) \$M	Hedge reserve (ii) \$M	Asset revaluation reserve (iii) \$M	Other equity (iv) \$M	Retained profits \$M	Total equity \$M
<b>30 June 2023</b>								
Balance as at 1 January 2023		5,228.1	(3,501.9)	531.1	52.9	(1,095.1)	2,125.4	3,340.5
<b>Total comprehensive income for the period</b>								
Profit / (loss) for the period		-	-	-	-	-	(102.9)	(102.9)
Other comprehensive income		-	-	(64.0)	-	-	1.2	(62.8)
<b>Total comprehensive income for the period</b>		-	-	<b>(64.0)</b>	-	-	<b>(101.7)</b>	<b>(165.7)</b>
<b>Transactions with owners, recorded directly in equity</b>								
Dividends paid (v)	D.4	-	-	-	-	-	(56.7)	(56.7)
<b>Total transactions with owners</b>		-	-	-	-	-	<b>(56.7)</b>	<b>(56.7)</b>
<b>Balance as at 30 June 2023</b>		<b>5,228.1</b>	<b>(3,501.9)</b>	<b>467.1</b>	<b>52.9</b>	<b>(1,095.1)</b>	<b>1,967.0</b>	<b>3,118.1</b>
<b>30 September 2022</b>								
Balance as at 1 April 2022		5,557.1	(3,501.9)	215.6	52.9	(1,095.1)	640.4	1,869.0
<b>Total comprehensive income for the period</b>								
Profit for the period		-	-	-	-	-	1,723.8	1,723.8
Other comprehensive income		-	-	316.1	-	-	0.5	316.6
<b>Total comprehensive income for the period</b>		-	-	<b>316.1</b>	-	-	<b>1,724.3</b>	<b>2,040.4</b>
<b>Transactions with owners, recorded directly in equity</b>								
Dividends paid (v)	D.4	-	-	-	-	-	(133.3)	(133.3)
Return of capital (v)	D.3	(329.0)	-	-	-	-	-	(329.0)
<b>Total transactions with owners</b>		<b>(329.0)</b>	-	-	-	-	<b>(133.3)</b>	<b>(462.3)</b>
<b>Balance as at 30 September 2022</b>		<b>5,228.1</b>	<b>(3,501.9)</b>	<b>531.7</b>	<b>52.9</b>	<b>(1,095.1)</b>	<b>2,231.4</b>	<b>3,447.1</b>

## Consolidated interim statement of changes in equity

For the period ended 30 June 2023

---

- (i) Under the 2015 corporate restructure, former AusNet Services Ltd shares were issued to shareholders in return for their stapled securities. The former AusNet Services Ltd share capital was measured at fair value on the date of the transaction, being the market capitalisation of the AusNet Services Stapled Group on the date of implementation of 18 June 2015 (\$4,957.7 million). The difference (\$1,501.9 million) between the contributed equity of AusNet Pty Ltd and the pre-restructure contributed equity of the Stapled Group at the date of the transaction was recognised as a restructure reserve.
- As a part of the financing for the acquisition of AusNet Pty Ltd (formerly AusNet Services Ltd), Australian Energy Holdings No 4 Pty Ltd (the new immediate holding entity of AusNet Pty Ltd) entered into a \$2.0 billion two year bridging loan facility. On 9 March 2022, AusNet Services Holdings Pty Ltd assumed all liabilities of this facility. As a result, there was no cash proceeds received for the novated facility and an entry to restructure reserves of \$2.0 billion was recognised as an equity transaction with owners. \$0.5 billion of the loan was repaid on 30 March 2022, and the remaining \$1.5 billion was repaid during the half year ended 30 September 2022.
- (ii) The hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments. These gains or losses are transferred to the income statement when the hedged item affects income, except for highly probable forecast purchases of an asset where the gains or losses are included in the initial measurement of that asset.
- (iii) The balance of \$52.9 million includes \$51.4 million representing the fair value uplift to the assets of the AusNet Services Transmission Group on the date that the previous Stapled Group was formed. The fair value uplift was applied to easements which are considered to have an indefinite useful life. The amount was carried into the asset revaluation reserve of the Group following the corporate restructure on 18 June 2015.
- The remaining \$1.5 million in the asset revaluation reserve represents a fair value adjustment relating to recognition of an equity investment measured at fair value through other comprehensive income, arising from the Group's remaining 20% interest of the Geospatial business sold on 15 February 2022.
- (iv) The other equity component results from the application of reverse acquisition accounting and represents the difference between the net assets of AusNet Services (Transmission) Ltd and AusNet Finance Pty Ltd and the purchase price paid by the legal acquirer, AusNet Services (Transmission) Ltd on 20 October 2005.
- (v) In the current half year period, dividends of \$56.7 million were paid from AusNet Pty Ltd to Australian Energy Holdings No 4 Pty Ltd. For the half year ended 30 September 2022, dividends of \$133.3 million were paid and a return of capital of \$329.0 million made from AusNet Pty Ltd to Australian Energy Holdings No 4 Pty Ltd.

