agl Join the change

AGL Energy Half-Year Report

for the period ended 31 December 2024

Contents

Acknowledgement of Country

AGL recognises the First Nations people as the Traditional Custodians 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 2024

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 2024 (the period). Financial comparisons used in this report are of results for the half-year ended 31 December 2023 (the prior corresponding period) for statement of profit or loss and cash flow analysis, and 30 June 2024 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
Current Directors	
Patricia McKenzie	1 May 2019 (appointed as Chair on 19 September 2022 and retired on 12 February 2025)
Miles George	19 September 2022 (appointed as Chair with effect from 13 February 2025)
Damien Nicks	19 January 2023
Mark Bloom	1 July 2020
Graham Cockroft	1 January 2022
Vanessa Sullivan	1 March 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 5.

Subsequent Events
On 28 January 2025, AGL completed the acquisition of 20% investment in Kaluza in the form of preference shares for a consideration of AUD151 million.

Apart from the matter identified above and 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 2024 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 23.0 cents per share, compared with 26.0 cents per share for the prior interim dividend. The dividend will be fully franked and will be paid on 27 March 2025. Shares will commence trading ex-dividend on 25 February 2025. The record date to determine shareholders' entitlements to the interim dividend is 26 February 2025.

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 2025 interim dividend.

Directors' Report

for the half-year ended 31 December 2024

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.

P. McKenzie

Patricia McKenzie
Chair
12 February 2025

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 H125 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 H125 is provided in the following sections.

1.1.1 Customer numbers and churn

Total services to customers increased 1.0% to 4.528 million, from 4.482 million as at 30 June 2024. This increase of 46,000 was driven by continued telecommunications growth of 13,000, energy services growth of 14,000, including 6,000 AGL services and 8,000 Ovo Energy Australia electricity services, and Netflix services growth of 19,000.

Consumer Electricity services increased by 5,000. Gains from strong price positioning in New South Wales and Ovo Energy Australia growth in Victoria, were partly offset by strong competition, particularly in Queensland. Consumer Gas services increased by 9,000, with growth of 13,000 services in New South Wales, 3,000 services in Western Australia and 1,000 services in Queensland, whilst Victoria decreased by 8,000 services.

Total Telecommunication services increased 3.8% to 357,000 due to continued growth in broadband and mobile plans.

Services to customers	H125 ('000)	Restated FY24 ('000)[1]
Consumer Electricity	**2,533**	2,528
New South Wales	**898**	893
Victoria	**842**	832
South Australia	**356**	359
Queensland	**437**	444
Consumer Gas	**1,560**	1,551
New South Wales	**616**	603
Victoria	**603**	611
South Australia	**143**	143
Queensland	**88**	87
Western Australia	**110**	107
Total Consumer energy services	**4,093**	4,079
Dual fuel services	**2,330**	2,345
Average consumer energy services	**4,104**	4,030
Total Large Business energy services	**15**	15
Total energy services	**4,108**	4,094
Total Telecommunication services	**357**	344
Total Other services[2]	**63**	44
Total services to customers[3]	**4,528**	4,482

1. Comparatives have been restated to integrate electricity services for Ovo Energy Australia post 100% ownership on 3 April 2024.
2. Other services relates to Netflix services.
3. Excluding approximately 309,000 services to ActewAGL customers.

AGL churn remains lower than Rest of Market due to a strong focus on customer retention, improved customer experience and the impact of bundled offerings. AGL churn was 15.9% (an increase of 0.1 ppts from 15.8% at 30 June 2024), and Rest of Market churn was 21.4% (an increase of 0.5 ppts from 20.9% at 30 June 2024). The gap between AGL and Rest of Market was 5.5 ppts, an improvement from 5.1 ppts at 30 June 2024.

1.1.2 Customer energy demand

Total electricity customer sales volumes were 18,172 GWh, down 359 GWh or 1.9%.

