

AGL Energy Limited – Briefing from Kaluza

Monday 2 September 2024

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Presentation:

Mr Nicks: For those of you who don’t know me, my name is Damien Nicks, MD and CEO of AGL.

Joining me today from the UK is Kaluza and OVO Group Founder, Stephen Fitzpatrick and Kaluza Chief Executive, Mel Gander.

Alongside me here in Melbourne is Jo Egan, Chief Customer Officer; Gary Brown, Chief Financial Officer; Andrew Haddad, Chief Information Officer; and James Thompson, Head of Investor Relations.

Firstly, a big welcome to everyone, and thank you again.

Let me start by acknowledging the Traditional Owners of the lands on which we meet today, the Wurundjeri Woi-wurrung People of the Kulin Nation, and pay my respects to their Elders past and present.

In terms of the format of the meeting today, we’ll first hear from the Kaluza team, Stephen and Mel, who will provide an overview of both their technology and plans for future growth. At the end of the presentation, we’ll move to Q&A, and James will direct the questions.

Let me first start by saying how excited we are about deepening our partnership with Kaluza as part of the Retail Transformation Program.

It is going to be absolutely critical for us as we focus on enhancing both the customer and the agent experience, reducing operating costs, improving speed to market, and also extending our product offerings into the market. It’s absolutely key for us as we think about delivering on our ambition of connecting our customers to a sustainable future through both electrification, but with technology at the core of what we do.

The investment we announced in June extends our partnership with Ovo Energy Australia, which we have held since June 2001. Since that time, we’ve grown our customer numbers from 5,000 customers to now over 100,000 customers.

Moving forward, we plan to deploy Kaluza into our customer base for the next three years, transferring over 4 million gas and electricity customer services onto the platform.

There were talks back in June about the estimated implementation costs at about \$300 million over four financial years, and that started back in FY24. We expect the net benefits from this project to kick in from FY28, with total cash savings of approximately \$70-90 million annually from FY29.

We have been incredibly impressed with Kaluza through our Ovo Australia JV and the performance of both the product and the customer feedback to date, which has been exceptional.

On that note, I'll now hand over to both Stephen and Melissa to provide further detail on Kaluza.

Over to you guys.

Mr Fitzpatrick:

Thank you, Damien, and hello everybody in Australia. It is a beautiful, almost sunny morning here in London 8:00 AM, and I'm really delighted to be here with you today.

I'm going to hand over to Mel in just a few minutes, and she's going to talk you through some of the key features and technical detail of the Kaluza platform, but I just wanted to give you a quick overview from my perspective as the Founder of both the Ovo Energy Business and at Kaluza; what brought us here; the inspiration and the philosophy behind the Kaluza platform; and where we are taking it in the UK.

I think it's probably worth me just introducing Mel for a moment, as I'm sure she'll be too modest to give herself a proper introduction later on.

Mel joined me in the Ovo team just a few days more than 15 years ago and was actually the second person that I hired onto the Ovo team.

Over that time, she has helped us build one of the UK's leading and favourite energy companies.

She has held almost every role in the business and has a deep knowledge of the energy retail space, running our customer services center, our smart metering division, and rising to the role of COO over the time she spent at Ovo. Just a few years ago, she stepped into a leadership role at Kaluza, and it made me really proud earlier this year when we announced her to be the new CEO at Kaluza.

Mel knows almost everything there is to know about energy, energy retail, and now energy technology, and she's a real expert and thought leader in this space. I'm delighted to be handing over to her in a few minutes, but for me, I'm going to talk a little bit about how we got here, the success that we have had at Ovo, the first big implementation that we did, which was to re-platform our acquisition and SSE, and then to talk a little bit about the future opportunities and where we think the market is going and why Kaluza is so well set up to support energy transformation in the UK and Europe, but especially in Australia.

So, if we move on a little bit, I'll just talk you through just for a few minutes the backdrop and the history.

As I just mentioned, I started Ovo Energy in 2009. It was an idea that I'd had in my mind for quite a long time, thinking that the energy industry all over the world was undergoing this enormous change, both in terms of the generation of energy, which was disrupting the traditional vertically integrated model, but also the digitisation of the customer interface with energy. The rise and proliferation of new devices and the digitisation of the customer experience meant that customers had a vastly different expectation of their service provider by 2009/2010 than they had just ten years ago, and so it seemed to me like most industries that success would come to those companies that really put customer experience and understanding the needs of their retail customers at the core of their business, and that new entrants would have this real advantage over incumbents primarily because they would be able to take advantage of the new technology and new tools.

