

**AusNet Services Holdings Pty Ltd**

**ACN 086 006 859**

**Interim Financial Report**

**For the six months ended 30 June 2024**

## Directors' Report

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

AusNet Services Holdings 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 Services Holdings Pty Ltd for the year ended 31 December 2023 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* (Cth).

The interim financial report was authorised for issue by the Directors on 27 August 2024.

## Directors' Report

The Directors of AusNet Services Holdings Pty Ltd (the Company) present their report on the general purpose interim financial report of the consolidated entity for the six month ended 30 June 2024.

The financial report is for AusNet Services Holdings Pty Ltd and its controlled entities (the AusNet Services Holdings Group or the Group). The ultimate Australian parent of the Company is Australian Energy Holdings No 1 Pty Ltd (AEH), which is part of a consolidated group operating as AusNet (also referred to as us, our, we, the AusNet Group and the AEH Group).

### Our Board of Directors

The persons listed below were Directors of AusNet Services Holdings Pty Ltd during the whole of the financial period and up to the date of this report unless otherwise noted.

David Smales – Chief Executive Officer (Appointed 16 January 2024)

Jon D'Sylva – Chief Development Officer

Mark Ellul – Chief Financial Officer

### HY2024 operating environment

The six-month period ended 30 June 2024 includes the following operating and financial highlights:

- Completion of the issuance of \$500.0 million of domestic medium-term notes from our Australian Medium Term Note (AMTN) programme
- Drawdown of \$300.0 million of syndicated bank debt facilities, and repayment of \$543.3 million Euro senior notes with a carrying value of \$566.7 million.
- Divestment of the water and gas field services business was completed on 28 March 2024.

In addition to these events, our Electricity Distribution and Electricity Transmission networks were impacted by a severe weather event in February 2024 which led to widespread network damage and customer outages. This event and its impacts are described below under Material Risks and Uncertainties.

### Interim review of financial results

This discussion and analysis is provided to assist readers in understanding the general purpose interim financial report. In addition to revenue and profit, we use Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and EBITDA after lease income (EBITDAaL) to measure our performance, which are non-IFRS measures. EBITDA is presented in the Consolidated Income Statement and EBITDAaL can be derived from adding EBITDA and lease interest income in Note B.1 of the interim financial statements. These measures are referred to below in our analysis.

The results below are for the period from 1 January 2024 to 30 June 2024 for the Group, with comparatives shown for the period from 1 January 2023 to 30 June 2023.

	<b>30 June 2024</b>	30 June 2023	Movement	%
Revenue (\$M)	<b>672.6</b>	647.8	24.8	3.8
EBITDA (\$M)	<b>380.9</b>	420.2	(39.3)	(9.4)
Net profit after tax (NPAT) (\$M)	<b>30.6</b>	136.4	(105.8)	(77.6)
Capital expenditure (\$M)	<b>302.5</b>	278.1	24.4	8.7

**Directors' Report****Interim review of financial results (continued)**

Comparing the 6 months to 30 June 2024 to its prior year comparative, the Group saw an increase in revenue of \$24.8 million. This was primarily driven by the regulated price path in the Regulated Electricity and Gas businesses.

EBITDA performance decreased by \$39.3 million, with higher revenues more than offset by costs associated with the February 2024 severe weather event (\$26.1 million), a newly established Energy Resilience Community Fund (\$12.0 million), higher network maintenance costs and increased corporate costs.

Net profit after tax decreased as the prior period included \$33.2 million of income tax benefit associated with the re-measurement of deferred tax assets (based on updated depreciation profiling of assets).

Capital expenditure increased by \$24.4 million during the period due to replacement works in the Electricity and Gas regulated businesses, and higher spend on digital projects, in particular the Solar Emergency Backstop and SAP migration projects.

The financial performance for each of our businesses for the period is discussed below.

**Electricity distribution business**

	<b>30 June 2024</b>	30 June 2023	Movement	%
Revenue (\$M)	537.8	519.8	18.0	3.5
EBITDA (\$M)	296.2	343.2	(47.0)	(13.7)
Capital expenditure (\$M)	233.9	217.9	16.0	7.3

Electricity Distribution revenue increased by \$18.0 million. This was driven by the regulated price path per our price determination approved by the Australian Energy Regulator (AER). This increase in regulated revenue of \$25.0 million is partially offset by lower customer contributions revenue of \$7.6 million compared to the prior period.

There was a decline in EBITDA performance due to \$26.1 million of costs associated with the February 2024 severe weather event, a newly established \$12.0 million Energy Resilience Community Fund and increased network maintenance costs.

The \$16.0 million increase in capital expenditure was primarily due to higher volumes of replacement spend in 2024 (\$41.0 million) and the commencement of the Solar Emergency Backstop project (\$12.0 million). This was partially offset by the completion of the REFCL programme in 2023 (-\$15.0 million) and several large augmentation projects (-\$12.3 million).

**Gas distribution business**

	<b>30 June 2024</b>	30 June 2023	Movement	%
Revenue (\$M)	112.8	106.1	6.7	6.3
EBITDA (\$M)	80.9	77.7	3.2	4.1
Capital expenditure (\$M)	57.9	47.9	10.0	20.9

Gas revenues increased by \$6.7 million during the period due to the regulatory price path and also due to higher volumes driven by weather factors.

EBITDA performance improved due to revenue growth, partially offset by higher regulator fees and levies.

Higher capital expenditure was driven by increased spend on replacement works in particular the Low Pressure Mains Replacement program and also higher digital spend.

**Directors' Report****Development & Future Networks business**

This segment represents a subset of the total Development & Future Network (D&FN) business, focused on energy services.