- Consumer customer electricity sales volumes were 7,229 GWh, up 399 GWh or 5.8%, due to increased average services over the period.
- Large Business customer electricity sales volumes were 4,373 GWh, down 309 GWh or 6.6%, primarily driven by competitive market conditions in New South Wales and Western Australia, partly offset by growth in South Australia.
- Wholesale customer electricity sales volumes were 6,570 GWh, down 449 GWh or 6.4%, driven by lower consumption from AGL's wholesale customer base. This includes sales volumes for contracts with ActewAGL (H125: 854 GWh; H124: 1,296 GWh), and the Portland and Tomago aluminium smelters.

Customer electricity demand	H125 GWh	Restated H124 GWh
Consumer customers electricity sales[1]	**7,229**	6,830
Large Business customers electricity sales	**4,373**	4,682
Wholesale customers electricity sales[2]	**6,570**	7,019
Total customer electricity sales volume	**18,172**	18,531

1. Comparatives have been restated to include electricity volumes for Ovo Energy Australia post 100% ownership on 3 April 2024.
2. Comparatives have been restated in line with updated volumes.

Total gas customer sales volumes were 53.7 PJ, up 0.8 PJ or 1.5%.

- Consumer customer gas sales volumes were 24.8 PJ, broadly flat to the prior corresponding period, with lower average demand due to milder weather offset by higher customer numbers.
- Large Business customer gas sales volumes were 9.5 PJ, up 3.3 PJ or 53.2%, primarily driven by portfolio growth in Western Australia and Victoria.
- Wholesale customer gas sales and internal gas volumes for power generation were 19.4 PJ, down 2.4 PJ or 11.0%, primarily driven by the roll-off of wholesale customer volumes, partly offset by higher usage for power generation.

Customer gas demand	H125 PJ	H124 PJ
Consumer customers gas sales	**24.8**	24.9
Large Business customers gas sales	**9.5**	6.2
Wholesale customers gas sales and generation	**19.4**	21.8
Total customer gas sales volume	**53.7**	52.9

1.1.3 Wholesale electricity prices

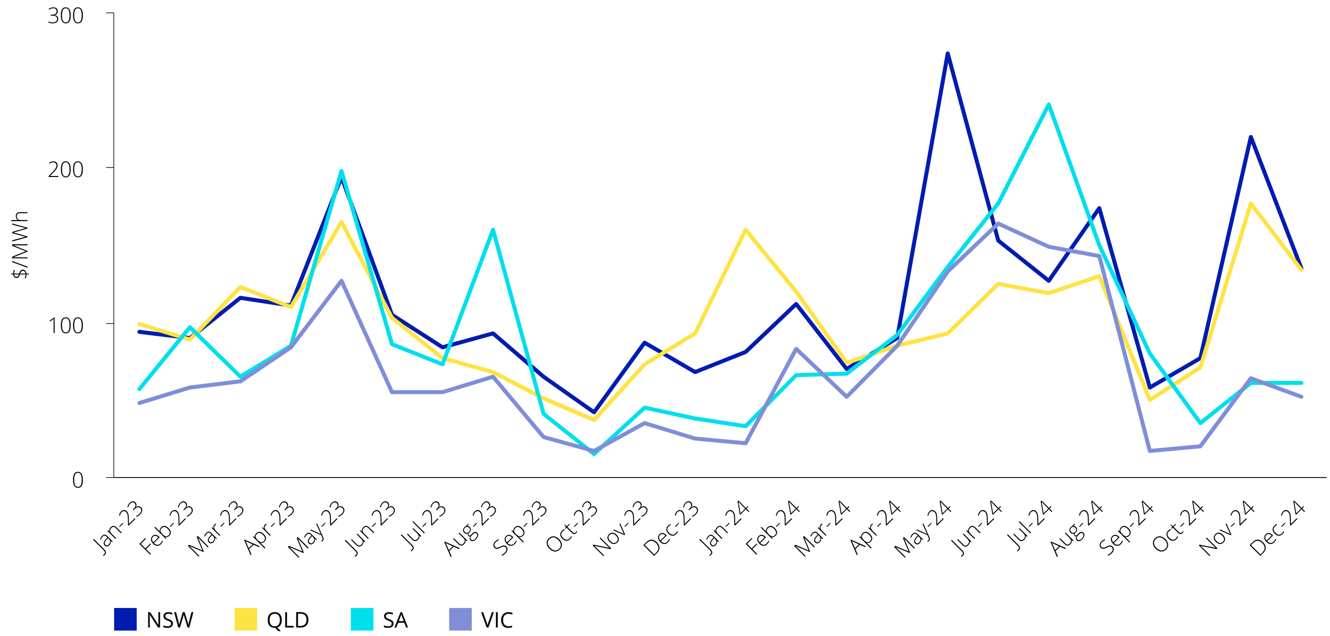
Wholesale electricity spot prices were higher across all states compared with the prior corresponding period due to periods of volatility driven by interconnector issues, low wind and solar generation, and power station outages. In the prior corresponding period, wholesale electricity prices were generally subdued between July 2023 to October 2023 due to seasonal milder weather, increased asset availability and higher solar penetration in the National Electricity Market (NEM). Wholesale electricity prices in July 2024 were influenced by periods of significant volatility in South Australia due to interconnector constraints and low wind generation. In August 2024, the entire NEM experienced significant volatility due to planned and unplanned outages, low wind and solar generation, cold weather in Queensland and interconnector constraints between Victoria and South Australia.