So that was in 2009. We had a successful start, albeit there were lots of unforeseen challenges along the way, as with every good startup story, but by 2012/2013 we were really already motoring pretty well. We had signed about a quarter of a million customers, which was, I think the largest independent supplier.

In 2009, the UK market had six very large vertically integrated ex-government monopolies running the energy sector, with only 1% of customers in the UK with an independent supplier, so 99% market concentration from the original six large energy companies.

When we launched in '09, we had an ambition to get to 1 million customers by 2020, and we were well on the way by 2013.

One of the things that really stands out in that year wasn't just the continued trajectory of growth, but also the fact that we started to find real excellence in our customer operations. It's a very complicated industry, there's a lot to learn in, particularly with rapid growth, and a lot of things that can go wrong, but by 2013 we were already on the path to excellence.

We recognised the importance of smart metering and the digitisation of the energy system very early on. Mel actually led our smart metering efforts, and we started installing our own financed smart meters for customers in 2014, and this was a big theme over the next 5-6 years as we led the UK market in the rollout of smart meters.

It had a really transformational impact on our customers, on our business, and in particular on the needs we had on our data and technology platforms. The increase in data that we saw through smart metering was a staggering increase in data, and in the UK, we take a read every 30 minutes. That's, I think, 17,522 if I remember correctly, half-hourly periods in a year, so it's 17,000 times increase in the amount of data that we would get from customers' homes over and above the one read a year that we would normally take, and we'll come back to that in just a second.

So, we hit our first million customers in 2017, and I think this is when we really started to look to the future. We were three years ahead of our 10-year goal. Everything was running reasonably well according to plan. We focused on happy customers and happy employees, and then scale, and it was a formula that was reasonably simple, and it really worked.

At this stage, we started to think about where the next big growth opportunities would come and what the future challenges would be. The platform that we had, the new technology stack that gave us our advantage over incumbents that we were so proud of in 2009, was already starting to creak. We had scoured the world for new and contemporary energy operating systems, and in particular, we were very focused on finding an operating system that would give us a backbone of real-time data that would allow us to interact with our customers in a way that they expected and give them the same service via their mobile, via the web, and indeed when they would call us into our contact centre. After a fruitless search of about 12 or 18 months and one almost attempted migration onto a new platform, we decided that there simply wasn't any software vendor anywhere in the world that shared our vision for what we thought the energy system would become.

And so, we started setting our sights on developing Kaluza and building our own in-house energy operating system. The big ambition for that, as I mentioned just now, was the ability to deliver real-time information to customers.

One of the things that we had seen as a shortcoming in almost all energy operating systems that we looked at - and in fact, all energy operating systems that we looked at - was that each one of them still relied on a very high latency and low-resolution data architecture. They were very well set up for efficient batch processing of very large

amounts of data, but what it didn't allow us to do was to have that real-time connection with customers and consumers and to show them what was happening in their home in real-time. That became really important as we started to look towards the increasing complexity of our relationship with our customers who were starting to install solar panels. We started to see a big uptick in Electric Vehicles for the first time in 2017 and 2018 in the UK.

Even back then, we were looking at domestic and behind the meter storage assets as well. The real-time connectivity with those devices and being able to present that information to consumers was a really big, important requirement for us to help build transparency and trust with those customers.

We didn't find a platform that we liked. We didn't see anything that had that real-time data architecture at its core, and so we set about building our own energy operating system, and small steps at first, but by 2019, we'd found the confidence to start the platform that we now call Kaluza, and we really started to invest in that and go all-in on our own platform.

I've skipped over one important milestone, and that was in 2018. We received investment from the Mitsubishi Corporation, they had seen our vision and what we were building with Kaluza. They were also very much in the mindset that, with the shift to distributed assets, in particular storage assets and behind-the-meter generation assets, the focus on the demand side of the energy equation and electricity system was where the value would flow.

In the past, we had a lot of investment in energy generation, with the retail business primarily being - not an afterthought - but it was the ugly sibling in a vertically integrated energy company family.

When you look at what happens with renewable generation, intermittent generation, and then intelligent control of assets behind the meter and in customers' homes, then you really need to invest in the customer experience, but also the systems that you use to manage the customer relationship and those assets.

So, Mitsubishi were very much in agreement with us on the direction of travel there, and they invested in the Ovo Group to get exposure to Kaluza and then also to learn some of the lessons that we'd picked up in the Ovo retail business.

