



**Ausgrid Group
Annual report
30 June 2025**



Ausgrid Group

Annual report 30 June 2025

Contents

	Page
Financial statements	
Consolidated statement of profit or loss and other comprehensive income	2
Consolidated statement of financial position	3
Consolidated statement of changes in equity	5
Consolidated statement of cash flows	7
Notes to the consolidated financial statements	8
Directors' declaration	59
Independent auditor's report	60
Glossary	66

Ausgrid Group
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2025

	Notes	2025 \$M	2024 \$M
Revenue	3	2,928	2,527
Distribution of energy costs	4(a)	(643)	(432)
Depreciation and amortisation expense	4(c)	(670)	(646)
Finance costs	4(d)	(613)	(486)
Employee benefits expense	4(b)	(375)	(318)
Other expenses	4(b)	(312)	(299)
Impairment expense		-	(6)
Other income	5	21	-
Gain/(loss) on disposal of property, plant and equipment		210	(27)
Profit before income tax		546	313
Income tax expense		-	-
Profit for the year		546	313
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Changes in the fair value of cash flow hedges		(327)	3
Reclassification to profit or loss	4(d)	(172)	(211)
Income tax relating to these items	6	149	61
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Defined benefit superannuation actuarial losses	20(c)	(1)	(7)
Income tax relating to these items	6	-	2
Other comprehensive loss for the year		(351)	(152)
Total comprehensive income for the year		195	161
Profit for the year attributable to Partners:			
Ausgrid Operator Partnership (AOP)		18	84
Ausgrid Asset Partnership (AAP)		418	178
PLUS ES Partnership (PLUS ES)		63	55
Aurora Property Partnership (APP)		47	(4)
Profit for the year		546	313
Total comprehensive income for the year attributable to Partners:			
AOP		17	79
AAP		69	34
PLUS ES		62	52
APP		47	(4)
Total comprehensive income for the year		195	161

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

	Notes	2025 \$M	2024 \$M
Current assets			
Cash and cash equivalents		442	235
Trade and other receivables	8	119	127
Contract assets	8	349	301
Prepayments		41	20
Inventories		33	35
Assets classified as held for sale	10	6	1
Derivative financial assets	17	2	3
Other current assets	9	5	2
Total current assets		997	724
Non-current assets			
Property, plant and equipment	11	18,308	17,943
Intangible assets	12	3,574	3,553
Derivative financial assets	17	805	848
Other receivables	8	3	4
Other non-current assets	9	158	75
Defined benefit plan asset	20	6	5
Total non-current assets		22,854	22,428
Total assets		23,851	23,152
Current liabilities			
Trade and other payables	13	422	429
Contract liabilities	16	11	10
Borrowings	14	608	1,202
Derivative financial liabilities	17	-	5
Provisions	15	324	310
Deferred government grants		24	3
Other liabilities	16	3	2
Total current liabilities		1,392	1,961
Non-current liabilities			
Contract liabilities	16	83	81
Borrowings	14	12,836	11,019
Derivative financial liabilities	17	294	372
Provisions	15	55	54
Deferred government grants		31	34
Deferred tax liabilities	7	24	173
Total non-current liabilities		13,323	11,733
Total liabilities		14,715	13,694
Net assets		9,136	9,458

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

	Notes	2025 \$M	2024 \$M
Equity attributable to Partners of AOP			
Contributed equity	18	1,619	1,619
Reserves		21	22
Retained earnings	19	51	80
Total equity attributable to Partners of AOP		1,691	1,721
 Equity attributable to Partners of AAP			
Contributed equity	18	7,021	7,021
Reserves		31	380
Retained earnings	19	(100)	(48)
Total equity attributable to Partners of AAP		6,952	7,353
 Equity attributable to Partners of PLUS ES			
Contributed equity	18	183	183
Reserves		3	4
Retained earnings	19	177	114
Total equity attributable to Partners of PLUS ES		363	301
 Equity attributable to Partners of APP			
Contributed equity	18	87	87
Reserves		-	-
Retained earnings	19	43	(4)
Total equity attributable to Partners of APP		130	83
 Total equity attributable to Partners of the Ausgrid Group		9,136	9,458

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

	Contributed equity \$M	Cash flow hedge reserve \$M	Defined benefit superannuation reserve \$M	Retained earnings \$M	Total \$M
Balance at 1 July 2024	8,910	384	22	142	9,458
Profit for the year	-	-	-	546	546
Other comprehensive income					
Changes in cash flow hedges - AAP and PLUS ES	-	(350)	-	-	(350)
Defined benefit superannuation actuarial losses - AOP	-	-	(1)	-	(1)
Total other comprehensive income	-	(350)	(1)	-	(351)
Total comprehensive income for the year	-	(350)	(1)	546	195
Transactions recorded directly in equity:					
Capital return to Partners	-	-	-	-	-
Equity injection from Partners	-	-	-	-	-
Distributions paid	-	-	-	(517)	(517)
Total transactions	-	-	-	(517)	(517)
Balance at 30 June 2025	8,910	34	21	171	9,136
Closing balance of equity attributable to					
AOP	1,619	-	21	51	1,691
AAP	7,021	31	-	(100)	6,952
PLUS ES	183	3	-	177	363
APP	87	-	-	43	130
Balance at 30 June 2025	8,910	34	21	171	9,136

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

Ausgrid Group
Consolidated statement of changes in equity
For the year ended 30 June 2025
(continued)

	Contributed equity \$M	Cash flow hedge reserve \$M	Defined benefit superannuation reserve \$M	Retained earnings \$M	Total \$M
Balance at 1 July 2023	8,911	531	27	208	9,677
Profit for the year	-	-	-	313	313
Other comprehensive income					
Changes in cash flow hedges - AAP and PLUS ES	-	(147)	-	-	(147)
Defined benefit superannuation actuarial losses - AOP	-	-	(5)	-	(5)
Total other comprehensive income	-	(147)	(5)	-	(152)
Total comprehensive income for the year	-	(147)	(5)	313	161
Transactions recorded directly in equity:					
Capital return to Partners	(33)	-	-	-	(33)
Equity injection from Partners	32	-	-	-	32
Distributions paid	-	-	-	(379)	(379)
Total transactions	(1)	-	-	(379)	(380)
Balance at 30 June 2024	8,910	384	22	142	9,458
Closing balance of equity attributable to					
AOP	1,619	-	22	80	1,721
AAP	7,021	380	-	(48)	7,353
PLUS ES	183	4	-	114	301
APP	87	-	-	(4)	83
Balance at 30 June 2024	8,910	384	22	142	9,458

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

Ausgrid Group
Consolidated statement of cash flows
For the year ended 30 June 2025

	Notes	2025 \$M	2024 \$M
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,975	2,564
Payments to suppliers and employees (inclusive of GST)		(1,694)	(1,255)
Interest received		31	7
Interest paid		(576)	(463)
Net cash inflow from operating activities	27	<u>736</u>	<u>853</u>
Cash flows from investing activities			
Government grants received in relation to assets		14	-
Payments for property, plant and equipment		(871)	(1,007)
Payments for intangible assets		(84)	(96)
Proceeds from sale of property, plant and equipment		267	25
Net cash outflow from investing activities		<u>(674)</u>	<u>(1,078)</u>
Cash flows from financing activities			
Proceeds from borrowings		4,581	3,959
Repayment of borrowings		(3,899)	(3,350)
Transaction costs paid		(13)	(17)
Principal elements of lease payments		(7)	-
Distributions		(517)	(379)
Capital return to Partners		-	(33)
Equity injection from Partners		-	32
Net cash inflow from financing activities		<u>145</u>	<u>212</u>
Net increase/(decrease) in cash and cash equivalents		<u>207</u>	<u>(13)</u>
Cash and cash equivalents at the beginning of the year		235	248
Cash and cash equivalents at the end of the year		<u>442</u>	<u>235</u>

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

Contents of the notes to the consolidated financial statements

	Page
1. Summary of material accounting policies	9
2. Use of estimates and judgements	22
3. Revenue	23
4. Expenses	24
5. Other income and gain on disposal of property, plant and equipment	25
6. Taxation	25
7. Deferred taxation	26
8. Trade and other receivables and contract assets	26
9. Other current and non-current assets	27
10. Assets classified as held for sale	27
11. Property, plant and equipment	28
12. Intangible assets	30
13. Trade and other payables	32
14. Borrowings	32
15. Provisions	37
16. Other liabilities and contract liabilities	39
17. Derivatives	40
18. Partner capital	40
19. Retained earnings	41
20. Superannuation - defined benefit plan	42
21. Key management personnel compensation	45
22. Remuneration of auditors	46
23. Capital expenditure commitments	46
24. Leases	47
25. Contingent liabilities and contingent assets	47
26. Group entities	47
27. Cash flow information	48
28. Financial risk management	49
29. Events occurring after the reporting period	58

1 Summary of material accounting policies

This annual report is for the consolidated financial statements of AOP (parent entity), AAP, PLUS ES, APP and their respective controlled entities (**Ausgrid Group**) for the year ended 30 June 2025.

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

Ausgrid Group is a stapled structure comprised of AOP, AAP, PLUS ES and APP. The accounting standards require the nomination of one parent entity in a consolidated group, so for the purpose of preparing these consolidated financial statements only, AOP was identified as the parent. AOP and its partnership entities, AAP, PLUS ES and APP, were established on 20 October 2016 (AOP and AAP), 1 November 2017 (PLUS ES) and 27 April 2023 (APP). A consortium comprising IFM Investors, AustralianSuper and APG Asset Management (**APG**) holds 50.4% partnership interest and the New South Wales (**NSW**) State Government (through entities established in accordance with the *Electricity Retained Interest Corporation Act 2015 (NSW)*) holds 49.6% partnership interest in AOP, AAP, PLUS ES and APP.

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

On 1 December 2016, AAP entered into a 99 year finance lease to lease the Ausgrid Group's electricity distribution and transmission network assets from the NSW State Government. On the same date, these assets were leased from AAP to AOP through a 98 year 364 day sublease, and AOP was granted a license to operate the network assets by the NSW State Government.

The Ausgrid Group is the controller, operator and manager of the distribution network and parts of the transmission network covering Sydney, the Central Coast and the Hunter Region of NSW and provides electricity services to both residential and commercial customers in NSW. AOP is both a Distribution Network Service Provider (**DNSP**) and a Transmission Network Service Provider (**TNSP**) in the National Electricity Market (**NEM**) which is regulated by the Australian Energy Regulator (**AER**). Over a regulatory control period, the AER determines the annual expected revenue that the Ausgrid Group is allowed to recover from customers based on the framework set out in the National Electricity Law (**NEL**) and National Electricity Rules (**NER**). The Ausgrid Group distributes electricity on behalf of energy retailers to their customers within Ausgrid Group's network area. The retailers pay the Ausgrid Group for the provision of network services to their customers according to the regulated network tariffs approved by the AER, and for related metering and ancillary network services provided to the retailers' customers.

The Ausgrid Group also delivers street lighting services to local councils and unregulated services with a focus on contestable metering, infrastructure services, and community battery initiatives that provide shared energy storage systems to local communities.

These financial statements were authorised for issue by the Directors on 26 August 2025.

(a) Basis of preparation

These general purpose financial statements have been prepared to meet the information needs of the Partners of AOP, AAP, PLUS ES and APP as required under the Partnership Deeds dated 20 October 2016 (AAP and AOP), 1 November 2017 (PLUS ES) and 27 April 2023 (APP), and in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board (**AASB**). The Ausgrid Group is a for-profit entity for the purpose of preparing the financial statements.

The material accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented in these financial statements, unless otherwise stated.

(i) Compliance with IFRS

The consolidated financial statements of the Ausgrid Group also comply with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**).

1 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

(ii) *Historical cost convention*

These financial statements are prepared on a historical cost basis, except for the following:

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

(iii) *Critical accounting estimates and judgements*

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

(iv) *Going concern*

As at 30 June 2025, the Ausgrid Group had net current liabilities of \$395 million (30 June 2024: \$1,237 million) due to \$605 million (30 June 2024: \$1,195 million) of borrowings being classified as current borrowings as they mature within the next 12 months (refer to Note 14 for details).