Prices decreased in September and October 2024 as lower demand, mild weather, solar irradiance and higher wind volumes resulted in low average pool prices across all regions. During this period, large portions of the day traded at negative prices and the peak periods averaged under $150/MWh.

During November and December 2024, demand increased due to warmer weather in the northeastern regions. Average prices increased, with periods of significant volatility in New South Wales and Queensland regions. AEMO facilitated market responses due to the lack of reserve levels with a number of baseload and interconnector outages.

Refer to Section 4.2 for details of the Electricity Portfolio Margin, including commentary on customer network and generation running costs.

Wholesale electricity prices (AEMO spot prices)



1.1.4 Generation volumes

Generation sold to the pool was broadly flat compared to the prior corresponding period. Increased generation at Bayswater Power Station was driven by increased output to meet market demands. Gas generation in South Australia was also higher when compared to the prior corresponding period primarily driven by AEMO directed running of Torrens Island Power Station and higher generation during periods of volatility in July and August 2024. This was offset by a decrease in generation at AGL Loy Yang which was primarily driven by the planned Unit 4 major outage, as well as a decrease in generation from Victorian wind farms and hydroelectric power stations.

Pool generation volumes	H125 GWh	H124 GWh
Bayswater Power Station	**7,035**	6,186
AGL Loy Yang Power Station	**5,704**	6,700
Gas generation	**741**	378
Renewable generation	**2,362**	2,654
Total pool generation volumes	**15,842**	15,918

1.1.5 Fuel costs

Total fuel costs for the electricity generation portfolio were $(367) million, up 13.3%.

- Coal costs were $(290) million, up 7.4%, driven by an increase in generation at Bayswater Power Station. On a per MWh basis, costs increased by $1.8 per MWh or 8.6%, driven by lower generation at AGL Loy Yang on a relatively fixed cost base.
- Gas fuel costs, including diesel, were $(77) million, up 42.6%, driven by increased gas generation volumes in response to higher pool prices in South Australia from interconnector constraints and low wind generation. AEMO has also frequently directed Torrens Island Power Station to provide system security for South Australia. On a per MWh basis, costs have decreased by 27.3%, mainly due to higher gas generation on a relatively fixed capacity cost compared to the prior corresponding period.

Generation fuel costs	H125 $m	H124 $m	H125 $/MWh	H124 $/MWh
Coal	**(290)**	(270)	**(22.8)**	(21.0)
Gas	**(77)**	(54)	**(103.9)**	(142.9)
Total generation fuel costs	**(367)**	(324)	**(23.2)**	(20.4)

Total wholesale gas costs were $(619) million, up 13.0%.