In 2019, Kaluza launched in the UK. Our first big project and customer proposition that we launched was a partnership with Nissan for their second-generation Nissan Leaf, where we launched the world's largest vehicle-to-grid charging program. Baseload to grid with Nissan's Leaf allowed us to offer 500 electric vehicle owners the opportunity to use their EV to take advantage of the price swings that we saw between the peak and off-peak prices in electricity. In the UK, at this time, we were starting to see an increase in intraday volatility, nothing quite like on the scale that we were observing as we launched into Australia, but still enough to offer incredible savings to those customers. Some of the higher using customers that we had - our top performers - were able to achieve more than £400 a month in savings, so more than offsetting not just the cost of charging their electric vehicle, but actually they were able to use that arbitrage opportunity enough to offset the cost of the energy to their entire home, so it's an incredible technology.

We built our own hardware, and through Kaluza, we built an AI-powered algorithmic control of those assets. We were able to shift over the course of the trial more than 2.2 GWh of demand using just 500 vehicles, so it was a very active, very successful trial.

In 2020, we went through an unusual process of a reverse acquisition of one of those very large incumbents. SSE Energy Services was one of the Big Six in the UK, and we were able to take over that company. We had the confidence in our Kaluza platform, but we did understand the size of the challenge in migrating a large incoming customer base, but we set about doing that in 2020. You'll notice the dates here that we actually closed the acquisition just six weeks before the first lockdown in the UK for COVID, and that definitely forced us to reevaluate and change our plans. But after about 12 months of getting to grips with the changes in the whole business world through the COVID pandemic, we went back to the plan of starting the migration, and in just 18 months, we were able to complete the migration of all of the SSE customers onto the Kaluza platform. It was a huge success. We went through a company rebrand, we went through a one-in-100 years energy crisis in Europe with retail prices increasing for some people by 400%, and at the same time, we managed to make this transition onto Kaluza.

The migration then complete, we started to go about building new features and new functionality, and I'm going to talk to you a little bit about that today. Just two of the opportunities that we've seen, and we've been rolling out.

Just to give you a highlight of that transformation that we undertook with Kaluza and SSE, and if you move on one.

Some of the headlines of the migration that we achieved in the UK. As I mentioned, it was about 18 months to complete the migration. We did that at a time of extreme volatility in the energy market. There was an enormous amount of regulatory scrutiny in the energy sector in the UK. It was the number one headline subject in the UK press for more than a year, and we managed to complete this re-platforming and rebranding in a relatively short time and very smoothly. Through that time, I'm delighted to say not only did we maintain high levels of operational integrity, we saw this big jump in customer satisfaction from the SSE business, which had been a relatively under-invested retail business - 34-points Net Promoter Score improvement.

Obviously, there's this reduction in the technology spend versus the legacy estate - £125 million - it's a big number, but probably the thing that I'm most proud of is that we underwent this huge technology re-platforming at a time of quite a lot of uncertainty in the energy sector and coming out of COVID and trying to bring our employees back to the office. But in 2023, not only did we maintain a very high level of employee satisfaction, we actually scored our highest ever employee satisfaction score. We were listed in the UK's top ten places to work and the number one place to work in the UK overall for women. And so, we managed to make this transition work not just for our customers, but for employees, and I think that's something that we learned a lot of lessons about how to take our team with us. As Damien and the team in AGL really know and have invested a lot in, you cannot have a happy relationship with your customers if you don't have a happy team in the office. So, something is very, very important to us and to AGL.

There's this last point I just want to talk about. We launched a new proposition not long ago called Power Move, it's to help reward customers that shift their demand to different times of the day when energy is cheaper. It's not just a simple peak-to-off-peak shift; we're being very precise, and it's quite a high-resolution prompt for customers.

We were able to spin this up from conception to trial launch in just over two weeks; it was a really fast innovation. It was something that is powered again by the core architecture of Kaluza, something Mel's going to talk a lot about.

We know that there are lots of options for energy retailers all over the world to choose from an increasingly large number of platforms to run their energy operating systems. We really believe that the architecture that we have designed at Kaluza, that was built on 10 years of experience leading as a customer-centric energy retail business, a digital-first

energy retail business in the UK, has helped us to build a platform in Kaluza that allows for the kind of innovation that we've seen in the UK and we've demonstrated in the UK all over the world. If you move on one slide, I'll talk very briefly about these two propositions.