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

- The Ausgrid Group generated net operating cash inflows of \$736 million for the year ended 30 June 2025 (2024: \$853 million). The Ausgrid Group is forecasting net operating cash inflows for the next 12 months.
- As at 30 June 2025, the Ausgrid Group had available cash and cash equivalents of \$442 million (2024: \$235 million), undrawn capex and working capital facilities of \$548 million (excluding bank guarantees), and undrawn Common Terms Deed (**CTD**) revolving facilities of \$300 million (30 June 2024: total undrawn bank facilities of \$1,201 million).
- The capex facility of \$721 million and working capital facility of \$250 million will mature on 1 December 2025. In accordance with board approved treasury policy, these will be refinanced three months prior to the maturity date.
- On 14 August 2025, the Ausgrid Group priced a ten year JPY10 billion (approximately A\$104 million) senior secured medium term note issued under the Euro Medium Term Note (**EMTN**) programme which will be settled on 27 August 2025.
- The Ausgrid Group's credit rating was reaffirmed by Moody's in March 2025 and Standard and Poor's (**S&P**) in August 2025 with a stable rating outlook. This supports continued access to bank lending and capital markets.
- The Ausgrid Group Treasury Policy requires that the refinancing process for borrowing facilities to be commenced no later than 12 months prior to maturity date. Consistent with this policy, key bond program documentation is updated and reviewed annually to facilitate potential bond issuance across a range of different capital markets. Management continues to engage with potential lenders in relation to refinancing borrowings maturing within the next 12 months.

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

(b) Principles of consolidation

The consolidated financial statements include the assets and liabilities of the controlled entities within the Ausgrid Group as at 30 June 2025. Group transactions, balances and unrealised gains and losses on transactions between group entities are eliminated.

1 Summary of material accounting policies (continued)

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Ausgrid Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Australian Dollars (**A\$**), which is the functional and presentation currency of each entity in the Ausgrid Group.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in profit or loss, within finance costs. All other foreign exchange gains and losses are presented in profit or loss on a net basis within other income or operating expenses.

(d) Storm costs pass-through application

In January 2025, a major storm event caused significant damage to the Ausgrid Group network. The damage caused by this storm interrupted power to thousands of customers and required an Ausgrid-wide effort, supported by third parties, to restore power quickly and safely to impacted customers. The Ausgrid Group has submitted a storm cost pass-through application to the AER for \$19 million, comprised of \$10 million operating expenditure and \$9 million capital expenditure. The outcome of the pass-through application is expected by end of October 2025. Once approved, the revenue allowance for the remaining years of the current regulatory period (FY27-29) will be increased to recover the storm-related operating expenditure while the capital expenditure will be recovered over the life of the assets created during the storm recovery.

(e) Revenue recognition

Revenue is recognised when the relevant performance obligations embedded in contracts with customers are satisfied, i.e. when the control of a good or service transfers to a customer. Performance obligations are completed at a point in time or over time. Revenue is recognised for the major business activities of the Ausgrid Group as follows:

(i) Network use of system revenue

Network Use of System (**NUOS**) revenue represents the rendering of electricity network services to customers within the Ausgrid Group's network area. Upon delivery of electricity, customers receive and consume the benefit resulting in revenue being recognised over time. The Ausgrid Group applies the 'right to invoice' practical expedient, and recognises revenue based on the billing amount which is determined based on the relevant tariff multiplied by the electricity consumption volume, as well as the number of network access days and a demand or capacity charge (if applicable). The Ausgrid Group bills retailers weekly and monthly. Revenue associated with unbilled services is recognised as described in unread meters below.

NUOS revenue includes three components: Distribution Use of System (**DUOS**) revenue, Transmission Use of System (**TUOS**) revenue and revenue to recover the Ausgrid Group's annual contribution to the NSW Climate Change Fund (**CCF**) and Electricity Infrastructure Fund (**EIF**). DUOS revenue relates to customer use of the Ausgrid Group's distribution network. TUOS revenue relates to customer use of the Ausgrid Group's transmission network, and also includes revenue to recover transmission costs paid to TNSPs and embedded generators.

1 Summary of material accounting policies (continued)

(e) Revenue recognition (continued)

(iii) Excess/shortfall in regulatory revenue

(a) DUOS

The Ausgrid Group's allowed DUOS revenues for a five year regulatory period are set by the AER as part of the regulatory determination process. Under this framework, where such DUOS revenues exceed or fall below the Ausgrid Group's Maximum Allowable Revenue (**MAR**), as determined by the AER, no liability or asset is recognised. Instead, adjustments will be made to future prices to reflect this excess or shortfall as it relates to the provision of future services.

(b) TUOS

TUOS revenue relates to customer use of the Ausgrid Group's transmission network allowed under the MAR, and also includes revenue to recover transmission costs paid to TNSPs and embedded generators. Where such TUOS revenue exceeds or is below actual transmission costs paid to TNSPs and embedded generators, no liability or asset is recognised. Instead, adjustments will be made to future prices to reflect this excess or shortfall as it relates to the provision of future services.

(c) CCF revenue

CCF revenue operates as a pass-through to customers based on payments made to the NSW CCF. Where such CCF revenue exceeds or is below actual contributions paid to the NSW Department of Climate Change, Energy, the Environment and Water, no liability or asset is recognised. Instead, adjustments will be made to future prices to reflect this excess or shortfall as it relates to the provision of future services.

(d) EIF revenue

EIF revenue operates as a pass-through to customers based on payments made to the NSW EIF. Where such EIF revenue exceeds or is below actual contributions paid to the Scheme Financial Vehicle Pty Ltd, no liability or asset is recognised. Instead, adjustments will be made to future prices to reflect this excess or shortfall as it relates to the provision of future services.

(iii) Unread meters

Applying the expected value method, the unread meters accrual is an estimate of the NUOS charges associated with the rendering of electricity distribution services not invoiced at the end of each reporting period. The accrual for unread meters includes both meters that have been read but not yet billed and meters that have not been read as at the reporting date. The methodology used by the Ausgrid Group reflects a bottom up approach where an accrual is estimated for all unread meters within the Ausgrid Group's network area. The accrual is calculated for each component of the network price including peak, shoulder and off peak electricity consumption, network access, demand and capacity charges.

The Ausgrid Group assesses the unread meters accrual at the end of each reporting period based on the expected value method (as described above) and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

(iv) Transmission revenue

Transmission revenue represents revenue from Transgrid from their use of the Ausgrid Group's transmission assets. Upon the use of Ausgrid Group's transmission assets, Transgrid receives and consumes the benefit resulting in revenue being recognised over time. The Ausgrid Group applies the 'right to invoice' practical expedient and recognises revenue based on the billing amount.

(v) Capital contributions

Capital contributions represent non-cash capital contributed by customers and developers to the Ausgrid Group's distribution network.

Standard Control Services (**SCS**) capital contributions are contributed mainly by developers, who are not ongoing customers of the Ausgrid Group. Revenue is recognised at fair value at a point in time when the connection to the network is completed and the asset is energised.

1 Summary of material accounting policies (continued)

(e) Revenue recognition (continued)

(v) Capital contributions (continued)

Alternative Control Services (**ACS**) capital contributions represent street lighting capital contributions where the Ausgrid Group assumes an ongoing maintenance obligation to the customer who contributed the asset. The fair value of capital contributions from these specific customers are treated as contract liabilities and recognised as revenue over the ongoing maintenance period, i.e. the useful life of the asset contributed.

(vi) Street lighting revenue

Street lighting revenue relates to the ongoing maintenance and replacement of street lighting assets. As the street lighting maintenance and replacement services are provided continuously to the customer, it is treated as one performance obligation. Revenue is recognised over time when the street lighting services are provided.

(vii) Ancillary network services revenue

Ancillary Network Services (**ANS**) revenue relates to non-routine connection and other ad hoc metering services provided to individual customers on an as needed basis. Depending on the service, it can be at the request of an electricity retailer, accredited service provider or end customer. Revenue is recognised over time when the performance obligation is satisfied, i.e. when services are delivered.

(viii) Metering revenue

Metering revenue relates to ACS regulated metering. ACS regulated metering service charges represent the ongoing provision of metering services and metering data services for meters within the Ausgrid Group's network area (type 5 and 6 meters). This is a daily charge consisting of both capital and non-capital components. Revenue is recognised over time when the performance obligation is satisfied, i.e. when services are delivered.

(ix) Unregulated revenue

Unregulated revenue is made up of unregulated metering revenue and other external revenue. Unregulated metering revenue represents the ongoing provision of metering services and metering data services for contestable meters (type 1 to 4 meters). Other external revenue primarily comprises rental income, infrastructure services revenue, and Electric Vehicle Charging Infrastructure (**EVCI**) revenue. Infrastructure services revenue represents revenue for design and construction of electrical and fibre infrastructure. EVCI revenue represents income earned from customer usage of Ausgrid's electric vehicle charging infrastructure. Revenue is recognised over time when the services are delivered and/or the relevant performance obligations are satisfied.

(x) Other current and non-current assets

Other current and non-current assets represent payments to customers and will be amortised in the profit and loss against revenue on a straight-line basis when the associated services are provided.

(xi) Government grants

Government grants are recognised in the statement of financial position initially as deferred government grant when there is reasonable assurance that the associated conditions will be complied with, and the grants will be received. Government grants that compensate the Ausgrid Group for the cost of a regulated asset are deducted in arriving at the carrying amount of the associated regulated assets when the assets are ready for use. Grants related to other assets are recognised in profit or loss on a systematic basis over the useful life of the asset. Grants related to income, being grants not related to assets, are recognised in profit or loss over the period in which the corresponding expenses are incurred.

For the Hunter-Central Coast Renewable Energy Zone (**HCC REZ**) project, Energy Corporation of New South Wales (**EnergyCo**), the infrastructure planner appointed by NSW Government, is providing funding to the Ausgrid Group for development of this long term infrastructure project until the Regulatory Revenue Determination comes into effect. The funding is initially recognised as a liability in deferred government grants. If a Revenue Determination is obtained, the funding becomes repayable to EnergyCo. If a Revenue Determination is not obtained and the funding is no longer repayable, the grant will be recognised as other income in the profit or loss when all conditions are satisfied.

1 Summary of material accounting policies (continued)

(e) Revenue recognition (continued)

(xii) Interest income

Interest income is recognised using the effective interest method. When a loan receivable is impaired, the Ausgrid Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(f) Income tax

Under tax law in Australia, the partnerships within the Ausgrid Group are not subject to tax, as each Partner reports its share of income from the partnerships in its own tax return.

The corporate entities within the Ausgrid Group have no taxable income. Therefore, there is no income tax expense or income tax payable for the year.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

(g) Leases

The Ausgrid Group leases various premises including network, depot and office facilities. Lease payments under these leases vary, some of which are subject to annual, biennial or triennial reviews to reflect market rentals.

(i) Measurement and recognition of lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Ausgrid Group under residual value guarantees;
- the exercise price of a purchase option if the Ausgrid Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Ausgrid Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The Ausgrid Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the Right of Use (ROU) asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(ii) Measurement and recognition of ROU assets

ROU assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

1 Summary of material accounting policies (continued)

(g) Leases (continued)

(iii) Measurement and recognition of ROU assets (continued)

ROU assets are generally depreciated over the shorter of the underlying asset's useful life and the lease term on a straight-line basis. If the Ausgrid Group is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets are assets with a value less than \$15,000 over the entire lease term.

Lease income from operating leases where the Ausgrid Group is a lessor is recognised as revenue in profit or loss on a straight-line basis over the lease term. The Ausgrid Group leases out its properties, including premises, land and network assets, under operating lease agreements at market rentals, predominantly on a fixed term basis.

(h) Impairment of assets

Goodwill is tested for impairment annually or whenever there is an indicator of impairment. Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, where the recoverable amount is the higher of an asset's FVLCD or Value in Use (VIU). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (Cash-generating Unit (CGU)).

(i) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(j) Trade receivables

Trade receivables are recognised initially at fair value when the right to consideration becomes unconditional and subsequently measured at amortised cost using the effective interest method, less expected credit losses. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected within 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts for which the Ausgrid Group has no reasonable expectations of recovering are written off by reducing the carrying amount directly.

The Ausgrid Group applies the AASB 9 Financial Instruments (**AASB 9**) simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and the days past due. Contract assets relate to unbilled receivables and have substantially the same risk characteristics as trade receivables. The Ausgrid Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

(k) Contract assets

Contract assets represent the right to consideration for performance obligations completed to date when the right is conditional on something other than the passage of time. The contract assets balance primarily represents the unread meters accrual.

1 Summary of material accounting policies (continued)

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the average purchase price of each item. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(m) Property, plant and equipment

(i) Acquisition of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Ausgrid Group. Cost is the amount of cash or cash equivalents paid at the time of acquisition or construction, adjusted for any gains or losses on qualifying cash flow hedges in respect of the purchases of relevant assets.

