



## ASX & Media Release

### Financial Results – Half Year Ended 31 December 2023

**8 February 2024**

Attached are the following documents relating to AGL Energy Limited's results for the half year ended 31 December 2023:

- Appendix 4D
- Half Year Report

Authorised for release by AGL's Board of Directors.

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#### About AGL Energy

At AGL, we believe energy makes life better and are passionate about powering the way Australians live, work and move. Proudly Australian for more than 185 years, AGL supplies around 4.3 million<sup>[1]</sup> energy and telecommunications customer services. We're committed to becoming a leading multi-product retailer, making energy and other essential services simple, fair and transparent. AGL operates Australia's largest private electricity generation portfolio within the National Electricity Market, comprising coal and gas-fired generation, renewable energy sources such as wind, hydro and solar, batteries and other firming technology, and gas production and storage assets. We are building on our history as one of Australia's leading private investors in renewable energy to now lead the business of transition to a low emissions, affordable and smart energy future in line with the goals of our Climate Transition Action Plan. We'll continue to innovate in energy and other essential services to enhance the way Australians live, and to help preserve the world around us for future generations.

For more information visit [agl.com.au](http://agl.com.au).

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<sup>[1]</sup> Services to customers number is as at 31 December 2023.



## Appendix 4D

# AGL Energy Limited

ABN 74 115 061 375

## Half-year Report

Results for announcement to the market  
for the half-year ended 31 December 2023

				31 December 2023	31 December 2022
				\$A million	\$A million
Revenue	<b>Down</b>	<b>20.8%</b>	to	<b>6,183</b>	7,808
Statutory Profit/(Loss) after tax attributable to shareholders		<b>NM<sup>1</sup></b>	to	<b>576</b>	(1,075)
Underlying Profit after tax attributable to shareholders	<b>Up</b>	<b>358.6%</b>	to	<b>399</b>	87
				31 December 2023	31 December 2022
				cents	cents
Statutory Earnings per share		<b>NM<sup>1</sup></b>	to	<b>85.6</b>	(159.8)
Underlying Earnings per share	<b>Up</b>	<b>359.7%</b>	to	<b>59.3</b>	12.9
				31 December 2023	30 June 2023
				\$A	\$A
Net tangible asset backing per share	<b>Up</b>	<b>20.1%</b>	to	<b>3.46</b>	2.88
				Amount	Franked amount
				cents	cents
Interim dividend per ordinary share				26.0	0.00
Prior interim dividend per ordinary share				8.0	0.00

<sup>1</sup> Not Meaningful

### Record date for determining entitlements to the interim dividend:

22<sup>nd</sup> February 2024 and payable 22<sup>nd</sup> March 2024.

### Brief explanation of Underlying Profit after tax and Underlying Earnings per share:

Statutory Profit after tax and Statutory Earnings per share are prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards, which comply with International Financial Reporting Standards.

Statutory Profit after tax of \$576 million includes \$120 million loss after tax treated as significant items and a gain of \$297 million after tax from the changes in the fair value of financial instruments. Excluding these items, the Underlying Profit after tax was \$399 million, 358.6% up on the prior corresponding period.

Underlying Profit after tax is reported to give information to shareholders that provides a greater understanding of the performance of AGL Energy Limited's (AGL's) operations. AGL believes Underlying Profit after tax is useful as it removes significant items and timing mismatches between the fair value of derivatives and the underlying asset being hedged thereby facilitating a more representative comparison of financial performance between financial periods.

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This report should be read in conjunction with the AGL Directors' Report (including the Operating and Financial Review) and the Half-Year Financial Report for the period ended 31 December 2023 released to the market on 8 February 2024.

The consolidated financial statements contained within the Half-Year Report, of which this report is based upon, have been reviewed by Deloitte Touche Tohmatsu.

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# AGL Energy Half-Year Report

For the period ended 31 December 2023

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## Acknowledgement of Country

AGL recognises the Aboriginal and Torres Straits Islander peoples as the Traditional Owners of the lands on which we work, and acknowledges those communities' continuing connections to their lands, waters and cultures. We pay our respects to their Elders, past and present.

## Directors' Report

for the half-year ended 31 December 2023

In accordance with a resolution of the Board, the Directors present their report on the consolidated entity consisting of AGL Energy Limited (AGL) and its controlled entities at the end of or during the half-year ended 31 December 2023 (the period). Financial comparisons used in this report are of results for the half-year ended 31 December 2022 (the prior corresponding period) for statement of profit or loss and cash flow analysis, and 30 June 2023 for statement of financial position analysis.

### Directors in Office

The Directors of AGL Energy Limited who held office during or since the end of the half-year were:

	First Appointed
<b>Current Directors</b>	
Patricia McKenzie - Chair	1 May 2019 (appointed as Chair on 19 September 2022)
Damien Nicks	19 January 2023
Mark Bloom	1 July 2020
Graham Cockroft	1 January 2022
Vanessa Sullivan	1 March 2022
Miles George	19 September 2022
Christine Holman	15 November 2022
John Pollaers	15 November 2022
Kerry Schott	15 November 2022
Mark Twidell	15 November 2022

### Review and results of operations

A review of AGL's operations during the half-year and the results of those operations is set out in the Operating & Financial Review, commencing on page 3.

### Subsequent Events

Apart from the matters identified elsewhere in this Directors' Report and the Half-Year Financial Report, the Directors are not aware of any other matter or circumstance that has arisen since 31 December 2023 that has significantly affected or may significantly affect the operations of AGL, the results of those operations, or the state of affairs of AGL in the future.

### Dividends

The Directors have declared an interim dividend of 26.0 cents per share, compared with 8.0 cents per share for the prior interim dividend. The dividend will be unfranked and will be paid on 22 March 2024. The record date to determine shareholders' entitlements to the interim dividend is 22 February 2024. Shares will commence trading ex-dividend on 21 February 2024.

AGL's dividend policy is to target a payout ratio of between 50% to 75% of annual Underlying Profit after tax. Before declaring the dividend, the Directors satisfied themselves that: AGL's assets exceeded its liabilities immediately before declaring the dividend and the excess was sufficient for the payment of the dividend; the payment of the dividend was fair and reasonable to AGL's shareholders as a whole; and the payment of the dividend would not materially prejudice AGL's ability to pay its creditors.

The AGL Dividend Reinvestment Plan (DRP) will not operate in respect of the 2024 interim dividend.

## Directors' Report

for the half-year ended 31 December 2023

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### Non-IFRS Financial Information

The Financial Review attached to and forming part of this Directors' Report includes a number of non-International Financial Reporting Standards (IFRS) financial measures. AGL management uses these non-IFRS financial measures to assess the performance of the business and make decisions on the allocation of resources.

Principal among these non-IFRS financial measures is Underlying Profit. This measure is Statutory Profit/(Loss) adjusted for:

- significant items (which are material items of revenue or expense that are unrelated to the underlying performance of the business); and
- changes in the fair value of financial instruments recognised in the statement of profit or loss (to remove the volatility caused by mismatches in valuing financial instruments and the underlying asset differently).

AGL believes that Underlying Profit provides a better understanding of its financial performance than Statutory Profit/(Loss) and allows for a more relevant comparison of financial performance between financial periods.

Underlying Profit is presented with reference to the Australian Securities & Investment Commission (ASIC) Regulatory Guide 230 "Disclosing non-IFRS financial information", issued in December 2011. AGL's policy for reporting Underlying Profit is consistent with this guidance. The Directors have had the consistency of the application of the policy reviewed by the external auditor of AGL.

### Rounding

AGL is an entity to which ASIC Corporations Instrument 2016/191 applies and, in accordance with that Instrument, amounts in the Half-Year Financial Report and this Directors' Report have been rounded to the nearest million dollars, unless otherwise stated.

### Auditor's Independence Declaration

The auditor's independence declaration is attached to and forms part of this Directors' Report.



**Patricia McKenzie**  
Chair  
8 February 2024

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## Operating & Financial Review

For the half-year ended 31 December 2023

### Principal activities

The principal activities of AGL as of the reporting date comprised the operation of energy businesses and investments, including electricity generation, energy storage, the sale of electricity and gas to residential, business and wholesale customers and the retailing of broadband and mobile services.

### 1. Key Operating Metrics

**Key Operating Metrics** – These performance measures have a direct influence on AGL's H124 financial performance. The six key operating metrics comprise:

- Customer numbers and churn;
- Customer energy demand;
- Wholesale electricity prices;
- Generation volumes;
- Fuel costs; and
- Operating costs and capital expenditure.

#### 1.1 Key Operating Metrics performance

A summary of performance in relation to the six key operating metrics over H124 is provided in the following sections.

##### 1.1.1 Customer numbers and churn

Total services to customers increased 0.3% to 4.284 million, from 4.271 million as at 30 June 2023. This increase of 13,000 was driven by continued telecommunications growth, partly offset by a decrease in energy services.

Consumer energy services were down 12,000 due to highly competitive market conditions resulting in increased churn across the market. Consumer Gas services increased by 13,000 services with Victoria growing by 12,000 services. Consumer Electricity services decreased by 25,000 with New South Wales decreasing by 24,000 and Queensland decreasing by 9,000 as a result of highly competitive market conditions in these states. This was partly offset by an increase of 12,000 services in Victoria driven by strong AGL acquisition offers and retention activity.

Total Telecommunication services increased 8.9% to 318,000 due to continued growth in mobile and internet plans.

	H124 (‘000)	FY23 (‘000)
<b>Services to customers</b>		
<b>Consumer Electricity</b>	<b>2,414</b>	2,439
New South Wales	866	890
Victoria	770	758
South Australia	352	356
Queensland	426	435
<b>Consumer Gas</b>	<b>1,537</b>	1,524
New South Wales	601	606
Victoria	604	592
South Australia	141	139
Queensland	88	88
Western Australia	103	99
<b>Total Consumer energy services</b>	<b>3,951</b>	3,963
Dual fuel services	2,326	2,314
Average consumer energy services	3,948	3,979
<b>Total Large Business energy services</b>	<b>15</b>	16
<b>Total energy services</b>	<b>3,966</b>	3,979
<b>Total Telecommunication services</b>	<b>318</b>	292
<b>Total services to customers<sup>1</sup></b>	<b>4,284</b>	4,271

1. Excluding approximately 310,000 services to ActewAGL customers.

Increased activity across the market has resulted in AGL customer churn of 17.0% (an increase of 2.8 ppts from 14.2% at 30 June 2023), however this remains lower than Rest of Market churn of 22.1% (an increase of 3.4 ppts from 18.7% at 30 June 2023). The gap between AGL and Rest of Market churn widened to 5.1ppts, up from 4.5 ppts at 30 June 2023, due to the impact of AGL acquisition offers and retention activity.

## Operating & Financial Review

For the half-year ended 31 December 2023

### 1.1.2 Customer energy demand

Total electricity customer sales volumes were 18,112 GWh, down 1,289 GWh or 6.6%.

- Consumer customer electricity sales volumes were 6,729 GWh, down 653 GWh or 8.8%, due to a decline in customer services and lower average demand as a result of increased solar generation and milder weather.
- Large Business customer electricity sales volumes were 4,682 GWh, down 654 GWh or 12.3%, driven by competitive market conditions in South Australia, New South Wales and Western Australia.
- Wholesale customer electricity sales volumes were 6,701 GWh, up 18 GWh or 0.3%, driven by higher consumption from AGL's existing wholesale customer base.

Customer energy demand	H124 GWh	H123 GWh
Consumer customers electricity sales	6,729	7,382
Large Business customers electricity sales	4,682	5,336
Wholesale customers electricity sales	6,701	6,683
<b>Total customer electricity sales volume</b>	<b>18,112</b>	<b>19,401</b>

Total gas customer sales volumes were 52.9 PJ, down 25.3 PJ or 32.4%.

- Consumer customer gas sales volumes were 24.9 PJ, down 6.1 PJ or 19.7 %, driven by milder winter weather.
- Large Business customer gas sales volumes were 6.2 PJ, down 2.5 PJ or 28.7%, driven by a decrease in customers resulting from limited gas supply and one-off volumes in the prior corresponding period relating to the Weston Energy RoLR (Retailer of Last Resort) event. This was partly offset by customer growth in Western Australia.
- Wholesale customer gas sales and internal gas volumes for power generation were 21.8 PJ, down 16.7 PJ or 43.4%, driven by the roll-off of wholesale customers, lower demand from AGL's existing customers, and lower gas powered generation in South Australia.

	H124 PJ	H123 PJ
Consumer customers gas sales	24.9	31.0
Large Business customers gas sales	6.2	8.7
Wholesale customers gas sales and generation	21.8	38.5
<b>Total customer gas sales volume</b>	<b>52.9</b>	<b>78.2</b>

### 1.1.3 Wholesale electricity prices

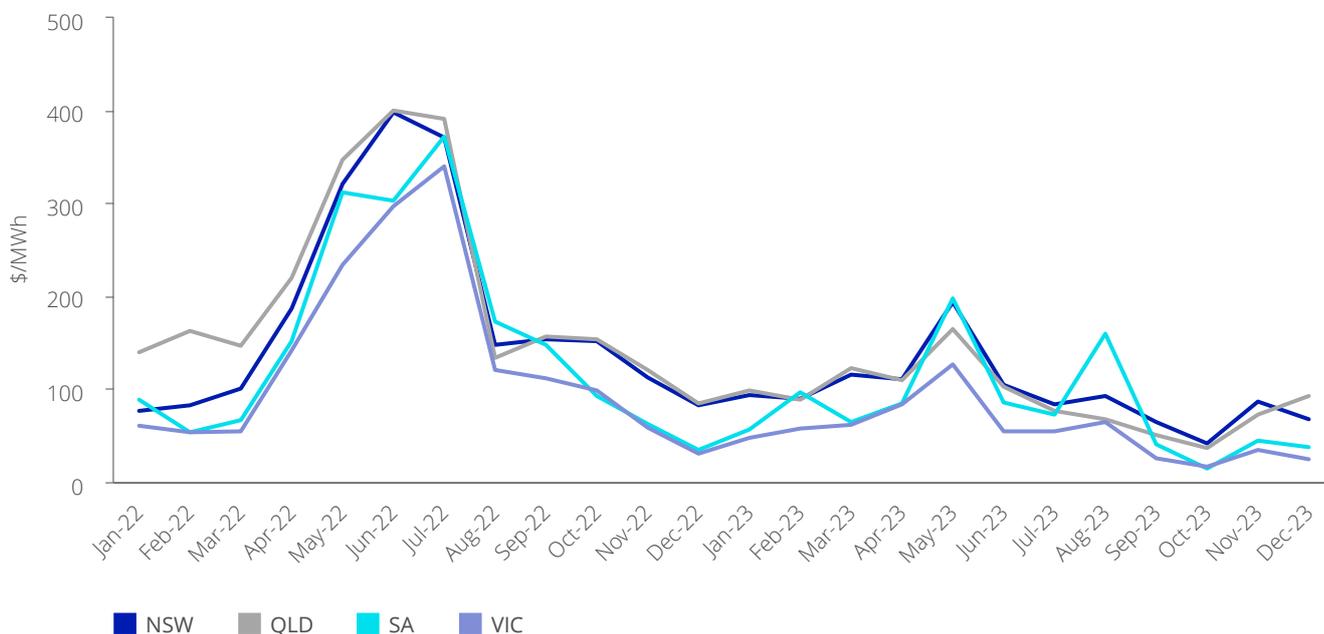
Wholesale electricity prices were lower across all states compared to the prior corresponding period due to the comparative lack of volatility following the market suspension in June 2022 and increased availability of generation units. Wholesale electricity prices were further influenced by coal and gas cap prices scheme introduced in 2022, with pool prices declining towards December 2022.

Wholesale electricity prices were impacted from July 2023 to October 2023 due to seasonal mild weather, a lack of volatility, increased asset availability and increasingly higher solar penetration in the National Electricity Market (NEM). In August 2023, South Australia experienced some volatility due to interconnector issues and low wind generation. December 2023 saw mild spikes in Queensland due to abnormal weather caused by floods and high temperatures which caused disruption to the energy grid.

## Operating & Financial Review

For the half-year ended 31 December 2023

### Wholesale electricity prices (AEMO spot prices)



### 1.1.4 Generation volumes

Generation sold to the pool decreased by 16.6%, driven by the closure of Liddell Power Station in April 2023, and lower wholesale electricity prices and consumer demand. The increase in generation at AGL Loy Yang was driven by higher availability compared to the prior corresponding period which was impacted by the Loy Yang Unit 2 outage. This was offset by lower utilisation at Bayswater Power Station and Gas Generation units driven by lower pool prices and lower demand compared to the prior corresponding period. Renewable generation decreased in the current period as a result of planned outages at the Victorian hydroelectric power stations.

Pool generation volumes	H124 GWh	H123 GWh
Bayswater Power Station	6,186	6,411
AGL Loy Yang Power Station	6,700	6,095
Liddell Power Station	-	2,897
Gas Generation	378	800
Renewable generation	2,654	2,885
<b>Total pool generation volumes</b>	<b>15,918</b>	<b>19,088</b>

### 1.1.5 Fuel costs

Total fuel costs for the electricity generation portfolio were \$(324) million, down 28.6%.