- Gas purchases costs were $(442) million, up 17.6%, mainly driven by a lower net sell market position and rising gas costs. On a per GJ basis, costs increased by $1.1 per GJ, or 15.5%, driven by rising gas costs attributed to the roll-off of lower cost legacy supply contracts.
- Haulage, storage and other costs were $(177) million, up 2.9%, driven by haulage contracts rate escalation. On a per GJ basis, costs were flat to the prior corresponding period, due to the cost increase spread across higher customer volumes.

Total wholesale gas costs	H125 $m	H124 $m	H125 $/GJ	H124 $/GJ
Gas purchases	**(442)**	(376)	**(8.2)**	(7.1)
Haulage, storage and other	**(177)**	(172)	**(3.3)**	(3.3)
Total wholesale gas costs	**(619)**	(548)	**(11.5)**	(10.4)

1.1.6 Operating costs and capital expenditure

Total operating costs (excluding depreciation and amortisation) were $(905) million, up 3.2%, driven by inflationary pressures and increased costs to maintain plant availability across thermal generation assets. There was also increased investment in the Power Development & Energy Hubs business focused on growing AGL's power development pipeline, including the acquisition of the Firm Power and Terrain Solar businesses. This was partly offset by lower underlying operating costs associated with the Retail Transformation program (recognised as a Significant item in the current period) and decreased net bad debt expense.

Operating costs	H125 $m	Restated H124 $m
Customer Markets[1]	**(324)**	(340)
Integrated Energy	**(418)**	(388)
Investments[1]	**–**	–
Centrally Managed Expenses	**(163)**	(149)
Total operating costs (excluding depreciation and amortisation)	**(905)**	(877)

1. Comparatives have been restated to transfer Ovo Energy Australia from Investments to Customers Markets following 100% ownership on 3 April 2024.

Total capital expenditure was $667 million, an increase of $300 million:

- Sustaining capital expenditure was $370 million, an increase of $80 million. This included $299 million of expenditure on AGL's thermal power stations, up $99 million, primarily due to two planned major outages that occurred in H125, as compared to one in the prior corresponding period. This was partly offset by the completion of Retail Transformation Phase 1.
- Growth capital expenditure was $297 million, an increase of $220 million, primarily due to the ongoing construction of the Liddell Battery project and increased spend on Energy as a Service projects.

Capital expenditure	H125 $m	H124 $m
Customer Markets	**61**	67
Integrated Energy	**582**	287
Centrally Managed Expenses	**24**	13
Total capital expenditure	**667**	367
Sustaining	**370**	290
Growth	**297**	77
Total capital expenditure	**667**	367

2. Group Financial Performance and Position

2.1 Group results summary

Statutory Profit after tax attributable to AGL shareholders was $97 million, a decrease of $479 million compared to the Statutory profit of $576 million in the prior corresponding period. The principal drivers of the decrease were an increase in the onerous contract provision, recognition of other significant items, unfavourable movements in the fair value of financial instruments and lower Underlying Profit after tax primarily driven by consumer margin compression and higher operating costs.

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 $373 million, down 6.5% from the prior corresponding period. A description of the factors driving Underlying Profit is included in Section 2.1.4.

	H125 $m	H124 $m
Statutory Profit after tax attributable to AGL shareholders	**97**	576
Adjusted for:		
Significant items after tax[1]	**245**	120
Loss/(Gain) on fair value of financial instruments after tax	**31**	(297)
Underlying Profit after tax	**373**	399
Earnings per share on Statutory Profit	**14.4 cents**	85.6 cents
Earnings per share on Underlying Profit	**55.4 cents**	59.3 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 2023: 672,747,233).

2.1.2 Significant items

AGL recognised significant items of $(336) million, or $(245) million post-tax, primarily related to an increase in the onerous contracts provision.