After initial recognition as an asset, items of property, plant and equipment are measured at cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

(ii) Historical cost method

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Ausgrid Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

(iii) Impairment assessment

Each year, property, plant and equipment is assessed for impairment if an indication of impairment exists. The Ausgrid Group makes an estimate of the recoverable amount to confirm that the carrying amount of the asset does not exceed its recoverable amount.

The recoverable amount is based on the higher of the FVLCOD or the VIU for the CGU. In assessing FVLCOD or VIU, the estimated future cash flows for the business are discounted to their present value using a discount rate that reflects the risks specific to the business and relevant market assessments.

An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(iv) Retirements or disposals

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

(v) Capitalisation of costs

Items of property, plant and equipment are initially recognised at cost. Cost includes expenditure that is directly attributable to the acquisition and/or construction of the asset, including costs of materials, services, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an allocated proportion of supporting overhead costs. Capitalised costs also include borrowing costs in accordance with Note 1(s) (where relevant).

Management judgement is required in the assessment of the types of costs that are directly attributable to the construction of property, plant and equipment. Satisfying the directly attributable criteria requires an assessment of those unavoidable costs that, if not incurred, would result in the property, plant and equipment not being constructed or being capable of operating in the manner intended by management. Directly attributable overheads are allocated to the cost of construction of an asset using direct labour dollars or direct costs.

1 Summary of material accounting policies (continued)

(m) Property, plant and equipment (continued)

(vi) Depreciation

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate components of property, plant and equipment.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of their useful lives or the lease term. The estimated useful lives or, in the case of leased assets, the shorter lease term, are as follows:

Categories	Depreciation period (years)
Buildings	40-60
Network assets:	
Information Technology (IT)	4-10
Legacy meters (type 5 and 6 meters)	25
Transmission and distribution equipment	35-50
Mains	45-60
Tunnels	70
Street lighting	20
Leased land	48-99
Network batteries	10-20
Plant and equipment:	
Contestable meters (type 1 to 4 meters)	15
Plant	7-25
Fleet	10-15
Furniture	10
Office equipment	7
IT hardware	4-10
Leased assets	lease term

Asset lives are reviewed annually and, where required, adjustments are made to the remaining useful lives of separately identifiable parts of assets having regard to factors such as asset usage and the rate of technical and commercial obsolescence. Adjustments are treated as changes in accounting estimates to be applied prospectively.

(n) Intangible assets

(i) Network assets

Network assets include easements and the Ausgrid Group's network distribution licence. Easements represent an interest in land which allows access to network assets. The Ausgrid Group's network distribution licence and easements are amortised on a straight-line basis over the 99 year lease period.

(ii) Computer software

Computer software is amortised over a period of four years using the straight-line amortisation method. The useful life of software is reviewed annually, and adjustments where applicable, are treated as changes in accounting estimates to be applied prospectively.

Costs incurred in configuring or customising Software-as-a-Service (**SaaS**) arrangements are recognised as intangible assets only if the implementation activities create an intangible asset that the Ausgrid Group controls and the intangible asset meets the recognition criteria. Costs that do not result in intangible assets are expensed as incurred, unless they are paid to the suppliers of the SaaS arrangement to significantly customise the cloud-based software for the Ausgrid Group, in which case the costs are recorded as a prepayment for services and amortised over the expected renewable term of the arrangement.

1 Summary of material accounting policies (continued)

(n) Intangible assets (continued)

(iii) Goodwill

Goodwill arises from business combinations. The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

(o) Assets classified as held for sale

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and FVLCD, if their carrying amount will be recovered principally through a sale transaction as opposed to continued use. Once classified as held for sale, depreciation and amortisation ceases. For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

(p) Derivatives and hedging activities

The Ausgrid Group uses derivative financial instruments to hedge its exposure to interest rate and foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

The fair value of Interest Rate Swaps (**IRS**), Cross Currency Interest Rate Swaps (**CCIRS**) and forward contracts is the estimated amount that the Ausgrid Group would receive or pay to terminate the derivative at the reporting date, taking into account current interest and foreign exchange rates and the current creditworthiness of the Ausgrid Group and its derivative counterparties.

Derivative financial instruments are classified into current and non-current portions when the Ausgrid Group expects to hold a derivative as an economic hedge for a period beyond 12 months after the reporting date. For derivative financial instruments designated into hedging relationships, the classification will be consistent with the hedge relationship.

At the inception of a hedge relationship, the Ausgrid Group formally designates and documents the hedge relationship to which the Ausgrid Group wishes to apply hedge accounting, and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Ausgrid Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The Ausgrid Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Ausgrid Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Ausgrid Group continues to recognise the financial asset and the associated liability.

The Ausgrid Group derecognises a financial liability when, and only when, the Ausgrid Group's obligation specified in the contract is discharged, cancelled or expired.

1 Summary of material accounting policies (continued)

(p) Derivatives and hedging activities (continued)

Hedges that meet the criteria for hedge accounting are accounted for as described below:

(a) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in finance costs in profit or loss.

(b) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in the cash flow hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in finance costs in profit or loss.

(q) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method. They are presented as current liabilities unless payment is not due within 12 months from the reporting date. The amounts are unsecured.

(r) Contract liabilities

Contract liabilities relate to consideration received in advance of performance under the contract. These liabilities are recognised as revenue as (or when) the Ausgrid Group delivers the performance obligation under the contract.

(s) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Transaction costs are amortised using the effective interest method over the life of the loan. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs.

Borrowings are classified as current liabilities unless the Ausgrid Group has a right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowing costs incurred for the construction of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(t) Provisions

Provisions are recognised when the Ausgrid Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

1 Summary of material accounting policies (continued)

(u) Employee benefits

All liabilities for employee benefits that are expected to be paid for services provided by employees up to the reporting date represent present obligations and are fully provided for in the financial statements.

Liabilities for employee benefits for wages, salaries, annual leave, preserved sick leave and long service leave that are expected to be wholly settled within 12 months of the reporting date, represent present obligations resulting from employees' services provided, are calculated at undiscounted amounts based on wage and salary rates that the Ausgrid Group expects to pay as at the reporting date and include related on-costs, such as workers compensation and payroll tax.

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date based on an actuarial assessment. The discount rate is the market yield on corporate bonds as at 30 June 2025 that have maturity dates aligned with the terms of the Ausgrid Group's obligations. The accrued portion of future benefits is determined using the projected unit credit method. Consideration is given to expected future wage and salary levels, and a range of demographic assumptions including retirement, withdrawal, death and disability rates. The calculation is performed by a qualified actuary.

The amounts provided have been apportioned between current and non-current provisions. Current provisions represent amounts expected to be settled within 12 months after the reporting period or where the Ausgrid Group does not have the right to defer settlement of the obligation for at least 12 months from the reporting date.

(v) Superannuation

(i) *Defined contribution plan*

A defined contribution plan is a post-employment benefit under which an entity pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) *Defined benefit plan*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The net obligation in respect of the defined benefit plan is calculated separately for each policy by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The discount rate is the market yield on corporate bonds as at 30 June 2025 that have maturity dates aligned with the terms of the Ausgrid Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

All remeasurements arising from the defined benefit plan are recognised in other comprehensive income in the year in which they occur and accumulated in the defined benefit pensions reserve.

Where the calculation results in a benefit to the Ausgrid Group, the recognised asset is limited to the future economic benefits that will be available to the Ausgrid Group through a reduction in future contributions or a cash refund.

Past service cost is the increase in the present value of the defined benefit obligation for employee services in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service costs may either be positive (where benefits are introduced or improved) or negative (where existing benefits are reduced). Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. Past service costs and net interest expense or income are recognised in profit or loss.

1 Summary of material accounting policies (continued)

(w) Other liabilities

(i) Deferred revenue

Deferred revenue represents the advanced rental income received from external tenants.

(ii) Deposits

Deposits represent liabilities for contractors' deposits which can be refunded at any time after the end of the financial year and unclaimed monies which are held for up to six years before being transferred to Revenue NSW. The amount which can be refunded in the succeeding financial year and at any time is shown as current and the remainder of the liability as non-current.

(x) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (**GST**).

The net amount of GST recoverable from, or payable to, the Australian Taxation Office (**ATO**) is included as a current asset or current liability in the statement of financial position.

The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(y) Distributions

The Ausgrid Group recognises a liability for distributions to Partners of the Ausgrid Group when the distribution is authorised by the Partnerships (AOP, AAP, PLUS ES and APP) in accordance with their respective Partnership Deeds.

(z) Segment reporting

The Chief Operating Decision Makers (**CODM**) of the Ausgrid Group, as defined by AASB 8 Operating Segments (**AASB 8**), is the Executive Leadership Team, which is made up of the Chief Executive Officer and his direct reports. The CODM review the performance of the Ausgrid Group as a whole and make decisions regarding the allocation of resources on this basis. For the purposes of AASB 8, the Ausgrid Group has one operating segment.

The Ausgrid Group is required to report its different regulatory lines of business as part of its reporting to the AER. Information in relation to the regulatory lines of business has been disclosed in the consolidated financial statements. The form of regulatory control that applies to the Ausgrid Group's services depends on whether the services are categorised as SCS, ACS, or unregulated services:

- SCS comprise core distribution and transmission network services that the AER determines are for the benefit of all end customers, the costs of which are recovered from all end customers. SCS is subject to a revenue cap mechanism which limits the amount of revenue that can be recovered from providing the applicable services in a given regulatory control period;
- ACS are services that the AER determines are either dedicated to, or requested by, a small number of end customers, the costs of which are directly recovered from those end customers. ACS is subject to a price cap mechanism which limits the price that can be charged for the applicable service. ACS include certain types of metering services, street lighting services and ancillary network services, such as facilitating network connections; and
- Unregulated services comprise services that the AER believes are provided on a sufficiently competitive or contestable basis such that economic regulation is not necessary. These services include contestable metering services, infrastructure services, battery energy storage system services, electric charging infrastructure services, facility access and lease of property.

Refer to Note 1(e) for detailed revenue recognition accounting policies in relation to these services.

1 Summary of material accounting policies (continued)

(aa) Rounding of amounts

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

(ab) New accounting standards and interpretations adopted

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

(ac) New accounting standards and interpretations not yet adopted

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Ausgrid Group for the year ended 30 June 2025. The amendments are as follows:

- AASB 2024-2 *Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments*
- AASB 2024-3 *Amendments to Australian Accounting Standards - Annual Improvements Volume 11*
- AASB 18 *Presentation and Disclosure in Financial Statements*

AASB 18 will replace AASB 101 *Presentation of Financial Statements*, with a particular focus on enhancing the presentation of financial performance in the statement of profit or loss. Key updates include newly defined subtotals, disclosure of management-defined performance measures, and improved requirements for aggregation and disaggregation.

Other than the mentioned above, the amendments are not expected to have a material impact on the Ausgrid Group in the current or future reporting periods and on foreseeable future transactions.

2 Use of estimates and judgements

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

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

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

- Note 1(e)(iii) and 8 - Unread meters
- Note 1(m) and 11 - Property, plant and equipment
- Note 1(n) and 12 - Intangible assets
- Note 1(t) and 15 - Provisions
- Note 20 - Superannuation - defined benefit plan
- Note 28(f) - Recognised fair value measurements

3 Revenue

	2025 \$M	2024 \$M
Revenue components		
DUOS	1,595	1,472
TUOS		
Pass-through	296	186
Non pass-through	155	116
CCF pass-through	136	137
EIF pass-through	151	62
NUOS	2,333	1,973
Transmission	51	34
SCS capital contributions	115	125
Other	4	5
Total SCS revenue	2,503	2,137
Metering	53	56
Street lighting	36	44
ANS	85	74
ACS capital contributions	4	3
Total ACS revenue	178	177
Unregulated revenue	237	206
Total unregulated revenue	237	206
Interest income	10	7
Total other revenue	10	7
Total revenue¹	2,928	2,527

- (1) Revenue billings of \$1,655 million (2024: \$1,472 million) is derived from four retailers that individually make up more than 10% of the Ausgrid Group's total SCS revenue billings. For SCS revenue, the retailer carries the bad debt risk of customers' inability to pay. The Ausgrid Group's regulated revenue is protected from retailer insolvency by a regulatory mechanism which allows recovery of revenue lost due to retailer failure in the following financial year.