- Coal costs were \$(270) million, down 20.4%, driven by the closure of Liddell Power Station. On a per MWh basis, costs decreased by \$1.0 per MWh or 4.5%, driven by higher generation output at AGL Loy Yang on a relatively fixed cost base, partly offset by higher coal supply costs at Bayswater.
- Gas fuel costs were \$(54) million, down 53.0%, driven by lower generation volumes in response to lower consumer demand and pool prices in South Australia mainly due to weather and rooftop solar penetration. On a per MWh basis, costs were broadly in line with the prior corresponding period.

Generation fuel costs	H124 \$m	Restated H123 \$m	H124 \$/MWh	Restated H123 \$/MWh
Coal	(270)	(339)	(21.0)	(22.0)
Gas <sup>1</sup>	(54)	(115)	(142.9)	(143.8)
<b>Total generation fuel costs</b>	<b>(324)</b>	<b>(454)</b>	<b>(20.4)</b>	<b>(23.8)</b>

1. Comparatives have been restated to reclass directional services from fuel costs to net portfolio management.

## Operating & Financial Review

For the half-year ended 31 December 2023

Total wholesale gas costs were \$(548) million, down 32.6%.

- Gas purchases costs were \$(376) million, down 41.9% driven by lower demand due to milder weather and lower customer demand. On a per GJ basis, costs decreased by \$1.2 per GJ or 14.5%, driven by a net sell market position as a result of lower demand.
- Haulage, storage and other costs were \$(172) million, broadly in line with the prior corresponding period. On a per GJ basis, costs increased by \$1.2 per GJ or 57.1%, due to fixed costs spread across a lower customer base.

	H124 \$m	H123 \$m	H124 \$/GJ	H123 \$/GJ
<b>Total wholesale gas costs</b>				
Gas purchases	(376)	(647)	(7.1)	(8.3)
Haulage, storage and other	(172)	(166)	(3.3)	(2.1)
<b>Total wholesale gas costs</b>	<b>(548)</b>	<b>(813)</b>	<b>(10.4)</b>	<b>(10.4)</b>

### 1.1.6 Operating costs and capital expenditure

Total operating costs (excluding depreciation and amortisation) were \$(877) million, up 13.9%, driven by inflationary pressures, increased net bad debt expense due to higher customer revenues and debt relief as part of the customer support package, increased costs to maintain and improve plant availability across coal generation assets, increased campaigns and marketing spend, and costs associated with the Retail Transformation Program. This was partly offset by the impact of the closure of Liddell Power Station and Camden Gas Plant, and the divestment of the Moranbah Gas Project.

	H124 \$m	H123 \$m
<b>Operating costs</b>		
Customer Markets	(328)	(244)
Integrated Energy	(388)	(381)
Investments <sup>1</sup>	(12)	(7)
Centrally Managed Expenses	(149)	(138)
<b>Total operating costs (excluding depreciation and amortisation)</b>	<b>(877)</b>	<b>(770)</b>

<sup>1</sup> Includes \$(6) million (H123: \$(3) million) attributable to the 49% non-controlling interest in Ovo Energy Pty Limited.

Total capital expenditure was \$367 million, an increase of \$100 million:

- Sustaining capital expenditure was \$290 million, an increase of \$95 million. This comprised \$200 million of expenditure on AGL's coal-fired plants, up \$71 million, primarily due to the completion of a planned major outage at Bayswater Power Station in H124. Other sustaining capital expenditure increased in Customer Markets through the Retail Transformation Program and cyber security enhancements, and investments in hydro assets including the Bogong and Clover power stations.
- Growth capital expenditure was \$77 million, an increase of \$5 million, due to spend associated with the Liddell Battery project, and increased spend on Behind-the-Meter energy solutions with Commercial and Industrial customers, and other customer growth initiatives. This was partly offset by the completion of Torrens Island Battery.

	H124 \$m	H123 \$m
<b>Capital expenditure</b>		
Customer Markets	67	47
Integrated Energy	287	208
Centrally Managed Expenses	13	12
<b>Total capital expenditure</b>	<b>367</b>	<b>267</b>
Sustaining	290	195
Growth	77	72
<b>Total capital expenditure</b>	<b>367</b>	<b>267</b>

## Operating & Financial Review

For the half-year ended 31 December 2023

### 2. Group Financial Performance and Position

#### 2.1 Group results summary

Statutory Profit after tax attributable to AGL shareholders was \$576 million, an increase of \$1,651 million compared to the Statutory Loss of \$(1,075) million in the prior corresponding period. The principal drivers of the increase were a higher value of asset impairments taken in H123 compared to H124, and favourable movements in the fair value of financial instruments and underlying profit after tax. This was partly offset by an increase in the onerous contract provision.

##### 2.1.1 Reconciliation of Statutory Profit/(Loss) to Underlying Profit

AGL uses Underlying Profit as a key measure of financial performance. Underlying Profit is derived from Statutory Profit, as measured in accordance with Australian Accounting Standards, and excluding significant items and movements in the fair value of financial instruments. The use of Underlying Profit enhances comparability of results by excluding non-recurring events and transactions that materially affect the financial results of AGL for the reporting period.

Underlying Profit after tax was \$399 million, up \$312 million from the prior corresponding period. A description of the factors driving Underlying Profit is included in Section 2.1.4.

	H124 \$m	H123 \$m
<b>Statutory Profit/(Loss) after tax attributable to AGL shareholders</b>	<b>576</b>	(1,075)
Adjusted for:		
Significant items after tax <sup>1</sup>	<b>120</b>	540
(Profit)/Loss on fair value of financial instruments after tax	<b>(297)</b>	622
<b>Underlying Profit after tax</b>	<b>399</b>	87
Earnings per share on Statutory Profit/(Loss)	<b>85.6 cents</b>	(159.8) cents
Earnings per share on Underlying Profit	<b>59.3 cents</b>	12.9 cents

1. Refer to Section 2.1.2 for further information.

Earnings per share (EPS) calculations have been based upon a weighted average number of ordinary shares of 672,747,233 (31 December 2022: 672,747,233).

##### 2.1.2 Significant items

AGL recognised significant items of \$(193) million, or \$(120) million post-tax, primarily related to movements in onerous contracts.

	H124 \$m		H123 \$m	
	Pre-tax	Post-tax	Pre-tax	Post-tax
Movement in onerous contracts	<b>(194)</b>	<b>(136)</b>	186	131
Moranbah Gas Project divestment	<b>49</b>	<b>49</b>	-	-
Impairments	<b>(48)</b>	<b>(33)</b>	(1,008)	(706)
Separation and re-integration costs	-	-	(10)	(7)
Wellington North Solar Farm	-	-	17	12
Movement in rehabilitation provision	-	-	43	30
<b>Total significant items</b>	<b>(193)</b>	<b>(120)</b>	(772)	(540)

##### H124

During the period AGL:

- Recognised an increase in the onerous contract provision of \$194 million pre-tax (\$136 million post-tax) related to a decrease in electricity forward prices, partly offset by an increase in large-scale generation certificate forward prices.
- Recognised \$49 million pre-tax (\$49 million post-tax) gain on sale of the Moranbah and North Queensland Energy joint operations (Moranbah Gas Project) in August 2023.
- Recognised a pre-tax impairment of \$48 million (\$33 million post-tax) relating to the carrying value of the Surat Gas Project.

##### H123

During the prior corresponding period AGL:

- Recorded a decrease in the onerous contract provision of \$186 million pre-tax (\$131 million post-tax) as a result of higher large-scale generation certificate forward prices along with higher discount rates, partly offset by lower electricity forward prices.

## Operating & Financial Review

For the half-year ended 31 December 2023

- Recognised an impairment of \$1,008 million pre-tax (\$706 million post-tax) relating to the carrying value of the AGL Energy Generation Fleet cash-generating unit, primarily as a result of the decision to bring forward the targeted closure date of AGL thermal generation assets and additional Environmental, Social and Governance (ESG) costs.
- Recognised \$10 million pre-tax (\$7 million post-tax) in separation and re-integration costs related to the proposed demerger of AGL.
- Recognised \$17 million pre-tax (\$12 million post-tax) revenue related to contingent milestones under the FY21 Wellington North Solar Farm sale being met in H123.
- Recognised \$43 million pre-tax (\$30 million post-tax) due to the reduction in rehabilitation provision for assets that had previously been impaired. The reduction in rehabilitation provision was driven by an increase in the discount rate following market changes in base rates.

### 2.1.3 Earnings Before Interest and Tax (EBIT)

	H124 \$m	H123 \$m
<b>Statutory EBIT</b>	<b>945</b>	(1,426)
Significant items	193	772
(Gain)/Loss on fair value of financial instruments	(425)	889
<b>Underlying EBIT</b>	<b>713</b>	235
Customer Markets	151	95
Integrated Energy	749	309
Investments	(3)	6
Centrally Managed Expenses	(184)	(175)
<b>Underlying EBIT</b>	<b>713</b>	235

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## Operating & Financial Review

For the half-year ended 31 December 2023

### 2.1.4 Group financial performance

Underlying Profit after tax attributable to AGL shareholders was \$399 million, up \$312 million. The principal drivers of the increase were improved fleet availability and flexibility, more stable market conditions, along with the impact of higher wholesale electricity pricing from prior periods being reflected in pricing outcomes and contract positions. This was in comparison to volatile energy market conditions and forced plant outages in the prior corresponding period. Trading and Origination Gas and Consumer gross margin also increased, despite overall lower customer demand.

	H124 \$m	H123 \$m
Revenue	6,183	7,808
Cost of sales	(4,243)	(6,447)
Other income	11	13
<b>Gross margin</b>	<b>1,951</b>	<b>1,374</b>
Operating costs (excluding depreciation and amortisation)	(877)	(770)
<b>Underlying EBITDA</b>	<b>1,074</b>	<b>604</b>
Depreciation and amortisation	(361)	(369)
<b>Underlying EBIT</b>	<b>713</b>	<b>235</b>
Net finance costs	(153)	(119)
Underlying Profit before tax	560	116
Income tax expense	(166)	(31)
<b>Underlying Profit after tax</b>	<b>394</b>	<b>85</b>
Non-controlling interests <sup>1</sup>	5	2
<b>Underlying Profit after tax attributable to AGL shareholders</b>	<b>399</b>	<b>87</b>

1. Relates to the 49% non-controlling interest in Ovo Energy Pty Limited.

Refer to Section 3 for further analysis on the movement in gross margin for each operating segment and Section 1.1.6 for commentary on Group operating costs.

Depreciation and amortisation of \$(361) million was down 2.2%, driven by Customer Markets digital assets reaching their end of depreciable life, and the impact of the impairment of Torrens Island Power Station resulting from AGL's Review of Strategic Direction (RoSD) outcomes announced in September 2022. This was partly offset by a higher asset base due to an increase in AGL Loy Yang environmental rehabilitation assets.

Net finance costs were \$(153) million, up 28.6% largely driven by increased interest rates during the current period, increased debt margins due to materially extended debt tenors, and an increase in the rehabilitation provision interest accretion due to provision uplifts during FY23 and a higher discount rate.

Underlying tax expense was \$(166) million, primarily reflecting the increase in Underlying Profit before tax. The underlying effective tax rate was 29.6%, an increase of 2.9 ppts.

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## Operating & Financial Review

For the half-year ended 31 December 2023

### 2.2 Cash flow

#### 2.2.1 Reconciliation of Underlying EBITDA to cash movement

Operating cash flow before significant items, interest and tax was \$840 million, up \$735 million. The rate of conversion of EBITDA to cash flow was 78%, up from 17% in the prior corresponding period. Adjusting for margin calls and rehabilitation, the cash conversion rate was 84%, up from 40% in the prior corresponding period.

	H124 \$m	H123 \$m
Underlying EBITDA	1,074	604
Equity accounted income (net of dividends received)	(6)	(9)
Accounting for onerous contracts	1	(43)
Other assets/liabilities and non-cash items	5	(41)
Payments for rehabilitation	(36)	(20)
Working capital movements		
Decrease in receivables	123	331
(Decrease) in payables	(241)	(429)
(Increase) in inventories	(15)	(17)
Net derivative premiums (paid)/roll-offs	(23)	(43)
(Increase) in financial assets (margin calls)	(25)	(119)
Net movement in green assets/liabilities	(5)	(47)
Other working capital movements	(12)	(62)
Total working capital movements	(198)	(386)
<b>Operating cash flow before significant items, interest and tax</b>	<b>840</b>	<b>105</b>
Net finance costs paid	(68)	(49)
Income taxes	19	(27)
Cash flow relating to significant items	-	8
Net cash provided by operating activities	791	37
Net cash used in investing activities	(398)	(322)
Net cash used in financing activities	(388)	492
<b>Net increase in cash and cash equivalents</b>	<b>5</b>	<b>207</b>

The principal reasons for higher operating cash flow and cash conversion rates were higher Underlying EBITDA and lower working capital requirements compared to the prior corresponding period. Total working capital movements were \$(198) million, compared to \$(386) million in the prior corresponding period. Components of working capital movement were:

- Receivables cash flow of \$123 million reflected higher revenue due to seasonality of customer consumption which resulted in a higher opening receivables balance at 1 July compared with 31 December, and refund of green certificate shortfall charges related to prior periods. This was partly offset by an increase in debtors driven by higher electricity revenue during the period.
- Payables cash flow of \$(241) million reflected lower electricity pool prices, lower gas spot market purchases at lower market prices, and AGL Loy Yang mine coal royalty payments. The prior corresponding period payables cash flow of \$(429) million reflected higher gas spot market purchases at high market prices during winter, and higher oil prices impacting gas supply agreements.
- Inventory cash flow of \$(15) million reflected lower generation volumes compared to coal purchases at Bayswater. This was partly offset by net gas withdrawals from storage to meet demand.
- Net derivative premiums paid of \$(23) million reflected the premiums paid on summer weather derivatives.
- Financial assets/liabilities (margin calls) cash flow of \$(25) million reflected lower long term wholesale electricity market prices on a buy position. The prior corresponding period financial assets (margin calls) cash flow of \$(119) million reflected higher long term market prices on a buy position, partly offset by lower prices in the near term.
- Green assets/liabilities cash flow of \$(5) million reflected higher purchases driven by large-scale renewable energy certificates and small-scale renewable energy certificates.

Payments for rehabilitation of \$(36) million included payments for the ongoing decommissioning of the Liddell Power Station and related infrastructure, and the decommissioning and rehabilitation of gas wells.

Cash tax refund in H124 reflected the net loss before tax in FY23 compared to the prior corresponding period where cash paid reflected the net profit made in FY22.

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Investing cash flows of \$(398) million reflected capital expenditure, and capital injections for Tilt Renewables equity calls of \$(13) million.

Financing activities cash flows of \$(388) million reflected net borrowings repayments of \$(232) million and dividend payments of \$(155) million. The prior corresponding period cash flow of \$492 million reflected net borrowing drawdowns of \$599 million, partly offset by dividend payments of \$(67) million.

### 2.2.2 Operating Free Cash Flow

AGL has adopted operating free cash flow as a new key measure of financial performance to ensure the operational core business generates strong cash flows to support future investment in growth. Operating free cash flow is derived from net cash provided by operating activities excluding working capital movements for margin calls and cash flow related to significant items and adding sustaining capital expenditure on an accruals basis.

Operating free cash flow was \$526 million, up \$573 million from the prior corresponding period, primarily driven by the increase in Underlying EBITDA, partly offset by higher sustaining capital expenditure at the coal-fired plants.

	H124 \$m	H123 \$m
<b>Net cash provided by operating activities</b>	<b>791</b>	37
Adjust for:		
Working capital movements for margin calls	25	119
Cash flow related to significant items	-	(8)
Sustaining capital expenditure (accruals basis)	(290)	(195)
<b>Operating free cash flow</b>	<b>526</b>	(47)

Refer to Section 2.2.1 for a description of the factors driving net cash provided by operating activities, working capital movements for margin calls and cash flow related to significant items. Refer to Section 1.1.6 for commentary on sustaining capital expenditure on an accruals basis.

### 2.3 Financial position

#### Summary Statement of Financial Position

At 31 December 2023 AGL's total assets were \$14,512 million, a decrease from \$15,238 million at 30 June 2023, primarily due to a \$761 million decrease in energy derivatives, and a \$191 million decrease in current trade and other receivables reflecting a decrease in customer sales volume. Other current assets included \$84 million of assets classified as held for sale, a decrease of \$101 million due to the divestment of the Moranbah Gas Project and an impairment loss recognised on the Surat Gas Project in the current period (refer to Section 2.1.2).

Total liabilities at 31 December 2023 were \$9,017 million, a decrease from \$10,119 million at 30 June 2023, primarily reflecting a \$1,161 million movement in energy derivatives, a \$101 million decrease in trade and other payables reflecting energy price decreases reducing the value of closing balances, and a decrease in borrowings. This was partly offset by an increase in onerous contract provisions (refer to Section 2.1.2). Other liabilities included \$84 million of liabilities classified as held for sale, a decrease of \$136 million due to the divestment of the Moranbah Gas Project.

Total equity at 31 December 2023 was \$5,495 million, up from \$5,119 million, reflecting the Statutory Profit for the period, partly offset by dividends paid. AGL's return on equity, calculated on a rolling 12-month basis was 11.1%, up 6.2 pts from 30 June 2023.