	H125 $m		H124 $m	
	Pre-tax	Post-tax	Pre-tax	Post-tax
Movement in onerous contracts	**(235)**	**(165)**	(194)	(136)
Retail Transformation	**(64)**	**(45)**	–	–
Legal Penalties	**(25)**	**(25)**	–	–
Transaction costs	**(8)**	**(7)**	–	–
Impairments	**(4)**	**(3)**	(48)	(33)
Moranbah Gas Project divestment	**–**	**–**	49	49
Total significant items	**(336)**	**(245)**	(193)	(120)

H125

During the period AGL recognised:

- An increase in the onerous contract provision of $235 million pre-tax ($165 million post-tax) related to various renewable power purchase agreements primarily due to a decrease in large-scale generation certificate forward prices.
- $59 million pre-tax ($41 million post-tax) of costs related to the consumer implementation of the Retail Transformation Program and $5 million pre-tax ($4 million post-tax) related to other transition costs.
- $25 million pre-tax ($25 million post-tax) related to the Court ordered penalty in legal proceedings initiated by the Australian Energy Regulator (AER) in relation to Centrepay payments.
- $8 million pre-tax ($7 million post-tax) related to transaction and integration costs for the acquisition of Terrain Solar, Firm Power and other investments.
- $4 million pre-tax ($3 million post-tax) in costs related to the additional impairment of assets related to the Surat Gas Project, which are currently classified as held-for-sale.

H124

During the prior corresponding 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.
- A pre-tax impairment of $48 million ($33 million post-tax) relating to the carrying value of the Surat Gas Project.
- $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.

2.1.3 Earnings Before Interest and Tax (EBIT)

	H125 $m	Restated H124 $m
Statutory EBIT	**296**	945
Significant items	**336**	193
Loss/(Gain) on fair value of financial instruments	**45**	(425)
Underlying EBIT	**677**	713
Customer Markets[1]	**102**	136
Integrated Energy	**761**	749
Investments[1]	**9**	12
Centrally Managed Expenses	**(195)**	(184)
Underlying EBIT	**677**	713

1. Comparatives have been restated to transfer Ovo Energy Australia from Investments to Customers Markets following 100% ownership on 3 April 2024.

2.1.4 Group financial performance

Underlying Profit after tax attributable to AGL shareholders was $373 million, down 6.5%. The principal drivers of the decrease were lower consumer margin driven by margin compression due to customers swapping to lower-priced products, higher costs to maintain plant availability across thermal generation assets, and increased depreciation due to an increase in environmental rehabilitation assets and a higher asset base at Bayswater and Torrens Island power stations. This was partly offset by increased gross margin in the Trading and Origination electricity portfolio driven by higher realised prices and higher Bayswater Power Station generation volumes.

	H125 $m	H124 $m
Revenue	**7,132**	6,183
Cost of sales	**(5,170)**	(4,243)
Other income	**11**	11
Gross margin	**1,973**	1,951
Operating costs (excluding depreciation and amortisation)	**(905)**	(877)
Underlying EBITDA	**1,068**	1,074
Depreciation and amortisation	**(391)**	(361)
Underlying EBIT	**677**	713
Net finance costs	**(147)**	(153)
Underlying Profit before tax	**530**	560
Income tax expense	**(157)**	(166)
Underlying Profit after tax	**373**	394
Non-controlling interests[1]	**–**	5
Underlying Profit after tax attributable to AGL shareholders	**373**	399

1. Relates to the 49% non-controlling interest in Ovo Energy Australia prior to the acquisition. AGL has 100% ownership of Ovo Energy Australia since 3 April 2024.

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 $(391) million was up 8.3%, driven by an increase in environmental rehabilitation assets, a higher asset base at Bayswater and Torrens Island power stations and the first full year of operations of the Torrens Island Battery.

Net finance costs were $(147) million, down 3.9%, primarily driven by higher interest income earned on higher cash balances.

Underlying tax expense was $(157) million, primarily reflecting the decrease in Underlying Profit before tax. The underlying effective tax rate was 29.6%, remaining flat to the prior corresponding period.

2.2 Cash flow

2.2.1 Reconciliation of Underlying EBITDA to cash movement

Operating cash flow before significant items, interest and tax was $741 million, down $99 million. The rate of conversion of EBITDA to cash flow was 69%, down from 78% in the prior corresponding period. Adjusting for margin calls and rehabilitation, the cash conversion rate was 62%, down from 84% in the prior corresponding period.