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

**Consolidated interim statement of cash flows**

For the period ended 30 June 2023

	<b>30 June</b>	30 September
	<b>2023</b>	2022
	<b>\$M</b>	\$M
		Restated*
<b>Cash flows from operating activities</b>		
Profit / (loss) for the period	(102.9)	1,723.8
Add back interest, tax, depreciation and amortisation	726.3	(1,057.5)
<b>Earnings before interest, tax, depreciation and amortisation</b>	<b>623.4</b>	666.3
Non-cash gifted assets revenue	(34.7)	(26.8)
Other non-cash items	4.6	4.2
Working capital movement	(9.6)	(94.0)
Net interest paid	(188.6)	(197.8)
<b>Net cash inflow from operating activities</b>	<b>395.1</b>	351.9
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment (i)	(424.7)	(370.9)
Proceeds from sale of property, plant and equipment	0.6	2.3
Receipts from financial assets	1.2	0.6
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(422.9)</b>	(368.0)
<b>Cash flows from financing activities</b>		
Payments for lease liabilities	(2.8)	(4.3)
Dividends Paid	(56.5)	(131.0)
Payment of return of capital	-	(329.0)
Proceeds from borrowings (ii)	920.0	2,111.0
Repayments of borrowings (ii)	(755.0)	(1,835.0)
<b>Net cash (outflow) from financing activities</b>	<b>105.7</b>	(188.3)
<b>Net (decrease)/ increase in cash held</b>	<b>77.9</b>	(204.4)
Cash and cash equivalents at beginning of the period	16.5	272.8
<b>Cash and cash equivalents at the end of the period</b>	<b>94.4</b>	68.4

- (i) Payments for property, plant and equipment include \$13.3 million (September 2022: \$8.3 million) for capitalised finance charges.
- (ii) During the period, \$870.0 million of AUD medium-term notes were raised through our AMTN program and \$705.0 million of the syndicated bank debt facilities were repaid. \$50.0 million of bi-lateral bank debt facilities were drawn and repaid in the same period.

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

*\*Refer to Section A - (a) Basis of preparation for information on the accounting policy in relation to classification of desalination licence asset.*



## Condensed notes to the consolidated interim financial statements

30 June 2023

---

### Contents

<b>Section A</b>	<b>Overview</b>	<b>9</b>
<b>Section B</b>	<b>Operating our business</b>	<b>11</b>
Note B.1	Segment information	11
Note B.2	Seasonality of operations	15
Note B.3	Revenue from contracts with customers	16
Note B.4	Receivables	17
Note B.5	Other financial assets	17
Note B.6	Taxation	18
<b>Section C</b>	<b>Investing in our business</b>	<b>19</b>
Note C.1	Property, plant and equipment	19
Note C.2	Intangible assets	20
<b>Section D</b>	<b>Financing our business</b>	<b>21</b>
Note D.1	Borrowings	21
Note D.2	Net finance costs	22
Note D.3	Equity	23
<b>Section E</b>	<b>Other disclosures</b>	<b>24</b>
Note E.1	Contingent liabilities and contingent assets	24
Note E.2	Provisions	25
Note E.3	Events occurring after the balance sheet date	25

## Condensed notes to the consolidated interim financial statements

30 June 2023

---

### Section A Overview

#### (a) Basis of preparation

The consolidated unaudited interim financial report, prepared by a for-profit entity for the period ended 30 June 2023, represents the consolidated financial statements of the Group, which comprises AusNet Pty Ltd (the Company) and its subsidiaries. The ultimate Australian parent of the Company is Australian Energy Holdings No 1 Pty Ltd. The Group is also referred to as “we”, “us”, “our” or “AusNet”.

The Company previously had ordinary equity securities trading on the ASX. On 16 February 2022, all shares in AusNet Services Ltd were acquired by Australian Energy Holdings No 4 Pty Ltd. Australian Energy Holdings No 4 Pty Ltd is wholly owned (indirectly) by Australian Energy Holdings No 1 Pty Ltd, which became the AusNet consolidated group’s new ultimate parent in Australia. Following the acquisition, the ordinary equity securities of AusNet Services Ltd were delisted from the ASX whilst the debt instruments issued by AusNet Services Holdings Pty Ltd continues to trade on the ASX. An interim financial report for the period ended 30 June 2023 has been prepared for AusNet Services Holdings Pty Ltd and has been filed on the ASX on 29 August 2023.

AusNet Pty Ltd is not required to prepare and submit an interim financial report for the period ended 30 June 2023 under the *Corporations Act 2001 Cth*. The unaudited interim financial report has been prepared to assist the Group in meeting the reporting and compliance requirements of various debt facility agreements and may not be suitable for any other purpose.

To align with the financial year-end of its ultimate Australian parent, the Company’s financial year end was changed from 31 March to 31 December. In prior period, the Company prepared consolidated interim financial statements for the period ended 30 September 2022 and general purpose financial statements for the nine-month period ended 31 December 2022.

Following this change, interim financial statements have been prepared for the six-month period from 1 January 2023 to 30 June 2023. Accordingly, the prior period amounts in the statement of profit and loss, statement of comprehensive income, and statement of cash flows relate to the six-month period ended 30 September 2022. Due to some seasonal variations in our operations, the prior period results may not enable a direct comparison to the current period (refer to Note B.2). Adjustments have been made to certain items in the comparative period interim financial report and notes to align with presentation and classification in the current interim financial report.

In prior period, during the 9 months ended 31 December 2022, the Group re-assessed the accounting treatment of the desalination licence receivable and identified an error in accounting treatment. We concluded that the upfront payment made as operator to the grantor in a service concession arrangement in the scope of *AASB Interpretation 12 Service Concession Arrangements* is accounted for as consideration paid to a customer under *AASB 15 Revenue from Contracts with Customers*. As a result, the Group has updated our accounting policy and reclassified the financial asset balance to other assets (AASB 15 assets) in the prior period. Prior year comparatives in the Consolidated Interim Income Statement and Consolidated Interim Statement of Cash Flows for the period ended 30 September 2022 have been restated. The prior period comparatives in the Consolidated Statement of Financial Position for the period ended 31 December 2022 reflects the updated accounting policy.