	H124 \$m	FY23 \$m
<b>Assets</b>		
Cash and cash equivalents	152	148
Other current assets	3,579	4,427
Property, plant and equipment	5,478	5,418
Intangible assets	3,165	3,182
Other non-current assets	2,138	2,063
<b>Total assets</b>	<b>14,512</b>	15,238
<b>Liabilities</b>		
Borrowings	2,704	2,883
Other liabilities	6,313	7,236
<b>Total liabilities</b>	<b>9,017</b>	10,119
<b>Net assets/total equity<sup>1</sup></b>	<b>5,495</b>	5,119

1. Total equity includes \$(5) million attributable to non-controlling interests (FY23: \$(2) million).

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### 2.3.1 Net Debt Reconciliation

Net debt at 31 December 2023 was \$2,518 million, down from \$2,711 million at 30 June 2023. This was primarily driven by improved operating cash flows from higher Underlying EBITDA, and lower working capital due to lower margin call obligations.

AGL's gearing (measured as the ratio of net debt to net debt plus adjusted equity) at 31 December 2023 was 31.5% compared with 34.9% at 30 June 2023.

AGL maintained its credit rating of Baa2 throughout the period as provided by Moody's Investors Service. Key metrics consistent with this credit rating at 31 December 2023:

- Interest cover: 9.4 times
- Funds from operations to net debt: 52.3%

	H124 \$m	FY23 \$m
<b>Net debt reconciliation</b>		
Borrowings	2,704	2,883
Less: Adjustment for cross currency swap hedges	(34)	(24)
Cash and cash equivalents	(152)	(148)
<b>Net debt</b>	<b>2,518</b>	<b>2,711</b>

### 2.3.2 Movement in fair value of financial instruments

#### Approach to hedging

AGL's approach to managing energy price risks, through physical ownership of energy generation, contracting for energy supply and financial hedging, reflects the need to provide pricing certainty to customers and limit exposure to adverse wholesale market outcomes. AGL generates electricity or has contracted gas supply in excess of its customers' demand in some states. In other states, AGL has sources of supply less than its customers' demand.

AGL uses certain financial instruments (derivatives) to manage these energy price risks and to manage its exposure to interest and foreign exchange rates arising in the normal course of business, provided the overall AGL risk appetite is not exceeded. The majority of these financial instruments exchange a fixed price for a floating market-based price of a given commodity, interest rate, currency or a quoted asset, with the net differential being settled with the counterparty. AGL is exposed to price volatility on the sale and purchase of energy-related commodities in the normal course of business, and therefore enters into contracts that minimise the price risk to AGL on both sold and purchased forecast exposures.

AGL has in place a governance framework that establishes the policy guidelines under which energy hedging activities are conducted. Key components of that policy include segregation of duties, independent risk oversight, earnings-at-risk limits, compliance management and regular reporting to the Board. The risk policy represents the Board and Senior Management's commitment to an effective risk management function to ensure appropriate management and oversight of AGL's risks related to wholesale markets energy risk. The policy allows for commercial optimisation of the portfolio provided that AGL adheres to overall earnings-at-risk limits that reflect its risk appetite.

#### Energy price risk

AGL's energy-related derivatives recognised in profit or loss include sell and buy positions, where AGL receives or pays a fixed price from or to a counterparty in exchange for a floating price paid or received.

AGL is required to make margin payments in respect of futures contracts traded through the Australian Securities Exchange (ASX). Initial margin call payments are made at the time contracts are entered in order to manage intra-day credit exposure. The quantum of initial margin depends on the volume traded, the expected market volatility as well as forward electricity prices at the time. The initial margin call can move subsequently as forward prices move. AGL also receives or makes payments known as variation margin calls, which cover mark to market movements of AGL's open futures position. These typically reverse through future earnings as contract positions roll off.

#### Treasury related risk

AGL's treasury related risk primarily relates to interest and foreign currency rate fluctuations. Contracts to minimise the exposure to market-based fluctuations are executed pursuant to AGL's treasury risk management policy. These contracts primarily result in fixed interest rates and foreign currency exchange rates. These contracts are designated in hedge relationships when they can be matched to forecast transactions with sufficient probability of the forecast transaction occurring.

In addition to the above, AGL is counterparty to cross-currency interest rate swap arrangements to convert its fixed interest rate US dollar private placement borrowing instruments to floating interest rate Australian dollar equivalent borrowing instruments. The cross-currency interest rate swap arrangements are designated as fair value and cash flow hedge relationships.

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### Movement in fair value

The initial fair value of a derivative is the consideration paid or received (the premium). Fair value movements in any given period are a function of changes to underlying indices, market prices or currencies and the roll-off of realised contractual volumes or amounts. A reconciliation of the movements in financial instruments carried at fair value for H124 is presented in the following table.

Net assets/(liabilities)	H124 \$m	FY23 \$m	Change \$m
Energy derivative contracts	211	(189)	400
Cross currency and interest rate swap derivative contracts	107	141	(34)
<b>Total net assets/(liabilities) for financial instruments</b>	<b>318</b>	<b>(48)</b>	<b>366</b>
Change in net assets	366		
Premiums paid	(81)		
Premium roll off	58		
Equity accounted fair value	52		
<b>Total change in fair value</b>	<b>395</b>		
Recognised in equity hedge and other reserve	(46)		
Recognised in borrowings	11		
Recognised in profit or loss – pre-tax	430		
<b>Total change in fair value</b>	<b>395</b>		

The movement in net derivative assets in the period of \$366 million is expanded on in the table below.

	Unrealised fair value recognised in:							H124 \$m
	FY23 \$m	Profit or loss	Hedge reserve	Borrowings	Currency basis	Premiums and roll offs paid		
Energy derivative contracts	(189)	377	-	-	-	23	211	
Treasury derivative contracts	141	-	(42)	11	(3)	-	107	
<b>Net asset/(liability)</b>	<b>(48)</b>	<b>377</b>	<b>(42)</b>	<b>11</b>	<b>(3)</b>	<b>23</b>	<b>318</b>	
Fair value recognised within equity accounted investments		53	(1)				52	
<b>Profit or loss</b>		<b>430</b>						
Realised fair value to be recognised in cost of sales		(5)						
<b>Fair value recognised in profit or loss</b>		<b>425</b>						

The fair value movement driving the change in the net derivative assets position reflected in unrealised fair value movements is as follows:

- An increase in the fair value of energy-related derivatives of \$400 million was recorded in profit or loss (excluded from Underlying Profit). The net gain was due to a positive change in the value of net sell electricity level 3 derivatives, which was partly offset by negative changes in the value of level 1 and level 2 net sell electricity derivatives. These movements were due to a drop in the short to long term forward price of electricity in December 2023 mainly impacted by the Capacity Investment Scheme, and a negative change in the value of oil due to unfavourable roll off in H124. This was partly offset by favourable mark to market on a rising price curve and net buy position.
- A decrease in fair value of \$34 million recognised in treasury derivatives was primarily due to a decrease in interest rate forward curves.

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### 3. Segmental Analysis

AGL manages its business in three key operating segments: Customer Markets, Integrated Energy and Investments. Further detail on the activities of each operating segment is provided below.

AGL manages and reports a number of expense items including Technology within Centrally Managed Expenses. These costs are not reallocated to AGL's operating segments as their management is the responsibility of various corporate functions.

A reconciliation of segment results and Underlying Profit after tax is provided in the Consolidated Financial Statements Note 2 Segment information.

#### 3.1 Customer Markets

Customer Markets comprises the Consumer and Large Business customer portfolios responsible for the retailing of electricity, gas, broadband/mobile/voice, solar and energy efficiency products and services to residential, small and large business customers. Customer Markets sources its energy from Integrated Energy at transfer prices that reflect wholesale energy costs in each state, along with energy provided by rooftop solar. Customer Markets also includes sales, marketing, brand, product, and AGL's customer contact and call centre operations.

##### 3.1.1 Underlying EBIT

Customer Markets Underlying EBIT was \$151 million, up 58.9% due to higher Consumer and Telecommunications gross margin, partly offset by higher operating costs and lower Large Business gas gross margin. The increase in Consumer gross margin was driven by customers moving off low fixed rates, improvement in solar rates, and timing of FY24 electricity price changes. The increase in Telecommunications gross margin was driven by continued growth in customer services. Large Business gas gross margin was impacted by lower volumes due to competitive market conditions.

	H124 \$m	H123 \$m
Consumer Electricity gross margin	327	203
Consumer Gas gross margin	155	148
Large Business Electricity gross margin	14	14
Large Business Gas gross margin	3	9
Fees, charges and other gross margin	10	6
Telecommunications gross margin	13	8
Perth Energy gross margin	5	5
Sustainable Business Energy Solutions gross margin	9	11
<b>Gross margin</b>	<b>536</b>	<b>404</b>
Operating costs (excluding depreciation and amortisation)	(328)	(244)
<b>Underlying EBITDA</b>	<b>208</b>	<b>160</b>
Depreciation and amortisation	(57)	(65)
<b>Underlying EBIT</b>	<b>151</b>	<b>95</b>

- Consumer Electricity gross margin was \$327 million, up 61.1%, driven by higher revenue rates due to customers moving off low fixed rates, improvement in solar rates, and timing of FY24 price changes.
- Consumer Gas gross margin was \$155 million, up 4.7%, driven by higher revenue rates as a result of continued focus on customer value management, partly offset by lower average demand due to milder weather.
- Large Business Electricity gross margin was \$14 million, flat with the prior corresponding period.
- Large Business Gas gross margin was \$3 million, down 66.7%, driven by lower volumes.
- Fees, charges and other gross margin was \$10 million, up 66.7%, due to increased revenue and higher administration fees from the Victorian government due to an increase in applications processed for the Victorian utility relief grant scheme.
- Telecommunication gross margin was \$13 million, up 62.5%, driven by growth in telecommunications services and improved margin rates from economies of scale across fixed network costs.
- Perth Energy gross margin was \$5 million, flat with the prior corresponding period, with lower electricity margin due to the impact of higher wholesale prices, partly offset by higher gas margin due to higher volumes.
- Sustainable Business Energy Solutions (SBES) gross margin was \$9 million, down 18.2%, primarily driven by a decrease in sales margin due to lower market prices on solar modules and competitive market conditions.
- Depreciation and amortisation was \$(57) million, down 12.3%, driven by digital assets reaching the end of their depreciable life.

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### 3.1.2 Operating costs

Customer Markets operating costs (excluding depreciation and amortisation) were \$(328) million, up 34.4%, due to increased net bad debt expense as a result of higher revenue, increased campaigns and advertising activity to counter the anticipated impact of increased competitive market conditions, and costs associated with the Retail Transformation Program.

	H124 \$m	H123 \$m
Labour and contractor services	(124)	(111)
Net bad debt expense	(61)	(36)
Campaigns and advertising	(59)	(39)
Other expenditure	(84)	(58)
<b>Operating costs (excluding depreciation and amortisation)</b>	<b>(328)</b>	<b>(244)</b>
Add: depreciation and amortisation	(57)	(65)
<b>Operating costs (including depreciation and amortisation)</b>	<b>(385)</b>	<b>(309)</b>

- Labour and contractor services costs were \$(124) million, up 11.7%, due to increased investment in the Retail Transformation Program, additional call centre resources to manage elevated call volumes during the current period, and inflationary increases.
- Net bad debt expense was \$(61) million, up 69.4% due to increased revenue resulting in higher debt levels and associated provisions, and higher debt relief and payment matching as part of the customer support package to assist customers with affordability and cost of living pressures.
- Campaigns and advertising costs were \$(59) million, up 51.3% due to increased market activity following significant price changes across the market, and wholesale market volatility and RoLR events resulting in low levels of churn in the prior corresponding period.
- Other expenditure was \$(84) million, up 44.8% primarily due to increased investment in the Retail Transformation Program.

### 3.1.3 Consumer profitability and operating efficiency

Net operating costs per consumer service was \$(59), up 28.3% compared to the prior corresponding period driven by higher net bad debt expense due to revenue increases, higher channel and marketing activity reflecting increases in market activity, and higher labour expense due to additional call centre resources to manage elevated call volumes during the current period.

	H124	H123
Gross margin (\$m)	495	359
Net operating costs (\$m) <sup>1</sup>	(250)	(195)
EBITDA (\$m)	245	164
Average consumer services ('000)	4,254	4,244
Gross margin per consumer service (\$)	116	85
Net operating costs per consumer service (\$)	(59)	(46)
EBITDA per consumer service (\$)	58	39
Net operating costs as a percentage of gross margin	50.5%	54.3%

1. Includes fees, charges, and recoveries. Excludes depreciation and amortisation, and the impact of digital uplift expenses (Software as a Service).

Average consumer services increased compared to the prior corresponding period due to growth in Telecommunications services, partly offset by a decrease in energy services due to highly competitive market conditions and customer price increases across the energy market.

Gross Margin per consumer service increased compared to the prior corresponding period due to energy customers moving off low fixed rates, improvement in solar rates, timing of FY24 electricity price changes, and higher Telecommunications services resulting in improved economies of scale across fixed network costs.

### 3.2 Integrated Energy

The Trading and Origination components of Integrated Energy are responsible for managing the price risk associated with trading electricity and gas for AGL's customers and for managing AGL's obligations in relation to renewable energy schemes. They also control the dispatch of AGL's owned and contracted generation assets and associated portfolio of energy hedging products.

- Trading and Origination - Electricity reflects the trading of key fuel inputs and hedging of AGL's wholesale electricity requirements, and also includes Eco Markets, which reflects the management of AGL's liabilities relating to both voluntary and mandatory renewable and energy efficiency.
- Trading and Origination - Gas reflects the sourcing and management of AGL's gas supply and transportation portfolio. Trading and Origination - Gas is also responsible for the management of the price exposures related to AGL's oil-linked wholesale gas contracts.

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- Trading and Origination – Other reflects the Trading and Origination resourcing and support, in addition the Decentralised Energy Resources business is responsible for the management of other growth initiatives in AGL's orchestration pathway alongside Customer Markets.

The Operations and Other components of Integrated Energy comprises AGL's power generation portfolio and other key sites and operating facilities across the Coal, Gas Generation, Renewables and Storage, Natural Gas, and Other business units.

- Coal primarily comprises AGL Macquarie (Bayswater and Liddell power stations) and AGL Loy Yang. Liddell Power Station ceased generation on 28 April 2023 and the site is being rehabilitated and transitioned to an industrial renewable energy hub.
- Gas Generation primarily comprises Torrens Island Power Station, Barker Inlet Power Station, Kwinana Swift Power Station and Somerton Power Station. As announced in November 2022, Torrens Island Power Station will close its three remaining units in operation on 30 June 2026 and will be rehabilitated and transitioned into an industrial renewable energy hub.
- Renewables and Storage primarily comprises hydroelectric power stations, the operation of solar power as well as wind power generation, and the Torrens Island Battery. Operational costs to maintain the wind farms are reported within Trading and Origination – Electricity to align with the gross margin of the related power purchase agreements.
- Natural Gas includes the Surat Gas Project which is held for sale, the Newcastle Gas Storage Facility, the Camden Gas Project which ceased production in August 2023, and the Moranbah Gas Project until it was divested in August 2023.
- Other primarily consists of the Energy Hubs business focused on the development and construction of greenfield growth opportunities related to renewable and firming capacity, and technical and business support functions.

### 3.2.1 Underlying EBIT

Integrated Energy Underlying EBIT was \$749 million, up \$440 million or 142.4%, primarily due to higher gross margin from Trading and Origination - Electricity and Trading and Origination - Gas.

	H124 \$m	H123 \$m
<b>Gross margin</b>	<b>1,405</b>	957
Operating costs (excluding depreciation and amortisation)	<b>(388)</b>	(381)
<b>Underlying EBITDA</b>	<b>1,017</b>	576
Depreciation and amortisation	<b>(268)</b>	(267)
<b>Underlying EBIT</b>	<b>749</b>	309

Gross margin was \$1,405 million, up \$448 million due to higher margin in the Electricity portfolio, reflecting the recovery of higher wholesale market costs through consumer prices, lower NEM volatility compared to the prior corresponding period, particularly July 2022 which had high pool prices on short electricity positions, and the return to service of Unit 2 at AGL Loy Yang. This was partly offset by the loss of generation due to the closure of Liddell Power Station, the impact of lower wholesale electricity prices on long positions mainly in Queensland, and lower consumer demand volumes compared to the prior corresponding period. Gas portfolio margin increased reflecting the reset of customer tariffs and short-term market trading strategies, partly offset by lower volumes from customers and lower prices on a net long position.

Operating costs (excluding depreciation and amortisation) were \$(388) million, an increase of \$7 million compared to the prior corresponding period due to higher labour costs driven by Enterprise Agreement wage escalations, increased costs to maintain and improve plant availability across the thermal fleet, and expenditure at Surat Gas Project that would have otherwise been treated as capital following the asset being classified as held for sale. This was partly offset by the reduction in costs from the closure of Liddell Power Station, divestment of the Moranbah Gas Plant and closure of the Camden Gas Project. For further details see Section 3.2.2.