		H125 $m		H124 $m
Underlying EBITDA		**1,068**		1,074
Equity accounted income (net of dividends received)		**(2)**		(6)
Accounting for onerous contracts		**(43)**		1
Other assets/liabilities and non-cash items		**(379)**[1]		5
Payments for rehabilitation		**(44)**		(36)
Working capital movements				
Decrease in receivables	**146**		123	
(Decrease) in payables	**(25)**		(241)	
(Increase) in inventories	**(20)**		(15)	
Net derivative premiums paid	**(32)**		(23)	
Decrease/(increase) in financial assets (margin calls)	**123**		(25)	
Net movement in green assets/liabilities	**(13)**		(5)	
Other working capital movements	**(38)**		(12)	
Total working capital movements		**141**		(198)
Operating cash flow before significant items, interest and tax		**741**		840
Net finance costs paid		**(61)**		(68)
Income taxes		**(153)**		19
Cash flow relating to significant items		**(72)**		–
Net cash provided by operating activities		**455**		791
Net cash used in investing activities		**(883)**		(398)
Net cash used in financing activities		**(253)**		(388)
Net (decrease)/increase in cash and cash equivalents		**(681)**		5

1. Includes government bill relief of $381 million received in June 2024 which was remitted to customers during H125 with a residual of approximately $124 million remaining as credits on customer accounts within payables as at 31 December 2024.

The drivers for lower operating cash flow and cash conversion rates were the pass through of government bill relief to customers in the prior year, partly offset by the decrease in net payables and higher income tax payments compared to the prior corresponding period. Total working capital movements were $141 million, compared to $(198) million in the prior corresponding period. Components of working capital movement were:

- Receivables cash flow of $146 million reflecting a decrease in debtors driven by lower electricity revenue during the period, partly offset by a collateral deposit for AEMO margin calls and lower net derivative movement on a long position in New South Wales and Queensland.
- Payables cash flow of $(25) million reflected higher gas spot market purchases at high market prices during winter and AGL Loy Yang mine coal royalty payments, partly offset by customer bill relief credits and lower electricity purchases at lower prices compared to prior corresponding period.
- Inventory cash flow of $(20) million reflected higher volumes of coal purchases, higher levels of inventory held for maintenance at AGL Loy Yang and Bayswater power stations and purchases for AGL operated wind farms that have changed from an outsourced contracting model to internal delivery.
- Net derivative premiums paid of $(32) million reflected the premiums paid on summer weather derivatives.
- Financial assets/liabilities (margin calls) cash flow of $123 million reflected the movement of initial and variation margins within the futures book.
- Green assets/liabilities cash flow of $(13) million reflected higher purchases of Victorian Energy Efficiency Certificates (VEEC) and Carbon Neutral certificates, partly offset by lower inventory holdings of Large-Scale Renewable Energy Certificates.

The movement in other assets/liabilities and non-cash items of $(379) million included the unwind of the FY24 bill relief receipt to customers.

Payments for rehabilitation of $(44) million included payments for the ongoing decommissioning of the Liddell and Torrens A power stations, rehabilitation of the Ravensworth facility, and the decommissioning and rehabilitation of gas wells and other related Camden Gas Project infrastructure.

Cash tax payment of $(153) million reflected PAYG instalments for FY25 alongside final tax payments for FY24.

Investing cash flows of $(883) million primarily reflected capital expenditure, and acquisition of Firm Power and Terrain Solar. Refer to Section 1.1.6 for further details on capital expenditure.

Financing activities cash flows of $(253) million primarily reflected dividend payments of $(235) million.

2.2.2 Operating Free Cash Flow

AGL uses operating free cash flow as a 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 $34 million, down $492 million from the prior corresponding period, primarily driven by the release of government bill relief to customers, higher tax payments and higher sustaining capital expenditure primarily at AGL's thermal power stations due to a second planned outage compared to the prior corresponding period.