The financial report has been prepared:

- in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting*;
- on a going concern basis, which contemplates the continuity of normal trading operations. The Group’s current liabilities exceed current assets by \$649.1 million at 30 June 2023, primarily due to the classification of the working capital facility maturing in the next 12 months as a current liability. The Group is, and is expected to continue trading profitably, generating positive operating cash flows, and successfully refinancing maturing debt. In addition, at 30 June 2023 we have available a total of \$1,505.0 million of undrawn but committed bank debt facilities, as well as \$94.4 million of cash and cash equivalents. On this basis, the Directors are of the opinion the going concern basis of preparation remains appropriate. The interim financial report does not contain any adjustments relating to the recoverability or classification of assets or the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.
- under the historical cost convention, except for certain financial assets and liabilities (including derivative financial instruments) measured at fair value; and
- with amounts rounded off to the nearest hundred thousand dollars, unless otherwise stated, in accordance with Instrument 2016/191 issued by the Australian Securities and Investments Commission.

## Condensed notes to the consolidated interim financial statements

30 June 2023

---

### (a) Basis of preparation (continued)

This interim financial report is presented in Australian dollars.

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the financial statements of the Group for the nine-month period ended 31 December 2022 and any public announcements made by AusNet Services Holdings Pty Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the nine-month period ended 31 December 2022.

### (b) Critical accounting estimates and judgements

The preparation of the financial report requires management to make estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The key sources of estimation uncertainty were the same as those applied by the Group in its consolidated financial report as at and for the nine-month period ended 31 December 2022.

Some of the critical judgement and estimates used by management in applying the Group's accounting policies for the period ended 30 September 2022 have been updated to reflect the latest available information. Aside from tax matters referred to above in Note B.6, these updates have not had a significant impact on the financial performance or financial position of the Group as at end of the period ended 30 September 2022.

### (c) New accounting standards

#### *(i) New accounting standards effective*

A number of other new or amended accounting standards became mandatory in the current reporting period. None of these accounting standards and amendments that became effective in the current reporting period had a material impact on our accounting policies.

#### *(ii) New accounting standards issued but not yet effective*

We have not yet early adopted any standard, interpretation, or amendment that has been issued but is not yet effective. We are currently assessing the impact of the amendments, and do not expect any of these standards to have a material impact on our financial statements upon adoption.

## **Section B      Operating our business**

This section highlights the performance of the Group for the period, including results by operating segment and analysis of revenue.

### **Note B.1      Segment information**

Segment information is based on the information that management uses to make decisions about operating matters and allows users to review operations through the eyes of management. We present our reportable segments and measure our segment results for each of our regulated networks as well as our Development & Future Networks business.

#### **(a) Description of reportable segments**

An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses for which discrete financial information is available and whose operating results are regularly reviewed by the Chief Operating Decision Maker.

The Group is organised into the following segments:

##### *(i) Electricity distribution*

The electricity distribution network carries electricity from the high voltage transmission network to end users, including metering.

The electricity distribution segment does not purchase or sell electricity. Our electricity distribution network covers eastern Victoria including the eastern metropolitan region of Melbourne. We charge retailers and some large customers regulated rates for the use of the electricity distribution network.

The performance obligation is the provision of the access to the network and as such use of system revenue is recognised over the contract period which is deemed to be the regulatory reset period. The transaction price is deemed to be the determined recoverable revenue over that period. Variable consideration relating to volumes is constrained to the period in which it occurs, and volume over or under recovers under the revenue cap are not considered to comprise intangible assets in accordance with AASB 138 *Intangible Assets*.

Excluded ancillary and alternative control services including public lighting, cross boundary charges and new connection charges are rendered to customers for a fixed rate with revenue recognised at a point in time when the services are rendered.

##### Customer Contributions

Customer contributions include the receipt of cash from a customer for the construction of assets, or the contribution of completed assets to us.

Non-refundable contributions received from customers towards the cost of extending or modifying our networks are generally recognised as revenue and an asset respectively once control is gained of the contribution or asset and it is operating as intended. The performance obligation is at a point in time being the time at which the customer is connected to the network.

For some customer projects, the performance obligation will be linked to an ongoing service contract, and hence the performance obligation will be satisfied over time, being the contract term.

Customer contributions of cash are measured with reference to the cash contribution received and customer contributions of assets are measured at the fair value of the assets contributed at the date we gain control of the asset. Fair value is determined with reference to the depreciated replacement cost of the asset unless another measure of fair value is considered more appropriate.

## Condensed notes to the consolidated interim financial statements

30 June 2023

---

### Note B.1 Segment information (continued)

#### (a) Description of reportable segments (continued)

##### (ii) Gas distribution

The gas distribution network carries natural gas to commercial and residential end users, including metering.

The gas distribution segment does not purchase or sell gas. Our gas distribution network covers central and western Victoria. We charge retailers and some large customers regulated rates for the use of the gas distribution network.

The performance obligation is the provision of the access to the network and as such use of system revenue is recognised over the contract period which is deemed to be the regulatory reset period. The transaction price is deemed to be the determined recoverable revenue over that period. Variable consideration, being the volume fluctuations or true ups for unaccounted for gas are constrained to the period to which they apply.

Customer contributions in the gas distribution segment are accounted for in the same way as the electricity distribution segment.

##### (iii) Electricity transmission

We own and manage the vast majority of the electricity transmission network in Victoria. Our electricity transmission network consists of the transmission lines and towers which carry electricity at high voltages from power generators to electricity distributors around Victoria forming the backbone of the Victorian electricity network. The electricity transmission segment does not purchase or sell electricity. We charge the Australian Energy Market Operator (AEMO), distribution network service providers and electricity generators for connections and use of the electricity transmission network.

Prescribed excluded services revenue is generated from assets that will roll into the regulated asset base (RAB) in future regulatory reset periods and included in regulated transmission revenue from that date. For the period that this revenue is under separate contracts and related to customer-initiated works, it is included in the Development & Future Networks segment.

The performance obligation is the provision of the access to the network and as such revenue is recognised over the contract period which is deemed to be the regulatory reset period. The transaction price is deemed to be the determined recoverable revenue over that period.