	<b>30 June 2024</b>	30 June 2023	Movement	%
Revenue (\$M)	22.0	21.9	0.1	0.5
EBITDA (\$M)	3.8	(0.7)	4.5	642.9
Capital expenditure (\$M)	10.7	12.3	(1.6)	(13.0)

D&FN revenues in the 6 months ended 30 June 2024 are comparable to the prior period. Improvements in EBITDA performance are driven by cost base control.

Capital expenditure decreased primarily due to the Proactive Battery Management project and Project Edge nearing completion, partially offset by investment commencing across a number of new distributed energy projects.

**Financial position**

Total equity of the Group was \$2,587.8 million as at 30 June 2024, an increase of \$130.1 million compared to 31 December 2023 (\$2,457.7 million), primarily attributed to:

- Net profit of \$30.6 million; and
- A gain on hedge accounting relating to fair value movement on hedges recognised in Other Comprehensive Income of \$95.8 million

The Group's current liabilities exceed its current assets by \$685.6 million at 30 June 2024 (2023: \$809.9 million), primarily due to current borrowings maturing in the next 12 months. 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 2024, the Group had available a total of \$1,254.7 million (2023: \$1,550.7 million) of undrawn bank debt and overdraft facilities and \$7.4 million (2023: \$2.0 million) of cash and cash equivalents. These undrawn bank debt and overdraft facilities are committed to by the (respective) bank(s) and are therefore considered fully available to the Group.

**Capital management**

We manage our capital structure to maximise long-term returns to shareholders, as well as providing the flexibility to fund organic growth and other investment opportunities. An appropriate capital structure is also maintained to ensure an efficient cost of capital is available. Through our cash flows from operations and by maintaining an appropriate and prudent mix of debt and equity, we aim to achieve our targeted credit metrics that support an investment range credit rating.

**Debt raising and repayments**

In line with our Treasury Risk Policy, we maintain a diversified debt portfolio by maturity and source. The AusNet Group, for whom the Company raises debt as its common or central funding vehicle, has a BBB+ credit rating from Standard and Poor's and Baa1 from Moody's Investor Services.

During the period, \$500.0 million of AUD medium-term notes were raised through our AMTN program, \$543.3 million of Euro senior notes were repaid, \$720.0 million of the syndicated bank debt facilities were drawn, \$420.0 million of the syndicated bank debt facilities were repaid, \$226.1 million of working capital bank debt facilities were drawn and \$230.1 million of working capital bank debt facilities were repaid.

**Distributions**

There were no distributions declared during the period (2023: \$56.7 million).

## Directors' Report

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### Environmental regulation and climate change

We are subject to both Federal and State Government environmental legislation during the period, including compliance with the *Environment Protection Act 2017 (Vic)*, as amended by the *Environment Protection Act Amendment 2018*, from 1 July 2021 (the Act). The Act requires the protection of human health and the environment from pollution and waste and introduces proactive duties, including, among other obligations, a General Environmental Duty (GED), which is a duty to manage contaminated land and a duty to notify the Environmental Protection Authority (EPA) of contamination that meets or exceeds certain notifiable thresholds. AusNet maintains compliance with the requirements of this Act.

The most significant areas of environmental legislation applying to AusNet are those which regulate noise emissions, greenhouse gas emissions, the discharge of emissions to land, air and water, the management of oils, chemicals and dangerous goods, the disposal of wastes, and those which govern the assessment of land use including the approval of developments. The Directors are not aware of any breaches of legislation during the period which are material in nature.

Under the *National Greenhouse and Energy Reporting (NGER) Act 2007 (Cth)*, corporations that meet or exceed thresholds are required to report greenhouse gas emissions and energy usage by 31 October each year. We meet these thresholds and will lodge our current year NGER reporting with the Clean Energy Regulator for the period from 1 July 2023 to 30 June 2024 by 31 October 2024.

In addition, since 1 July 2016, a safeguard mechanism has applied to AusNet Gas Services Pty Ltd, a subsidiary of the Group. From 1 July 2023, it is a legislated requirement under the Safeguard Mechanism that will require a reduction in emissions of approximately 4.9% per year until 2030 and to net zero by 2050. As there are limited opportunities for AusNet Gas Services Pty Ltd to reduce emissions, it is expected that the reported emissions will be above the baseline almost immediately and will require the surrender of Australian Carbon Credit Units. This will increase operating costs to cover the costs of offsets, however these costs will be recovered through the regulatory regime.

### Material Risks and Uncertainties

We are committed to understanding and effectively managing risk to enhance our ability to deliver on our strategic objectives and meet expectations of our shareholders, employees, customers, suppliers, and the communities in which we operate. We maintain oversight of our material business risks (financial and non-financial) at an enterprise-wide level, with regular reporting to the Audit and Risk Committee and the Board of Directors on the effectiveness of the management of these risks. This practice continues under new directorship following the acquisition by the Brookfield consortium.

In our 31 December 2023 Financial Report, we detailed the following principal risks, which may materially impact the execution and achievement of our business strategy and financial prospects:

- Health and safety risks;
- Industry and regulatory risks;
- Climate change and sustainability risks;
- Information technology and security risks;
- Management and personnel risks;
- Network reliability and services delivery risks; and
- Taxation risks.