	H125 $m	H124 $m
Net cash provided by operating activities	**455**	791
Adjust for:		
Working capital movements for margin calls	**(123)**	25
Cash flow related to significant items	**72**	–
Sustaining capital expenditure (accruals basis)	**(370)**	(290)
Operating free cash flow	**34**	526

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 2024 AGL's total assets were $15,167 million, a decrease from $15,661 million at 30 June 2024, primarily due to a decrease in cash reflective of the pass through of bill relief to customers, payments made for capital expenditure and the acquisition of Firm Power and Terrain Solar. This was partly offset by an increase in property, plant and equipment, reflective of the increase in capital expenditure during the year (refer to Section 1.1.6) and the recognition of intangible assets and goodwill on the acquisition of Firm Power and Terrain Solar.

Total liabilities at 31 December 2024 were $9,901 million, a decrease from $10,230 million at 30 June 2024, primarily due to the decrease in trade and other payables reflecting the decrease in AEMO related trade payables, partly offset by an increase in onerous contract provisions.

Total equity at 31 December 2024 was $5,266 million, down from $5,431 million, primarily reflecting dividends paid, partly offset by the Statutory Profit for the period. AGL's return on equity, calculated on a rolling 12-month basis was 14.1%, down 0.8 ppts from 30 June 2024.

	H125 $m	FY24 $m
Assets		
Cash and cash equivalents	**253**	932
Other current assets	**3,619**	3,928
Property, plant and equipment	**6,033**	5,717
Intangible assets	**3,361**	3,100
Other non-current assets	**1,901**	1,984
Total assets	**15,167**	15,661
Liabilities		
Borrowings	**2,812**	2,728
Other liabilities	**7,089**	7,502
Total liabilities	**9,901**	10,230
Net assets/total equity	**5,266**	5,431

2.3.1 Net Debt Reconciliation

Net debt at 31 December 2024 was $2,442 million, up from $1,769 million at 30 June 2024 due to the normalisation of cash balances following the pass through of government bill relief received in June 2024 to customers, increased investment in capital expenditure and the acquisition of Firm Power and Terrain Solar.

AGL's gearing (measured as the ratio of net debt to net debt plus adjusted equity) at 31 December 2024 was 31.8% compared with 24.7% at 30 June 2024.

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 2024:

- Interest cover: 7.6 times
- Funds from operations to net debt: 40.4%

	H125 $m	FY24 $m
Net debt reconciliation		
Borrowings	**2,812**	2,728
Less: Adjustment for cross currency swap hedges	**(117)**	(27)
Cash and cash equivalents	**(253)**	(932)
Net debt	**2,442**	1,769

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.

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 H125 is presented in the following table.

Net assets/(liabilities)	H125 $m	FY24 $m	Change $m
Energy derivative contracts	**(263)**	(247)	(16)
Treasury derivative contracts	**187**	105	82
Total net assets/(liabilities) for financial instruments	**(76)**	(142)	66
Change in net assets/(liabilities)	**66**		
Premiums paid	**(85)**		
Premium roll off	**52**		
Equity accounted fair value	**(8)**		
Total change in fair value	**25**		
Recognised in equity hedge and other reserve	**(21)**		
Recognised in borrowings	**90**		
Recognised in profit or loss – pre-tax	**(44)**		
Total change in fair value	**25**		

The movement in net derivative assets/(liabilities) in the period of $66 million is expanded on within the table below.

		Unrealised fair value recognised in:						
	FY24 $m	Profit or loss	Hedge reserve	Borrowings	Currency basis	Premiums and roll offs received	H125 $m	Change $m
Energy derivative contracts	**(247)**	(49)	–	–	–	33	**(263)**	(16)
Treasury derivative contracts	**105**	7	(16)	90	1	–	**187**	82
Net assets/(liabilities)	**(142)**	**(42)**	**(16)**	**90**	**1**	**33**	**(76)**	**66**
Fair value recognised within equity accounted investments		(2)	(6)	–		–	**(8)**	
Profit or loss		**(44)**						
Realised fair value to be recognised in cost of sales		(1)						
Fair value recognised in profit or loss		**(45)**						

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

- A decrease in the fair value of unrealised energy-related derivatives of $16 million was recorded in profit or loss (excluded from Underlying Profit). The net loss reflects a negative fair value movement in the oil position, primarily as a result of lower forward prices on a net-buy position, and negative fair value movements in level 3 valuations due to higher long-term forward prices on a net-sell position. This decrease was partly offset by a positive fair value movement in level 1 and 2 electricity derivatives, primarily as a result of higher forward prices on a net-buy position.
- An increase in fair value of $82 million of treasury derivative contracts was mainly driven by the appreciation of the USD against the AUD, partly offset by a decrease in forward interest rate curves.