##### (iv) Development & Future Networks

The Development & Future Networks segment provides contracted infrastructure asset and energy services, as well as a range of asset and utility services to support the management of electricity, gas, and water networks. Many of these services continue to be provided under the Mondo brand.

The contracted infrastructure business builds, owns and operates a portfolio of assets that fall outside the regulated asset base. Development & Future Networks makes investments through directly negotiated agreements, and typically receives annuity payments over the contract period in exchange for infrastructure and operational services. Dedicated customer connections are treated as finance lease receivables, with proceeds received from these assets split between revenue, lease interest income and principal repayments.

The Development & Future Networks segment also provides various asset and utility services to customers. Revenues from these services are recognised at a point in time as the services are rendered.

This segment also includes customer-initiated excluded prescribed and negotiated transmission services. Excluded negotiated services revenue is generated from assets that are excluded from the RAB but are controlled under a regulated negotiating framework. Contracts are based on fixed fees over the life of the asset and performance obligations are satisfied over time.

**Condensed notes to the consolidated interim financial statements**

30 June 2023

**Note B.1 Segment information (continued)****(b) Reportable segment financial information**

	Electricity distribution	Gas distribution	Electricity transmission	Development & Future Networks (i)	Inter-segment eliminations	Consolidated
<b>30 June 2023</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
Regulated revenue	469.4	99.7	311.3	-	(4.2)	876.2
Excluded prescribed transmission revenue	-	-	-	5.2	(1.3)	3.9
Excluded negotiated transmission revenue	-	-	-	12.4	-	12.4
Unregulated infrastructure revenue	-	-	-	38.4	-	38.4
Customer contributions	48.4	6.1	-	1.6	-	56.1
Service revenue	-	-	-	29.4	-	29.4
Other revenue (i)	2.0	0.3	0.6	38.7	(0.6)	41.0
<b>Total segment revenue</b>	<b>519.8</b>	<b>106.1</b>	<b>311.9</b>	<b>125.7</b>	<b>(6.1)</b>	<b>1,057.4</b>
Segment operating expense	(177.3)	(28.6)	(158.1)	(76.1)	6.1	(434.0)
<b>Segment result - EBITDA (ii)</b>	<b>342.5</b>	<b>77.5</b>	<b>153.8</b>	<b>49.6</b>	<b>-</b>	<b>623.4</b>
Lease interest income	-	-	-	12.9	-	12.9
<b>EBITDAaL (iii)</b>	<b>342.5</b>	<b>77.5</b>	<b>153.8</b>	<b>62.5</b>	<b>-</b>	<b>636.3</b>
Depreciation and amortisation	(143.8)	(36.4)	(74.3)	(10.1)	-	(264.6)
Capital expenditure	217.9	47.9	41.8	162.8	-	470.4
<b>30 September 2022 (Restated)</b>						
Regulated revenue	495.7	138.8	295.2	0.3	(4.7)	925.3
Excluded prescribed transmission revenue	-	-	-	0.6	-	0.6
Excluded negotiated transmission revenue	-	-	-	10.7	-	10.7
Unregulated infrastructure revenue*	-	-	-	37.0	-	37.0
Customer contributions	43.7	6.2	-	1.0	-	50.9
Service revenue	-	-	-	33.3	-	33.3
Other revenue	3.6	0.9	0.5	5.6	(0.4)	10.2
<b>Total segment revenue</b>	<b>543.0</b>	<b>145.9</b>	<b>295.7</b>	<b>88.5</b>	<b>(5.1)</b>	<b>1,068.0</b>
Segment operating expense	(195.0)	(34.5)	(134.5)	(42.8)	5.1	(401.7)
<b>Segment result - EBITDA (i)</b>	<b>348.0</b>	<b>111.4</b>	<b>161.2</b>	<b>45.7</b>	<b>-</b>	<b>666.3</b>
Lease interest income	-	-	-	12.8	-	12.8
<b>EBITDAaL (ii)</b>	<b>348.0</b>	<b>111.4</b>	<b>161.2</b>	<b>58.5</b>	<b>-</b>	<b>679.1</b>
Depreciation and amortisation	(138.1)	(30.6)	(62.3)	(7.8)	-	(238.8)
Capital expenditure	193.4	50.9	79.3	67.1	-	390.7

(i) Other revenue in Development &amp; Future Networks - Refer to Note B.3.

(ii) Earnings before interest, tax, depreciation and amortisation

(iii) EBITDA after lease income

\* Refer to Section A - (a) Basis of preparation for information on accounting policy in relation to classification desalination licence asset

**Note B.1 Segment information (continued)**

**(c) Notes to and forming part of the segment information**

*(i) Accounting policies*

Segment revenues and expenses are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. The Cost Allocation Methodologies as approved by the Australian Energy Regulator (AER) are used as the basis for allocating expenses to the relevant segment.

*(ii) Inter-segment eliminations*

Segment revenues, expenses and results include transactions between the segments that are eliminated on consolidation.

## Condensed notes to the consolidated interim financial statements

30 June 2023

---

### Note B.2 Seasonality of operations

As a result of the change in year-end from 31 March to 31 December, the prior period comparative amounts in the statement of profit and loss, statement of comprehensive income, and statement of cash flows relate to the six-month period ended 30 September 2022. Due to some seasonal variations in our electricity distribution business and gas distribution business as outlined below, the prior period results may not enable a direct comparison to the current period.

#### (a) Electricity distribution

Electricity distribution volumes display some seasonal variation with increased volumes in winter due to higher demand for heating and increased volumes in summer as a result of higher demand for air conditioning. However, the impact of seasonal volume variation on electricity distribution revenue is limited due to the tariff structure, which includes a fixed component and a contract demand capacity component. The high proportion of process related consumption of commercial and industrial customers also limits seasonal variation. Electricity distribution revenue operates under a revenue cap, with the amount of total revenue fixed over the regulatory reset period. Any under/over recovery in a particular regulatory year will be built into subsequent years' tariffs.