First, Energy Beyond on the right - we set up a new proposition just last year in Ovo, and the concept was to build a central platform to offer all of our customer rewards to simplify our customer offering for premium customers and to help give us many tools to engage customers as we look to a future where energy consumers have a much deeper and richer relationship with their energy retailer.

We have been able to offer products like energy efficiency expert home visits, installation of solar panels, and installations of course; the integration of EV charging, smart heat products like thermostats and domestic heat control. It's also given us a really rich platform to provide rewards and incentives for customers to engage with us and to help them save money and time.

We built that product on Kaluza, I think, over a three-month period, and at the moment we have got more than half a million of our customers registered in just, I think, 6 months since our opening launch. So, it's a massive ramp-up; I think for eligible customers, we're already at 25%, and the numbers keep going up. Customer satisfaction is higher. Customer retention is higher.

Our cost to serve these customers is much lower, and NPS overall is up, I think, by 6-7 points for these customers. It's been an enormously successful tool and it's given us a platform again for further rapid innovation.

Another innovation that I'm really excited by is our AI-powered customer service platform, Ava, or Advanced Virtual Assistant, and again, this is an innovation that we started about a year ago, recognising some of the enormous opportunities behind generative AI. Obviously, we've had to be very careful in how we have deployed and developed this technology to make sure – A, it's for the customers' benefit; B, it's in a secure and resilient environment; and C, that it's something that customers accept and feel comfortable with.

This is an enormous innovation that we're seeing deliver even greater cost savings and operational savings than we were expecting just a year ago.

One very simple tool that's an agent assist—this is not a customer-facing aspect of Ava, but it supports our agents, so it gives them tools to better serve customers. It saved us one minute per call per transaction with each customer, and that represents an 11% saving on our customer service time spent. It's translating into a very direct financial saving, but it also improves the agent experience and, most importantly, improves the customer experience.

We're up to about 35% of all inbound emails that can be answered with an automated response. Of course, we monitor very carefully, but the customer satisfaction with that response is higher than it would be with a human-generated email, so enormous opportunities on our virtual assistant platform.

This one I think is really important to point out: this isn't something that we anticipated when we developed the Kaluza platform. It wasn't something that was on our tech roadmap even two years ago, but the architecture—the data architecture and the customer service architecture that we've built around the Kaluza platform—has meant that this type of innovation is possible. I think this is probably the biggest lesson that we learned when we were building the platform and through our years running over energy as a digital-first energy retail business: that you simply cannot anticipate all the changes that are going to happen in the future, but you can build an architecture that will support the flexibility and innovation that you need to stay ahead of it.

I think it's fair to say that through AI, the ever-falling price of electric vehicles, battery storage, and solar panels, the ever-falling cost of data processing and storage; we have seen the rate of change of technology that companies have to keep up with. It's just accelerating all the time, and for us, we see these really exciting opportunities in the UK, now in Australia and globally. The most exciting opportunities we see are not at the edge of any one technology; they almost always happen at the intersections of multiple technologies, meaning that you have to have a flexible, open architecture, easy to integrate with other services in order to take advantage of that.

I told you I was going to speak very briefly, and I've already overrun a little bit that Mel will be used to. I can see she's getting ready to step in now at any moment, so I think it's probably time for me to say thank you very much I'll be here for questions, but I'm going to hand over to Mel and let her talk you through exactly what we've built in Kaluza and how it works.

Thanks very much Mel, over to you.

Ms Gander:

Thanks, Steve.

Great overview of the journey that Ovo has been on. It's a journey that many energy businesses are going to need to go on over the next few years to be able to succeed in the new energy landscape. While many legacy solution providers have been wrestling with adapting their outdated technology to be fit for the future, Kaluza has reimaged energy technology and created a platform ready for the future. By starting from scratch, we've designed a solution that is ready to deliver the outcomes needed today and tomorrow.

So, on to some of those outcomes. The Kaluza platform drives broader benefits in three keyways.

First of all, by automating retail operations. This is our key core billing or CIS solution designed to lower cost to serve through automating and streamlining key processes. Our sales and service layer enables the support of customers through a low-cost, high-engagement service, enabling digital self-serve and tailoring of propositions to meet customers' unique needs.

Lastly, optimisation, also known as our flex solution, designed to unlock value for customers and retailers by optimising when energy is used across millions of devices. In combination, the platform enables retailers to maximise the lifetime value of every customer – from lowering cost to serve to boosting retention rates, maximising cross-sell opportunities, and optimising trading performance.