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The following table provides a breakdown of the contributors to Underlying EBITDA and Underlying EBIT:

	H124 \$m	H123 \$m
Trading and Origination - Electricity	1,072	658
Trading and Origination - Gas	247	214
Trading and Origination - Other	(17)	(16)
Coal	(221)	(228)
Gas Generation	(19)	(19)
Renewables and Storage	(14)	(12)
Natural Gas	(1)	3
Other	(30)	(24)
<b>Underlying EBITDA</b>	<b>1,017</b>	<b>576</b>
Depreciation and amortisation	(268)	(267)
<b>Underlying EBIT</b>	<b>749</b>	<b>309</b>

- Trading and Origination – Electricity gross margin was \$1,072 million, up 62.9%, reflecting the recovery of higher wholesale market costs through consumer prices, lower volatility in the NEM compared to the prior corresponding period, and the return to service of Unit 2 at AGL Loy Yang. This was partly offset by the loss of generation due to the closure of Liddell Power Station, the impact of lower wholesale electricity prices on long positions mainly in Queensland, and lower consumer demand compared to the prior corresponding period.
- Trading and Origination – Gas gross margin was \$247 million, up 15.4%, driven by the reset of customer tariffs reflecting the lagged recovery of customer margins due to the rising gas costs in recent years that were previously absorbed by AGL, and short term market trading strategies. This was partly offset by lower volumes in wholesale customers and internal generation, lower consumer volumes due to milder winter weather, and lower oil prices on a net long position.
- Trading and Origination – Other Underlying EBITDA was \$(17) million, down 6.3% driven by labour escalation.
- Coal Underlying EBITDA was \$(221) million, up 3.1%, driven by the reduction in costs due to the closure of Liddell Power Station and higher revenue from the sale of coal to the Loy Yang B Power Station. This was partly offset by increased labour costs arising from Enterprise Agreement wage escalation and higher costs to maintain and improve plant availability.
- Gas Generation Underlying EBITDA was \$(19) million, flat compared to the prior corresponding period.
- Renewables and Storage Underlying EBITDA was \$(14) million, down 16.7%, primarily driven by mobilisation costs for the Torrens Island Battery completed on 30 September 2023.
- Natural Gas Underlying EBITDA was \$(1) million, down \$4 million, primarily driven by the closure of the Camden Gas Project and divestment of the Moranbah Gas Project in August 2023, and higher expenditure at the Surat Gas Project that would have otherwise been treated as capital following the asset being classified as held for sale. This was partly offset by an increase in the Surat Gas Project outerfield gas and oil production.
- Other Underlying EBITDA was \$(30) million, down 25.0%, primarily driven by an increase in costs for energy hub feasibility studies to grow the development pipeline, the *Security of Critical Infrastructure Act 2018* (SOCi) compliance program, and health, safety and environment risk management initiatives.

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### 3.2.2 Operating costs

Integrated Energy operating costs (excluding depreciation and amortisation) of \$(388) million increased by 1.8% compared to the prior corresponding period.

	H124 \$m	H123 \$m
Labour	(189)	(183)
Contracts and materials	(130)	(135)
Other	(69)	(63)
<b>Operating costs (excluding depreciation and amortisation)</b>	<b>(388)</b>	<b>(381)</b>

- Labour costs were \$(189) million, up 3.3%, driven by increased labour costs due to Enterprise Agreement wage escalations. This was partly offset by the impact of the closures of Liddell Power Station and Camden Gas Plant.
- Contracts and materials costs were \$(130) million, down 3.7%, driven by the impact of the closure of Liddell Power Station. This was partly offset by inflationary pressures, and higher costs to maintain and improve plant availability across the thermal fleet.
- Other operating costs were \$(69) million, up 9.5%, driven by higher expenditure at Surat Gas Project that would have otherwise been treated as capital following the asset being classified as held for sale, higher Loy Yang mine equipment costs, higher energy hub feasibility studies, higher insurance premiums, and an increase in consulting costs for SOCI and risk management initiatives. This was partly offset by the divestment of the Moranbah Gas Project in August 2023.

### 3.2.3 Depreciation and amortisation

Integrated Energy depreciation and amortisation of \$(268) million was broadly flat with the prior corresponding period.

	H124 \$m	H123 \$m
Coal	(218)	(207)
Gas Generation	(16)	(22)
Renewables and Storage	(19)	(17)
Natural Gas	(1)	(4)
Other Integrated Energy	(14)	(17)
<b>Depreciation and amortisation</b>	<b>(268)</b>	<b>(267)</b>

- Coal depreciation and amortisation was \$(218) million, up 5.3%, primarily due to a higher asset base driven by an increase in environmental rehabilitation assets at AGL Loy Yang.
- Gas Generation depreciation and amortisation was \$(16) million, down 27.3% driven by the impact of the impairment of Torrens Island Power Station resulting from AGL's RoSD outcomes announced in September 2022.
- Renewables and Storage depreciation and amortisation was \$(19) million, up 11.8%, driven by the completion of the Torrens Island Battery on 30 September 2023.
- Natural Gas depreciation and amortisation was \$(1) million, down \$3 million, driven by the Surat Gas Project assets being classified as held for sale ceasing to depreciate effective from 1 July 2023 and the closure of the Camden Gas Project in August 2023.
- Other Integrated Energy depreciation and amortisation was \$(14) million, down 17.6%, driven by software assets reaching the end of their depreciable life.

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### 3.3 Centrally Managed Expenses

AGL manages and reports certain expense items including technology costs within Centrally Managed Expenses. These costs are not reallocated to AGL's operating segments as their management is the responsibility of various corporate functions.

Centralised Managed Expenses Underlying EBIT was \$(184) million, down \$9 million or 5.1%. The cost increase was driven by higher labour costs and an increase in cyber security spending to enhance the protection of AGL's customers and operations. These impacts were partly offset by ongoing optimisation savings. Other operating costs were up by \$(4) million due to non-recurring benefits in the prior corresponding period.

	H124 \$m	H123 \$m
<b>Gross margin</b>	<b>1</b>	-
Operating costs (excluding depreciation and amortisation)	(149)	(138)
<b>Underlying EBITDA</b>	<b>(148)</b>	(138)
Depreciation and amortisation	(36)	(37)
<b>Underlying EBIT</b>	<b>(184)</b>	(175)
<b>Operating costs (excluding depreciation and amortisation)</b>		
Labour	(72)	(65)
IT hardware and software costs	(53)	(51)
Consultants and contractor services	(5)	(6)
Insurance premiums	(4)	(5)
Other	(15)	(11)
<b>Operating costs (excluding depreciation and amortisation)</b>	<b>(149)</b>	(138)

### 3.4 Investments

Investments primarily comprises AGL's interests in the ActewAGL Retail Partnership, Ovo Energy Australia Pty Ltd (Ovo), and Tilt Renewables.

	H124 \$m	H123 \$m
ActewAGL	18	9
Ovo <sup>1</sup>	(15)	(7)
Tilt Renewables	(6)	4
<b>Underlying EBIT</b>	<b>(3)</b>	6

1. Includes \$(8) million (H123: \$(3) million) attributable to the 49% non-controlling interest in Ovo.

- ActewAGL Retail Partnership contributed an equity share of profits of \$18 million, an increase of \$9 million compared to the prior corresponding period, driven by higher revenue rates.
- Ovo recorded a loss of \$(15) million, an increased loss of \$8 million compared to the prior corresponding period, primarily driven by higher customer acquisition costs and higher customer solar feed-in tariffs.
- Tilt Renewables contributed an equity share of loss of \$(6) million, a decrease of \$10 million compared to the prior corresponding period, driven by lower generation revenue, and higher depreciation and financing costs.

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### 3.5 Consolidated financial performance by operating segment

H124 \$m	Customer Markets	Integrated Energy	Investments	Centrally Managed Expenses	Inter-segment	Total Group
Revenue	4,734	3,709	31	1	(2,292)	6,183
Cost of sales	(4,199)	(2,304)	(32)	-	2,292	(4,243)
Other income	1	-	10	-	-	11
<b>Gross margin</b>	<b>536</b>	<b>1,405</b>	<b>9</b>	<b>1</b>	<b>-</b>	<b>1,951</b>
Operating costs (excluding depreciation and amortisation)	(328)	(388)	(12)	(149)	-	(877)
<b>Underlying EBITDA</b>	<b>208</b>	<b>1,017</b>	<b>(3)</b>	<b>(148)</b>	<b>-</b>	<b>1,074</b>
Depreciation and amortisation	(57)	(268)	-	(36)	-	(361)
<b>Underlying EBIT</b>	<b>151</b>	<b>749</b>	<b>(3)</b>	<b>(184)</b>	<b>-</b>	<b>713</b>
Net finance costs						(153)
Underlying Profit before tax						560
Income tax expense						(166)
<b>Underlying Profit after tax</b>						<b>394</b>
Non-controlling interests <sup>1</sup>						5
<b>Underlying Profit after tax attributable to AGL shareholders</b>						<b>399</b>

1. Relates to the 49% attributable to non-controlling interest in Ovo Energy Pty Limited.

H123 \$m	Customer Markets	Integrated Energy	Investments	Centrally Managed Expenses	Inter-segment	Total Group
Revenue	4,199	5,545	10	-	(1,946)	7,808
Cost of sales	(3,794)	(4,588)	(11)	-	1,946	(6,447)
Other income	(1)	-	14	-	-	13
<b>Gross margin</b>	<b>404</b>	<b>957</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>1,374</b>
Operating costs (excluding depreciation and amortisation)	(244)	(381)	(7)	(138)	-	(770)
<b>Underlying EBITDA</b>	<b>160</b>	<b>576</b>	<b>6</b>	<b>(138)</b>	<b>-</b>	<b>604</b>
Depreciation and amortisation	(65)	(267)	-	(37)	-	(369)
<b>Underlying EBIT</b>	<b>95</b>	<b>309</b>	<b>6</b>	<b>(175)</b>	<b>-</b>	<b>235</b>
Net finance costs						(119)
Underlying Profit before tax						116
Income tax expense						(31)
<b>Underlying Profit after tax</b>						<b>85</b>
Non-controlling interests <sup>1</sup>						2
<b>Underlying Profit after tax attributable to AGL shareholders</b>						<b>87</b>

1. Relates to the 49% attributable to non-controlling interest in Ovo Energy Pty Limited.

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### 4. Portfolio Review Summary

The portfolio review for the Electricity (Section 4.2) and Gas (Section 4.3) businesses outlines the margin achieved for each of AGL's portfolios across operating segments, and demonstrates how value is generated within each business. The portfolio reviews in Sections 4.2 and 4.3 start with volume information before summarising external customer revenue, customer network and other costs, fuel and gas costs net of hedging, and costs of managing and maintaining owned and contracted generation assets, to arrive at a portfolio's margin. A per unit rate (\$/MWh for electricity and \$/GJ for gas) is derived from each category of revenue and cost using the relevant associated volumes.

The tables in Sections 4.2 and 4.3 should be read in conjunction with Section 4.4 to reconcile the segmental revenue and costs allocated to each portfolio with Group Underlying EBIT.

#### 4.1 Portfolio Review Summary to Underlying Profit after Tax

	H124 \$m	Restated H123 \$m
<b>Electricity Portfolio</b>		
Total revenue	4,036	3,439
Customer network, green compliance, and other cost of sales	(1,775)	(1,807)
Fuel costs <sup>1</sup>	(324)	(454)
Generation running costs	(390)	(388)
Depreciation and amortisation	(253)	(246)
Net portfolio management <sup>1</sup>	(389)	(173)
<b>Electricity Portfolio Margin (a)</b>	<b>905</b>	<b>371</b>
<b>Gas Portfolio</b>		
Total revenue	1,280	1,507
Customer network and other cost of sales	(321)	(319)
Gas purchases	(376)	(647)
Haulage, storage and other	(172)	(166)
<b>Gas Portfolio Margin</b>	<b>411</b>	<b>375</b>
<b>Natural Gas</b>	<b>(2)</b>	<b>(1)</b>
<b>Gas Portfolio Margin (including Natural Gas) (b)</b>	<b>409</b>	<b>374</b>
<b>Other AGL</b>		
Other margin <sup>2</sup>	46	40
Customer Markets operating costs	(328)	(244)
Integrated Energy other operating costs	(51)	(42)
Investments operating costs	(12)	(7)
Centrally Managed Expenses operating costs	(149)	(138)
Other depreciation and amortisation	(107)	(119)
Net finance costs	(153)	(119)
Income tax expense	(166)	(31)
<b>Total Other AGL (c)</b>	<b>(920)</b>	<b>(660)</b>
<b>Underlying Profit after Tax (a + b + c)</b>	<b>394</b>	<b>85</b>
Non-controlling interests <sup>3</sup>	5	2
<b>Underlying Profit after tax attributable to AGL shareholders</b>	<b>399</b>	<b>87</b>

1. Comparatives have been restated to reclass directional services from fuel costs to net portfolio management.
2. Other margin includes other income from investments, and gross margin from Customer Markets.
3. Relates to the 49% non-controlling interest in Ovo Energy Pty Limited.

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### 4.2 Electricity portfolio

The Electricity portfolio review combines Integrated Energy's Trading and Origination (Electricity), Operations (Coal, Gas Generation and Renewables), with Customer Markets (Consumer and Large Business) businesses to outline the portfolio's performance across operating segments.

All electricity volumes generated by AGL are sold into either the National Electricity Market (NEM) or Western Australian Wholesale Electricity Market (collectively the "pool") for which AGL receives pool generation revenue. Pool generation revenue is a function of volume and pool prices, which are set by the real-time market in each state. In the NEM, the total volume demanded by AGL customers is then purchased from the pool according to the geographical profile of customer demand and is reported as pool purchase volumes and costs. Where AGL's customer demand volumes exceed pool generation volumes, the generation volume deficit needs to be purchased from the pool by AGL.

	H124 GWh	H123 GWh	Movement %
Pool purchase volume to satisfy Consumer customers	7,107	7,792	(8.8)%
Pool purchase volume to satisfy Large Business customers and Wholesale customers	11,541	12,148	(5.0)%
<b>Pool purchase volume<sup>1</sup></b>	<b>18,648</b>	19,940	(6.5)%
Add: Net generation volume (deficit)/surplus	(2,730)	(852)	220.4%
<b>Pool generation volume</b>	<b>15,918</b>	19,088	(16.6)%
Consumer customers sales	6,729	7,382	(8.8)%
Large Business customers sales	4,682	5,336	(12.3)%
Wholesale customers sales	6,701	6,683	0.3%
<b>Total customer sales volume</b>	<b>18,112</b>	19,401	(6.6)%
Energy losses	536	539	(0.6)%
<b>Pool purchase volume<sup>1</sup></b>	<b>18,648</b>	19,940	(6.5)%

1. Includes 1.6 TWh residential solar volumes purchased from consumers (H123: 1.4 TWh).

Refer to Section 1.1.4 for commentary on generation volumes.

Refer to Section 1.1.2 for commentary on customer energy demand.

Revenue	Portfolio Margin		Per Unit		Volume Denomination	
	H124 \$m	H123 \$m	H124 \$/MWh	H123 \$/MWh	H124 GWh	H123 GWh
Consumer customers	2,562	2,092	380.7	283.4	6,729	7,382
Large Business customers	853	813	182.2	152.4	4,682	5,336
Wholesale customers <sup>1</sup>	563	484	84.0	72.4	6,701	6,683
Operations (ancillary revenue)	58	50	-	-	-	-
<b>Total revenue</b>	<b>4,036</b>	3,439	<b>222.8</b>	177.3	<b>18,112</b>	19,401

1. Wholesale customers revenue includes amounts from certain wholesale contracts that are treated as derivatives for statutory reporting purposes. In the statutory accounts the amounts associated with these contracts are recognised within cost of sales.

Total revenue was \$4,036 million, up 17.4%.

- Revenue from Consumer customers was \$2,562 million, up 22.5%, due to higher revenue rates as a result of price increases.
- Large Business customer revenue was \$853 million, up 4.9%, driven by an increase in average revenue rates due to an increase in wholesale electricity prices, partly offset by lower volumes.
- Wholesale customer revenue was \$563 million, up 16.3%, largely driven by higher revenue rates to wholesale customers.
- Operations revenue was \$58 million, up 16.0%, driven by higher external revenue from the sale of coal from AGL's mine at AGL Loy Yang to the Loy Yang B Power Station.

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	Portfolio Margin		Per Unit		Volume Denomination	
	H124 \$m	H123 \$m	H124 \$/MWh	H123 \$/MWh	H124 GWh	H123 GWh
<b>Network and other cost of sales</b>						
Network costs	<b>(1,164)</b>	(1,195)	<b>(102.0)</b>	(94.0)	<b>11,411</b>	12,718
Consumer	<b>(883)</b>	(908)	<b>(131.2)</b>	(123.0)	<b>6,729</b>	7,382
Large Business	<b>(281)</b>	(287)	<b>(60.0)</b>	(53.8)	<b>4,682</b>	5,336
Green compliance costs	<b>(343)</b>	(360)	<b>(30.1)</b>	(28.3)	<b>11,411</b>	12,718
Consumer solar costs	<b>(130)</b>	(126)	<b>(82.6)</b>	(91.6)	<b>1,574</b>	1,376
Other cost of sales	<b>(138)</b>	(126)	<b>(12.1)</b>	(9.9)	<b>11,411</b>	12,718
<b>Total customer network and other cost of sales</b>	<b>(1,775)</b>	(1,807)	<b>(155.6)</b>	(142.1)	<b>11,411</b>	12,718

Total customer network and other costs of sales were \$(1,775) million, down 1.8%.