#### (b) Gas distribution

Gas distribution volume is seasonal with a distinct winter peak due to gas demand for heating. A component of the seasonal revenue variation is mitigated due to the tariff structure, which includes a fixed component and a demand capacity-based component.

#### (c) Electricity transmission

Electricity transmission revenue is not seasonal. Transmission revenue is earned in accordance with the monthly revenue schedule determined by the AER.

Easement tax pass-through revenue (and the associated payments to the State Revenue Office) have a payment profile weighted towards the first half of the year. Under AASB 15 *Revenue from Contracts with Customers*, both the revenue and expense are recognised on a straight-line basis over the financial year. As such, at 30 June 2023 we have prepayment and deferred revenue balances representing this accounting treatment.

#### (d) Development & Future Networks

Development & Future Networks revenue is not seasonal and is earned as the services are rendered.



**Condensed notes to the consolidated interim financial statements**

30 June 2023

**Note B.3 Revenue from contracts with customers****Disaggregated revenue**

In the following table, revenue is disaggregated by revenue type and timing of recognition. The table also includes a reconciliation of the disaggregated revenue with AusNet's reportable segments (note B.1).

30 June 2023	Electricity distribution	Gas distribution	Electricity transmission	Development & Future Networks (i), (ii)	Inter- segment eliminations	Total
	\$M	\$M	\$M	\$M	\$M	\$M
<b>Timing of recognition</b>						
At a point in time (i)	59.3	9.7	3.2	51.6	(0.7)	123.1
Over time	459.7	96.4	308.4	73.3	(5.4)	932.4
<b>Revenue from contracts with customers</b>	<b>519.0</b>	<b>106.1</b>	<b>311.6</b>	<b>124.9</b>	<b>(6.1)</b>	<b>1,055.5</b>
<b>Other income not in scope of AASB 15</b>						
Operating lease income	0.0	-	0.3	-	-	0.3
Income from government grants (ii)	0.8	-	-	0.8	-	1.6
<b>Total segment revenue</b>	<b>519.8</b>	<b>106.1</b>	<b>311.9</b>	<b>125.7</b>	<b>(6.1)</b>	<b>1,057.4</b>
<b>30 September 2022 (Restated)</b>						
<b>Timing of recognition</b>						
At a point in time	58.1	10.4	0.1	23.7	(0.4)	91.9
Over time (ii)	484.0	135.5	295.3	64.0	(4.7)	974.1
<b>Revenue from contracts with customers</b>	<b>542.1</b>	<b>145.9</b>	<b>295.4</b>	<b>87.7</b>	<b>(5.1)</b>	<b>1,066.0</b>
<b>Other income not in scope of AASB 15</b>						
Operating lease income	0.1	-	0.3	-	-	0.4
Income from government grants (i)	0.8	-	-	0.8	-	1.6
<b>Total segment revenue</b>	<b>543.0</b>	<b>145.9</b>	<b>295.7</b>	<b>88.5</b>	<b>(5.1)</b>	<b>1,068.0</b>

- (i) Revenue recognised at a point in time (and Other Revenue in B.1 Segment information) in Development & Future Networks includes \$35.0 million received from a customer to recover costs of \$27.3m recognised in Other Costs in relation to two projects that will no longer proceed, in accordance with contract terms of the Early Works Agreement.
- (ii) In prior period, the Group has re-assessed the accounting treatment of the upfront payment made as operator to the grantor in a service concession arrangement in the scope of *AASB Interpretation 12 Service Concession Arrangements*. As the upfront payment does not give the Group a right to a separate good or service or a separate right of use that meets the definition of a lease, the upfront payment is accounted for as consideration paid to a customer under *AASB 15 Revenue from Contracts with Customers*. The cash flows received from the desalination plant operator are recognised as revenue over time as the performance obligations are satisfied, using an output method. The AASB 15 contract asset is reduced over the contract term using an output method and is recognised as a reduction of revenue. As a result of the re-assessment, the prior period comparatives were restated and \$4.7 million of lease interest income was reclassified to revenue (over time).
- (iii) Government grant income in the electricity distribution segment comprises grants under the Powerline Replacement Program whereby grants are received to fund bushfire safety capital expenditure, with income recognised over the life of the constructed assets. Government grants in the Development & Future Network segment comprises assets received in relation to the Ballarat Energy Storage System, with income recognised over the life of the asset.

**Condensed notes to the consolidated interim financial statements**

30 June 2023

**Note B.4 Receivables**

	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<b>\$M</b>	\$M
<b>Current receivables</b>		
Accounts receivable	<b>50.1</b>	28.7
Allowance for impairment loss	<b>(0.8)</b>	(0.4)
Accrued revenue	<b>177.1</b>	155.9
Interest receivable	<b>0.1</b>	0.1
<b>Total current receivables</b>	<b>226.5</b>	184.3

**Note B.5 Finance lease receivables**

	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<b>\$M</b>	\$M
Finance lease receivables – current (i)	<b>4.6</b>	4.4
Finance lease receivables – non-current (i)	<b>316.8</b>	317.9
<b>Total lessor finance receivables</b>	<b>321.4</b>	322.3

- (i) The Group has determined that its dedicated customer connection assets meet the definition of a finance lease, resulting in the recognition of a finance lease receivable instead of property, plant and equipment. This receivable is initially measured at the construction cost of the asset, which is equivalent to its fair value. The receivable is subsequently measured at the present value of remaining revenue receipts, discounted at the interest rate implicit in the customer agreement.