Diving into each of these areas: So, automating operations – Kaluza is enabling agents to become trusted energy advisors as customers navigate critical decisions about their household energy usage and wider electrification of their homes and transport. Kaluza provides agents with a clear, unified view of customer accounts, which update in real time. This has made agents altogether more efficient, reducing average handling time by 32% and increasing first contact resolution to over 40%, meaning fewer callbacks. Another cost-reducing aspect of our Kaluza agent experience is the speed of onboarding. Agents can be up and running on the Kaluza system within a few hours, thanks to its intuitive interface and step-by-step guidance by next best action. Many of these benefits come from the underlying architecture of the platform that Steve was referring to.

Kaluza has been built to handle vast volumes of industry and customer data. Data flows in real-time across the platform, delivering the instant results customers have come to

expect. We've moved beyond customers only seeing a static bill once a month, which arrives weeks after they've actually used that energy. In most competitive markets, there's a reliance on other energy businesses and other market participants to ensure that only clean and accurate data enters the system, and this isn't always the case. So, we've built Kaluza to identify and, where possible, automatically resolve discrepancies in this data. We provide agents with machine learning-supported tools to suggest the recourse of an issue and guide them through the resolution of it.

Now, onto empowering customers and increasing customer lifetime value. Ensuring customers have a clear, and up-to-date view of how they're using energy and how much it's costing is crucial as price volatility continues and customers adopt more EVs, HVAC, and solar. This is something we've certainly seen when working in the Australian market. Thanks to highly personalised online experiences leveraging real-time data, we've reduced inbound contact to Ovo by over a third, increased self-serve by 50%, and scored over 4.3 out of five for digital customer satisfaction.

We're also working on streamlining the adoption of new technology in customers' homes, from EV chargers through to heat pumps and increased home insulation. The electrification of transport and heating or cooling, is going to require new equipment to be installed in customers' homes. Whilst it's likely that much of this work will continue to be carried out by local installers, there is an opportunity to create new package propositions that include financing, installation, service management, and the right tariff to maximise the value for customers. We've seen in the UK, new government grants or subsidies for some of these solutions, which then brings new requirements around processing applications and payments. That's where the open nature of the Kaluza platform proves vital, being able to connect up different parts of the ecosystem to give customers a seamless experience when adopting new solutions for their home.

Bringing forward the future of energy: Using Kaluza's flex solution, Kaluza connects to and controls devices in customers' homes to unlock the value of flexible load management. For example, Kaluza is powering Ovo Charge Anytime, the UK's first type of use EV plan. The solution was designed and launched in a matter of weeks and has scaled to tens of thousands of users in just over a year. Kaluza's advanced optimisation enables connected vehicles to charge when energy prices and carbon levels are lower. By using the telemetry data from a customer's vehicle or their charge point, we can separate a customer's household usage from their EV charging from the rest of their home usage. EV charging can be offered at 6 pence per kWh (about 13.5 cents) at any time of the day, whereas the rest of their home usage is at the standard rate – closer to 30 pence per kWh. So, the customer, in return for allowing Ovo to determine when to charge their vehicle, achieves a much lower rate for the charging of their EV. This proposition has won a number of prestigious awards, and has saved drivers over £10 million and over 580 tonnes of carbon so far.

Over the last five years, we've created one of the world's largest portfolios of OEM partners across EV, HVAC, and more. These direct integrations allow us to offer superior customer choice and a smooth digital experience. This is particularly exciting in the context of vehicle-to-grid (V2G), which creates the opportunities for customers to sell surplus energy back to the grid. As Stephen mentioned earlier, Kaluza has powered the world's largest domestic rollout of V2G, enabling a number of customers to earn enough, to not only drive for free, but also make enough to cover their home energy costs, all the while helping to balance the grid.

And so, on to Australia. We've successfully migrated 100% of the Ovo Energy Australia customer base to the Kaluza platform, which was completed in April 2023. Since then, Kaluza has propelled the fast growth of the Ovo Energy Australia business and high

performance, as an agile energy challenger brand, launching multiple customer propositions at pace. We're incredibly proud to see Ovo Energy Australia's Trustpilot rating at 4.6, with many customer comments around the ease and speed of service through automating their retail operations by streamlining processes, to reduce handling time. We've also supported the cost to serve reduction of 44% when compared to their legacy solution, and that's across a base that is now 72% digitally active and effortlessly self-serving. Thanks to this effortless service, Ovo Australia has highly engaged customers with an NPS score of +40 and 98% CSAT overall. These customers are seeing the rapid development of innovative new propositions, taking just weeks to launch, with high uptake. For example, one in ten customers of Ovo Energy Australia are already on an EV plan. This success has created a proven platform that will be the foundation of the AGL transformation. Through three years of collaboration, we have built a solution that is delivering strong results in the Australian market – one of the most complex markets globally – and we're incredibly excited to use this foundation to accelerate AGL's retail transformation plan.