4 Expenses

(a) Distribution of energy costs

	2025 \$M	2024 \$M
SCS regulated pass-through costs		
TNSP	351	234
CCF	140	137
EIF	151	61
Total regulated pass-through costs	642	432
Other energy costs	1	-
Total distribution of energy costs	643	432

(b) Operating expenses

	2025 \$M	2024 \$M
(i) Operating expenses by nature		
Employee benefits expense	304	252
Superannuation expense (defined benefit plan)	1	1
Superannuation expense (defined contribution plan)	66	60
Reform costs	4	5
Employee benefits expenses	375	318
Contracted services	139	143
IT expenses	91	80
Land and other taxes	33	30
Materials	25	28
Other	24	18
Other expenses	312	299
Total operating expenses	687	617

(ii) Operating expenses by line of business

SCS	502	428
ACS	111	110
Unregulated	74	79
Total operating expenses	687	617

4 Expenses (continued)

(c) Depreciation and amortisation expense

	2025 \$M	2024 \$M
Depreciation of property, plant and equipment	607	581
Amortisation of intangible assets	63	65
Total depreciation and amortisation expense	670	646

(d) Finance costs

	2025 \$M	2024 \$M
Interest expense	769	679
Interest expense on IRS designated as cash flow hedges - reclassified from other comprehensive income	(172)	(211)
Amortisation of loan transaction costs	12	12
Unwinding of discount	3	4
Lease interest	8	7
Capitalised interest	(10)	(5)
Hedge ineffectiveness	(6)	(1)
Adjustments to the Syndicated Facility Agreement (SFA)	-	(1)
Other	9	2
Total finance costs	613	486

5 Other income and gain on disposal of property, plant and equipment

On 16 October 2024, a conclusion was reached on a compulsory acquisition claim relating to a property disposed by the Ausgrid Group in FY22. This included the finalisation of the settlement compensation, and the total additional compensation settlement received in this financial year (exclusive of costs) was \$188 million. This is comprised of additional market value compensation amount of \$167 million, which has been recognised as gain on disposal of property, plant and equipment, and compensation interest of \$21 million, which has been recognised as other income.

6 Taxation

	2025 \$M	2024 \$M
Income tax recognised in other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Changes in cash flow hedges	149	61
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Defined benefit superannuation actuarial losses	-	2
Total income tax recognised in other comprehensive income	149	63

7 Deferred taxation

	Cash flow hedge reserve \$M	Defined benefit superannuation plan \$M	Total \$M
Balance at 1 July 2023	(224)	(12)	(236)
Recognised in other comprehensive income	61	2	63
Balance at 30 June 2024	<u>(163)</u>	<u>(10)</u>	<u>(173)</u>
Recognised in other comprehensive income	149	-	149
Balance at 30 June 2025	<u>(14)</u>	<u>(10)</u>	<u>(24)</u>

8 Trade and other receivables and contract assets

	2025 \$M	2024 \$M
Current		
Trade receivables	61	52
Less: provision for impairment of trade receivables	(4)	(1)
Interest receivables from derivatives	50	72
Other receivables	12	4
Total current trade and other receivables	<u>119</u>	<u>127</u>
Contract assets		
Unread meters	310	261
Other	39	40
Total current contract assets	<u>349</u>	<u>301</u>
Non-current		
Other receivables	3	4
Total non-current other receivables	<u>3</u>	<u>4</u>

9 Other current and non-current assets

	2025 \$M	2024 \$M
Current		
Other current assets	5	2
Total other current assets	<u>5</u>	<u>2</u>
Non-current		
Other non-current assets	158	75
Total other non-current assets	<u>158</u>	<u>75</u>

Other current and non-current assets represent payments to customers and will be amortised in the profit and loss against revenue on a straight-line basis when the associated services are provided.

10 Assets classified as held for sale

	2025 \$M	2024 \$M
Land and buildings	6	1
Total assets classified as held for sale	<u>6</u>	<u>1</u>

11 Property, plant and equipment

	Land and buildings \$M	Network assets \$M	Plant and equipment \$M	Total ¹ \$M
At 30 June 2025				
At cost	1,001	20,459	1,406	22,866
Accumulated depreciation	(161)	(3,910)	(481)	(4,552)
Accumulated impairment	(6)	-	-	(6)
Net carrying amount	834	16,549	925	18,308
Year ended 30 June 2025				
Net carrying amount at 1 July 2024	807	16,354	782	17,943
Additions	81	716	237	1,034
Disposals	(26)	(23)	(8)	(57)
Assets classified as held for sale	(5)	-	-	(5)
Depreciation expense	(23)	(498)	(86)	(607)
Net carrying amount	834	16,549	925	18,308
At 30 June 2024				
At cost	953	19,808	1,194	21,955
Accumulated depreciation	(140)	(3,454)	(412)	(4,006)
Accumulated impairment	(6)	-	-	(6)
Net carrying amount	807	16,354	782	17,943
Year ended 30 June 2024				
Net carrying amount at 1 July 2023	697	16,095	634	17,426
Additions	151	771	225	1,147
Disposals	(6)	(30)	(7)	(43)
Impairment loss	(6)	-	-	(6)
Depreciation expense	(29)	(482)	(70)	(581)
Net carrying amount	807	16,354	782	17,943

(1) ROU assets in property, plant and equipment

On 1 December 2016, the Ausgrid Group entered into a 99 year finance lease with the NSW State Government. The underlying leased assets arising from the 99 year finance lease are land and buildings, network assets and plant and equipment.

The leased assets, with a ROU carrying value of \$17,296 million as at 30 June 2025 (2024: \$17,076 million), comprises land and buildings of \$748 million (2024: \$711 million), network assets of \$16,531 million (2024: \$16,353 million) and plant and equipment of \$17 million (2024: \$12 million). The depreciation expense on ROU assets recognised during the year was \$519 million (2024: \$505 million), comprising land and buildings of \$19 million (2024: \$21 million), network assets of \$498 million (2024: \$482 million) and plant and equipment of \$2 million (2024: \$2 million).

Assets under construction

At 30 June 2025, property, plant and equipment included the following assets under construction:

Land and buildings	\$78 million (2024: \$61 million)
Network assets	\$523 million (2024: \$418 million)
Plant and equipment	\$67 million (2024: \$90 million)

11 Property, plant and equipment (continued)

Assets under construction (continued)

Capital expenditure

	2025 \$M	2024 \$M
SCS capital expenditure		
Replacement	431	571
Augmentation	50	30
Connection	14	14
Reliability	10	10
Non-network and other	188	229
Total SCS capital expenditure	693	854
ACS capital expenditure		
Street lighting and other ACS activities	48	65
Total ACS capital expenditure	48	65
Unregulated capital expenditure		
PLUS ES	180	184
Network Service Provider (NSP)	68	7
Total unregulated capital expenditure	248	191
Total capital expenditure	989	1,110

Replacement capital expenditure relates to the replacement of assets that have reached the end of their serviceable or technical life, or have condition issues that necessitate the replacement of the asset.

Augmentation capital expenditure relates to new capital investment that expands the network's capacity to deliver electricity that is not connection or reliability capital expenditure.

Connection capital expenditure relates to new capital investment required to connect new customers, with the majority of connection related works funded by customers under a contestable framework.

Reliability capital expenditure relates to capital expenditure that improves network reliability in specific areas.

Non-network and other capital expenditure relates to the spend required to support the businesses operation and includes information technology, property and fleet.

ACS capital expenditure relates to the installation of new street lighting assets, replacement of street lighting assets and a proportion of non-network and other capital expenditure that supports the ACS line of business.

Unregulated capital expenditure relates to investments within the Ausgrid Group's unregulated business including contestable meters and electrical and telecommunication infrastructure, battery energy storage systems, renewable energy zone, electric vehicle charging infrastructure and a proportion of non-network and other capital expenditure that supports the unregulated line of business.

12 Intangible assets

	Network assets \$M	Computer software \$M	Goodwill \$M	Total \$M
At 30 June 2025				
At cost	1,685	761	2,135	4,581
Accumulated amortisation	(144)	(515)	-	(659)
Accumulated impairment	-	-	(348)	(348)
Net carrying amount	1,541	246	1,787	3,574
Year ended 30 June 2025				
Net carrying amount at 1 July 2024	1,558	208	1,787	3,553
Additions	-	84	-	84
Amortisation expense	(17)	(46)	-	(63)
Net carrying amount	1,541	246	1,787	3,574
At 30 June 2024				
At cost	1,685	677	2,135	4,497
Accumulated amortisation	(127)	(469)	-	(596)
Accumulated impairment	-	-	(348)	(348)
Net carrying amount	1,558	208	1,787	3,553
Year ended 30 June 2024				
Net carrying amount 1 July 2023	1,576	160	1,787	3,523
Additions	-	96	-	96
Disposals	(1)	-	-	(1)
Amortisation expense	(17)	(48)	-	(65)
Net carrying amount	1,558	208	1,787	3,553

Assets under construction

At 30 June 2025, assets under construction included in intangible assets related to computer software of \$84 million (2024: \$119 million).

(a) Impairment test of goodwill

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. The Ausgrid Group has two CGUs, the NSP (comprising AAP, AOP and APP) and PLUS ES. The recoverable amount of each CGU has been determined based on the FVLCO approach.

In applying the FVLCO approach, the recoverable amount of each CGU is assessed using a discounted cash flow methodology. The cash flow forecasts are based on the latest business plans up to 30 June 2030 and the long-term corporate model for future years. These cash flows are then discounted using a relevant long-term post-tax discount rate. The discount rate is determined based on post-tax weighted average cost of capital using market based inputs.

The valuation is considered to be level 3 in the fair value hierarchy, as some of the inputs are based on unobservable market inputs.

12 Intangible assets (continued)

(a) Impairment test of goodwill (continued)

Goodwill is allocated to CGUs as follows:

	2025 \$M	2024 \$M
NSP	1,722	1,722
PLUS ES	65	65
Total	1,787	1,787

(i) NSP CGU

The NSP CGU carrying value was supported by its recoverable amount and no impairment exists at 30 June 2025 (2024: \$nil impairment). The key assumptions used in the discounted cash flow analysis were:

- Post-tax discount rate of 6.50% (2024: 6.50%);
- Terminal value Regulated Asset Base (**RAB**) multiple of 1.35x for SCS (2024: 1.35x) and a multiple of 25.63x (2024: 25.63x) applied to ACS and unregulated business terminal year cash flows;
- Terminal growth rate of 2.50% (2024: 2.50%); and
- Cash flow horizon of 30 years (2024: 30 years). Cash flow forecast includes assumptions related to growth in revenue, operating expenditure and capital expenditure, with the growth assumption primarily driven by the assumptions in the regulatory building block model, with growth being a function of the RAB and the allowable return from the AER in the current regulatory period (1 July 2024 to 30 June 2029) and expected future returns in years after 30 June 2029.

(ii) PLUS ES CGU

The PLUS ES CGU carrying value was supported by its recoverable amount and no impairment exists at 30 June 2025 (2024: \$nil impairment). The key assumptions used in the discounted cash flow analysis were:

- Post-tax discount rate of 8.75% (2024: 8.80%);
- Terminal growth rate of 3.00% (2024: 3.00%); and
- Cash flow horizon of 20 years (2024: 20 years). Cash flow forecast includes assumptions related to growth in revenue, operating expenditure and capital expenditure.

(b) Sensitivity to changes in assumptions

(i) NSP CGU

There is no foreseeable change to the NSP CGU key assumptions that would cause the carrying value of the CGU to exceed its recoverable amount.

(ii) PLUS ES CGU

There is no foreseeable change to the PLUS ES CGU key assumptions that would cause the carrying value of the CGU to exceed its recoverable amount.

13 Trade and other payables

	2025 \$M	2024 \$M
Current		
Trade payables	94	112
Interest payable	192	185
Accruals	95	104
Other payables	41	28
Total current trade and other payables	422	429

14 Borrowings

		2025		2024	
		Fixed \$M	Floating \$M	Fixed \$M	Floating \$M
Current					
Australian Medium Term Note (AMTN)		-	220	745	450
Revolving loans		386	-	-	-
Transaction costs		(1)	-	-	-
Total current loans and notes	14(a)	385	220	745	450
Lease liabilities		3	-	7	-
Total current lease liabilities		3	-	7	-
Total current borrowings		388	220	752	450
Non-current					
AMTN		1,565	-	1,244	220
EMTN		2,349	-	2,068	-
US144A notes		748	-	714	-
US Private Placement (USPP) notes		4,053	150	3,857	150
Term loans		-	2,850	-	2,230
Revolving loans		-	1,095	-	523
Transaction costs		(25)	(18)	(27)	(16)
Total non-current loans and notes	14(a)	8,690	4,077	7,856	3,107
Lease liabilities		69	-	56	-
Total non-current lease liabilities		69	-	56	-
Total non-current borrowings		8,759	4,077	7,912	3,107

14 Borrowings (continued)

Revolving and term loans

During the year, the Ausgrid Group entered a number of term loans and revolving facilities in order to balance bank debt volumes, liquidity management and prefunding of future bond maturities. The transactions completed were:

- four five-year revolving facilities of \$50 million, \$200 million, \$100 million and \$200 million;
- a seven-year revolving facility of \$55 million;
- five and ten year term facilities of \$150 million and \$320 million respectively; and
- two 12-year term facilities of \$25 million and \$125 million.