We provide the following update on our material risks since the 31 December 2023 Financial Report:

#### **Network reliability and service delivery risks**

On 13 February 2024, Victoria experienced a severe weather event, when strong winds and storms had a damaging impact on our electricity transmission and electricity distribution networks. AusNet and its delivery partners mobilised rapidly to restore the network, repair and rebuild damaged assets, and remediate power outages to more than 360,000 AusNet customers. The financial impact of this for the period was approximately \$34.6 million total expenditure including both restoration efforts and customer outage payments. Further expenditure is expected in the remainder of 2024 to complete restoration works. AusNet submitted a pass-through application on 20 June 2024 to the AER in respect of these costs as permitted under the regulatory framework and the outcome of this application is expected to be known in late 2024.

Following this event, the Victorian Government launched an independent Network Outage Review Panel, with an interim report published on 4 July 2024. The report recommends a number of actions and AusNet is working proactively with Government to respond.

## **Directors' Report**

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### ***Network reliability and service delivery risks (continued)***

On 27 February 2024, AusNet announced the establishment of a \$12 million Energy Resilience Community Fund. The purpose of this fund is to support our local communities impacted by catastrophic storms and enhance energy resilience in our communities. A provision of \$12 million was recognised during the period for this initiative.

### ***Climate change and sustainability risks***

In March 2024, the Federal Treasurer introduced and read the Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Bill 2024 (Bill) to the House of Representatives, with Schedule 4 dedicated to amending the *Corporations Act 2001* (Cth) (the Act) to introduce Australia's new mandatory climate-related financial disclosure regime.

As of 22 August 2024, the Bill has passed both Houses of Parliament, with Senate amendments yet to be approved by the House of Representatives. Under the new regime, it is expected that AusNet will be required to prepare an audited Sustainability Report for inclusion in the 31 December 2025 Annual Report. Management is working with stakeholders, auditors and advisors to prepare for this new reporting requirement.

### ***Taxation risks***

On 16 February 2024, the Federal Court dismissed AusNet's appeal in relation to certain tax consolidation and capital allowance positions arising from the corporate restructure completed in June 2015. AusNet appealed this decision, and the appeal was heard on 8<sup>th</sup> August and 9<sup>th</sup> August 2024. A successful appeal outcome would result in a higher uplift in historical tax bases and higher capital allowance entitlements from June 2015.

The potential uplift in tax bases has not been recognised in the financial statements of the Group or been adopted in filed income tax returns.

Management continues to work proactively with the ATO on several matters pre-dating the acquisition by the Brookfield-led consortium in 2022 and on matters relating to the formation of the new tax consolidated group following the acquisition.

### **Management and personnel risks**

The AusNet Services - ETU Enterprise 2022 expired on 31 August 2023 and the ASU / APESMA Enterprise Agreement 2022 expired on 1 June 2024. The negotiation of new agreements is ongoing as at the date of this report. Adoption of any new agreement is not expected to have a material impact of the financial statements of the Group.

### **Significant changes in the state of affairs**

Other than referred to above, in the opinion of the Directors, there were no other significant changes in the state of affairs of the Group that occurred during the financial period.

### **Rounding of amounts**

AusNet is a company of a kind referred to in Instrument 2016/201, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with that Instrument to the nearest hundred thousand dollars unless otherwise stated.

**Directors' Report**

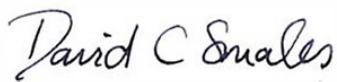
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**Matters subsequent to the end of the financial period**

There has been no other matter or circumstance that has arisen since 30 June 2024 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 2024 of the Group;
- (b) the results of those operations; or
- (c) the state of affairs, in the financial period subsequent to 30 June 2024, of the Group.

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



**David Smales**  
Director

Melbourne  
**27 August 2024**



**Building a better  
working world**

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## Auditor's independence declaration to the directors of AusNet Services Holdings Pty Ltd

As lead auditor for the review of the half-year financial report of AusNet Services Holdings Pty Ltd for the half-year ended 30 June 2024, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of AusNet Services Holdings Pty Ltd and the entities it controlled during the financial period.

A stylized, handwritten signature of 'Ernst &amp; Young' in black ink.

Ernst & Young

A handwritten signature of 'Kester C Brown' in black ink, written in a cursive style.

Kester C Brown  
Partner  
27 August 2024

**Consolidated interim income statement**

For the six months ended 30 June 2024

	<b>Notes</b>	<b>30 June 2024 \$M</b>	<b>30 June 2023 \$M</b>
<b>Revenue</b>	B.1, B.2	<b>672.6</b>	<b>647.8</b>
Use of system and associated charges		(65.2)	(62.6)
Employee benefit expenses		(43.1)	(37.0)
External maintenance and contractors' services		(76.5)	(63.0)
Materials		(3.4)	(5.1)
Information technology and communication costs		(34.2)	(25.9)
Lease expenses		(0.8)	(1.1)
Administrative expenses		(13.1)	(11.2)
Service level payments		(24.9)	(4.3)
Disposal of property plant and equipment		(2.9)	(3.6)
Reversal of impairment	C.3	1.5	-
Other costs		(29.1)	(13.8)
<b>Total expenses excluding depreciation, amortisation, interest and tax</b>		<b>(291.7)</b>	<b>(227.6)</b>
<b>Earnings before interest, tax, depreciation and amortisation</b>		<b>380.9</b>	<b>420.2</b>
Depreciation and amortisation		(183.8)	(185.5)
<b>Profit from operating activities</b>		<b>197.1</b>	<b>234.7</b>
Finance income	D.2	91.4	72.7
Finance costs	D.2	(238.2)	(226.2)
<b>Net finance costs</b>		<b>(146.8)</b>	<b>(153.5)</b>
<b>Profit before income tax</b>		<b>50.3</b>	<b>81.2</b>
Income tax (expense) / benefit	B.6	(19.7)	55.2
<b>Profit for the period</b>		<b>30.6</b>	<b>136.4</b>