- Total network costs were \$(1,164) million, down 2.6%, driven by lower volumes, partly offset by an increase in average network tariff rates.
- Green compliance costs were \$(343) million, down 4.7%, due to lower compliance percentages primarily in the small-scale renewable energy scheme reducing the requirement of certificates to be surrendered. Per certificate prices have increased due to small scale certificate volumes being lower, and their price per certificate is lower than large-scale renewable energy certificates and Victorian energy efficiency certificates.
- Consumer solar costs were \$(130) million, up 3.2%, due to an increase in solar volumes generated by solar customers.
- Other cost of sales were \$(138) million, up 9.5%, due to higher write-offs for unknown energy customers.

	Portfolio Margin		Per Unit		Volume Denomination	
	H124 \$m	Restated H123 \$m	H124 \$/MWh	Restated H123 \$/MWh	H124 GWh	Restated H123 GWh
<b>Fuel costs</b>						
Coal	<b>(270)</b>	(339)	<b>(21.0)</b>	(22.0)	<b>12,886</b>	15,403
Gas <sup>1</sup>	<b>(54)</b>	(115)	<b>(142.9)</b>	(143.8)	<b>378</b>	800
Renewables	–	–	–	–	<b>2,654</b>	2,885
<b>Total fuel costs (a)</b>	<b>(324)</b>	(454)	<b>(20.4)</b>	(23.8)	<b>15,918</b>	19,088

1. Comparatives have been restated to reclass directional services from fuel costs to net portfolio management.

Refer to Section 1.1.5 for commentary on fuel costs.

### Generation running costs

Coal power plants	<b>(192)</b>	(193)	<b>(14.9)</b>	(12.5)	<b>12,886</b>	15,403
Gas power plants	<b>(24)</b>	(24)	<b>(63.5)</b>	(30.0)	<b>378</b>	800
Renewables <sup>1</sup>	<b>(136)</b>	(114)	<b>(51.2)</b>	(39.5)	<b>2,654</b>	2,885
Other	<b>(38)</b>	(57)	<b>(2.4)</b>	(3.0)	<b>15,918</b>	19,088
<b>Total generation running costs (b)</b>	<b>(390)</b>	(388)	<b>(24.5)</b>	(20.3)	<b>15,918</b>	19,088

1. Renewables includes Power Purchase Agreements (PPA) costs.

Total generation running costs were \$(390) million, up 0.5%.

- Coal operating costs were \$(192) million, down 0.5%, primarily driven by the reduction in costs following the closure of Liddell Power Station. This was partly offset by increased labour costs due to Enterprise Agreement wage escalation and higher costs to maintain and improve plant availability.
- Gas operating costs were \$(24) million, flat with the prior corresponding period.
- Renewables costs were \$(136) million, up 19.3%, driven by a decrease in onerous contract provision releases compared to the prior corresponding period. These releases were lower due to higher assumed price outcomes that were fixed within the current reporting period.
- Other costs were \$(38) million, down 33.3%, primarily driven by lower market fees from impacts of the market suspension costs that were billed during 2022.

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	Portfolio Margin		Per Unit		Volume Denomination	
	H124 \$m	Restated H123 \$m	H124 \$/MWh	Restated H123 \$/MWh	H124 GWh	Restated H123 GWh
<b>Depreciation and amortisation (c)</b>	<b>(253)</b>	(246)	<b>(15.9)</b>	(12.9)	<b>15,918</b>	19,088

Depreciation and amortisation was \$(253) million, up 2.8%, primarily due to a higher asset base driven by an increase in environmental rehabilitation assets at AGL Loy Yang.

### Net Portfolio Management

Pool generation revenue <sup>1</sup>	<b>1,061</b>	3,060	<b>66.7</b>	160.3	<b>15,918</b>	19,088
Pool purchase costs	<b>(1,361)</b>	(3,377)	<b>(73.0)</b>	(169.4)	<b>18,648</b>	19,940
Net derivative (cost)/revenue	<b>(89)</b>	144	<b>(5.6)</b>	7.5	<b>15,918</b>	19,088
<b>Net Portfolio Management (d)<sup>2</sup></b>	<b>(389)</b>	(173)	<b>(21.5)</b>	(8.9)	<b>18,112</b>	19,401

1. Comparatives have been restated to reclass directional services from fuel costs to net portfolio management.

2. Pool generation revenue and pool purchase costs include amounts from certain wholesale contracts that are treated as derivatives for statutory reporting purposes. In the statutory accounts the amounts associated with these contracts are recognised within cost of sales.

Net pool generation revenue and pool purchase costs were \$(300) million, up \$17 million, reflecting lower pool price outcomes, and lower generation volumes following the closure of Liddell Power Station. This was partly offset by higher availability through Loy Yang Unit 2, in addition to lower customer demand. The net derivative revenue of \$(89) million decreased by \$233 million, driven largely by the performance of contracted prices higher than pool price outcomes on a net bought position.

<b>Total wholesale costs (a + b + c + d)</b>	<b>(1,356)</b>	(1,261)	<b>(72.7)</b>	(63.2)	<b>18,648</b>	19,940
<b>Total costs</b>	<b>(3,131)</b>	(3,068)	<b>(172.9)</b>	(158.1)	<b>18,112</b>	19,401
<b>Electricity Portfolio Margin</b>	<b>905</b>	371	<b>50.0</b>	19.1	<b>18,112</b>	19,401
Consumer customers	<b>327</b>	203				
Large Business customers	<b>14</b>	14				
Trading and Origination	<b>1,072</b>	658				
Perth Energy margin	<b>(1)</b>	1				
Operations (Coal, Gas Generation and Renewables)	<b>(507)</b>	(505)				

In addition to the commentary above, Electricity portfolio margin is discussed in Section 3.1 and 3.2.

### 4.3 Gas portfolio

The gas portfolio review combines the Integrated Energy Trading and Origination (Gas) and Customer Markets (Consumer and Large Business) businesses to outline the portfolio's performance across operating segments.

	H124 PJ	H123 PJ	Movement %
Consumer customers sales	<b>24.9</b>	31.0	(19.7)%
Large Business customers sales	<b>6.2</b>	8.7	(28.7)%
Wholesale customer sales and internal generation usage volumes	<b>21.8</b>	38.5	(43.4)%
<b>Total customer sales volume</b>	<b>52.9</b>	78.2	(32.4)%
Energy losses	<b>1.1</b>	2.2	(50.0)%
<b>Gas purchase volume</b>	<b>54.0</b>	80.4	(32.8)%

Refer to Section 1.1.2 for commentary on customer energy demand.

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	Portfolio Margin		Per Unit		Volume Denomination	
	H124 \$m	H123 \$m	H124 \$/GJ	H123 \$/GJ	H124 PJ	H123 PJ
<b>Revenue</b>						
Consumer customers	921	869	37.0	28.0	24.9	31.0
Large Business customers	76	110	12.3	12.6	6.2	8.7
Wholesale customers & internal generation	283	528	13.0	13.7	21.8	38.5
<b>Total revenue</b>	<b>1,280</b>	<b>1,507</b>	<b>24.2</b>	<b>19.3</b>	<b>52.9</b>	<b>78.2</b>

Total revenue was \$1,280 million, down 15.1%.

- Revenue from Consumer customers was \$921 million, up 6.0%, driven by higher revenue rates as a result of price increases, partly offset by lower volumes due to milder winter weather.
- Large Business customers revenue was \$76 million, down 30.9%, driven by lower volumes resulting from customer churn on the east coast and one-off volumes in the prior corresponding period relating to RoLR events. This was partly offset by customer growth in Western Australia.
- Wholesale customer revenue was \$283 million, down 46.4%, largely driven by the roll-off of wholesale customers, lower demand from AGL's existing customers, and lower internal gas volumes used for power generation in South Australia.

	Portfolio Margin		Per Unit		Volume Denomination	
	H124 \$m	H123 \$m	H124 \$/GJ	H123 \$/GJ	H124 PJ	H123 PJ
<b>Network and other cost of sales</b>						
Consumer network costs	(258)	(264)	(10.4)	(8.5)	24.9	31.0
Consumer other cost of sales	(51)	(40)	(2.0)	(1.3)	24.9	31.0
Large Business customers network costs	(12)	(13)	(1.9)	(1.5)	6.2	8.7
Large Business customers other cost of sales	-	(2)	1	(0.2)	6.2	8.7
<b>Total network and other cost of sales</b>	<b>(321)</b>	<b>(319)</b>	<b>(10.3)</b>	<b>(8.0)</b>	<b>31.1</b>	<b>39.7</b>

Total network costs and other cost of sales were \$(321) million, up 0.6%, due to network tariff increases, partly offset by decrease in volumes.

### Wholesale costs

Gas purchases	(376)	(647)	(7.1)	(8.3)	52.9	78.2
Haulage, storage and other	(172)	(166)	(3.3)	(2.1)	52.9	78.2
<b>Total wholesale costs</b>	<b>(548)</b>	<b>(813)</b>	<b>(10.4)</b>	<b>(10.4)</b>	<b>52.9</b>	<b>78.2</b>

See Section 1.1.5 for commentary on wholesale gas costs.

<b>Total costs</b>	<b>(869)</b>	<b>(1,132)</b>	<b>(16.4)</b>	<b>(14.5)</b>	<b>52.9</b>	<b>78.2</b>
<b>Gas Portfolio Margin</b>	<b>411</b>	<b>375</b>	<b>7.8</b>	<b>4.8</b>	<b>52.9</b>	<b>78.2</b>
Natural Gas	(2)	(1)				
<b>Gas Portfolio Margin (including Natural Gas)</b>	<b>409</b>	<b>374</b>				
Consumer customers	155	148				
Large Business customers	3	9				
Wholesale Gas	247	214				
Perth Energy margin	6	4				
Natural Gas	(2)	(1)				

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Natural Gas was \$(2) million, down \$1 million, primarily driven by the closure of the Camden Gas Project and divestment of the Moranbah Gas Project in August 2023, and higher expenditure at Surat Gas Project that would have otherwise been treated as capital following the asset being classified as held for sale. This was partly offset by an increase in the Surat Gas Project outerfield gas and oil production.

In addition to the commentary above, Gas portfolio margin is discussed in Sections 3.1 and 3.2.

### 4.4 Portfolio Review Reconciliation

H124 \$m	Electricity Portfolio	Gas Portfolio	Other AGL (a)	Adjustments (b)	Total Group
Customer Markets	3,415	997	194	21	4,627
Integrated Energy	621	283	35	585	1,524
Other	-	-	32	-	32
<b>Revenue</b>	<b>4,036</b>	<b>1,280</b>	<b>261</b>	<b>606</b>	<b>6,183</b>
Customer Markets	(1,775)	(321)	(160)	274	(1,982)
Integrated Energy	(791)	(548)	(9)	(880)	(2,228)
Other	-	-	(33)	-	(33)
<b>Cost of sales</b>	<b>(2,566)</b>	<b>(869)</b>	<b>(202)</b>	<b>(606)</b>	<b>(4,243)</b>
Other income	-	-	11	-	11
<b>Gross margin</b>	<b>1,470</b>	<b>411</b>	<b>70</b>	<b>-</b>	<b>1,951</b>
Operating costs (excluding depreciation and amortisation)	(312)	-	(565)	-	(877)
Depreciation and amortisation	(253)	-	(108)	-	(361)
<b>Portfolio Margin/Underlying EBIT</b>	<b>905</b>	<b>411</b>	<b>(603)</b>	<b>-</b>	<b>713</b>

H124 \$m	Electricity	Gas	Pool revenue	Other	Total Group
Portfolio Margin Reporting	4,036	1,280	1,061	-	6,377
Revenue reclass	(353)	-	(76)	-	(429)
Intragroup	-	(61)	-	-	(61)
Other	(125)	(3)	5	419	296
<b>Note 3 - Revenue</b>	<b>3,558</b>	<b>1,216</b>	<b>990</b>	<b>419</b>	<b>6,183</b>

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H123 \$m	Electricity Portfolio	Gas Portfolio	Other AGL (a)	Adjustments (b)	Total Group
Customer Markets	2,905	979	187	21	4,092
Integrated Energy	534	528	47	2,595	3,704
Other	-	-	12	-	12
<b>Revenue</b>	<b>3,439</b>	<b>1,507</b>	<b>246</b>	<b>2,616</b>	<b>7,808</b>
Customer Markets	(1,807)	(319)	(161)	272	(2,015)
Integrated Energy	(706)	(813)	(9)	(2,888)	(4,416)
Other	-	-	(16)	-	(16)
<b>Cost of sales</b>	<b>(2,513)</b>	<b>(1,132)</b>	<b>(186)</b>	<b>(2,616)</b>	<b>(6,447)</b>
Other income	-	-	13	-	13
<b>Gross margin</b>	<b>926</b>	<b>375</b>	<b>73</b>	<b>-</b>	<b>1,374</b>
Operating costs (excluding depreciation and amortisation)	(309)	-	(461)	-	(770)
Depreciation and amortisation	(246)	-	(123)	-	(369)
<b>Portfolio Margin/Underlying EBIT</b>	<b>371</b>	<b>375</b>	<b>(511)</b>	<b>-</b>	<b>235</b>

H123 \$m	Electricity	Gas	Pool revenue	Other	Total Group
Portfolio Margin Reporting	3,439	1,507	3,033	-	7,979
Revenue reclass	(319)	140	(182)	-	(361)
Intragroup	-	(133)	-	-	(133)
Other	(128)	9	17	425	323
<b>Note 3 - Revenue</b>	<b>2,992</b>	<b>1,523</b>	<b>2,868</b>	<b>425</b>	<b>7,808</b>

### Notes

a. Other AGL includes Natural Gas Underlying EBIT.

b. Key adjustments include:

- Integrated Energy electricity pool sales in the statutory accounts has been reallocated to cost of sales (net portfolio management) in the Portfolio Review where it is combined with pool purchase costs and derivatives to reflect AGL's net position.
- Integrated Energy other revenue in the statutory accounts has been reallocated to cost of sales (generation running costs) in the Portfolio Review including ancillary services revenue, brown coal sales and wind farm asset management fees.
- Within Integrated Energy, derivatives from certain wholesale contracts are recognised within cost of sales in the statutory accounts.
- In the Portfolio Review the revenue and costs have been separately disclosed. Intra-segment and inter-segment eliminations include: Gas sales from Trading and Origination - Gas to Trading and Origination - Electricity; gas sales from Natural Gas to Trading and Origination - Gas. Elimination adjustment also includes the reallocation of green costs from Trading and Origination - Electricity to Consumer and Business customer other cost of sales.

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## Half-Year Financial Report

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## Condensed Consolidated Statement of Profit or Loss

for the half-year ended 31 December 2023

	Note	31 Dec 2023 \$m	31 Dec 2022 \$m
<b>Continuing operations</b>			
Revenue	3	6,183	7,808
Other income	4	49	17
Expenses	5	(4,991)	(8,895)
Share of profits of joint ventures	10	65	13
Profit/(loss) before net financing costs, depreciation and amortisation		1,306	(1,057)
Depreciation and amortisation		(361)	(369)
<b>Profit/(loss) before net financing costs</b>		<b>945</b>	<b>(1,426)</b>
Finance income	6	4	5
Finance costs	6	(157)	(124)
<b>Net financing costs</b>		<b>(153)</b>	<b>(119)</b>
<b>Profit/(loss) before tax</b>		<b>792</b>	<b>(1,545)</b>
Income tax (expense)/benefit	7	(221)	468
<b>Profit/(loss) for the period</b>		<b>571</b>	<b>(1,077)</b>
Loss attributed to non-controlling interest		5	2
<b>Profit/(loss) for the period attributable to the Shareholders of AGL Energy Limited</b>		<b>576</b>	<b>(1,075)</b>
<b>Earnings per share</b>			
Basic earnings per share	16	85.6 cents	(159.8 cents)
Diluted earnings per share	16	85.4 cents	(159.8 cents)

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the notes to the financial statements.

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## Condensed Consolidated Statement of Comprehensive Income

for the half-year ended 31 December 2023

	Note	31 Dec 2023 \$m	31 Dec 2022 \$m
<b>Profit/(loss) for the period</b>		<b>571</b>	<b>(1,077)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurement (loss)/gain on defined benefit plans		(24)	22
Fair value gain on the revaluation of equity instrument financial assets		8	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	7	5	(7)
		(11)	15
<b>Items that may be reclassified subsequently to profit or loss</b>			
Cash flow hedges			
(Loss)/gain in fair value of cash flow hedges		(30)	17
Reclassification adjustments transferred to profit or loss		(12)	(7)
Share of loss attributable to joint ventures		(1)	-
Cost of hedging subject to basis adjustment		(3)	(2)
Income tax relating to items that may be reclassified subsequently to profit or loss	7	14	(2)
		(32)	6
<b>Other comprehensive (loss)/income for the period, net of income tax</b>		<b>(43)</b>	<b>21</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>528</b>	<b>(1,056)</b>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the notes to the financial statements.