## Condensed notes to the consolidated interim financial statements

30 June 2023

---

### Note B.6 Taxation

AusNet Pty Ltd is part of the tax consolidated group headed by Australian Energy Holdings No 1 Pty Ltd and is subject to a tax funding arrangement. Australian Energy Holdings No 1 Pty Ltd will file its first tax return for the tax consolidated group for the period ended 31 December 2022.

#### (a) Deferred tax assets

This tax consolidation event following the acquisition of AusNet Pty Ltd Group resulted in a reset and increase in the tax base of depreciable assets for the AusNet Pty Ltd Group, which has created an estimated deductible temporary difference of \$3.8 billion as at 31 December 2022. The increase in the tax base of depreciable assets represents an estimate, as the tax consolidation calculations are subject to change upon finalisation of the tax consolidation calculations for the submission of Australian Energy Holdings No 1 Pty Ltd's first tax return.

Recognition of an associated deferred tax asset for this deductible temporary difference was assessed under the requirements of AASB 112 *Income Taxes*. Based on the forecasted taxable income the AusNet Pty Ltd Group, an amount of \$91.9 million was recognised as at 30 June 2023 (31 December 2022: \$317.7 million). The deferred tax asset (including changes in the current period) has been recognised against income tax expense, representing the uplift in future tax depreciation. This amount is subject to re-assessment in future periods based on management's forecast of taxable income. The full deferred tax assets relating to the step-up of the tax bases was not recognised at 30 June 2023 and 31 December 2022, as it was assessed as not being probable of utilisation at the date of the financial report. If the Group was able to recognise all unrecognised deferred tax assets, deferred tax asset would have increased by \$806.9 million (31 December 2022: \$596.2 million).

Management judgement has been applied to determine the amount of deferred tax assets that can be recognised based on forecast taxable income. A level of uncertainty is associated with the estimation of forecast future taxable income.

#### (b) Uncertain tax positions

At present there are several tax matters and tax positions of the former AusNet tax consolidation group that are being considered. Matters relating to the former AusNet Pty Ltd tax consolidated group include but are not limited to an objection lodged by AusNet Services Group in relation to certain tax consolidation and capital allowances positions arising from the corporate restructure completed in June 2015. In relation to the tax consolidation element of the 2015 corporate restructure objection, the potential uplift in tax bases has not been recognised in the financial statements of AusNet.

The matters being considered by the ATO are at various stages and include items that could have both a positive and negative impact on the currently recognised tax positions. There have been no significant changes in these matters during the six months ended 30 June 2023.

**Condensed notes to the consolidated interim financial statements**

30 June 2023

**Section C Investing in our business**

This section highlights the investments made by us into our non-current asset base, including the core network assets.

**Note C.1 Property, plant and equipment**

	Freehold land \$M	Buildings \$M	Easements \$M	Transmission network (i) \$M	Electricity distribution network \$M	Gas distribution network \$M	Other plant and equipment \$M	Right- of-use asset \$M	Capital work in progress \$M	Total \$M
<b>30 June 2023</b>										
Cost	273.1	683.9	1,225.9	3,747.9	7,181.3	2,453.3	706.9	79.4	765.4	17,117.1
Accumulated depreciation	-	(155.6)	(0.7)	(1,233.1)	(2,317.9)	(687.5)	(586.9)	(23.2)	-	(5,004.9)
<b>Carrying amount as at 30 June 2023</b>	<b>273.1</b>	<b>528.3</b>	<b>1,225.2</b>	<b>2,514.8</b>	<b>4,863.4</b>	<b>1,765.8</b>	<b>120.0</b>	<b>56.2</b>	<b>765.4</b>	<b>12,112.2</b>
<b>31 December 2022</b>										
Cost	273.1	672.5	1,225.3	3,645.8	6,989.5	2,417.2	730.3	87.0	696.4	16,737.1
Accumulated depreciation	-	(148.7)	-	(1,184.2)	(2,233.2)	(663.6)	(603.6)	(27.0)	-	(4,860.3)
<b>Carrying amount as at 31 December 2022</b>	<b>273.1</b>	<b>523.8</b>	<b>1,225.3</b>	<b>2,461.6</b>	<b>4,756.3</b>	<b>1,753.6</b>	<b>126.7</b>	<b>60.0</b>	<b>696.4</b>	<b>11,876.8</b>

(i) Transmission network also contains Development & Future Networks unregulated infrastructure assets.

**Condensed notes to the consolidated interim financial statements**

30 June 2023

**Note C.2 Intangible assets**

	<b>Distribution licences</b>	<b>Goodwill</b>	<b>Software</b>	<b>Total</b>
	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
<b>30 June 2023</b>				
Cost	354.5	12.0	824.4	1,190.9
Accumulated impairment	-	-	(3.1)	(3.1)
Accumulated amortisation	-	-	(669.1)	(669.1)
<b>Carrying amount as at 30 June 2023</b>	<b>354.5</b>	<b>12.0</b>	<b>152.2</b>	<b>518.7</b>
<b>31 December 2022</b>				
Cost	354.5	12.0	812.4	1,178.9
Accumulated impairment	-	-	(3.1)	(3.1)
Accumulated amortisation	-	-	(622.6)	(622.6)
<b>Carrying amount as at 31 December 2022</b>	<b>354.5</b>	<b>12.0</b>	<b>186.7</b>	<b>553.2</b>

**Condensed notes to the consolidated interim financial statements**

30 June 2023

**Section D Financing our business**

This section provides information relating to our capital structure and our exposure to financial risks, how they affect the Group's financial position and performance, and how those risks are managed. The Group's financial risk management objectives and policies are consistent with those disclosed in the Group's consolidated financial report as at and for the nine-months ended 31 December 2023.