Building on our global experience, Kaluza will deliver technical and operational efficiency at scale, enabling AGL to reinvent the customer experience while unlocking new revenue streams. The partnership will deliver approximately 70 to 90 million pre-tax annual cash savings from the financial year 29. It will also allow AGL to build a best-in-class ecosystem of leading platforms with seamless integrations, enabling the acceleration of speed to market for innovative, engaging propositions, and most importantly, transforming the AGL customer experience.

And so, on to Ovo beyond AGL – what's next for Kaluza? Globally, the vast majority of energy retailers are yet to move away from their legacy software providers, meaning the market size for disruptors is huge.

The location drops on this map indicate Kaluza's global hubs, now including seven locations, enabling us to serve our increasingly international client base.

So, in the first move of markets in the UK, Australia and New Zealand, there approximately 40 million households. Although many of these forward-thinking utilities are already on re-platforming journeys, 28% remains an addressable market opportunity.

In the UK, Kaluza's scale through Ovo, and we'll soon be migrating a million more meters in Australia through AGL. Our work with Ovo Energy Australia in the last three years, has primed Kaluza for scale in Australia. Our current engagements with other Australian retailers has been well supported by our strong proof points in the market.

Over in New Zealand, we have led flex-based programs with Mercury and Meridian in the last year.

And then we are seeing fast followers – so, turning to France, Spain and Japan. There's a considerably larger commercial opportunity with over 104 million households and only a handful of utilities on modern platforms with over 95% still operating on legacy systems. We believe Japan to be particularly interesting region as energy retail competition intensifies, and projections indicate that it would be the fourth-largest EV market in 2035. It has 85 million residential meters, 100% of which are smart – ready for the Kaluza technology.

Kaluza has made significant advances in Japan over the past few years. In partnership with Mitsubishi Corporation, and a few weeks ago we announced the launch of Kaluza Japan to support our growth within the region. This is a joint venture that will leverage Mitsubishi's deep market knowledge and Kaluza's proven software to enable Japanese energy

companies to transform their retail operations and deliver market-leading billing and innovative low-carbon products to customers.

From our Tokyo headquarters, Kaluza Japan will expand on Kaluza Mitsubishi's established partnership, building on its work with Mitsubishi Motors Corporation and MC Retail Energy.

And lastly, in the emerging markets, which include the rest of the EU, Germany and the US – the opportunity is larger still. There are around 276 million households in this tier, with almost all utilities right for re-platforming.

Kaluza has already established a strong foothold in the US market for a smart charging program with a California retailer, East Bay Community Energy, recently rebranded to Ava Community Energy.

Through our Redwood initiative, where we have funding from the California Energy Commission, we will be pioneering dynamic tariffs in the market across V1G and V2G EV charging, including for low-income support customers. We'll be delivering this work alongside PG&E, one of the largest utilities in the US, and also a leading hardware manufacturer, Wallbox, as well as a major global automaker.

Across Europe, Australia, the US, and Japan, we see considerable growth opportunities for Kaluza. The majority of, if not all, energy businesses will switch to different technology solutions as the energy transition unfolds. There are not many solutions available that have been deliberately built to operate in this complex new world, which takes us on to Kaluza's position in this market.

We're often asked how Kaluza is different to our competitors, and we believe this quote perfectly encapsulates our key differences:

Firstly, we're energy-specific. We believe the energy transition can only be navigated with energy-specific, end-to-end solutions. Gone are the days of a generic billing box that can rate everything from kilowatt-hours to units of water, to even toll roads. Energy warrants its own solutions, and the market size is there to support this dedication. We're experts in this vertical and have design technology that can unlock value across the energy chain.

To our open architecture, the Kaluza platform, as you've heard, has been architected to enable seamless integrations of other solutions. We take a collaborative approach to shaping technology to fit the unique objectives of every individual retailer.

And lastly, we have built a customer-centric solution. We know that building customer engagement trust are precursors to unlocking customer lifetime value, increasing adoption of new products and propositions, and supporting customers to accelerate through the energy transition. That's why we have a relentless focus on ensuring easy, personalised, and seamless end-customer experiences.