AMTN

Over August to October 2024 the Ausgrid Group completed three tap issuances of the March 2031 AMTN senior secured medium term note totalling \$250 million, increasing the outstanding from \$575 million to \$825 million.

The 2024 AMTN senior secured medium term fixed and floating rate notes totalling \$1,200 million were repaid at maturity on 30 October 2024.

EMTN

On 28 October 2024, the Ausgrid Group priced a 4.6 year HKD689 million (approximately A\$134 million) senior secured medium term note issued under the EMTN programme which settled on 6 November 2024.

On 4 February 2025, the Ausgrid Group priced an eight year EUR500 million (approximately A\$832 million) EMTN senior secured medium term note which settled on 14 February 2025.

On 20 February 2025, the Ausgrid Group priced a five year HKD400 million (approximately A\$81 million) senior secured medium term note issued under the EMTN programme which settled on 3 March 2025.

On 24 March 2025, the Ausgrid Group priced a three year HKD215 million (approximately A\$44 million) senior secured medium term note issued under the EMTN programme which settled on 1 April 2025.

The 2025 EMTN senior secured medium term fixed rate note totalling EUR650 million (approximately A\$1,037 million) was repaid on 9 May 2025.

The proceeds from the AMTN and EMTN transactions listed above have been used to collectively manage liquidity and repay outstanding debt due over the period.

14 Borrowings (continued)

(a) Loans and notes

	Maturity	Facility limit \$M	2025 Drawn ¹ \$M	2024 Drawn ¹ \$M
7 year A\$750M AMTN fixed rate	30 Oct 24	-	-	750
7 year A\$450M AMTN floating rate	30 Oct 24	-	-	450
6.5 year A\$750M AMTN fixed rate	5 Feb 27	750	750	750
5 year A\$220M AMTN floating rate	24 Feb 26	220	220	220
7 year A\$825M AMTN fixed rate	28 Mar 31	825	825	575
Total AMTN		1,795	1,795	2,745
10.25 year US\$500M 144A fixed rate	1 Aug 28	763	763	755
Total US144A notes¹		763	763	755
7.25 year EUR650M EMTN fixed rate	30 Jul 25	-	-	1,049
10 year EUR525M EMTN fixed rate	7 Oct 31	940	940	847
6.5 year USD66M EMTN fixed rate	2 Aug 30	101	101	100
6.5 year JPY13B EMTN fixed rate	9 Aug 30	138	138	122
15 year JPY14B EMTN fixed rate	26 Feb 39	149	149	131
4.6 year HKD689M EMTN fixed rate	15 Jun 29	134	134	-
8 year EUR500M EMTN fixed rate	14 Feb 33	895	895	-
5 year HKD400M EMTN fixed rate	3 Mar 30	78	78	-
3 year HKD215M EMTN fixed rate	1 Apr 28	41	41	-
Total EMTN¹		2,476	2,476	2,249
10 year US\$770M USPP fixed rate	1 Oct 27	1,176	1,176	1,162
12 year US\$430M USPP fixed rate	1 Oct 29	656	656	649
15 year US\$430M USPP fixed rate	1 Oct 32	656	656	649
10 year A\$29M USPP fixed rate	1 Oct 27	29	29	29
12 year A\$103M USPP fixed rate	1 Oct 29	103	103	103
15 year A\$88M USPP fixed rate	1 Oct 32	88	88	88
15 year A\$100M USPP floating rate	1 Oct 32	100	100	100
7 year US\$95M USPP fixed rate	26 Jul 30	145	145	143
10 year US\$261M USPP fixed rate	26 Jul 33	398	398	394
12 year US\$150M USPP fixed rate	26 Jul 35	229	229	226
15 year US\$56M USPP fixed rate	26 Jul 38	85	85	85
12 year GBP39M USPP fixed rate	26 Jul 35	82	82	74
15 year GBP77M USPP fixed rate	26 Jul 38	161	161	147
10 year CAD270M USPP fixed rate	26 Jul 33	302	302	297
15 year CAD60M USPP fixed rate	26 Jul 38	67	67	66
10 year A\$50M USPP floating rate	26 Jul 33	50	50	50
Total USPP notes¹		4,327	4,327	4,262

14 Borrowings (continued)

(a) Loans and notes (continued)

	Maturity	Facility limit \$M	2025 Drawn ¹ \$M	2024 Drawn ¹ \$M
4 year Syndicated Facility B6T	15 Dec 26	105	105	105
7.25 year Syndicated Facility B7T	15 Mar 30	195	195	195
5.25 year Syndicated Facility B8T	15 Mar 28	435	435	435
5 year Bilateral Facility B9T	31 May 29	250	250	250
7 year Asian Syndicated Facility (ASF) A1	2 Jul 26	995	995	995
10 year ASF Term Facility A2	2 Jul 29	250	250	250
10 year Syndicated Facility B10T	23 Sep 34	320	320	-
12 year Bilateral Facility B10T	31 Jul 36	125	125	-
12 year Bilateral Facility B10T	23 Sep 36	25	25	-
5 year Syndicated Facility E1T	8 May 30	150	150	-
Total term loans		2,850	2,850	2,230
Capex Facility C	1 Dec 25	721	234	416
Working Capital Facility D ²	1 Dec 25	250	152	107
4 year Syndicated Facility B6R	15 Dec 26	395	395	-
7.25 year Syndicated Facility B7R	15 Mar 30	230	230	-
5.25 year Syndicated Facility B8R	15 Mar 28	115	115	-
5.25 year Bilateral Facility B8R	15 Mar 28	50	50	-
5 year Bilateral Facility B10R	31 Jul 29	200	200	-
5 year Bilateral Facility B10R	23 Sep 29	50	50	-
7 year Bilateral Facility B10R	23 Sep 31	55	55	-
5 year Bilateral Facility E2R	17 Jun 30	200	-	-
5 year Bilateral Facility E2R	17 Jun 30	100	-	-
Total revolving loans		2,366	1,481	523
Total facility limit and drawn³		14,577	13,692	12,764
Fair value adjustments ⁴			(276)	(563)
Transaction costs			(44)	(43)
Total loans and notes		14,577	13,372	12,158

- (1) Notes denominated in foreign currency are converted to AUD at the year end spot rate.
- (2) In addition to the \$152 million drawn under the Working Capital Facility D, \$37 million of bank guarantees have been issued under the facility (refer to Note 25) and therefore the unutilised funds available under the Working Capital Facility D is \$61 million. As a result, total undrawn bank facilities excluding bank guarantees is \$848 million.
- (3) The weighted average interest rate for total drawn debt for the year ended 30 June 2025, including net payments under interest rate derivatives and excluding transaction costs, was 4.71% (2024: 3.91%).
- (4) The fair value adjustment of \$276 million (2024: \$563 million) is made up of hedge accounting adjustments due to interest rate movements.

14 Borrowings (continued)

(b) Interest rate for public debt instruments

	Rate in currency of issue ¹
AMTN	
6.5 year A\$750M AMTN fixed rate	1.814%
5 year A\$220M AMTN floating rate	BBSW+1.000%
7 year A\$825M AMTN fixed rate	5.408%
US144A notes	
10.25 year US\$500M 144A fixed rate	4.350%
EMTN	
10 year EUR525M EMTN fixed rate	0.875%
6.5 year USD66M EMTN fixed rate	5.223%
6.5 year JPY13B EMTN fixed rate	1.255%
15 year JPY14B EMTN fixed rate	1.988%
4.6 year HKD689M EMTN fixed rate	4.080%
8 year EUR500M EMTN fixed rate	3.510%
5 year HKD400M EMTN fixed rate	4.510%
3 year HKD215M EMTN fixed rate	4.140%

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

(c) Reconciliation of liabilities arising from financing activities

	2025 \$M	2024 \$M
Loans and notes		
Opening balance	12,158	11,546
Net cash flows	669	592
Fair value adjustments	287	67
Foreign exchange movements	246	(59)
Amortisation of transaction costs	12	12
Ending balance	13,372	12,158

15 Provisions

	Employee benefits \$M	Workers compensation and legal \$M	Other \$M	Total \$M
Balance at 1 July 2024	288	30	46	364
Additional provision	191	6	2	199
Unwinding of discount	-	1	2	3
Amounts used	(171)	(8)	(8)	(187)
At 30 June 2025	308	29	42	379
Current	303	9	12	324
Non-current	5	20	30	55
At 30 June 2025	308	29	42	379
Balance at 1 July 2023	276	27	53	356
Additional provision	168	8	2	178
Unwinding of discount	-	1	3	4
Amounts used	(156)	(6)	(6)	(168)
Amounts reversed	-	-	(6)	(6)
At 30 June 2024	288	30	46	364
Current	285	10	15	310
Non-current	3	20	31	54
At 30 June 2024	288	30	46	364

15 Provisions (continued)

(a) Employee benefits

The provision for employee benefits relates to amounts accruing to employees up to the reporting date in respect of annual leave, bonus, preserved sick leave, superannuation, supplementary superannuation and long service leave. Amounts provided for in relation to long service leave, preserved sick leave and supplementary superannuation are based on actuarial assessments.

Employee benefit amounts expected to be settled within 12 months have been measured at the amounts expected to be paid when the liabilities are settled.

(b) Workers compensation and legal

The Ausgrid Group is a self-insurer for workers compensation and meets all liabilities under the workers compensation legislation in NSW and other states. The provision covers claims incurred but not yet reported and the anticipated fund management fees in respect of the management of those claims.

A bank guarantee is held for security and can be drawn down in the event of a default. Refer to Note 25 for details.

A provision for legal claims is recognised when the Ausgrid Group has a present legal or constructive obligation as a result of past events. The provision reflects management's best estimate of the expenditure required to settle the legal claims at the reporting date.

(c) Other

Other provisions mainly consist of provisions for future Polychlorinated Biphenyls (**PCB**) disposal costs and costs relating to decommissioning assets.

(i) Provision for PCB disposal costs

This provision reflects future PCB disposal costs at the end of life of network equipment where there is a legislative obligation.

The provision as at 30 June 2025 was \$16 million (2024: \$17 million) and reflects an estimate of the present value of the expenditure required to settle the obligation at the reporting date, based on current legal requirements and technology. Future disposal costs are reviewed annually and any changes are reflected in the present value of the provision at the end of the reporting period.

The amount of the provision for future disposal costs is capitalised and is depreciated in accordance with the policy set out in Note 1(m). The unwinding of the effect of discounting the provision is recognised as a finance cost.

(ii) Provision for costs relating to decommissioning assets

The provision to cover the expected future costs associated with decommissioning the Ausgrid Group's network assets as at 30 June 2025 was \$24 million (2024: \$28 million). Future costs are reviewed annually and any changes are reflected in the present value of the provision at the end of the reporting period.

The amount of the provision for future asset decommissioning costs is capitalised and is depreciated in accordance with the policy set out in Note 1(m). The unwinding of the effect of discounting the provision is recognised as a finance cost.

16 Other liabilities and contract liabilities

	2025 \$M	2024 \$M
Current		
Deposits	1	1
Deferred revenue	2	1
Total current other liabilities	3	2
 Current contract liabilities		
Street lighting capital contribution	4	4
Deferred street lighting revenue	4	4
Development rights agreement	1	1
Other	2	1
Total current contract liabilities	11	10
 Non-current contract liabilities		
Street lighting capital contribution	64	58
Deferred street lighting revenue	17	21
Development rights agreement	2	2
Total non-current contract liabilities	83	81

During the year, \$7 million revenue relating to street lighting (both street lighting capital contributions and deferred street lighting revenue) was recognised (2024: \$7 million) that was included in the contract liabilities balance on 1 July 2024.