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

**Consolidated interim statement of comprehensive income**

For the six months ended 30 June 2024

	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>\$M</b>	<b>\$M</b>
<b>Profit for the period</b>	<b>30.6</b>	<b>136.4</b>
<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	5.3	1.7
Income tax on movement in defined benefit fund	(1.6)	(0.5)
	<b>3.7</b>	<b>1.2</b>
<b>Items that may be reclassified to profit or loss in subsequent periods</b>		
Movement in hedge reserve	136.9	(89.7)
Income tax on movement in hedge reserve	(41.1)	26.9
	<b>95.8</b>	<b>(62.8)</b>
<b>Other comprehensive income / (loss) for the period, net of income tax</b>	<b>99.5</b>	<b>(61.6)</b>
<b>Total comprehensive income for the period</b>	<b>130.1</b>	<b>74.8</b>

*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 2024

	Notes	30 June 2024 \$M	31 December 2023 \$M
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		7.4	2.0
Receivables	B.4	462.6	446.6
Finance lease receivables	B.5	0.4	0.4
Inventories		50.5	45.2
Derivative financial instruments		154.8	148.6
Other assets		14.9	33.1
Assets held for sale	C.3	-	6.0
<b>Total current assets</b>		<b>690.6</b>	<b>681.9</b>
<b>Non-current assets</b>			
Receivables	B.4	4,270.9	4,092.7
Property, plant and equipment	C.1	7,484.3	7,351.0
Intangible assets	C.2	489.0	497.6
Finance lease receivables	B.5	8.5	8.7
Derivative financial instruments		666.0	597.1
Defined benefit asset		69.5	63.5
Deferred tax assets	B.6	567.3	668.3
Other assets		8.1	9.5
<b>Total non-current assets</b>		<b>13,563.6</b>	<b>13,288.4</b>
<b>Total assets</b>		<b>14,254.2</b>	<b>13,970.3</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables and other liabilities		473.8	506.1
Lease liabilities		4.4	4.4
Provisions		61.5	56.7
Borrowings	D.1	667.9	775.6
Derivative financial instruments		168.6	147.0
Liabilities directly associated with assets held for sale	C.3	-	2.0
<b>Total current liabilities</b>		<b>1,376.2</b>	<b>1,491.8</b>
<b>Non-current liabilities</b>			
Contract liabilities		104.3	106.7
Lease liabilities		18.0	19.9
Provisions		42.8	44.5
Borrowings	D.1	9,763.9	9,529.4
Derivative financial instruments		361.2	320.3
<b>Total non-current liabilities</b>		<b>10,290.2</b>	<b>10,020.8</b>
<b>Total liabilities</b>		<b>11,666.4</b>	<b>11,512.6</b>
<b>Net assets</b>		<b>2,587.8</b>	<b>2,457.7</b>
<b>EQUITY</b>			
Contributed equity	D.3	3,028.1	3,028.1
Reserves		(1,563.5)	(1,659.3)
Retained profits		1,123.2	1,088.9
<b>Total equity</b>		<b>2,587.8</b>	<b>2,457.7</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 6 months ended 30 June 2024

	Contributed equity \$M	Re- structure Reserve (i) \$M	Asset revaluation reserve \$M	Hedge reserve (ii) \$M	Retained profits \$M	Total equity \$M
<b>30 June 2024</b>						
Balance as at 1 January 2024	3,028.1	(2,000.0)	-	340.7	1,088.9	2,457.7
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	-	30.6	30.6
Other comprehensive income	-	-	-	95.8	3.7	99.5
<b>Total comprehensive income for the period</b>	-	-	-	<b>95.8</b>	<b>34.3</b>	<b>130.1</b>
<b>Transactions with owners, recorded directly in equity</b>						
<b>Total transactions with owners</b>	-	-	-	-	-	-
<b>Balance as at 30 June 2024</b>	<b>3,028.1</b>	<b>(2,000.0)</b>	<b>-</b>	<b>436.5</b>	<b>1,123.2</b>	<b>2,587.8</b>
<b>30 June 2023</b>						
Balance as at 1 January 2023	2,678.1	(2,000.0)	1.5	522.6	462.4	1,664.6
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	-	136.4	136.4
Other comprehensive income / (loss)	-	-	-	(62.8)	1.2	(61.6)
<b>Total comprehensive income / (loss) for the period</b>	-	-	-	<b>(62.8)</b>	<b>137.6</b>	<b>74.8</b>
<b>Transactions with owners, recorded directly in equity</b>						
Dividends (iii)	-	-	-	-	(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>2,678.1</b>	<b>(2,000.0)</b>	<b>1.5</b>	<b>459.8</b>	<b>543.3</b>	<b>1,682.7</b>

(i) 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 there were no cash proceeds received for the novated facility, an entry to restructure reserves of \$2.0 billion was recognised as an equity transaction with owners.

(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) In the prior half year period, dividends of \$56.7 million were paid from AusNet Services Holdings Pty Ltd to AusNet Services (Distribution) Pty Ltd.