We believe these differences set Kaluza apart from our competitors and enable Kaluza to rapidly expand our footprint as a shift to new platforms accelerates. Kaluza is uniquely positioned to take on these opportunities with a scalable platform ready to deliver results for today and for tomorrow.

And now I'll hand back to James to facilitate the Q&A.

Mr Thompson: Thank you, Mel and Stephen.

We will now open for questions.

If you have a question, please raise your hand in the Teams option at the top of your screen. I will then unmute you and then please unmute from your end and you'll be able to address the meeting.

Please keep to one question at a time and if time permits, please raise your hand and we will endeavour to reach you.

We have about 15 minutes left, so we may not be able to answer all questions.

Can I please ask that you introduce yourself, and if the question is for Kaluza or AGL, and then proceed with your question.

Let's go ahead. First up, we have Tom Allen.

Mr Allen:

Hi folks.

Good morning from Melbourne.

Just keen to understand Kaluza's customer orchestration capabilities more in an Australian context. So specifically, does the software currently have the capability to control customer-side generation and interface with market bidding platform capabilities in Australia? We've seen with other technology providers the Australian context presents some unique challenges.

It sounds like your Flex Solutions product was interesting in that regard. Just keen to hear more around what the product can currently do in that regard.

Ms Gander:

So, in the Australia market, we're currently supporting managed charging programs for electric vehicles working closely with Ovo Energy Australia, and we're keen to expand beyond electric vehicles into. For example, solar management and also battery storage as well. That's something that we're actively working on.

In terms of the market integration, that's something we will be supporting in partnership with AGL, and we plan to continue to develop the platform to further support that going forward.

Mr Allen:

Great. Thanks for that.

Mr Thompson:

Thank you, Tom. Next up we have Rob Koh from Morgan Stanley.

Mr Koh:

Thank you very much for the presentation, and good morning. I guess, I've sadly got a bit more of a boring Australian compliance question. I think we have a reputation for being a bit tough on disconnection procedures, life support procedures, hardship, and then, you know, because we're one country we have like five or six different systems across the NEM. Can you just give a sense of with your global experience how Australia rates, and then for Kaluza Australia, how much of that is already built out through your Ovo Australia experience?

Ms Gander:

See, it's interesting. I think every market globally has its individual complexities, but we found that a lot of the regulations are there to protect consumers, and so many are similar. If we take within the UK and Australia, there are rules around back-billing of customers that can only be completed for a certain amount of time. And whilst in Australia disconnection is allowed, in the UK it's not something that is supported, but then we have

complexity in prepayment customers who effectively can self-disconnect and require the same sort of support.

What we do find is the similarity across many of the markets, and so, building for the UK regulatory landscape has enabled us to be able to adapt our solution quite quickly to be able to support customers in Australia. But you're right, there is a difference across the various markets, but we have worked closely with Ovo Energy Australia to be able to ensure the platform is compliant and able to support all regulations and the customer needs within the Australian market.

Mr Thompson: Thank you, Rob. Next up we have Ian Myles from Macquarie.

Mr Myles: Morning everyone. Just a quick question on the Kaluza Flex. It would seem if you have more customers signing up to the flex product versus the total product. I'm sort of interested in what's been driving the success of flex over you being able to sign up people onto the full platform.

Ms Gander: I think they're quite different products in terms of the sales cycles or lead times for adopting the full billing solution versus the flex solution. Flex tends to be a new add-on for a lot of energy businesses, whereas the retail product is a replacement of a core solution. And so, we find that it's simpler and faster to launch a flex trial. Say for example, we can launch a trial on the flex platform within six weeks and have the retailer supporting customers on innovative propositions within that time.

But what we do find is that by using the flex solution, a lot of businesses realise that they can't see the full value of that innovation because they're constrained by their existing billing solution that can't support the types of tariffs, or payments, or credits that customers need to be able to unlock the full value of giving up the flexibility within their home. So, we really see the adoption of the flex solution as a precursor to be able to move forward onto the full retail platform, so there's where we see the key differences in adoption.

Mr Fitzpatrick: Mel, if it's OK, I might just add something there. I think this is probably the journey that we went on at Ovo Energy as well. We actually acquired a company to help us deliver flex-like solutions for customers that had more dynamic or complicated needs, particularly around EV charging. What we quickly found was that we had one platform where we were very easily able to innovate and deliver opportunities for customers that they were asking us for - and even some that they weren't - to build great customer interfaces and really engaging customer tools.