17 Derivatives

	2025 \$M	2024 \$M
Current assets		
IRS	-	1
Forward foreign exchange contracts	2	2
Total current derivative financial assets	<u>2</u>	<u>3</u>
Non-current asset		
CCIRS	509	255
IRS	295	592
Forward foreign exchange contracts	1	1
Total non-current derivative financial assets	<u>805</u>	<u>848</u>
Total derivative financial assets	<u>807</u>	<u>851</u>
Current liability		
IRS	-	(5)
Total current derivative financial liability	<u>-</u>	<u>(5)</u>
Non-current liability		
CCIRS	(42)	(253)
IRS	(252)	(119)
Total non-current derivative financial liabilities	<u>(294)</u>	<u>(372)</u>
Total derivative financial liabilities	<u>(294)</u>	<u>(377)</u>
Net derivative financial assets	<u>513</u>	<u>474</u>

18 Partner capital

	AOP		AAP		PLUS ES		APP	
	Number	\$M	Number	\$M	Number ¹	\$M	Number ¹	\$M
30 June 2025								
Ordinary capital interest	504	816	504	3,538	4,612	92	2,447	44
A class capital interest	496	803	496	3,483	4,538	91	2,408	43
Total contributed equity	<u>1,000</u>	<u>1,619</u>	<u>1,000</u>	<u>7,021</u>	<u>9,150</u>	<u>183</u>	<u>4,855</u>	<u>87</u>
30 June 2024								
Ordinary capital interest	504	816	504	3,538	4,612	92	2,447	44
A class capital interest	496	803	496	3,483	4,538	91	2,408	43
Total contributed equity	<u>1,000</u>	<u>1,619</u>	<u>1,000</u>	<u>7,021</u>	<u>9,150</u>	<u>183</u>	<u>4,855</u>	<u>87</u>

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

18 Partner capital (continued)

(a) Partner capital

Ordinary capital interest

Ordinary capital interests of AOP, AAP, PLUS ES and APP were issued to Blue Op Partner Pty Limited as trustee for Blue Op Partner Trust (**Blue AOP**) and to Blue Asset Partner Pty Limited as trustee for Blue Asset Partner Trust (**Blue AAP**) on 20 October 2016, to Blue PLUS ES Partner Pty Limited as trustee for Blue PLUS ES Partner Trust (**Blue PLUS ES**) on 1 November 2017, and to Blue Aurora Partner Pty Limited as trustee for Blue Aurora Partner Trust (**Blue APP**) on 24 May 2023. Blue AOP, Blue AAP, Blue PLUS ES and Blue APP are controlled by a consortium led by IFM Investors, AustralianSuper and APG. The interests are classified as equity and are fully paid.

A class capital interest

A class capital interest of AOP, AAP, PLUS ES and APP were issued to four separate Electricity Retained Interest Corporation entities (**ERIC Partners**) controlled by the NSW State Government on 20 October 2016 for AOP and AAP, 1 November 2017 for PLUS ES and 24 May 2023 for APP. An A class interest will be automatically converted to an ordinary interest when it is held by an entity other than ERIC Partners. The rights and obligations attaching to A class capital interests and ordinary capital interests are identical except for the attached voting rights. The interests are classified as equity and are fully paid.

(b) Partnership liability

Each Partner is responsible for discharging the liabilities of AOP, AAP, PLUS ES and APP in proportion with their respective Partnership interest and each Partner indemnifies the other Partners from the default of the liabilities.

(c) Distribution

Each Partner is entitled to distributions in proportion with their respective Partnership interests. All distributions are subject to approval by the Partnership Board. In accordance with the Partnership Deed, a quarterly distribution of a minimum of 85% of surplus cash will be distributed to Partners, unless Directors make a unanimous determination to distribute a lesser amount in respect of a particular quarter.

Surplus cash is calculated as the operating cash flows of the Partnership for the quarter; less growth and maintenance capital expenditure for the quarter; less interest and debt repayments for the quarter (including any voluntary prepayments); plus the proceeds from debt drawdowns or refinancing undertaken in the quarter; plus proceeds from the sale of any assets in the quarter.

19 Retained earnings

	AOP \$M	AAP \$M	PLUS ES \$M	APP \$M	Total \$M
Balance at 1 July 2024	80	(48)	114	(4)	142
Profit for the year	18	418	63	47	546
Distributions paid	(47)	(470)	-	-	(517)
Balance at 30 June 2025	51	(100)	177	43	171
Balance at 1 July 2023	132	17	59	-	208
Profit for the year	84	178	55	(4)	313
Distributions paid	(136)	(243)	-	-	(379)
Balance at 30 June 2024	80	(48)	114	(4)	142

20 Superannuation - defined benefit plan

The Ausgrid Group is a participant in the Pool B Subdivision of the Defined Benefits Section of the Construction and Building Unions Superannuation Fund (**Cbus**). The Pool B Subdivision of the Defined Benefits Section of Cbus is referred to as '**the Fund**' hereafter. The Ausgrid Group accounts for its proportionate share of the defined benefit obligation, Fund assets, and cost associated with the Fund in the same way as for any other defined benefit plan.

(a) Nature of the benefits provided by the Fund

The Fund provides defined benefits, in which a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

Disclosures below are prepared in relation to the Fund only.

(b) Risk exposure

There are a number of risks to which the Fund exposes the Ausgrid Group. The more significant risks relating to the defined benefits are:

- Investment risk - The risk that investment returns will be lower than assumed and the Ausgrid Group will need to increase contributions to offset any shortfall.
- Longevity risk - The risk that pensioners live longer than assumed, resulting in pensions being paid for a longer period and thereby requiring additional employer contributions.
- Pension indexation risk - The risk that pensions will increase at a rate greater than assumed, increasing future pensions and thereby requiring additional employer contributions.
- Salary growth risk - The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
- Legislative risk - The risk that legislative changes could be made which increase the cost of providing the defined benefits.

The Fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

20 Superannuation - defined benefit plan (continued)

(c) Reconciliation of the net defined benefit assets

The following table summarises the components of net benefit expense recognised in profit or loss, actuarial gains and losses recognised in other comprehensive income and funded status and amounts recognised in the statement of financial position.

	Present value of obligations \$M	Fair value of Fund assets \$M	Total \$M
At 1 July 2024	(256)	261	5
Current service cost	(2)	-	(2)
Interest (expense)/income	(13)	14	1
Defined benefit superannuation (expense)/income recognised in profit or loss	(15)	14	(1)
Contributions by the Fund participants:			
Employers	-	3	3
Fund participants	(2)	2	-
	(2)	5	3
Remeasurements:			
Return on Fund assets, excluding amounts included in interest income	-	10	10
Loss from change in demographic assumptions	(1)	-	(1)
Loss from change in financial assumptions	(4)	-	(4)
Loss from change in liability experience	(6)	-	(6)
Defined benefit superannuation actuarial (loss)/gain recognised in other comprehensive income	(11)	10	(1)
Benefits paid	21	(21)	-
Tax and expenses paid	1	(1)	-
	22	(22)	-
At 30 June 2025	(262)	268	6

20 Superannuation - defined benefit plan (continued)

(d) Fair value of Fund assets

The fair value of Fund assets, as provided by United Super Pty Ltd (the Trustee of Cbus), reflects the total assets of the Pool B Subdivision of the Defined Benefits Section of Cbus, which comprises the defined benefit assets for all participating employers in the Pool B Subdivision. The Fund's assets are not separately invested for each employer; however, the Fund's administrator maintains a notional defined benefit asset account in respect of each employer to facilitate tracking of each employer's funding status and contribution requirements. The disclosures below relate to total assets of Pool B Subdivision. Refer to Note 28(f) for details on fair value hierarchy.

Asset category	Quoted price in active markets for identical assets		Significant observable input	Unobservable input
	Total \$M	Level 1 \$M	Level 2 \$M	Level 3 \$M
At 30 June 2025				
Pool B Subdivision of Cbus Defined Benefits	1,832	-	1,832	-
At 30 June 2024				
Pool B Subdivision of Cbus Defined Benefits	1,787	-	1,787	-

(e) Significant actuarial assumptions at the reporting date

Expected salary increase rate (excluding promotional increase)	3.00% for 2025/26; and 3.00% pa thereafter (2024: 7.00% for 2024/25; 2.70% for 2025/26; 2.70% for 2026/27 and 3.25% pa thereafter)
Rate of Consumer Price Index (CPI) increase	2.51% for 2025/26; 2.52% for 2026/27; 2.50% for 2027/28; 2.37% for 2028/29 and 2.50% pa thereafter (2024: 2.65% for 2024/25; 2.51% for 2025/26; 2.52% for 2026/27; 2.50% for 2027/28; 2.37% for 2028/29 and 2.50% pa thereafter)
Discount rate	5.16% pa (2024: 5.48% pa)
Pensioner mortality	Mercer standard pensioner mortality tables have been used. These rates are based on the mortality experience of Australian Public Sector pensioners over the year 2017 to 2022, including improvement rates based on Australian Life Tables 2015-17 (2024: the same rates were used).

21 Key management personnel compensation

The Ausgrid Group defines key management personnel as those having authority and responsibility for planning, directing and controlling the activities of the Ausgrid Group as well as the Directors of the Ausgrid Group. Key management personnel comprise the Ausgrid Group's Executive Leadership Team and the Non-Executive Directors of AOP, AAP, PLUS ES and APP. It is important to note that the Ausgrid Group's Non-Executive Directors are specifically required to be included as key management personnel in accordance with AASB 124 Related Party Disclosures. However, the Non-Executive Directors do not have management responsibility.

Non-Executive Directors

Dr Helen Nugent AC

Gillian Brown

David Dubrovsky (appointed on 2 September 2024)

Hans-Martin Aerts

Jason Peasley (retired on 2 September 2024)

Joo Hyung (Jay) Ryu

Joshua Crane

Michael Byrne

Michael Hanna

Steven MacDonald

Sylvia Wiggins (appointed on 5 February 2025)

Key management personnel remuneration

The following table shows details of the remuneration recognised for the Ausgrid Group's Executive Leadership Team and the independent Chair for the current and previous year, measured in accordance with Australian Accounting Standards.

	2025 \$	2024 \$
Short-term employee benefits	12,208,016	11,601,972
Long-term benefits	2,627,423	2,931,085
Post-employment benefits	296,953	267,607
Termination benefits	-	335,412
	15,132,392	15,136,076

22 Remuneration of auditors

During the year, the following fees were paid, or payable, for services provided by PricewaterhouseCoopers Australia, the auditor of the Ausgrid Group:

(i) *Audit and other assurance services*

	2025 \$	2024 \$
Audit and review of financial statements	1,256,447	1,087,366
Other assurance services		
Regulatory audit services	302,283	293,478
Ringfencing compliance audit services	75,000	68,000
Government grant audit services	47,500	-
Sustainability limited assurance services	110,000	-
Total remuneration for audit and other assurance services	1,791,230	1,448,844

(ii) *Other non-assurance services*

Debt offering and comfort letter services	207,060	90,000
PLUS ES service enhancement evaluation	-	238,940
Regulatory reset post implementation assessment services	-	105,364
Tax compliance services	133,986	114,000
Storm pass through services	22,000	-
Total remuneration for other non-assurance services	363,046	548,304

Total remuneration	2,154,276	1,997,148
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23 Capital expenditure commitments

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

	2025 \$M	2024 \$M
Within one year	305	296
Later than one year but no later than five years	76	80
	381	376

24 Leases

Lease receivables - leases as lessor

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

	2025 \$M	2024 \$M
Within one year	11	8
Later than one year but no later than five years	12	13
Later than five years	4	4
	27	25

25 Contingent liabilities and contingent assets

	2025 \$M	2024 \$M
Contingent liabilities		
Guarantees provided to regulatory and statutory authorities	37	37
	37	37
Contingent assets		
Potential recoveries from workers compensation claims	5	2
	5	2

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

26 Group entities

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

Name of entity

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

27 Cash flow information

Reconciliation of profit after income tax to net cash inflow from operating activities:

	2025 \$M	2024 \$M
Profit for the year	546	313
Add/(less) non-cash items:		
Depreciation and amortisation	670	646
Non-cash capital contributions	(118)	(127)
Unwinding of government grants	(1)	(1)
Amortisation of loan transaction costs	12	12
Hedge ineffectiveness	(6)	(1)
Capitalised interest	(10)	(5)
Interest accrual	29	15
Adjustments to SFA	-	(1)
Net (gain)/loss on disposal of property, plant and equipment	(210)	27
Unwinding of discount	3	4
Impairment expense	-	6
Impairment of trade receivables and contract assets	5	-
Changes in assets and liabilities:		
Trade and other receivables	(9)	(6)
Contract assets	(50)	(21)
Prepayments	(21)	13
Inventories	2	(1)
Other current and non-current assets	(86)	(77)
Trade and other payables	(14)	62
Contract liabilities	(3)	(5)
Provisions	(4)	6
Other liabilities	1	(1)
Lease liabilities	-	(5)
Net cash inflow from operating activities	736	853

Comparative amounts have been revised where necessary to conform with the current year presentation. The Ausgrid Group revised the presentation within the consolidated statement of cash flows for the year ended 30 June 2024 to include the GST paid and received from cash transactions. As a result, receipts from customers and payments to suppliers both increased by \$237 million with no change to net cash used in operating activities.