**Note D.1 Borrowings**

		30 June 2023	31 December 2022
	Maturity date	\$M	\$M
<b>Current borrowings</b>			
Euro (EUR) senior notes (i)	2024	570.3	-
<b>Total current borrowings</b>		<b>570.3</b>	<b>-</b>
<b>Non-current borrowings</b>			
Hong Kong dollar (HKD) senior notes (i)	2026-2034	772.5	752.2
Domestic medium-term notes (iii)	2024-2043	3,249.7	2,386.6
Bank debt facilities (iii)	2025-2032	1,454.2	2,157.8
Euro (EUR) senior notes (i)	2026-2030	1,789.2	2,238.8
Japanese Yen (JPY) senior notes (i)	2024	52.3	56.3
US dollar (USD) senior notes (i)	2026	115.9	113.6
Norwegian Kroner (NOK) senior notes (i)	2027-2029	427.8	463.7
Australian dollar (AUD) hybrid (ii)	2080	649.7	649.6
Euro (EUR) hybrid securities (i), (ii)	2081	1,036.0	983.5
<b>Total non-current borrowings</b>		<b>9,547.3</b>	<b>9,802.1</b>
<b>Total borrowings</b>		<b>10,117.6</b>	<b>9,802.1</b>

- (i) The carrying value of foreign currency borrowings are translated at spot rate as at balance date. The foreign currency risk associated with these borrowings is hedged through the use of cross-currency swaps.
- (ii) The first call date for hybrid securities is in October 2025 for AUD hybrids and September 2026 for EUR hybrids. The Group has an option to make repayments at these call dates.
- (iii) During the period, \$870.0 million of AUD medium-term notes were raised through our AMTN program and \$705.0 million of the syndicated bank debt facilities were repaid. \$50.0 million of bi-lateral bank debt facilities were drawn and repaid in the same period.

The Group had \$1,505.0 million of undrawn but committed bank debt facilities and \$94.4 million of cash and cash equivalents as at 30 June 2023.

**(a) Fair value measurement**

Derivative financial instruments are recognised at fair value and are measured in accordance with generally accepted pricing models based on discounted cash flow analysis. Appropriate transaction costs are included in the determination of net fair value. These pricing models use significant market observable data as well as market corroboration based on active quotes. As such, fair value measurements are deemed level two within the fair value hierarchy as per AASB 13 *Fair Value Measurement*. The Group does not have any financial instruments which would be categorised as either level one or three of the fair value hierarchy.

The Group also has a number of financial assets and liabilities which are not measured at fair value in the consolidated statement of financial position. With the exception of borrowings, the carrying amounts of these items are considered to be a reasonable approximation of their fair value at 30 June 2023.

**Condensed notes to the consolidated interim financial statements**

30 June 2023

**Note D.1 Borrowings (continued)****(a) Fair value measurement (continued)**

The fair value of total borrowings as at 30 June 2023 is \$10,161.6 million (31 December 2022: \$9,847.8 million). This fair value measurement uses significant market observable data, and therefore is a level two measurement within the fair value hierarchy as per AASB 13 *Fair Value Measurement*. The valuation techniques applied are consistent with those applied in the consolidated financial report as at and for the nine-month period ended 31 December 2022.

**Note D.2 Net finance costs**

	<b>30 June</b>	30 September
	<b>2023</b>	2022
	<b>\$M</b>	\$M
		*Restated
<b>Finance income</b>		
Interest income	<b>1.0</b>	0.1
Lease interest income*	<b>12.9</b>	12.8
<b>Total finance income</b>	<b>13.9</b>	12.9
<b>Finance costs</b>		
Interest expense	<b>217.5</b>	189.9
Interest expense – leases	<b>1.1</b>	(0.5)
Other finance charges – cash	<b>3.3</b>	3.2
Other finance charges - non-cash	<b>8.0</b>	5.8
(Gain)/loss on accounting for hedge relationships	<b>3.7</b>	(6.3)
Unwind of discount on provisions	<b>0.8</b>	(2.4)
Defined benefit net interest income	<b>(1.7)</b>	(1.1)
Capitalised finance charges	<b>(13.3)</b>	(8.3)
<b>Total finance costs</b>	<b>219.4</b>	180.3
<b>Net finance costs</b>	<b>205.5</b>	167.4

\*Refer to Section A - (a) Basis of preparation for information on accounting policy in relation to classification of desalination licence asset and related revenue (formerly classified as lease interest income).

**Condensed notes to the consolidated interim financial statements**

30 June 2023

**Note D.3 Equity**

		<b>30 June 2023 \$M</b>	31 December 2022 \$M
<b>Contributed equity</b>			
Ordinary share capital	(a)	<u>5,228.1</u>	5,228.1
<b>Total contributed equity</b>		<u>5,228.1</u>	5,228.1

**(a) Movements in ordinary share capital**

<b>Date</b>	<b>Details</b>	<b>Number of shares</b>	<b>\$M</b>
1 January 2023	Opening balance	3,835,799,900	5,228.1
<b>30 June 2023</b>	<b>Closing balance</b>	<b>3,835,799,900</b>	<b>5,228.1</b>
1 April 2022	Opening balance	3,835,799,900	5,557.1
24 June 2022	Return of capital (i)	-	(329.0)
<b>31 December 2022</b>	<b>Closing balance</b>	<b>3,835,799,900</b>	<b>5,228.1</b>

- (i) A return of capital of \$329.0 million was made from AusNet Pty Ltd to Australian Energy Holdings No 4 Pty Ltd during the nine-month period ended 31 December 2022.



**Condensed notes to the consolidated interim financial statements**

30 June 2023

**Section E Other disclosures**

This section includes other information to assist in understanding the financial performance and position of the Group, or items required to be disclosed in order to comply with accounting standards and other pronouncements.