We were able to take advantage of the flexibility of those assets, but when we try to marry that up with the core accounting that was in our energy billing system, we find that we had two different sources of truth, and sometimes maybe more than two. Very quickly we started to see a loss of customer trust when they would see one set of information from us delivered on a very light and innovated platform, and then another one where there would be a high lag or delays in information coming through. And so, it was that breakdown in trust that we saw from having two different systems that highlighted the need to us for real-time data architecture in our core operating system and lead us to build Kaluza.

And I think, as Mel said, we see that where we have a lot of adoption, energy retailers understand they need and want to offer these flexibility solutions for consumers, but then they go on the journey to realise they have to re-architect their entire tech stack in order to fulfill the promise of the innovation and the flexibility that, you know, they can deliver on the surface to make that work long term. They have to go much deeper and build those stronger foundations. So, Mel's absolutely right, that the flex product is an easier one to

roll out, and it often turns into then a much bigger conversation with the retailer about how to make that work.

Mr Thompson: Thank you, Ian. Next up, we have Dale Koenders.

Mr Koenders: I'm just wondering if you could maybe paint a picture of what the next five years looks like for Kaluza in the success case. I guess some of your peers have put out some aggressive growth numbers and seem to be on that trajectory, but just wondering what you're targeting.

Thank you.

Ms Gander: Thank you, Dale. So, in terms of the next five years for Kaluza, we have ambitious growth plans, and we're seeing traction within the market that we believe can fulfill those plans. We do have an aim to reach 100 million households supported by the Kaluza platform, whether that's with our billing solution or supporting devices within their homes on our flex solution. And so, we have, as you've seen through the presentation today, ambitions to be able to support that across multiple markets. We've seen traction within the US, we have our joint venture within Japan. It's great to be able to see an increased level of interest in Kaluza within the Australian market, and so we're confident that we can fulfill our ambitions over the coming years.

Mr Thompson: Dale, did you have another question.

I think that's all the questions we have for today. Back to Jo.

We've had a couple more come in.

Mr Koh: Thanks for letting me back on. So, I guess you've given us a lot of detail on how the platform can save money if you kind of convert all of the flex customers into retail customers as well, can you give us - I presume you're not going to give us forward numbers - but if you could give us a sense of what kind of revenue upside you get from converting customers?

Ms Gander: I'm joined by Matt Johnson, who is Kaluza's VP of Finance who is happy to take that question.

Mr Johnson: Hi Rob, apologies, we're just getting a bit of feedback in the room.

So, I think there's a huge opportunity here on both sides, actually. Converting flex customers into retail customers – clearly the big differentiating factor there is scale. At the moment, clearly, there are nascent markets for EV's, particularly in Europe – and I know that there's a growing opportunity in Australia. Converting those flex opportunities into retail sales for us really drives a much higher IRR in the first instance over the course of the next few years. But clearly, as markets evolve and that opportunity on the flex side really expands, not only does it give us access to much greater scale for the flex product itself, but also it's a fantastic – as Mel and Steve have already articulated – additional module, and additional capability that we have for customers on the retail platform. That clearly allows us to charge a slightly higher subscription licensing fee that adds to our IRR.

Mr Koh: Ok. Many thanks.

Mr Thompson: Thanks Rob. I think we'll have time for one more question from Ian Myles.

Mr Myles: Hi. Thanks. Just it's a bit more specific to Jo – can you maybe then run through, you talk about Ovo Australia being really successful, yet its profitability is pretty horrible, both as a joint venture and back through your accounts? Just sort of trying to understand how you're measuring that success when it's not actually generating profitability.

Ms Egan: I'll take that. Hi Ian. So, I think a lot of the profitability metrics you're seeing is because that's a growth business and really the customer acquisition costs are all included in those financial results. So, we do see indicators of value through those customer segments that do demonstrate to us it will be valuable over the medium. So, it's really that customer acquisition cost that's driving the profitability and scale.

Mr Thompson: Thanks Ian. I think that's all we have for Q&A.

Ms Egan: Ok. So, we just want to say thank you so much for joining us this afternoon.

We hope that you've found the information provided by the Kaluza team helpful and given you a bit more insight into the product and the offering.

Here at AGL we're really excited about the journey we're on together. We see huge potential for our customers and our shareholders in this partnership and we'll look forward to sharing more with you all throughout the journey.

Thank you so much for your time.

Mr Nicks: Thank you.

Thanks Stephen. Thanks Mel.