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## Condensed Consolidated Statement of Financial Position

As at 31 December 2023

	Note	31 Dec 2023 \$m	30 Jun 2023 \$m
<b>Current assets</b>			
Cash and cash equivalents		152	148
Trade and other receivables	9	1,649	1,840
Inventories		361	346
Current tax assets		-	13
Other financial assets		965	1,731
Other assets		520	312
Assets classified as held for sale		84	185
<b>Total current assets</b>		<b>3,731</b>	<b>4,575</b>
<b>Non-current assets</b>			
Trade and other receivables	9	26	21
Other financial assets		647	638
Investments in joint ventures	10	469	397
Property, plant and equipment	11	5,478	5,418
Intangible assets	12	3,165	3,182
Deferred tax assets		922	926
Other assets		74	81
<b>Total non-current assets</b>		<b>10,781</b>	<b>10,663</b>
<b>Total assets</b>		<b>14,512</b>	<b>15,238</b>
<b>Current liabilities</b>			
Trade and other payables		1,726	1,827
Borrowings	13	35	47
Provisions	14	367	366
Current tax liabilities		63	-
Other financial liabilities		1,103	1,667
Other liabilities		59	60
Liabilities classified as held for sale		84	220
<b>Total current liabilities</b>		<b>3,437</b>	<b>4,187</b>
<b>Non-current liabilities</b>			
Borrowings	13	2,669	2,836
Provisions	14	2,325	2,098
Deferred tax liabilities		151	10
Other financial liabilities		268	848
Other liabilities		167	140
<b>Total non-current liabilities</b>		<b>5,580</b>	<b>5,932</b>
<b>Total liabilities</b>		<b>9,017</b>	<b>10,119</b>
<b>Net assets</b>		<b>5,495</b>	<b>5,119</b>
<b>Equity</b>			
Issued capital	15	5,918	5,918
Reserves		57	82
Accumulated losses		(475)	(879)
Non-controlling interest		(5)	(2)
<b>Total equity</b>		<b>5,495</b>	<b>5,119</b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the notes to the financial statements.

## Condensed Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2023

	Attributable to owners of AGL Energy Limited								
	Issued capital \$m	Investment revaluation reserve \$m	Employee equity benefits reserve \$m	Hedge reserve \$m	Other reserve \$m	Retained earnings / (Accumulated losses) \$m	Equity \$m	Non-controlling Interests \$m	Total Equity \$m
<b>Balance at 1 July 2023</b>	<b>5,918</b>	<b>19</b>	<b>(1)</b>	<b>61</b>	<b>3</b>	<b>(879)</b>	<b>5,121</b>	<b>(2)</b>	<b>5,119</b>
Profit for the period	-	-	-	-	-	576	576	(5)	571
Other comprehensive (loss)/income for the period, net of income tax	-	6	-	(29)	(3)	(17)	(43)	-	(43)
<b>Total comprehensive income/ (loss) for the period</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>(29)</b>	<b>(3)</b>	<b>559</b>	<b>533</b>	<b>(5)</b>	<b>528</b>
<b>Transactions with owners in their capacity as owners:</b>									
Payment of dividends	-	-	-	-	-	(155)	(155)	-	(155)
Share-based payments	-	-	1	-	-	-	1	-	1
Capital contributed by non-controlling interests	-	-	-	-	-	-	-	2	2
<b>Balance at 31 December 2023</b>	<b>5,918</b>	<b>25</b>	<b>-</b>	<b>32</b>	<b>-</b>	<b>(475)</b>	<b>5,500</b>	<b>(5)</b>	<b>5,495</b>
<b>Balance at 1 July 2022</b>	<b>5,918</b>	<b>17</b>	<b>(1)</b>	<b>77</b>	<b>4</b>	<b>501</b>	<b>6,516</b>	<b>1</b>	<b>6,517</b>
Loss for the period	-	-	-	-	-	(1,075)	(1,075)	(2)	(1,077)
Other comprehensive income/(loss) for the period, net of income tax	-	-	-	8	(2)	15	21	-	21
<b>Total comprehensive (loss)/ income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>(2)</b>	<b>(1,060)</b>	<b>(1,054)</b>	<b>(2)</b>	<b>(1,056)</b>
<b>Transactions with owners in their capacity as owners:</b>									
Payment of dividends	-	-	-	-	-	(67)	(67)	-	(67)
Share-based payments	-	-	1	-	-	-	1	-	1
Capital contributed by non-controlling interests	-	-	-	-	-	-	-	3	3
<b>Balance at 31 December 2022</b>	<b>5,918</b>	<b>17</b>	<b>-</b>	<b>85</b>	<b>2</b>	<b>(626)</b>	<b>5,396</b>	<b>2</b>	<b>5,398</b>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.

## Condensed Consolidated Statement of Cash Flows

for the half-year ended 31 December 2023

	Note	31 Dec 2023 \$m	31 Dec 2022 \$m
<b>Cash flows from operating activities</b>			
Receipts from customers		6,870	9,085
Payments to suppliers and employees		(6,036)	(8,978)
Dividends received		6	4
Finance income received		4	5
Finance costs paid		(72)	(52)
Income taxes refund received/(paid)		19	(27)
<b>Net cash provided by operating activities</b>		<b>791</b>	<b>37</b>
<b>Cash flows used in investing activities</b>			
Payments for property, plant and equipment and other assets		(362)	(286)
Payments for investments in associates and joint ventures		(13)	(36)
Loans to equity instrument investments		(1)	-
Loans to joint ventures		(5)	-
Payments on disposal of subsidiaries	17	(17)	-
<b>Net cash used in investing activities</b>		<b>(398)</b>	<b>(322)</b>
<b>Cash flows from financing activities</b>			
Purchase of shares on-market for equity based remuneration		(3)	(2)
Proceeds from borrowings		1,580	1,617
Repayment of borrowings		(1,812)	(1,059)
Dividends paid	8	(155)	(67)
Capital contributed from non-controlling interests in subsidiaries		2	3
<b>Net cash (used in)/provided by financing activities</b>		<b>(388)</b>	<b>492</b>
<b>Net increase in cash and cash equivalents</b>		<b>5</b>	<b>207</b>
Cash and cash equivalents at the beginning of the financial period		148	127
Effect of exchange rate changes on the balance of cash held in foreign currencies		(1)	-
<b>Cash and cash equivalents at the end of the financial period</b>		<b>152</b>	<b>334</b>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the notes to the financial statements.

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# Notes to the Financial Statements

for the half-year ended 31 December 2023

## 1. Summary of material accounting policies

AGL Energy Limited (the Parent Entity) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The half-year financial report includes the condensed consolidated financial statements which comprise the Parent Entity and its controlled entities (together referred to as AGL).

### (a) Statement of compliance

The half-year financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

### (b) Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for derivative financial instruments and equity instrument financial assets, which are measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Parent Entity is a company of the kind referred to in ASIC Corporations Instrument 2016/191, dated 24 March 2016, and in accordance with that Instrument, amounts in the half-year financial report are rounded off to the nearest million dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in AGL's 2023 annual financial report for the year ended 30 June 2023. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

### (c) Adoption of new and revised Standards and Interpretations

AGL has applied the required amendments to Standards and Interpretations that are relevant to its operations and effective for the current reporting period for the first time for the period commencing 1 July 2023. These did not have any material impact on the disclosures or on the amounts recognised in AGL's consolidated financial statements.

### (d) Standards and Interpretations in issue not yet adopted

The following accounting standards, accounting standard amendments and interpretations are due for adoption for the year ending 30 June 2025 or later:

- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*;
- AASB 2022-6 *Amendments to Australian Accounting Standards Non-current Liabilities with Covenants*;
- AASB 2022-5 *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback*;
- AASB 2021-7b *Amendments to Australian Accounting Standards Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*;
- AASB 2023-1 *Amendments to Australian Accounting Standards – Supplier Finance Arrangements*; and
- AASB 2023-5 *Amendments to Australian Accounting Standards – Lack of Exchangeability*.

The standards and interpretations listed above are not expected to have a material impact on AGL's financial results or financial position on adoption.

## 2. Segment information

### Operating segments

AGL manages its business in three key operating segments.

#### Segments

- **Customer Markets** comprises the Consumer and Large Business customer portfolios responsible for the retailing of electricity, gas, broadband/mobile/voice, solar and energy efficiency products and services to residential, small and large business customers. Customer Markets sources its energy from Integrated Energy at transfer prices that reflect wholesale energy costs in each state, along with other energy costs such as those arising from environmental schemes. Customer Markets also includes sales, marketing, brand, and AGL's customer contact and call centre operations.

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## Notes to the Financial Statements

for the half-year ended 31 December 2023

- **Integrated Energy** operates AGL's power generation portfolio and other key assets, including coal, gas and renewable generation facilities, natural gas storage and production facilities, and development projects. Integrated Energy runs a large trading operation to manage price risk associated with procuring electricity and gas for AGL's customers, manages AGL's obligations in relation to renewable energy schemes, and controls the dispatch of AGL's owned and contracted generation assets, gas offtake agreements and associated portfolio of energy hedging products.
- **Investments** comprises AGL's interests in the ActewAGL Retail Partnership, Tilt Renewables, Energy Impact Partners Europe, Ovo Energy Australia Pty Ltd and other investments.

In the segment financial results, the 'Other' category consists of various Corporate activities. These are not considered to be reportable segments.

### Segment financial results

The measurement of segment results is in line with the basis of information presented to the Board of Directors for internal management reporting purposes. The performance of each segment is measured based on their Underlying earnings before interest and tax (Underlying EBIT) contribution to AGL. Certain items of income and expense are excluded from the segment results to show a measure of underlying performance. These items include changes in fair value of financial instruments and significant items.

AASB 8 *Operating Segments* requires AGL to report segment information on the same basis as the internal management structure. As a result, the Customer Markets segment reports the revenue and margin associated with satisfying the gas, electricity and telecommunication requirements of AGL consumer and large business customer portfolio and Integrated Energy reports the revenue, expenses and margin related to AGL's operating sites and AGL's wholesale energy portfolio.

Period ended 31 December 2023	Customer Markets \$m	Integrated Energy \$m	Investments \$m	Other \$m	Total \$m
<b>Revenue</b>					
Total segment revenue	4,630	3,555	31	1	8,217
Inter-segment revenue	(3)	(2,031)	-	-	(2,034)
<b>External revenue</b>	<b>4,627</b>	<b>1,524</b>	<b>31</b>	<b>1</b>	<b>6,183</b>
<b>Underlying earnings before interest, tax, depreciation and amortisation (Underlying EBITDA)</b>	<b>208</b>	<b>1,017</b>	<b>(3)</b>	<b>(148)</b>	<b>1,074</b>
Depreciation and amortisation	(57)	(268)	-	(36)	(361)
<b>Underlying EBIT</b>	<b>151</b>	<b>749</b>	<b>(3)</b>	<b>(184)</b>	<b>713</b>
Net financing costs					(153)
<b>Underlying profit before tax</b>					<b>560</b>
Underlying income tax expense					(166)
<b>Underlying profit after tax</b>					<b>394</b>
Non-controlling interest					5
<b>Underlying profit after tax (attributable to AGL shareholders)</b>					<b>399</b>

At 31 December 2023

<b>Segment assets</b>	<b>2,823</b>	<b>8,315</b>	<b>500</b>	<b>217</b>	<b>11,855</b>
<b>Segment liabilities</b>	<b>758</b>	<b>3,774</b>	<b>26</b>	<b>170</b>	<b>4,728</b>

Period ended 31 December 2023

### Other segment information

Share of profits of joint ventures <sup>1</sup>	-	-	12	-	12
Investments in associates and joint ventures	-	4	465	-	469
Additions to non-current assets	68	289	-	46	403
Other non-cash expenses	(62)	-	-	(12)	(74)

1. Share of profits of joint ventures included within the Condensed Consolidated Statement of Profit or Loss is inclusive of \$53 million fair value gain on derivatives that is excluded from segment reporting.

## Notes to the Financial Statements

for the half-year ended 31 December 2023

### 2. Segment information (cont.)

Period ended 31 December 2022	Customer Markets \$m	Integrated Energy \$m	Investments \$m	Other \$m	Total \$m
<b>Revenue</b>					
Total segment revenue	4,107	5,372	10	-	9,489
Inter-segment revenue	(14)	(1,667)	-	-	(1,681)
<b>External revenue</b>	<b>4,093</b>	<b>3,705</b>	<b>10</b>	<b>-</b>	<b>7,808</b>
<b>Underlying earnings before interest, tax, depreciation and amortisation (Underlying EBITDA)</b>					
	160	576	6	(138)	604
Depreciation and amortisation	(65)	(267)	-	(37)	(369)
<b>Underlying EBIT</b>	<b>95</b>	<b>309</b>	<b>6</b>	<b>(175)</b>	<b>235</b>
Net financing costs					(119)
<b>Underlying profit before tax</b>					<b>116</b>
Underlying income tax expense					(31)
<b>Underlying profit after tax</b>					<b>85</b>
Non-controlling interest					2
<b>Underlying profit after tax (attributable to AGL shareholders)</b>					<b>87</b>
At 30 June 2022					
<b>Segment assets</b>	<b>2,865</b>	<b>8,307</b>	<b>418</b>	<b>207</b>	<b>11,797</b>
<b>Segment liabilities</b>	<b>772</b>	<b>3,749</b>	<b>17</b>	<b>173</b>	<b>4,711</b>
Period ended 31 December 2022					
<b>Other segment information</b>					
Share of profits of joint ventures	-	-	13	-	13
Investments in associates and joint ventures	-	-	513	-	513
Additions to non-current assets	43	314	-	11	368
Other non-cash expenses	(36)	-	-	(3)	(39)

### Segment Underlying EBIT reconciliation to the Condensed Consolidated Statement of Profit or Loss

Reconciliation of segment Underlying EBIT to profit before tax is as follows:

	31 Dec 2023 \$m	31 Dec 2022 \$m
Underlying EBIT for reportable segments	<b>897</b>	410
Other	<b>(184)</b>	(175)
	<b>713</b>	235
Amounts excluded from underlying results:		
- gain/(loss) in fair value of financial instruments	<b>425</b>	(889)
- significant items <sup>1</sup>	<b>(193)</b>	(772)
Finance income	<b>4</b>	5
Finance costs	<b>(157)</b>	(124)
<b>Profit/(loss) before tax</b>	<b>792</b>	(1,545)

1. Further details are contained in the Operating Financial Review attached to and forming part of the Directors' Report.

## Notes to the Financial Statements

for the half-year ended 31 December 2023

### 3. Revenue

Revenue by product and customer type is disaggregated below:

Period ended 31 December 2023	Consumer \$m	Business \$m	Wholesale \$m	Other \$m	Total \$m
Electricity	2,686	732	140	-	3,558
Generation sales to pool	-	-	990	-	990
Gas	939	49	223	5	1,216
Telecommunication Services	73	-	-	-	73
EPC <sup>1</sup>	-	43	-	-	43
Other services	24	17	50	34	125
Other revenue	1	40	88	49	178
<b>Total revenue</b>	<b>3,723</b>	<b>881</b>	<b>1,491</b>	<b>88</b>	<b>6,183</b>

1. Revenue relating to Engineering, Procurement and Construction services.

Period ended 31 December 2022 <sup>1</sup>	Consumer \$m	Business \$m	Wholesale \$m	Other \$m	Total \$m
Electricity	2,196	675	121	-	2,992
Generation sales to pool	-	-	2,868	-	2,868
Gas	886	86	538	13	1,523
Telecommunication Services	51	-	-	-	51
EPC	-	59	-	-	59
Other services	27	25	75	28	155
Other revenue	2	51	63	44	160
<b>Total revenue</b>	<b>3,162</b>	<b>896</b>	<b>3,665</b>	<b>85</b>	<b>7,808</b>

1. The comparative revenue streams have been restated for further disaggregation of Other revenue.

### 4. Other income

	31 Dec 2023 \$m	31 Dec 2022 \$m
Sale of Moranbah Gas Project <sup>1</sup>	49	-
Sale of Wellington North Solar Development Rights <sup>2</sup>	-	17
<b>Total other income</b>	<b>49</b>	<b>17</b>

- AGL completed the disposal of Moranbah Gas Project in August 2023, resulting in a gain on disposal of \$49 million. Moranbah Gas Project consisted of upstream gas assets and liabilities relating to Moranbah and North Queensland Energy joint operations. Moranbah Gas Project sat within the Integrated Energy segment.
- Revenue related to deferred consideration received from the FY21 Wellington North Solar Farm sale due to a contractual milestone being met during the period ended 31 December 2022.

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## Notes to the Financial Statements

for the half-year ended 31 December 2023

### 5. Expenses

	31 Dec 2023 \$m	31 Dec 2022 \$m
Cost of sales	4,250	6,499
Administrative expenses	141	111
Employee benefits expenses	349	320
Other expenses		
Movement in onerous contract provision <sup>1</sup>	194	(186)
Movement in rehabilitation provision <sup>2</sup>	-	(43)
Impairment losses on assets held for sale <sup>3</sup>	48	-
Impairment losses on property plant & equipment	-	984
Impairment losses on inventory	-	24
(Gain)/loss on fair value of financial instruments	(377)	835
Contracts and materials	136	143
Impairment losses on trade receivables (net of bad debts recovered)	62	36
Marketing expenses	30	20
Short term lease and outgoing expenses	17	15
Separation and re-integration costs	-	10
Other	141	127
<b>Total expenses</b>	<b>4,991</b>	<b>8,895</b>

1. Refer to Note 14

2. Dec 2022: \$43 million relates to the movements in rehabilitation provisions where the corresponding rehabilitation assets were fully impaired in prior periods.