28 Financial risk management

(a) Financial risk management objectives and policies

The Ausgrid Group is involved in activities that expose it to a variety of financial risks including credit risk, currency risk, interest rate risk and liquidity risk. In accordance with Board approved financial risk management policies, financial instruments may be used to hedge the exposure to fluctuations in exchange rates and interest rates. The Board reviews and approves policies for managing each of the key financial risks.

Management of financial risk is carried out by a centralised treasury function which operates under Board approved policies. In addition to the centralised treasury function, external support is acquired from experts in various fields. The Board approved Ausgrid Group Treasury Policy provides clear guidelines in respect of the management of the financial risks of the Ausgrid Group and is designed to reflect the strategic risk management objectives of the Board.

The objective of the Ausgrid Group's financial risk management strategy is to protect the Ausgrid Group's cash flows, profitability and reputation and use reasonable endeavours to maintain a bbb/baa2 baseline credit assessment and not less than bbb-/baa3 (S&P Global Ratings and/or Moody's Investor Services). This includes the need to ensure that sufficient liquidity is available to fund its strategic business plans. Identification and analysis of relevant financial risks and their impact on the achievement of the Ausgrid Group's objectives forms the basis for determining how such risks should be managed. The forecast financial position for the Ausgrid Group is regularly monitored and financial instruments may be used within approved guidelines to hedge exposure to fluctuations in exchange rates and interest rates.

(b) Credit risk

Credit risk is the risk of sustaining a financial loss as a result of the default by a counterparty to make full and timely payments on transactions which have been executed, after allowing for set-offs which are legally enforceable.

The credit risk on financial assets of the Ausgrid Group which have been recognised on the consolidated statement of financial position is the carrying amount, net of any expected credit losses.

Credit risk arises from investments in cash and cash equivalents with banks, derivative financial instruments and credit exposure to customers and/or suppliers. Credit risk also arises from bank facilities which offer committed lines of credit, overdraft facilities, transaction banking services and financial guarantees, which may not be honoured when relied upon. The Ausgrid Group's credit exposure is predominantly with investment grade rated corporations or government owned entities in the energy industry. Where a counterparty is a non-government owned corporation, its credit worthiness is monitored in accordance with the Ausgrid Group Treasury Policy.

The Ausgrid Group Treasury Policy outlines how credit risk exposure will be measured. All credit and recovery risks associated with trade receivables have been provided for in the financial statements.

The credit risk on trade and other receivables and accrued income from unread meters of the Ausgrid Group that have been recognised in the consolidated statement of financial position, is generally the carrying amount net of any impairment provision.

There is no significant credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

28 Financial risk management (continued)

(b) Credit risk (continued)

The loss allowance provision as at 30 June 2025 is determined as follows. The expected credit losses below also incorporate forward looking information:

	Current	Less than 3 months past due	3 to 6 months past due	Later than 6 months past due	Total
2025					
Expected loss rate	0.78%	2.72%	20.00%	27.91%	
Gross carrying amount (\$M)	467	8	-	-	475
Loss allowance provision (\$M)	(4)	-	-	-	(4)
Net receivables and contract assets	463	8	-	-	471

2024					
Expected loss rate	0.04%	2.68%	12.50%	25.00%	
Gross carrying amount (\$M)	425	7	1	-	433
Loss allowance provision (\$M)	-	(1)	-	-	(1)
Net receivables and contract assets	425	6	1	-	432

(c) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Ausgrid Group may also be exposed to foreign currency risk in respect of purchases of capital equipment that are denominated in a currency other than A\$.

The Ausgrid Group uses forward exchange contracts and CCIRS to hedge its foreign currency risk for all foreign exchange exposures that exceed \$2 million in value.

The Ausgrid Group may issue debt in a foreign currency and uses CCIRS contracts to hedge foreign currency risk arising from the foreign currency debt.

Sensitivity

The Ausgrid Group is primarily exposed to changes in US\$/A\$. The sensitivity of profit or loss and other components of equity to changes in the spot exchange rates arises from US\$ foreign exchange contracts. While the Ausgrid Group has borrowings denominated in US\$, EUR, GBP, CAD, JPY and HKD, they are hedged using CCIRS with a hedge ratio of 1:1 and changes in these spot exchange rates do not have a material impact on post-tax profit and equity.

	Impact on post-tax profit		Impact on other components of equity	
	2025	2024	2025	2024
	\$M	\$M	\$M	\$M
US\$/A\$ exchange rate - increase 10% ¹	-	-	(11)	-
US\$/A\$ exchange rate - decrease 10% ¹	-	-	11	-

(1) Holding all other variables constant

28 Financial risk management (continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Sensitivity (continued)

The Ausgrid Group has US\$, EUR, GBP, CAD, JPY and HKD denominated foreign currency borrowings. The effects of the foreign currency related hedging instruments on the Ausgrid Group's financial position and performance are as follows:

Derivative financial instruments - CCIRS (USPP, US144A and EMTN)

	2025	2024
Carrying amount (\$M)	580	536
Notional amount in US\$ (\$M)	2,758	2,758
	Oct 2027 - Jul 2038	Oct 2027 - Jul 2038
Maturity	2038	2038
Hedge ratio	1:1	1:1
Change in value of hedged item used to determine hedge effectiveness (\$M)	549	511
Change in value of derivative used to determine hedge effectiveness (\$M)	560	513
Weighted average hedged exchange rate for the year	0.76	0.76

Derivative financial instruments - CCIRS (EMTN)

Carrying amount (\$M)	159	(2)
Notional amount in EUR (\$M)	1,025	1,175
	Oct 2031 - Feb 2033	Jul 2025 - Oct 2031
Maturity	2033	2031
Hedge ratio	1:1	1:1
Change in value of hedged item used to determine hedge effectiveness (\$M)	156	10
Change in value of derivative used to determine hedge effectiveness (\$M)	155	9
Weighted average hedged exchange rate for the year	0.61	0.63

Derivative financial instruments - CCIRS (USPP)

Carrying amount (\$M)	22	(2)
Notional amount in GBP (\$M)	116	116
	Jul 2035 - Jul 2038	Jul 2035 - Jul 2038
Maturity	2038	2038
Hedge ratio	1:1	1:1
Change in value of hedged item used to determine hedge effectiveness (\$M)	22	(2)
Change in value of derivative used to determine hedge effectiveness (\$M)	22	(2)
Weighted average hedged exchange rate for the year	0.52	0.52

Derivative financial instruments - CCIRS (USPP)

Carrying amount (\$M)	(11)	(16)
Notional amount in CAD (\$M)	330	330
	Jul 2033 - Jul 2038	Jul 2033 - Jul 2038
Maturity	2038	2038
Hedge ratio	1:1	1:1
Change in value of hedged item used to determine hedge effectiveness (\$M)	(10)	(16)
Change in value of derivative used to determine hedge effectiveness (\$M)	(10)	(16)
Weighted average hedged exchange rate for the year	0.88	0.88

28 Financial risk management (continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Sensitivity (continued)

Derivative financial instruments - CCIRS (EMTN)

	2025	2024
Carrying amount (\$M)	1	(28)
Notional amount JPY (\$M)	27,000	27,000
	Feb 2030 - Feb 2039	Aug 2030 - Feb 2039
Maturity	2039	2039
Hedge ratio	1:1	1:1
Change in value of hedged item used to determine hedge effectiveness (\$M)	(1)	(30)
Change in value of derivative used to determine hedge effectiveness (\$M)	(2)	(32)
Weighted average hedged exchange rate for the year	97.19	97.19

Derivative financial instruments - CCIRS (EMTN)

Carrying amount (\$M)	(7)	-
Notional amount HKD (\$M)	1,304	-
	Apr 2028 - Mar 2030	
Maturity	2030	-
Hedge ratio	1:1	-
Change in value of hedged item used to determine hedge effectiveness (\$M)	(6)	-
Change in value of derivative used to determine hedge effectiveness (\$M)	(6)	-
Weighted average hedged exchange rate for the year	5.03	-

(ii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Ausgrid Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Ausgrid Group to cash flow interest rate risk.

In accordance with Board approved policies, the Ausgrid Group ensures that its debt portfolio is managed within a risk framework including weighted average debt maturity and debt maturity in any 12 month period. As at the end of the reporting period, the Ausgrid Group has derivative financial instruments in place (IRS and CCIRS) which have been valued using valuation techniques with market observable inputs.

Instruments used by the Ausgrid Group

IRS are used to hedge interest cost and manage the variable rate exposure of total debt. Interest rates are fixed by putting in place IRS contracts which exchange floating rate obligations into fixed rate obligations. The interest cost on 91.6% (2024: 92.8%) of total debt outstanding is fixed.

28 Financial risk management (continued)

(c) Market risk (continued)

(ii) Cash flow and fair value interest rate risk (continued)

Instruments used by the Ausgrid Group (continued)

As at the end of the reporting period, the Ausgrid Group had the following variable rate borrowings and IRS contracts outstanding:

	Weighted average interest rate %	Balance \$M	% of total loans
2025			
Bank overdrafts, bank loans and note issuances ¹	5.63	12,952	100.0%
IRS (notional principal amount) ²	3.09	11,866	91.6%
Net exposure to cash flow interest rate risk	4.70 - 6.59	1,086	8.4%

(1) Includes fixed rate note issuances in AUD, USD, EUR, GBP, CAD, HKD and JPY swapped into floating rate AUD obligations

(2) Excludes forward starting swaps commencing post 30 June 2025

2024

Bank overdrafts, bank loans and note issuances	5.85	12,270	100.0%
IRS (notional principal amount)	2.30	11,390	92.8%
Net exposure to cash flow interest rate risk	5.04 - 6.81	880	7.2%

The Ausgrid Group accounts for all its fixed rate financial assets and liabilities at amortised cost. The Ausgrid Group has variable rate financial liabilities at the reporting date. The Ausgrid Group's borrowings are 91.6% hedged (2024: 92.8%). A change in interest rates by one percentage point at the reporting date would have an impact on the Ausgrid Group's profit or loss or equity as discussed below.

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates. Other components of equity are sensitive to an increase/(decrease) in the fair value of the cash flow hedges of borrowings.

	Impact on post-tax profit		Impact on other components of equity	
	2025	2024	2025	2024
	\$M	\$M	\$M	\$M
Interest rates - increase by 1% ¹	(1)	6	538	442
Interest rates - decrease by 1% ¹	(1)	(2)	(570)	(471)

(1) Holding all other variables constant

28 Financial risk management (continued)

(c) Market risk (continued)

(ii) Cash flow and fair value interest rate risk (continued)

The effects of the interest rate related hedging instruments on the Ausgrid Group financial position and performance are as follows:

Derivative financial instruments - IRS¹

	2025	2024
Carrying amount (\$M)	48	475
Notional amount (\$M)	14,371	16,160
	Jul 2024 - Jul	Jul 2024 - Jul
Maturity	2034	2034
Hedge ratio	1:1	1:1
Change in value of hedged item used to determine hedge effectiveness (\$M)	57	488
Change in value of derivative used to determine hedge effectiveness (\$M)	57	488
Weighted average hedged rate for the year (%)	3.15	2.45
Balances remaining in the cash flow hedge reserve for hedge relationships terminated due to novation	(9)	(13)

(1) Designated as fair value hedges and cash flow hedges

Derivative financial instrument - CCIRS

Carrying amount (\$M)	(278)	(486)
Notional amount (\$M)	7,198	6,897
	Oct 2027 - Feb	Jul 2025 - Feb
Maturity	2039	2039
Hedge ratio	1:1	1:1
Change in value of hedged item used to determine hedge effectiveness (\$M)	(275)	(487)
Change in value of derivative used to determine hedge effectiveness (\$M)	(278)	(486)
Weighted average hedged rate for the year (%)	3.75	3.89

(d) Capital risk management

The Ausgrid Group's objectives are to maintain an appropriate capital structure to enable an appropriate return on equity and efficient investment decisions to be made on a commercial basis.

The Ausgrid Group maintains an appropriate capital structure in consideration of the following criteria:

- Maintain a bbb/baa2 baseline credit assessment and not less than bbb-/baa3 in accordance with the Ausgrid Group Treasury Policy.
- Provision of an appropriate return to shareholders without compromising the principles or objectives of the Ausgrid Group Treasury Policy.
- Ability to meet key debt service criteria, based on industry benchmarks.
- Capacity to finance the approved capital expenditure program through internally generated cash flows and debt, with consideration of the current phase of the investment cycle.
- Provision of sufficient flexibility for relevant contingencies.