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

**Consolidated interim statement of cash flows**

For the six months ended 30 June 2024

Notes	30 June 2024 \$M	30 June 2023 \$M
<b>Cash flows from operating activities</b>		
Profit for the period	30.6	136.4
Add back interest, tax, depreciation and amortisation	350.3	283.8
	<b>380.9</b>	<b>420.2</b>
Non-cash gifted assets revenue	(29.4)	(34.7)
Other non-cash items	1.4	3.6
Working capital movement	(0.8)	(65.9)
Non-cash intercompany transactions	(15.7)	47.1
Net interest paid	(234.5)	(208.7)
	<b>101.9</b>	<b>161.6</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment (i)	(293.7)	(273.4)
Proceeds from sale of property, plant and equipment	0.2	0.8
Receipts from finance lease receivables	0.2	0.2
	<b>(293.3)</b>	<b>(272.4)</b>
<b>Cash flows from financing activities</b>		
(Repayments of) / proceeds from related party loans	(54.1)	78.8
Payments for lease liabilities	(1.8)	(2.2)
Dividends paid (ii)	-	(51.5)
Proceeds from borrowings (iii)	D.1 1,446.1	920.0
Repayments of borrowings (iii)	D.1 (1,193.4)	(755.0)
	<b>196.8</b>	<b>190.1</b>
<b>Net increase in cash held</b>	<b>5.4</b>	<b>79.3</b>
Cash and cash equivalents at beginning of the period	2.0	14.5
<b>Cash and cash equivalents at end of the period</b>	<b>7.4</b>	<b>93.8</b>

- (i) Payments for property, plant and equipment include \$4.9 million (June 2023: \$4.5 million) for capitalised finance charges.
- (ii) Dividends paid exclude withholding tax.
- (iii) During the period, \$500.0 million of AUD medium-term notes were raised through our AMTN program, \$543.3 million of Euro senior notes were repaid, \$720.0 million of the syndicated bank debt facilities were drawn, \$420.0 million of the syndicated bank debt facilities were repaid, \$226.1 million of working capital bank debt facilities were drawn and \$230.1 million of working capital bank debt facilities were repaid.

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

## Condensed notes to the consolidated interim financial statements

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### Section A Overview

#### (a) Basis of preparation

The consolidated interim financial statements of AusNet Services Holdings Pty Ltd (the Company) and its subsidiaries (the AusNet Services Holdings Group, the Group, us, our or we) for the period ended 30 June 2024 were approved by the Board of Directors on 27 August 2024. The ultimate Australian parent of the Company is Australian Energy Holdings No 1 Pty Ltd, which is part of a consolidated group operating as AusNet (also referred to as the AusNet Group and the AEH Group).

The Company is deemed to be a disclosing entity as debt instruments issued by AusNet Services Holdings Pty Ltd are traded on the ASX.

The financial report has been prepared:

- in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* (Cth);
- on a going concern basis, which contemplates the continuity of normal trading operations. Our current liabilities exceed current assets by \$685.6 million at 30 June 2024, primarily due to current borrowings maturing in the next 12 months. The Group is, and is expected to continue to trade profitably, generate positive operating cash flows, and successfully refinance maturing debt. In addition, at 30 June 2024 the Group had available a total of \$1,254.7 million of undrawn bank debt facilities and overdraft, and \$7.4 million of cash and cash equivalents. These undrawn bank debt and overdraft facilities are committed to by the (respective) bank(s) and are therefore considered fully available to the Group. 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.

This general purpose interim financial report is presented in Australian dollars.

The interim financial report does not include all the notes 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 year ended 31 December 2023 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* (Cth).

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 year ended 31 December 2023.

## Condensed notes to the consolidated interim financial statements

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### **b) Critical accounting estimates and judgements**

The preparation of the consolidated interim 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 year ended 31 December 2023.

The critical judgements and estimates used by management in applying the Group's accounting policies for the period ended 30 June 2024 reflect the latest available information. Any updates have not had a significant impact on the financial performance or financial position of the Group as at and for the period ended 30 June 2024.

### **(c) New accounting standards**

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

In the current reporting period, we have applied AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants, effective from 1 January 2024. These amendments detail the additional disclosure requirements for liabilities arising from loan arrangements for which our right to defer settlement of those liabilities is subject to our compliance with covenants within twelve months after the current reporting period.

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.

## Condensed notes to the consolidated interim financial statements

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### 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 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 assessed as 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 recoveries under the revenue cap are not considered to comprise variable consideration in accordance with *AASB 15 Revenue from Contracts with Customers*.

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 the Group 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

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### 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. Ancillary Services are rendered to customers at a fixed rate. Revenue associated with the provision of Ancillary Services is recognised at a point in time services are provided. Customer contributions in the gas distribution segment are accounted for in the same way as the electricity distribution segment.

##### (iii) Development & Future Networks

The Development & Future Networks segment provides energy services, as well as a range of asset and utility services to support the management of electricity and gas networks. Revenues from these services are recognised at a point in time as the services are rendered.

In addition, the Development & Future Networks segment provides contestable metering services that are recognised over time.

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

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

	Electricity distribution	Gas distribution	Development & Future Networks	Consolidated
	\$M	\$M	\$M	\$M
<b>30 June 2024</b>				
Regulated revenue	494.4	106.7	-	601.1
Customer contributions	40.8	4.7	-	45.5
Service revenue	-	-	16.4	16.4
Other revenue	2.6	1.4	5.6	9.6
<b>Total segment revenue</b>	<b>537.8</b>	<b>112.8</b>	<b>22.0</b>	<b>672.6</b>
Segment operating expense	(241.6)	(31.9)	(19.7)	(293.2)
Impairment	-	-	1.5	1.5
<b>Segment result - EBITDA (i)</b>	<b>296.2</b>	<b>80.9</b>	<b>3.8</b>	<b>380.9</b>
Lease interest income	-	-	0.5	0.5
<b>EBITDAaL (ii)</b>	<b>296.2</b>	<b>80.9</b>	<b>4.3</b>	<b>381.4</b>
Depreciation and amortisation	(141.0)	(37.3)	(5.5)	(183.8)
Capital expenditure	233.9	57.9	10.7	302.5
<b>30 June 2023</b>				
Regulated revenue	469.4	99.7	-	569.1
Customer contributions	48.4	6.1	-	54.5
Service revenue	-	-	20.9	20.9
Other revenue	2.0	0.3	1.0	3.3
<b>Total segment revenue</b>	<b>519.8</b>	<b>106.1</b>	<b>21.9</b>	<b>647.8</b>
Segment operating expense	(176.6)	(28.4)	(22.6)	(227.6)
<b>Segment result - EBITDA (i)</b>	<b>343.2</b>	<b>77.7</b>	<b>(0.7)</b>	<b>420.2</b>
Lease interest income	-	-	0.5	0.5
<b>EBITDAaL (ii)</b>	<b>343.2</b>	<b>77.7</b>	<b>(0.2)</b>	<b>420.7</b>
Depreciation and amortisation	(144.8)	(36.1)	(4.6)	(185.5)
Capital expenditure	217.9	47.9	12.3	278.1