3. Impairment losses on assets held for sale relate to the Surat Gas Project. Surat Gas Project consists of upstream gas assets and liabilities located at Silver Springs and Wallumbilla. The sales process is ongoing and an impairment of \$48 million was recognised at 31 December 2023 to reflect the expected consideration. Surat Gas Project is included in the Integrated Energy operating segment.

### 6. Net financing costs

	31 Dec 2023 \$m	31 Dec 2022 \$m
<b>Finance income</b>		
Interest income	4	5
<b>Total financing income</b>	<b>4</b>	<b>5</b>
<b>Finance costs</b>		
Interest expense <sup>1</sup>	58	48
Lease interest expense	8	7
Unwinding of discounts on provisions and other liabilities	78	59
Unwinding of discount on deferred consideration	7	8
Other finance costs	6	2
<b>Total financing costs</b>	<b>157</b>	<b>124</b>
<b>Net financing Costs</b>	<b>153</b>	<b>119</b>

1. Interest expense for the half-year ended 31 December 2023 is presented net of capitalised interest of \$6 million (31 December 2022: \$3 million).

## Notes to the Financial Statements

for the half-year ended 31 December 2023

### 7. Income tax

#### Numerical reconciliation between tax expense and pre-tax accounting profit

The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense/(benefit) in the financial statements as follows:

	31 Dec 2023 \$m	31 Dec 2022 \$m
Profit/(loss) before tax	792	(1,545)
Income tax expense/(benefit) calculated at the Australian tax rate of 30% (31 December 2022: 30%)	238	(463)
Non-deductible expenses	2	-
Non-assessable income	(14)	-
Adjustments in relation to current tax of prior years	(6)	(4)
Other	1	(1)
<b>Total income tax expense/(benefit)</b>	<b>221</b>	<b>(468)</b>

#### Income tax recognised in other comprehensive income

	31 Dec 2023 \$m	31 Dec 2022 \$m
<b>Deferred tax</b>		
Cash flow hedges	(14)	2
Equity instruments measured at fair value	2	-
Remeasurement (loss)/gain on defined benefit plans	(7)	7
<b>Total income tax recognised in other comprehensive income</b>	<b>(19)</b>	<b>9</b>

### 8. Dividends

#### Recognised amounts

	31 Dec 2023 \$m	31 Dec 2022 \$m
<b>Final dividend</b>		
Final dividend for 2023 of 23.0 cents per share, unfranked, paid 22 September 2023 (2022: Final dividend for 2022 of 10.0 cents per share, unfranked, paid 27 September 2022).	155	67
<b>Dividends paid as per the Consolidated Statement of Cash Flows</b>	<b>155</b>	<b>67</b>

#### Unrecognised amounts

	31 Dec 2023 \$m	31 Dec 2022 \$m
Since the end of the financial year, the Directors have declared an interim dividend for 2024 of 26.0 cents per share, unfranked, payable 22 March 2024 (2023: 8.0 cents per share, unfranked, paid 24 March 2023).	175	54

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## Notes to the Financial Statements

for the half-year ended 31 December 2023

### 9. Trade and other receivables

	31 Dec 2023 \$m	30 Jun 2023 \$m
<b>Current</b>		
Trade receivables	1,084	1,159
Unbilled revenue	717	832
Allowance for expected credit loss	(194)	(183)
	<b>1,607</b>	1,808
Other receivables	42	32
<b>Total current trade and other receivables</b>	<b>1,649</b>	1,840
<b>Non-current</b>		
Loans to joint ventures	9	4
Other	17	17
<b>Total non-current trade and other receivables</b>	<b>26</b>	21

#### Expected credit loss assessment

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables and unbilled revenue:

	31 Dec 2023		30 Jun 2023	
	Total \$m	Allowance \$m	Total \$m	Allowance \$m
Unbilled revenue	717	(32)	832	(45)
Not past due	687	(10)	854	(11)
Past due 0 – 30 days	120	(17)	84	(13)
Past due 31 – 60 days	54	(17)	43	(13)
Past due 61 – 90 days	52	(17)	25	(8)
Past 90 days	171	(101)	153	(93)
<b>Total</b>	<b>1,801</b>	<b>(194)</b>	1,991	(183)

### 10. Investments in joint ventures

	31 Dec 2023 \$m	30 Jun 2023 \$m
Investments in joint ventures - unlisted	469	397
<b>Total investments in joint ventures</b>	<b>469</b>	397

Principal activities	Ownership interest		Contribution to profit		
	31 Dec 2023 %	30 Jun 2023 %	31 Dec 2023 \$m	31 Dec 2022 \$m	
<b>Joint ventures</b>					
ActewAGL Retail Partnership	Gas and electricity retailer	50	50	19	9
Central Queensland Pipeline Pty Ltd <sup>1</sup>	Gas pipeline development	-	50	-	-
Tilt Renewables	Development and owner of renewable energy generation projects	20	20	46	4
Pottinger Renewables	Development and owner of renewable energy generation projects	50	50	-	-
Muswellbrook Pumped Hydro	Development of Muswellbrook Pumped Hydro Project	50	50	-	-
<b>Total contribution to profit</b>			<b>65</b>	13	

1. Central Queensland Pipeline Pty Ltd was a dormant joint venture entity which was deregistered in September 2023.

## Notes to the Financial Statements

for the half-year ended 31 December 2023

### 11. Property, plant and equipment

31 December 2023	Plant and equipment \$m	Right-of-use plant and equipment \$m	Other Right-of- use assets \$m	Other \$m	Total \$m
Balance at 1 July 2023, net of accumulated depreciation and impairment	5,084	99	149	86	5,418
Additions	289	4	32	-	325
Depreciation expense	(255)	(4)	(6)	-	(265)
Balance at 31 December 2023 net of accumulated depreciation and impairment	5,118	99	175	86	5,478

Balance at 1 July 2023

Cost (gross carrying amount)	10,543	115	303	109	11,070
Accumulated depreciation and impairment	(5,459)	(16)	(154)	(23)	(5,652)
Net carrying amount	5,084	99	149	86	5,418

Balance at 31 December 2023

Cost (gross carrying amount)	10,825	120	326	109	11,380
Accumulated depreciation and impairment	(5,707)	(21)	(151)	(23)	(5,902)
Net carrying amount	5,118	99	175	86	5,478

30 June 2023	Plant and equipment \$m	Right-of-use plant and equipment \$m	Other Right-of- use assets \$m	Other \$m	Total \$m
Balance at 1 July 2022, net of accumulated depreciation and impairment	5,762	3	164	84	6,013
Additions	496	103	2	3	604
Impairment loss recognised in profit or loss	(987)	-	(4)	-	(991)
Change in estimate related to provision for environmental rehabilitation	399	-	-	-	399
Disposals	(2)	-	-	-	(2)
Reversal of impairment <sup>1</sup>	51	-	-	-	51
Reclassified to held for sale	(130)	-	-	(1)	(131)
Depreciation expense	(505)	(7)	(13)	-	(525)
Balance at 30 June 2023 net of accumulated depreciation and impairment	5,084	99	149	86	5,418

1. June 23: The reversal of impairment of PPE relates to assets previously impaired for the Moranbah Gas Project. The consideration relating to the divestment of the Moranbah Gas Project supported the partial reversal of previous impairment. Following the reversal of impairment, the PPE relating to Moranbah Gas Project was reclassified to assets held for sale at 30 June 2023 and subsequently disposed in the current period. Refer to note 17.

Balance at 1 July 2022

Cost (gross carrying amount)	10,578	12	301	107	10,998
Accumulated depreciation and impairment	(4,816)	(9)	(137)	(23)	(4,985)
Net carrying amount	5,762	3	164	84	6,013

Balance at 30 June 2023

Cost (gross carrying amount)	10,543	115	303	109	11,070
Accumulated depreciation and impairment	(5,459)	(16)	(154)	(23)	(5,652)
Net carrying amount	5,084	99	149	86	5,418

Refer to note 12 for critical accounting estimates and assumptions relating to impairment assessment performed at 31 December 2023.

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## Notes to the Financial Statements

for the half-year ended 31 December 2023

### 12. Intangible assets

31 December 2023	Goodwill \$m	Software \$m	Licences \$m	Other \$m	Total \$m
Balance at 1 July 2023, net of accumulated amortisation and impairment	2,446	405	266	65	3,182
Additions	-	77	-	2	79
Amortisation expense	-	(79)	(5)	(12)	(96)
Balance at 31 December 2023, net of accumulated amortisation and impairment	2,446	403	261	55	3,165

Balance at 1 July 2023	Goodwill \$m	Software \$m	Licences \$m	Other \$m	Total \$m
Cost (gross carrying amount)	3,073	1,616	311	336	5,336
Accumulated amortisation and impairment	(627)	(1,211)	(45)	(271)	(2,154)
Net carrying amount	2,446	405	266	65	3,182

Balance at 31 December 2023	Goodwill \$m	Software \$m	Licences \$m	Other \$m	Total \$m
Cost (gross carrying amount)	3,073	1,693	311	338	5,415
Accumulated amortisation and impairment	(627)	(1,290)	(50)	(283)	(2,250)
Net carrying amount	2,446	403	260	55	3,165

30 June 2023	Goodwill \$m	Software \$m	Licences \$m	Other \$m	Total \$m
Balance at 1 July 2022, net of accumulated amortisation and impairment	2,446	447	275	84	3,252
Additions	-	128	-	5	133
Amortisation expense	-	(170)	(9)	(24)	(203)
Balance at 30 June 2023, net of accumulated amortisation and impairment	2,446	405	266	65	3,182

Balance at 1 July 2022	Goodwill \$m	Software \$m	Licences \$m	Other \$m	Total \$m
Cost (gross carrying amount)	3,073	1,488	311	331	5,203
Accumulated amortisation and impairment	(627)	(1,041)	(36)	(247)	(1,951)
Net carrying amount	2,446	447	275	84	3,252

Balance at 30 June 2023	Goodwill \$m	Software \$m	Licences \$m	Other \$m	Total \$m
Cost (gross carrying amount)	3,073	1,616	311	336	5,336
Accumulated amortisation and impairment	(627)	(1,211)	(45)	(271)	(2,154)
Net carrying amount	2,446	405	266	65	3,182

#### Impairment testing for goodwill and intangibles with indefinite useful lives

Goodwill, that is significant in comparison to AGL's total carrying amount of intangible assets with indefinite lives, has been allocated to cash-generating units (CGUs) for the purpose of impairment testing as follows:

	31 Dec 2023 \$m	30 Jun 2023 \$m
Customer Markets	1,093	1,093
Wholesale Markets	1,353	1,353
Generation Fleet	-	-
Flexible Generation	-	-
<b>Total goodwill and intangibles with indefinite useful lives</b>	<b>2,446</b>	<b>2,446</b>

## Notes to the Financial Statements

for the half-year ended 31 December 2023

### CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

AGL regularly reviews the carrying values of its assets to test for impairment. An assessment of indications of impairment for each cash generating unit (CGU) is performed at each reporting period end, and if indications of impairment exist, a recoverable amount assessment is performed. Notwithstanding the above, the recoverable amount of a CGU containing goodwill, intangible assets with indefinite useful lives or intangible assets in development is determined at least annually in December each year.

AGL's main CGUs are:

- Generation Fleet
- Wholesale Gas
- Customer Markets
- Flexible Generation

### Impairment testing methodology

AGL is subject to a number of external factors that impact the performance of its CGUs. This includes, but is not limited to, market prices, external regulatory and social factors that may impact the life of assets, competitor behaviour and new entrants and technological change. To respond to the range of potential outcomes that can result from these factors, AGL applies a scenario analysis approach in determining the recoverable amount of assets. To estimate the recoverable amount of the CGU overall, each scenario is assigned a probability weighting. The methodology of analysing several modelled outcomes is consistent with AGL's external reporting disclosures including the Task Force on Climate-Related Financial Disclosures (TCFD) reports and Climate Transition Action Plan (CTAP). The scenarios modelled represent a range of outcomes including differing wholesale market prices, asset lives, and growth rates.

If the recoverable amount of a CGU is estimated to be less than its carrying amount, the carrying amount of the CGU is reduced to its recoverable amount with any impairment loss recognised immediately in the statement of profit or loss.

### Generation Fleet CGU

At 31 December 2023, an impairment indicators assessment was performed for the Generation Fleet CGU to determine if there were any indicators of further impairment since June 2023, or reversal of previous impairment. This assessment identified a scenario where there is a decrease in long-term electricity pool prices as a result of the recently announced government expansion of the Capacity Investment Scheme (CIS) to increase renewable energy capacity. This modelled pool price scenario assumes the majority of the government's stated objectives and policies are realised and does not take into account the potential operational risk of delivery. Despite this, a CIS modelled pool price scenario serves as a potential indicator of impairment and accordingly, a recoverable amount assessment was performed.

For AGL's fleet of finite life generation assets, cash flow forecasts are based on discrete and long-term cash flow forecasts that

reflect the life of the assets. The long-term modelling reflects AGL's view of the cash flows anticipated from operations, factoring in both known events such as planned outages and expectations, and allows for quantification of sensitivities and scenarios.

The following key assumptions were applied to determine the recoverable amount of the Generation Fleet CGU:

- Three scenarios of forecast electricity pool prices over the life of the relevant station based on short term market forecasts for electricity pricing and longer term external and internal modelled pricing outlook, including the scenario where there is a decrease in the long-term electricity pool price as a result of the CIS;
- Three station closure date scenarios; one consistent with those announced in the CTAP, and two other scenarios whereby Bayswater and Loy Yang A close earlier than announced as a result of an oversupply of new generation;
- A post-tax Weighted Average Cost of Capital (WACC) discount rate of 9.5% (Dec 22: 8.5%);
- Generation volumes for each relevant station based on historical and forecast generation and availability including planned outages; and
- Assumptions associated with regulatory outcomes impacting upon operations.

The derived recoverable amount resulted in no impairment charge to the carrying value of the CGU nor a requirement to reverse previously recognised impairment at 31 December 2023.

Sensitivity analysis has been performed for the Generation Fleet CGU. A reasonably possible change in a number of key assumptions has been identified to result in potential impairment and this has been disclosed below.

### Sensitivity analysis

In the prior year impairment assessment at 31 December 2022, AGL reduced the carrying amount of the Generation Fleet CGU to its recoverable amount resulting in a pre-tax impairment loss of \$1,008 million. Accordingly, any further reduction in the recoverable amount driven by a small change in assumptions could result in further impairment.

When considering variables in isolation, AGL's Generation Fleet CGU recoverable amount estimate is most sensitive to changes in electricity pool price. There is a high degree of uncertainty when forecasting pool price over long-term periods where long-run secular changes can impact supply. Based on historical pool prices, a reasonably possible change of \$10 per MWh has been observed. A sustained decrease of \$10 per MWh in the pool price, whilst holding all other assumptions constant, could result in further impairment of the Generation Fleet CGU. Equally, a sustained increase of \$10 per MWh will result in the partial reversal of any previously recognised impairment losses, up to the depreciated carrying amount.

## Notes to the Financial Statements

for the half-year ended 31 December 2023

### 12. Intangible assets (cont.)

#### CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The recoverable amount estimate is also sensitive to changes in expected generation volumes. The relationship between generation volume and the flow on impact on the recoverable amount is complex and interdependent, particularly as Australia transitions away from coal-fired baseload to intermittent renewable power generation. During periods of excess generation, pool prices are often negative, and in such instances AGL may limit or curtail the generation volume to reduce exposure to negative pricing. It is possible that limiting and curtailing generation volume in this instance can have a counterintuitive impact of increasing the recoverable amount. However, a sustained decrease of 2% in generation volume whilst holding all other assumptions constant could result in further impairment.

The analysis above is to some extent limited by the fact that changes in variables are rarely mutually exclusive and the relationships and interactions between those changes are highly complex.

Alterations in the external operational landscape, such as closure of major electricity consumers, substantial additions to generation capacity, postponements in the closure of power stations not owned by AGL, or modifications to government policies, have the potential to bring about fluctuations in pool prices. Additionally, these changes may decrease the operational lifespan of AGL's assets, possibly leading to additional impairments.

#### Wholesale Gas CGU

The following key assumptions were applied to determine the recoverable amount of the Wholesale Gas CGU:

- Gas sales volumes, pricing and procurement costs are estimated based on the actual contract portfolio, together with an estimate of future market margins and volumes beyond the period of the actual contracted portfolio;
- A post-tax WACC discount rate of 8.25% (Dec 22: 7.5%);
- Terminal growth rate range between 0% to 1.5% (Dec 22: 2.5%); and
- Various scenarios with different assumptions regarding the operational life of the CGU were evaluated.

The recoverable amount of the Wholesale Gas CGU exceeded the carrying value at 31 December 2023 and consequently no impairment loss was recognised in relation to this CGU.

Sensitivity analysis has been performed for the Wholesale Gas CGU. A reasonably possible change in a number of key assumptions may give rise to a risk of an impairment loss as described below.

#### Sensitivity analysis

The recoverable amount is sensitive to reasonably possible changes in the forecast gas margin assumption. At 31 December

2023, the recoverable amount of the CGU would equal its carrying amount if the long-term gas margin forecast is reduced by \$0.5/GJ in isolation for each of the forecast periods.