Key financial covenants include a debt to RAB ratio of less than 90% and a cash flow coverage ratio of greater than 1.2 times interest expense. These have been complied with during the year.

28 Financial risk management (continued)

(e) Liquidity risk

Liquidity risk is the risk of difficulty in ensuring the availability of sufficient funds to meet obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Ausgrid Group Treasury Policy provides an appropriate framework for the management of the Ausgrid Group's short, medium and long-term funding and liquidity management requirements.

The Ausgrid Group's liquidity risks are managed with the availability of readily accessible standby facilities and other funding arrangements placing surplus funds on deposit.

(i) Maturities of financial liabilities

The table below categorises the Ausgrid Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities; and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For the derivatives, the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

28 Financial risk management (continued)

(e) Liquidity risk (continued)

(i) Maturities of financial liabilities (continued)

Contractual maturities of financial liabilities	Less than 6 months \$M	6 - 12 months \$M	Between 1 and 2 years \$M	Between 2 and 5 years \$M	Over 5 years \$M	Total contractual cash flows \$M	Carrying amount \$M
2025							
Non-derivatives							
Trade payables	422	-	-	-	-	422	422
Loans and notes	1,497	476	2,283	5,268	7,010	16,534	13,372
Lease liabilities	5	5	9	25	230	274	72
Total non-derivatives	1,924	481	2,292	5,293	7,240	17,230	13,866
Derivatives							
CCIRS	20	22	35	131	(90)	118	42
IRS	24	43	86	118	2	273	252
Total derivatives	44	65	121	249	(88)	391	294
	1,968	546	2,413	5,542	7,152	17,621	14,160
2024							
Non-derivatives							
Trade payables	429	-	-	-	-	429	429
Loans and notes	2,023	248	1,803	5,658	6,853	16,585	12,158
Lease liabilities	7	7	7	19	228	268	63
Total non-derivatives	2,459	255	1,810	5,677	7,081	17,282	12,650
Derivatives							
CCIRS	117	141	173	1,481	1,609	3,521	253
IRS	30	18	37	48	8	141	124
Total derivatives	147	159	210	1,529	1,617	3,662	377
	2,606	414	2,020	7,206	8,698	20,944	13,027

28 Financial risk management (continued)

(f) Recognised fair value measurements

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

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

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

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

2025	Notes	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M
Recurring fair value measurements					
Derivatives	17	-	513	-	513
Total		-	513	-	513
Non-recurring fair value measurements					
Assets classified as held for sale	10	-	-	6	6
Total		-	-	6	6
2024					
Recurring fair value measurements					
Derivatives	17	-	474	-	474
Total		-	474	-	474
Non-recurring fair value measurements					
Assets classified as held for sale	10	-	-	1	1
Total		-	-	1	1

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

(g) Recurring fair value measurements

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

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

28 Financial risk management (continued)

(g) Recurring fair value measurements (continued)

Valuation techniques used to determine fair value of financial instruments include:

- For IRS and CCIRS - present value of expected future cash flows, including interest, based on observable yield curves and forward exchange rates at reporting date.
- For forward foreign exchange contracts - present value of future cash flows based on observable forward exchange rates at reporting date.

(h) Non-recurring fair value measurements

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

(i) Fair value versus carrying amount

The carrying amounts and fair values of financial assets and liabilities at the reporting date are:

		2025		2024	
	Notes	Carrying amount \$M	Fair value \$M	Carrying amount \$M	Fair value \$M
Financial assets carried at amortised cost					
Cash and cash equivalents		442	442	235	235
Trade and other receivables	8	122	122	131	131
Contract assets	8	349	349	301	301
Total financial assets		913	913	667	667
Financial liabilities carried at amortised cost					
Loans and notes	14(a)	13,372	13,359	12,158	12,179
Lease liabilities	14	72	72	63	63
Trade and other payables	13	422	422	429	429
Deposits	16	1	1	1	1
Total financial liabilities		13,867	13,854	12,651	12,672

29 Events occurring after the reporting period

On 14 August 2025, the Ausgrid Group priced a ten year JPY10 billion (approximately A\$104 million) senior secured medium term note issued under the EMTN programme which will be settled on 27 August 2025.

Other than the above mentioned matters, no other matter or circumstance has occurred subsequent to the end of the reporting period that has significantly affected, or may significantly affect, the operations of the Ausgrid Group, the results of those operations or the state of affairs of the Ausgrid Group in subsequent financial years.

In the Directors' opinion:

- (a) the consolidated financial statements and notes, as set out on pages 2 to 58 are in accordance with the Partnership Deeds, and:
- (i) comply with Accounting Standards as described in Note 1 to the consolidated financial statements and other mandatory professional reporting requirements;
 - (ii) give a true and fair view of the Ausgrid Group's financial position as at 30 June 2025 and of its performance for the financial year ended on that date, and in accordance with the accounting policies described in Note 1 to the consolidated financial statements; and
- (b) there are reasonable grounds to believe that the Ausgrid Group will be able to pay its debts as and when they become due and payable.

Note 1(a)(i) confirms that the consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

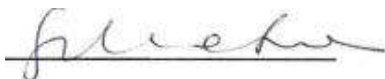
This declaration is made in accordance with a resolution of Directors.



26 Aug, 2025 7:24:13 PM GMT+10

Dr Helen Nugent AC
Director

26 August 2025



26 Aug, 2025 4:28:44 PM GMT+10

Gillian Brown
Director

26 August 2025



Independent auditor's report

To the partners of the Ausgrid Group

Our opinion

In our opinion the accompanying financial report gives a true and fair view of the financial position of Ausgrid Group and its controlled entities (together the Group) as at 30 June 2025 and of its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 1.

The Ausgrid Group (the Group) comprises Ausgrid Operator Partnership (AOP), Ausgrid Asset Partnership (AAP), Aurora Property Partnership (APP) and PLUS ES Partnership (PLUS ES) and the respective entities that they controlled at year end or from time to time during the financial year.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2025
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information
- the declaration of the directors.

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Legislation.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Audit scope	Key audit matter
• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • The Group has operations across Sydney, the Central Coast and Hunter regions within New South Wales, with the accounting functions led from the Group's corporate head office in Sydney.	• Amongst other relevant topics, we communicated the following key audit matter to the Audit Committee: – Borrowings and associated derivatives • This has been further described in the <i>Key audit matter</i> section of our report.

<i>Audit scope</i>	<i>Key audit matter</i>
• The Ausgrid Group is a stapled structure comprised of AOP, AAP, PLUS ES and APP. For the purpose of preparing these consolidated financial statements, AOP is identified as the deemed parent. • We conducted an audit of the financial information of the Group which consists of AOP, AAP, PLUS ES, and APP.	

Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
Borrowings and associated derivatives (Refer to note 14 'Borrowings' and Note 17 'Derivatives') The Group had \$13,372m of borrowings (excluding leases) at 30 June 2025. The accounting for the Group's borrowings was considered a key audit matter due to: • The borrowings being the largest liability in the consolidated statement of financial position • The financial significance of the multiple refinancing transactions (described in Note 14) in the current year to borrowings and borrowing cost balances; and	We performed the following procedures, amongst others, over borrowings and associated derivatives: • Obtained confirmations directly from the Group's banks and private lenders to confirm the outstanding balance and key terms of borrowings and derivatives at the balance sheet date. • Recalculated the foreign currency-denominated borrowings conversion to AUD at the balance sheet date. • Read the most up-to-date agreements between Ausgrid Finance Pty Limited and its financiers to develop an understanding of any relevant changes to key terms of borrowings.

Key audit matter	How our audit addressed the key audit matter
The derivatives established upon refinancing were considered to be significant due to the large notional values, composition of cross currency and interest rate swaps and the long time to maturity	- Assessed the accounting treatment of borrowing costs arising from new arrangements and borrowing costs related to renewed facilities. - Developed an understanding of the relevant covenants, performed a recalculation of the covenants, and considered the covenant headroom available. - We assessed whether the Group's classification of borrowings as current or non-current was consistent with the requirements of Australian Accounting Standards. - Inspected relevant bank statements to agree the fund flows with the drawdown and repayment movements of the borrowings during the year. - For a sample of swap contracts, we agreed the details recorded in the Group's Treasury Management system to key terms in the contracts, such as payment terms, interest rates, and start and end dates. - Together with PwC financial instrument experts, for a sample of derivatives, we assessed the Group's valuation and compared the inputs to external evidence including credit spreads and interest rate curves. - Assessed a sample of the hedge accounting calculations and the hedge accounting journals for the interest rate swaps, cross currency interest rate swaps, and foreign exchange forwards with respect to the requirements of Australian Accounting Standards. - Evaluated whether the related disclosures were consistent with the requirements of Australian Accounting Standards

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2025, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other matter – basis of accounting and restriction on use

We draw attention to Note 1 in the financial report, which describes the basis of accounting. The financial report has been prepared by the directors to meet the information needs of the partners of AOP, AAP, PLUS ES, and APP as required under the Partnership Deeds dated 20 October 2016 (AOP and AAP), 1 November 2017 (PLUS ES), and 27 April 2023 (APP). As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the partners of the Ausgrid Group.

Responsibilities of the directors for the financial report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with the accounting policies described in Note 1, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://auasb.gov.au/media/bwvjcgre/ar1_2024.pdf. This description forms part of our auditor's report.

A stylized, handwritten signature of PricewaterhouseCoopers in black ink.

PricewaterhouseCoopers

A stylized, handwritten signature of Brett Entwistle in black ink.

Brett Entwistle
Partner

Sydney
26 August 2025

Glossary

AAP	Ausgrid Asset Partnership
AASB	Australian Accounting Standards Board
AASB 8	AASB 8 Operating Segments
AASB 9	AASB 9 Financial Instruments
AASB 13	AASB 13 Fair Value Measurement
ACS	Alternative Control Services
AER	Australian Energy Regulator
AMTN	Australian Medium Term Note
ANS	Ancillary Network Services
AOP	Ausgrid Operator Partnership
APG	APG Asset Management
APP	Aurora Property Partnership
ASF	Asian Syndicated Facility
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
A\$	Australian Dollars
Ausgrid Group	AOP (parent entity), AAP, PLUS ES, APP and their respective controlled entities
BBSW	Bank Bill Swap Rate
Blue AAP	Blue Asset Partner Trust
Blue AOP	Blue Op Partner Trust
Blue APP	BLUE Aurora Partner Trust
Blue PLUS ES	Blue PLUS ES Partner Trust
CAD	Canadian Dollar
Cbus	Construction and Building Unions Superannuation Fund
CCF	Climate Change Fund
CCIRS	Cross Currency Interest Rate Swaps
CGU	Cash-generating Unit
CODM	Chief Operating Decision Makers as defined by AASB 8 Operating Segments
CPI	Consumer Price Index
CTD	Common Terms Deed

Glossary (continued)

DNSP	Distribution Network Service Provider
DUOS	Distribution Use of System
EIF	Electricity Infrastructure Fund
EMTN	Euro Medium Term Note
EnergyCo	Energy Corporation of New South Wales
ERIC Partners	Electricity Retained Interest Corporation vehicles
EUR	Euro
EVCI	Electric Vehicle Charging Infrastructure
FVLCOD	Fair Value Less Costs of Disposal
GBP	Great Britain Pound
GST	Goods and Services Tax
HCC REZ	Hunter-Central Coast Renewable Energy Zone
HKD	Hong Kong Dollar
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IRS	Interest Rate Swaps
IT	Information Technology
JPY	Japanese Yen
MAR	Maximum Allowable Revenue
NEL	National Electricity Law
NEM	National Electricity Market
NER	National Electricity Rules
NSP	Network Service Provider
NSW	New South Wales
NUOS	Network Use of System
PCB	Polychlorinated Biphenyls
PLUS ES	PLUS ES Partnership
RAB	Regulated Asset Base
ROU	Right of Use
SaaS	Software-as-a-Service
S&P	Standard and Poor's
SCS	Standard Control Services

Glossary (continued)

SFA	Syndicated Facility Agreement
the Fund	Pool B Subdivision of the Defined Benefits Section of Cbus. It provides defined benefits and is referred to as 'the Fund'
TNSP	Transmission Network Service Provider
TUOS	Transmission Use of System
US\$	United States Dollar
USPP	US Private Placement
VIU	Value in Use