(i) Earnings before interest, tax, depreciation and amortisation.

(ii) EBITDA after lease income

**(b) 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.

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**Note B.2 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).

	<b>Electricity distribution</b>	<b>Gas distribution</b>	<b>Development &amp; Future Networks</b>	<b>Total</b>
	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
<b>30 June 2024</b>				
<b>Timing of recognition</b>				
At a point in time	54.2	9.9	13.5	77.6
Over time	482.8	102.9	8.5	594.2
<b>Revenue from contracts with customers</b>	<b>537.0</b>	<b>112.8</b>	<b>22.0</b>	<b>671.8</b>
<b>Other income not in scope of AASB 15</b>				
Income from government grants (i)	0.8	-	-	0.8
<b>Total segment revenue</b>	<b>537.8</b>	<b>112.8</b>	<b>22.0</b>	<b>672.6</b>
<b>30 June 2023</b>				
<b>Timing of recognition</b>				
At a point in time	59.3	9.7	13.0	82.0
Over time	459.7	96.4	8.9	565.0
<b>Revenue from contracts with customers</b>	<b>519.0</b>	<b>106.1</b>	<b>21.9</b>	<b>647.0</b>
<b>Other income not in scope of AASB 15</b>				
Income from government grants (i)	0.8	-	-	0.8
<b>Total segment revenue</b>	<b>519.8</b>	<b>106.1</b>	<b>21.9</b>	<b>647.8</b>

- (i) 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.

**Note B.3 Seasonality of operations****(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 consumption by 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. As such, whilst seasonality has an impact on distribution volume, the impact on revenue is not as pronounced.

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**Note B.3 Seasonality of operations (continued)****(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) Development & Future Networks**

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

**Note B.4 Receivables**

	30 June 2024 \$M	31 December 2023 \$M
<b>Current receivables</b>		
Accounts receivable	55.0	30.4
Contract assets (i)	126.8	96.1
Accrued revenue – other	11.2	9.4
Interest receivables	0.1	0.1
Related party receivables	269.5	310.6
<b>Total current receivables</b>	<b>462.6</b>	<b>446.6</b>
<b>Non – current receivables</b>		
Common Funding Vehicle loan receivable (ii)	4,270.9	4,092.8
<b>Total receivables</b>	<b>4,733.5</b>	<b>4,539.4</b>

(i) Contract assets are accrued revenue assets which primarily relate to unbilled regulated distribution revenue from AEMO market participants (retailers). Invoices are raised on 30-day billing cycles for distribution and on 60-day cycles for gas.

(ii) As the common funding vehicle, AusNet Services Holdings Pty Ltd lends funds to other entities within the AusNet Services Group, including AusNet Transmission Group Pty Ltd. Related party interest is charged based on the weighted average interest rate of the Company's borrowing for the relevant regulated business. The interest rate is reset quarterly.

**Note B.5 Finance lease receivables**

	30 June 2024 \$M	31 December 2023 \$M
Finance lease receivables – Current	0.4	0.4
Finance lease receivables – Non – current	8.5	8.7
<b>Total finance lease receivables</b>	<b>8.9</b>	<b>9.1</b>

The Group has determined that its dedicated customer connection assets meet the definition of a finance lease, resulting in the recognition of a lessor 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.

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### Note B.6 Taxation

AusNet Services Holdings 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.

#### (a) Deferred tax assets

The Group joining the new tax consolidated group headed by Australian Energy Holdings No 1 Pty Ltd (AEH 1) resulted in a reset and increase in the tax base of depreciable assets for the AusNet Services Holdings Group, which has created an estimated deductible temporary difference of \$5.1 billion on acquisition. The increase in the tax base of depreciable assets represents an estimate. This remains under review by the ATO.

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 of the AusNet Services Holdings Group. At 30 June 2024, the full deferred tax asset of \$567.3 million was recognised, as utilisation was deemed probable at the date of the financial report. Management judgement has been applied to determine the amount of deferred tax assets that can be recognised based on forecast taxable income. Whilst a level of uncertainty associated with the estimation of forecast taxable income, management has assessed the deferred tax assets are probable of recoupment.

#### (b) Uncertain tax positions

The tax expense and deferred tax balances assume certain tax outcomes and values of assets in relation to the application of tax legislation as it applies to the Company. Judgement is required in determining the timing of deductibility of expenditure, which impacts the amount of income tax payable and whether deferred tax balances are to be recognised in the statement of financial position. Changes in tax legislation or the interpretation of tax laws by tax authorities may affect the amount of provision for income taxes and deferred tax balances recognised.