The Wholesale Gas CGU benefits from favourable supply costs associated with existing contractual arrangements. The recoverable amount assessment of the Wholesale Gas CGU is calculated on a probability-based approach across various scenarios, including scenarios where these favourable supply contracts lapse and costs reset to terms more consistent with current market conditions. As these favourable contracts lapse due to the passage of time, the recoverable amount of the Wholesale Gas CGU could decrease. A decrease in the recoverable amount could potentially give rise to an impairment loss in future periods to the extent it is lower than the carrying amount.

#### Customer Markets CGU

The following key assumptions were applied to determine the recoverable amount of the Customer Markets CGU:

- Gross margin outcomes based on actual regulatory decisions for the current reporting period, which are publicly available, together with AGL's expectations of regulated network prices and regulated pricing (Victorian Default Market Offer/Default Market Offer) beyond the current reset period;
- Future gross margin in unregulated markets is determined with reference to historically achieved revenue rates, AGL's expectations of future price changes and impact of expected customer discounts;
- Customer numbers and consumption volumes are estimated based on historical experience, marketing strategies for the retention and winning of customers and the expected competition from new entrants;
- A post-tax WACC discount rate of 8.25% (Dec 22: 7.5%); and
- Terminal growth rate of 2.75% (Dec 22: 2.5%).

The recoverable amount of the Customer Markets CGU exceeded the carrying value at 31 December 2023. There were no reasonable possible changes in assumptions that would result in an impairment.

#### Flexible Generation CGU

At 31 December 2023, an impairment indicators assessment was performed for the Flexible Generation CGU to determine if there were any indicators of impairment since June 2023. Similar to the Generation Fleet CGU, this assessment identified a scenario where there is a decrease in long-term electricity pool prices as a result of recently announced government expansion of the CIS. This scenario serves as a potential indicator of impairment and accordingly, a recoverable amount assessment was performed.

## Notes to the Financial Statements

for the half-year ended 31 December 2023

### CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The following key assumptions were applied to determine the recoverable amount of the Flexible Generation CGU:

- Assumed cap prices derived from internal and external market modelling to reflect the ability to capture prices during high demand events;
- Useful life of the generation assets, which includes gas peaker stations and renewable generation and storage assets;
- A post-tax WACC discount rate of 8.25% (Dec 22: 7.5%);

- Generation volumes for each relevant asset based on historical and forecast generation and availability including planned maintenance; and
- Terminal growth rate of 2.75% (Dec 22: 2.5%).

The recoverable amount exceeded the carrying value of the CGU at 31 December 2023. There were no reasonable possible changes in assumptions that would result in an impairment.

### 13. Borrowings

	31 Dec 2023 \$m	30 Jun 2023 \$m
<b>Current</b>		
CPI bonds - unsecured	13	12
Lease liabilities	22	35
<b>Total current borrowings</b>	<b>35</b>	<b>47</b>
<b>Non-current</b>		
Bank loans - unsecured	813	1,483
USD senior notes - unsecured	1,611	1,133
CPI bonds - unsecured	34	40
Lease liabilities	229	196
Deferred transaction costs	(18)	(16)
<b>Total non-current borrowings</b>	<b>2,669</b>	<b>2,836</b>

#### USD senior notes

- On 20 November 2023, AGL issued A\$468 million (USD \$100 million and AUD \$313 million) of fixed rate unsecured senior notes in the US private placement market, with maturity ranging from 10 to 12 years.
- On 8 June 2023, AGL issued A\$386 million (USD \$131 million and AUD \$188 million) of fixed rate unsecured senior notes in the US private placement market, with maturity ranging from 7 to 15 years.
- On 8 December 2016, AGL issued A\$572 million (USD \$395 million and AUD \$50 million) of fixed rate unsecured senior notes in the US private placement market, with maturity ranging from 10 to 15 years.
- On 8 September 2010, AGL issued A\$152 million (USD \$135 million) of fixed rate unsecured senior notes in the US private placement market, with maturity of 15 years.
- All USD senior notes are converted back to AUD through cross currency interest rate swaps.

#### Bank loans

- On 14 December 2023, AGL executed a A\$510 million Asian term loan facility, with maturity ranging from 5 to 7 years. As at 31 December 2023, \$370 million of this was utilised.
- On 28 April 2023, AGL executed a A\$1.2 billion syndicated facility, which includes a \$500 million green capital expenditure facility, with maturity ranging from 3 to 7 years. As at 31 December 2023, \$383 million of this was utilised.
- In September 2019, AGL executed a A\$600 million 5-year syndicated Sustainability Linked Loan. During the period, A\$300 million of the loan was terminated, with the balance remaining unutilised.
- The remaining A\$360 million of bank debt facilities comprises of bilateral facilities, with \$60 million utilised at 31 December 2023.
- During the period, A\$410 million club term loan facility was terminated.

#### CPI bonds

- CPI bonds rank pari passu with other unsecured debt and will mature in May 2027.

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## Notes to the Financial Statements

for the half-year ended 31 December 2023

### 14. Provisions

	31 Dec 2023 \$m	30 Jun 2023 \$m
<b>Current</b>		
Employee benefits	208	220
Environmental rehabilitation	73	86
Onerous contracts	45	17
Restructuring	34	37
Other	7	6
<b>Total current provisions</b>	<b>367</b>	<b>366</b>
<b>Non-current</b>		
Employee benefits	6	6
Environmental rehabilitation	1,341	1,316
Onerous contracts	978	776
<b>Total non-current provisions</b>	<b>2,325</b>	<b>2,098</b>

The movements in the environmental rehabilitation provision, restructuring provision and onerous contract provision are set out below:

	Environmental rehabilitation \$m	Restructuring \$m	Onerous Contracts \$m	Total \$m
Balance at 1 July 2023	1,402	37	793	2,232
Changes in estimated provision	-	1	181	182
Provisions recognised	-	-	13	13
Provisions utilised and derecognised	(36)	(4)	6	(34)
Unwinding of discount	48	-	30	78
Balance at 31 December 2023	1,414	34	1,023	2,471

#### CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

##### Provision for environmental rehabilitation

AGL estimates the future removal and rehabilitation costs of electricity generation assets, oil and gas production facilities, wells, pipelines, mine and related assets at the time of installation of the assets. In most instances, removal of these assets will occur many years into the future. The requirement for rehabilitation is also subject to community and regulatory expectations which may evolve over time and in practice negotiation is required to arrive at a practical rehabilitation strategy. The calculation of this provision requires management to make assumptions regarding the removal date, application of environmental legislation, the extent of rehabilitation activities required and available technologies. The assumptions are highly judgemental and represents management's best estimate of the present value of the expenditure required to settle the obligation, given known facts and circumstances at a point in time.

In line with AGL's accounting policy, the provisions for environmental rehabilitation are reviewed on a regular basis, with the next review occurring in the second half of FY24. The provision for environmental rehabilitation amounts to \$1,414 million as at 31 December 2023.

##### Provision for onerous contracts

AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* defines an onerous contract as a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

AGL recognised a number of legacy power purchase agreements as onerous for the year ended 30 June 2021. Under these legacy power purchase agreements, AGL makes periodic payments for the electricity and green certificates generated by these assets. The agreements were primarily entered between 2006 and 2012 to support the development of the renewables sector at that time. These offtake agreements were entered at prices significantly higher than current and forecast prices for electricity and renewable energy certificates today.

## Notes to the Financial Statements

for the half-year ended 31 December 2023

### CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In line with AGL's accounting policy, the onerous contract provisions are reviewed on a regular basis. The onerous contract provision amounts to \$1,023 million as at 31 December 2023.

### 15. Issued capital

	31 Dec 2023		30 Jun 2023	
	\$m	Number of shares	\$m	Number of shares
Balance at beginning of reporting period	5,918	672,747,233	5,918	672,747,233
Balance at reporting date	5,918	672,747,233	5,918	672,747,233

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding-up of the Parent Entity in proportion to the number of shares held. Every ordinary Shareholder present at a meeting of the Parent Entity, in person or by proxy, is entitled to one vote per share.

### 16. Earnings per share

	31 Dec 2023	31 Dec 2022
<b>Statutory earnings per share</b>		
Basic earnings per share	85.6 cents	(159.8 cents)
Diluted earnings per share	85.4 cents	(159.8 cents)
<b>Underlying earnings per share</b>		
Basic earnings per share	59.3 cents	12.9 cents
Diluted earnings per share	59.1 cents	12.9 cents

### Earnings used in calculating basic and diluted earnings per share

	31 Dec 2023 \$m	31 Dec 2022 \$m
<b>Statutory earnings/(loss) used to calculate basic and diluted earnings per share attributable to owners of AGL</b>	<b>576</b>	(1,075)
Significant expense items after income tax	120	540
(Gain)/loss in fair value of financial instruments after income tax	(297)	622
<b>Underlying earnings used to calculate basic and diluted earnings per share</b>	<b>399</b>	87

### Weighted average number of ordinary shares

	31 Dec 2023 Number	31 Dec 2022 Number
<b>Number of ordinary shares used in the calculation of basic earnings per share</b>	<b>672,747,233</b>	672,747,233
Effect of dilution - LTIP share performance rights	2,022,354	2,025,256
<b>Number of ordinary shares used in the calculation of diluted earnings per share</b>	<b>674,769,587</b>	674,772,489

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## Notes to the Financial Statements

for the half-year ended 31 December 2023

### 17. Acquisition, incorporation and disposal of subsidiaries and businesses

#### 31 December 2023

##### Disposal of Moranbah Gas Project

AGL completed the disposal of Moranbah Gas Project in August 2023, resulting in a gain on disposal of \$49 million. Refer to note 4 for further details.

##### Capital Contribution to Tilt Renewables

During the financial period, AGL made a \$13 million capital contribution to Tilt Renewables to fund the development of the Rye Park Wind Farm.

#### 30 June 2023

##### Capital Contribution to Tilt Renewables

During the financial year, AGL made a \$63 million capital contribution to Tilt Renewables to fund the development of the Rye Park Wind Farm.

##### Investments in Joint Ventures

During the period, AGL entered into a number of investments in joint ventures namely: Muswellbrook Joint Venture and Pottinger Renewables Joint Venture.

### 18. Contingent liabilities

Certain entities in AGL are party to various legal actions and claims which have arisen in the ordinary course of business. Any liabilities arising from such legal actions and claims are not expected to have a material adverse effect on AGL.

Provisions are not required in respect of these matters, as either there is no present obligation as a result of an obligating event or it is not probable that a future sacrifice of economic benefits will be required.

### 19. Financial instruments

#### Fair value measurements

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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## Notes to the Financial Statements

for the half-year ended 31 December 2023

31 December 2023	Carrying Amount \$m	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<b>Financial assets</b>					
<i>Equity instruments at FVOCI</i>					
Unlisted equity securities	15	-	-	15	15
Unlisted investment funds	8	-	-	8	8
<i>Derivative financial instruments</i>					
Cross currency swap contracts - cash flow and fair value hedges	52	-	52	-	52
Interest rate swap contracts - cash flow hedges and fair value hedges	89	-	89	-	89
Forward foreign exchange contracts - cash flow hedges	1	-	1	-	1
Energy derivatives - economic hedges	1,409	466	242	701	1,409
Other	5	-	-	5	5
<b>Total financial assets</b>	<b>1,579</b>	<b>466</b>	<b>384</b>	<b>729</b>	<b>1,579</b>
<b>Financial liabilities</b>					
<i>Derivative financial instruments</i>					
Cross currency swap contracts - cash flow and fair value hedges	(34)	-	(34)	-	(34)
Interest rate swap contracts - cash flow hedges	(1)	-	(1)	-	(1)
Energy derivatives - economic hedges	(1,198)	(417)	(407)	(374)	(1,198)
<b>Total financial liabilities</b>	<b>(1,233)</b>	<b>(417)</b>	<b>(442)</b>	<b>(374)</b>	<b>(1,233)</b>
30 June 2023	Carrying Amount \$m	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<b>Financial assets</b>					
<i>Equity instruments at FVOCI</i>					
Unlisted equity securities	8	-	-	8	8
Unlisted investment funds	7	-	-	7	7
<i>Derivative financial instruments</i>					
Cross currency swap contracts - cash flow and fair value hedges	55	-	55	-	55
Interest rate swap contracts - cash flow hedges	114	-	114	-	114
Forward foreign exchange contracts - cash flow hedges	2	-	2	-	2
Energy derivatives - economic hedges	2,170	1,022	433	715	2,170
Other	5	-	-	5	5
<b>Total financial assets</b>	<b>2,361</b>	<b>1,022</b>	<b>604</b>	<b>735</b>	<b>2,361</b>
<b>Financial liabilities</b>					
<i>Derivative financial instruments</i>					
Cross currency swap contracts - cash flow and fair value hedges	(29)	-	(29)	-	(29)
Energy derivatives - economic hedges	(2,359)	(747)	(553)	(1,059)	(2,359)
<b>Total financial liabilities</b>	<b>(2,388)</b>	<b>(747)</b>	<b>(582)</b>	<b>(1,059)</b>	<b>(2,388)</b>

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## Notes to the Financial Statements

for the half-year ended 31 December 2023

### 19. Financial instruments (cont.)

#### Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments:

- For receivables/payables with a remaining life of less than six months, the notional amount is deemed to reflect the fair value. All other receivables/ payables are discounted to determine the fair value if the effect of discounting is material.
- The fair value of forward foreign exchange contracts and energy derivatives is calculated as the present value of expected future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates that reflect the credit risk of various counterparties. Interest rate and cross currency swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates that reflect the credit risk of various counterparties.
- The fair value of borrowings is determined as the present value of future contracted cash flows and credit adjustments. Cash flows are discounted using standard valuation techniques at applicable market yield having regard to timing of cash flows.
- The fair value of energy derivatives is determined as the present value of future contracted cash flows and credit adjustments. Cash flows are discounted using standard valuation techniques at applicable market yield having regard to timing of cash flows.
- The fair value of lease liabilities is estimated as the present value of future cash flows discounted where the effect of discounting is material.
- The fair value of deferred consideration is determined as the present value of future contracted cash flows and credit adjustments. Cash flows are discounted using standard valuation techniques at applicable market yield having regard to timing of cash flows.

The following table provides a reconciliation of fair value movements in Level 3 financial instruments.

	31 Dec 2023 \$m	30 Jun 2023 \$m
Opening balance	<b>(324)</b>	(801)
Total gains or losses recognised in profit or loss		
Settlements during the year	<b>25</b>	(579)
Changes in fair value	<b>680</b>	840
Changes in fair value recognised in other comprehensive income	<b>8</b>	2
Transfer from Level 3 to Level 2	-	253
Premiums	<b>(34)</b>	(40)
Purchases	-	1
Closing balance	<b>355</b>	(324)

Fair value gains or losses on energy derivatives are included in other expenses in the line item “(Gain)/loss on fair value of financial instruments” in Note 5.

The sensitivity of Level 3 contracts with significant unobservable inputs, where the inputs are higher by 10 percent is \$(165) million and lower by 10 percent is \$165 million (profit after tax increase/(decrease)). Input changes were applied to forward prices with references to electricity market and emissions schemes, cost-based indexes, contract volumes and management's assumptions on long-term commodity curves.

### 20. Subsequent events

Apart from the matters identified in the financial statements or notes thereto, there has not been any matter or circumstance that has arisen since 31 December 2023 that has significantly affected or may significantly affect the operations of AGL, the results of those operations, or the state of affairs of AGL in the future.

## Directors' Declaration

for the half-year ended 31 December 2023

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The Directors of AGL Energy Limited declare that, in their opinion:

- (a) there are reasonable grounds to believe that AGL Energy Limited will be able to pay its debts as and when they become due and payable;
- (b) the attached financial statements and notes of AGL Energy Limited and its controlled entities for the half-year ended 31 December 2023 are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position and performance of AGL Energy Limited and its controlled entities for the half-year ended 31 December 2023; and
  - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Signed in accordance with a resolution of the Directors



**Patricia McKenzie**  
Chair

8 February 2024

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The Board of Directors  
AGL Energy Limited  
200 George Street  
Sydney NSW 2000

8 February 2024

Dear Board Members,

**Auditor's Independence Declaration to AGL Energy Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of AGL Energy Limited.

As lead audit partner for the review of the half-year financial report of AGL Energy Limited for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- Any applicable code of professional conduct in relation to the review.

Yours faithfully

DELOITTE TOUCHE TOHMATSU

H Fortescue  
Partner  
Chartered Accountants

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## Independent Auditor's Review Report to the Members of AGL Energy Limited

### *Conclusion*

We have reviewed the half-year financial report of AGL Energy Limited (the "Company") and its subsidiaries (the "Group"), which comprises the Condensed Consolidated Statement of Financial Position as at 31 December 2023, and the Condensed Consolidated Statement of Profit or Loss, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Cash Flows and the Condensed Consolidated Statement of Changes in Equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

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

- Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

### *Basis for Conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

### *Directors' Responsibilities for the Half-year Financial Report*

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

### *Auditor's Responsibilities for the Review of the Half-year Financial Report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



DELOITTE TOUCHE TOHMATSU



H Fortescue  
Partner  
Chartered Accountants  
Sydney, 8 February 2024

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## Corporate Directory

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### Directory

AGL Energy Limited

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