**Note E.1 Contingent liabilities and contingent assets****(a) Rapid Earth Fault Current Limiter (REFCL) penalty regime**

On 1 May 2016, the *Electricity Safety (Bushfire Mitigation) Amendment Regulations 2016 (Amended Bushfire Mitigation Regulations)* came into effect in Victoria. The amended regulations require three Victorian electricity distributors, including AusNet, to install REFCLs at designated zone substations. The purpose of the REFCL device is to reduce the risk of a bushfire caused by a fallen powerline.

We are installing these devices across 22 of our zone substations in Victoria. Each zone substation is attributed a compliance point score from 1 to 5 with the highest value attributed to those zone substations where the mitigation measure would provide the greatest benefit depending on the degree of bushfire risk. The table below details our progress to date and anticipated progress:

Compliance date	Completed	To be completed by	Total
	1 May 2023	1 November 2023	
Zone substations	21	1	22
Compliance points	62	2	64

To date, AusNet has successfully worked with Energy Safe Victoria (ESV) and the Victorian Government to obtain extensions as needed in relation to High Voltage (HV) Customer REFCL readiness delays and to resolve network characteristic-related technical issues.

Since 31 December 2022, further works have been completed at two zone substations and six compliance points by the 1 May 2023 compliance date. With respect to the remaining zone substation and compliance points, an extension to comply by 1 November 2023 has been granted by ESV. This will allow AusNet time to undertake additional works to mitigate unique network characteristics which are currently preventing the achievement of compliance with the prescribed REFCL performance specifications. The Group expects to meet final compliance deadlines of 1 November 2023. This program presents several risks, which continue to be present and are being actively managed. The risk of penalties under the regime remains possible until the program is completed.

The amended *Electricity Safety Act 1998 (Vic)* (ESA) enables ESV or the Minister, to apply to the Supreme Court of Victoria seeking the imposition of significant financial penalties if a distributor fails to achieve the number of points prescribed by the Regulations throughout the applicable period. The legislation provides that the Court can impose a maximum penalty of \$2 million per point for each station for which a distributor has not achieved compliance. Accordingly, penalties of up to \$10 million per zone substation can apply if AusNet fails to achieve the required capacity during the relevant compliance period. Additionally, the Court can impose a maximum daily penalty of \$5,500 for each day AusNet remains non-compliant

**(b) Other**

AusNet is involved in various tax, legal and administrative proceedings and claims on foot, the ultimate resolution of which, in the opinion of AusNet, will not have a material effect on the consolidated financial position, results of operations or cash flows. Other than as listed above and risk in relation to tax positions noted in Note B.6 and provisions noted in E.2, we are not aware of any additional contingent liabilities or assets as at 30 June 2023 (December 2022: nil).

## Condensed notes to the consolidated interim financial statements

30 June 2023

---

### Note E.2 Provisions

#### (a) Measurement of environmental provision

Provisions include an environmental provision of \$42.8 million (December 2022: \$42.8 million), which represents an estimate of costs to remediate soil and water contamination on gas sites which were previously used as coal production facilities. The provision is based on preliminary cost estimates and timing of remediation, considering current legal and regulatory requirements, the estimated extent of the contamination, the nature of the site and surrounding areas, and the technologies and methods available. Management is exploring a number of strategies for future land use options for the three sites, with the estimation of the provision at period end being based on the current preferred option. The extent of remediation activities and associated costs may differ significantly depending on which option is ultimately chosen, and on other factors impacting the extent of ultimate remediation effort and underlying cost that are not known at balance date. As a result there is a risk that in the event of full remediation of all three sites, the cost may significantly exceed the provision at 30 June 2023.

Site investigations are ongoing and there has been no significant updates to estimated costs in the half year period.

### Note E.3 Events occurring after the balance sheet date

#### (a) Announcement to reform Government policy

On 28 July 2023, the Victorian Government announced a ban on gas connections to new homes and public buildings commencing 1 January 2024. From 1 January 2024, planning permits will only be issued for new homes and residential subdivisions that will connect to all-electric networks, and all new public buildings such as schools, hospitals police stations and government-owned buildings that are yet to reach a design stage must all be electric effective immediately. The policy has not yet been enacted.

This announcement is a non-adjusting subsequent event for the six months ended 30 June 2023. Based on a preliminary assessment of the Victorian Government announcement, the Company continues to believe that the carrying value of the gas distribution network assets will be recovered in future periods, noting that the regulatory framework provides a certain level of protections regarding asset recovery and that the announcement is only relevant for new residential connections and has no impact on the existing customer base or the regulatory value of existing assets. However, it is acknowledged that any changes in future government policy, the regulatory framework, or customer behaviour may have an impact on this assessment in future periods.

In addition, it is noted that under the recently approved GAAR, the AER allowed the possibility to re-open the decision in the event of a material change in government policy. AusNet is currently working with the AER and considering its options regarding a potential re-opening.

Once an assessment is completed, the impact, if any, will be reflected in the financial statements for the year ended 31 December 2023.

#### (b) Debt issuance

On 9 August 2023, the Company issued 10,000,000,000 JPY (or \$105 million AUD) of debt under the US \$5.0 Billion Medium Term Note Programme. The notes have a maturity date of 9 August 2038.

The Company cancelled three existing bilateral revolving facilities with a draw down limit of \$300 million AUD that were due to expire on 31 August 2023, and entered into three new bilateral revolving facilities with a draw down limit for \$300.0 million. The new facilities are due to expire in August 2028.

#### (c) Other matters

Other than outlined above, there has been no matter or circumstance that has arisen since 30 June 2023 up to the date of issue of this financial report that has significantly affected or may significantly affect:

- (a) the operations in the financial period subsequent to 30 June 2023 of the Group;
- (b) the results of those operations; or
- (c) the state of affairs, in the financial period subsequent to 30 June 2023, of the Group.