At present there are several tax positions that are being reviewed by the ATO relating to the Australian Energy Holdings No 1 Pty Ltd tax group, including but not limited to the determination of reset tax base of assets using the allocable cost amount processes (ACA). An opening deferred tax liability has been recognised based on our calculations, but the calculation is subject to further review by the ATO. This could result in changes to the tax base and finalisation of the opening tax balances.

In addition, there are several matters pertaining to the former AusNet Pty Ltd consolidated tax group that remain subject to ATO review. Management has applied *Interpretation 23 – Uncertainty over Income Tax Treatments* to account for these positions. These include but are not limited to:

- On 16 February 2024, the Federal Court dismissed AusNet's appeal in relation to certain tax consolidation and capital allowance positions arising from the corporate restructure completed in June 2015. AusNet has appealed this decision, which was heard by the Full Federal Court in August 2024. A successful appeal outcome would result in a higher uplift in historical tax bases and higher capital allowance entitlements from June 2015. The potential uplift in tax bases has not been recognised in the financial statements of the Group or been adopted in filed income tax returns;
- The ATO previously issued a position paper to AusNet that disallows certain immediate deductions for expenditures in relation to the Powerline Replacement Fund (PRF) projects. A payable of \$11 million has been recognised in the current period; and
- AusNet under-claimed tax depreciation in 2020 and 2021. The tax effect of the under-claimed depreciation is approximately \$6 million, which has been recognised as a current tax receivable in the current period.

Other than matters outlined above, there have been no significant changes during the six months ended 30 June 2024.

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**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	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 2024</b>									
Cost	45.0	182.3	3.9	8,173.8	2,676.8	539.9	36.2	335.1	11,993.0
Accumulated depreciation	-	(23.5)	-	(3,097.7)	(883.6)	(487.9)	(16.0)	-	(4,508.7)
<b>Carrying amount as at 30 June 2024</b>	<b>45.0</b>	<b>158.8</b>	<b>3.9</b>	<b>5,076.1</b>	<b>1,793.2</b>	<b>52.0</b>	<b>20.2</b>	<b>335.1</b>	<b>7,484.3</b>
<b>31 December 2023</b>									
Cost	44.9	177.8	3.9	7,972.1	2,626.5	542.1	36.4	322.8	11,726.5
Accumulated depreciation	-	(22.1)	-	(2,995.0)	(854.3)	(490.1)	(14.0)	-	(4,375.5)
<b>Carrying amount as at 31 December 2023</b>	<b>44.9</b>	<b>155.7</b>	<b>3.9</b>	<b>4,977.1</b>	<b>1,772.2</b>	<b>52.0</b>	<b>22.4</b>	<b>322.8</b>	<b>7,351.0</b>

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**Note C.2 Intangible assets**

	Distribution licences \$M	Goodwill \$M	Software \$M	Total \$M
<b>30 June 2024</b>				
Cost	354.5	35.8	726.0	1,116.3
Accumulated impairment	-	(35.8)	(3.4)	(39.2)
Accumulated amortisation	-	-	(588.1)	(588.1)
<b>Carrying amount as at 30 June 2024</b>	<b>354.5</b>	<b>-</b>	<b>134.5</b>	<b>489.0</b>
<b>31 December 2023</b>				
Cost	354.5	35.8	705.7	1,096.0
Accumulated impairment	-	(35.8)	(3.4)	(39.2)
Accumulated amortisation	-	-	(559.2)	(559.2)
<b>Carrying amount as at 31 December 2023</b>	<b>354.5</b>	<b>-</b>	<b>143.1</b>	<b>497.6</b>

**Note C.3 Assets held for sale**

On 21 December 2023, the Group signed a non-legally binding term sheet to sell the water and gas field services business line ('the business'). At 31 December 2023, assets and liabilities associated with the business were classified as a disposal group held for sale. Prior to the classification of assets to held for sale, an impairment loss of \$14.2 million was recognised.

On 6 March 2024, Mondo Power Pty Ltd, a subsidiary of the Group, signed a Business Sale Agreement to sell the water and gas field service business, with the sale completed on 28 March 2024. The final consideration is contingent on certain working capital balances on completion date and certain conditions being met in accordance with the agreement including the retention of key contracts during the transition period. Following the finalisation of working capital balances, the consideration was updated resulting in a reversal of impairment loss of \$1.5 million in the current period. Any further reversal on the impairment or loss on sale will be re-assessed and recognised as the sale process is completed and conditions fulfilled.

As the sale was completed prior to 30 June 2024, the assets and liabilities classified as held for sale are no longer included in the statement of financial position.

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**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 year ended 31 December 2023.

**Note D.1 Borrowings**

	Maturity date at 30 June 2024	30 June 2024 \$M	31 December 2023 \$M
<b>Current borrowings</b>			
Working capital bank debt facilities (ii)	2024	27.8	31.8
Japanese yen (JPY) senior notes (i)	2024	46.6	52.2
Euro (EUR) senior notes (i), (ii)	2024	-	566.7
Domestic medium-term notes (ii)	2024	125.0	124.9
Syndicated bank debt facilities (ii)	2025	468.5	-
<b>Total current borrowings</b>		<b>667.9</b>	<b>775.6</b>
<b>Non-current borrowings</b>			
Hong Kong dollar (HKD) senior notes (i)	2026 – 2034	790.2	778.7
Domestic medium-term notes (ii)	2027 – 2043	3,643.3	3,179.4
Bank debt facilities (ii)	2025 – 2032	1,212.9	1,379.6
Euro (EUR) senior notes (i), (ii)	2027 – 2030	1,777.0	1,810.7
Japanese Yen (JPY) senior notes (i)	2038	90.0	104.8
US dollar (USD) senior notes (i)	2026	117.3	115.0
Norwegian Kroner (NOK) senior notes (i)	2027 – 2029	437.8	458.9
Australian dollar (AUD) hybrid (iii)	2080	650.0	649.9
Euro (EUR) hybrid securities (i), (iii)	2081	1,045.4	1,052.4
<b>Total non-current borrowings</b>		<b>9,763.9</b>	<b>9,529.4</b>
<b>Total borrowings</b>		<b>10,431.8</b>	<b>10,305.0</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) During the period, \$500.0 million of AUD medium-term notes were raised through our AMTN program, \$543.3 million of Euro senior notes were repaid, \$720.0 million of the syndicated bank debt facilities were drawn, \$420.0 million of the syndicated bank debt facilities were repaid, \$226.1 million of working capital bank debt facilities were drawn and \$230.1 million of working capital bank debt facilities were repaid.
- (iii) The first call date for hybrid securities is in October 2025 for AUD hybrids and September 2026 for EUR hybrids.

The Group had \$1,254.7 million of undrawn but committed bank debt facilities (31 December 2023: \$1,550.7 million) and \$7.4 million of cash and cash equivalents as at 30 June 2024 (31 December 2023: \$2.0m).

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**Note D.1 Borrowings (continued)****(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. Transaction costs are recognised in the income statement. 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 2024.

The fair value of total borrowings as at 30 June 2024 was \$10,470.1 million (31 December 2023: \$10,346.3 million). This fair value measurement uses significant market observable data, and therefore was 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 year ended 31 December 2023.

**Note D.2 Net finance costs**

	<b>30 June 2024 \$M</b>	<b>30 June 2023 \$M</b>
<b>Finance income</b>		
Interest income	0.2	1.0
Interest income – related party	90.7	71.2
Lease interest income	0.5	0.5
<b>Total finance income</b>	<b>91.4</b>	<b>72.7</b>
<b>Finance costs</b>		
Interest expense	240.4	217.5
Interest expense – leases	0.3	0.4
Other finance charges - cash	3.4	3.3
Other finance charges non-cash	4.3	6.8
(Gain) / Loss on accounting for hedge relationships	(4.6)	3.7
Unwind of discount on provisions	0.9	0.7
Defined benefit net interest income	(1.6)	(1.7)
Capitalised finance charges	(4.9)	(4.5)
<b>Total finance costs</b>	<b>238.2</b>	<b>226.2</b>
<b>Net finance costs</b>	<b>146.8</b>	<b>153.5</b>

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

30 June 2024

**Note D.3 Equity**

		<b>30 June 2024 \$M</b>	<b>31 December 2023 \$M</b>
<b>Contributed equity</b>			
Ordinary share capital	(a)	3,028.1	3,028.1
<b>Total contributed equity</b>		<b>3,028.1</b>	<b>3,028.1</b>

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

<b>Date</b>	<b>Details</b>		<b>Number of shares</b>	<b>\$M</b>
1 January 2024	Opening balance		3,020,707,692	3,028.1
<b>30 June 2024</b>	<b>Closing balance</b>		<b>3,020,707,692</b>	<b>3,028.1</b>
1 January 2023	Opening balance		2,670,707,692	2,678.1
15 December 2023	Issuance of new shares (i)	\$1.00	350,000,000	350.0
<b>31 December 2023</b>	<b>Closing balance</b>		<b>3,020,707,692</b>	<b>3,028.1</b>

- (i) During the prior year, an equity injection from the Company's immediate parent AusNet Services (Distribution) Pty Ltd was made. The Company issued and allotted 350,000,000 ordinary shares at an issue price of \$1.00 to the immediate parent.

## Condensed notes to the consolidated interim financial statements

30 June 2024

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### 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

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, we are not aware of any additional contingent liabilities or assets as at 30 June 2024 (December 2023: nil).

#### Note E.2 Provisions

##### (a) Measurement of environmental provision

Provisions include an environmental provision of \$42.5 million (December 2023: \$42.8 million), which represents an estimate of costs to remediate soil and water contamination on gas sites which were previously used as coal processing 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 2024.

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

##### (b) Provision for Energy Resilience Community Fund

Following the severe weather event in Victoria on 13 February 2024, AusNet established a \$12 million Energy Resilience Community Fund ('the Fund') and a Deed of Undertaking was executed. The Fund will provide grants to community and not-for-profit organisation, local councils and small businesses to help build and strengthen community energy resilience. During the period ended 30 June 2024, a provision of \$12 million was recognised and \$1.7 million was distributed. The remaining provision balance of \$10.3 million represents funds required to be distributed prior to 31 December 2026.

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

There has been no matter or circumstance that has arisen since 30 June 2024 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 2024 of the Group;
- (b) the results of those operations; or
- (c) the state of affairs, in the financial period subsequent to 30 June 2024, of the Group.

## **Directors' declaration**

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In the opinion of the Directors of AusNet Services Holdings Pty Ltd (the Company):

- (a) the interim financial statements and notes set out on pages 10 to 29, are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2024 and its performance for the six-month period ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



**David Smales**  
Director

Melbourne  
**27 August 2024**



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## Independent auditor's review report to the members of AusNet Services Holdings Pty Ltd

### Conclusion

We have reviewed the accompanying half-year financial report of AusNet Services Holdings Pty Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, explanatory notes and the directors' declaration. The half-year financial report of AusNet Services Holdings Pty Ltd is referred to by the Company as the Interim Financial Report.

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

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2024 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and 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.

### Directors' responsibilities for the half-year financial report

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



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

A handwritten signature in black ink that reads 'Ernst &amp; Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'Kester C Brown' in a cursive style.

Kester C Brown  
Partner

Melbourne  
27 August 2024