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 because 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. H124 has been restated to include Ovo Energy Australia (previously in Investments) which AGL has 100% ownership of since 3 April 2024.

Customer Markets also includes sales, marketing, brand, AGL's customer contact and call centre operations, and AGL's electrification and innovation growth areas.

3.1.1 Underlying EBIT

Customer Markets Underlying EBIT was $102 million, down 25.0% due to lower Consumer Electricity and Gas gross margin and Sustainable Business Energy Solutions gross margin, partly offset by higher Perth Energy and Telecommunications gross margin and lower operating costs.

	H125 $m	Restated H124 $m
Consumer Electricity gross margin[1]	**270**	324
Consumer Gas gross margin	**138**	155
Large Business Electricity gross margin	**16**	14
Large Business Gas gross margin	**2**	3
Fees, charges and other gross margin	**10**	10
Telecommunications gross margin	**20**	13
Perth Energy gross margin	**23**	5
Sustainable Business Energy Solutions gross margin	**6**	9
Gross margin	**485**	533
Operating costs (excluding depreciation and amortisation)	**(324)**	(340)
Underlying EBITDA	**161**	193
Depreciation and amortisation	**(59)**	(57)
Underlying EBIT	**102**	136

1. Comparatives have been restated to transfer Ovo Energy Australia from Investments to Customers Markets following 100% ownership on 3 April 2024.

- Consumer Electricity gross margin was $270 million, down 16.7%, driven by the price change decision to not pass through the full cost movements due to a number of factors, including customer affordability. In addition, margin compression occurred as customers switched to lower-priced products.
- Consumer Gas gross margin was $138 million, down 11.0%, driven by lower average demand due to milder winter weather and margin compression due to customers swapping to lower-priced products.
- Large Business Electricity gross margin was $16 million, up 14.3%, driven by higher revenue rates, partly offset by lower volumes due to increased market competition in New South Wales.
- Large Business Gas gross margin was $2 million, down 33.3%, due to lower revenue rates, partly offset by higher volumes due to contracting activity in Victoria and New South Wales.
- Fees, charges and other gross margin was $10 million, flat with the prior corresponding period.
- Telecommunications gross margin was $20 million, up 53.8%, driven by growth in telecommunications services and improved margin rates.
- Perth Energy gross margin was $23 million, up $18 million, driven by higher electricity revenue rates from new contracts, higher gas volumes and revenue rates, and improved generation margin at higher electricity prices.
- Sustainable Business Energy Solutions gross margin was $6 million, down 33.3%, due to Energy as a Service product mix, resulting in a higher proportion of revenue deferred into future years, and increased competitive market conditions impacting engineering, procurement and construction project volumes.

- Depreciation and amortisation was $(59) million, up 3.5%, driven by the implementation of Retail Transformation Phase 1 at the end of the prior financial year.

3.1.2 Operating costs

Customer Markets operating costs (excluding depreciation and amortisation) were $(324) million, down 4.7%, due to decreased net bad debt expense as a result of lower revenue and government relief receipts, and lower underlying operating costs associated with the Retail Transformation Program (with implementation costs classified as a significant item in the current reporting period).

	H125 $m	Restated H124 $m
Labour and contractor services	**(131)**	(128)
Net bad debt expense	**(58)**	(62)
Campaigns and advertising	**(63)**	(64)
Other expenditure	**(72)**	(86)
Operating costs (excluding depreciation and amortisation)[1]	**(324)**	(340)
Add: depreciation and amortisation	**(59)**	(57)
Operating costs (including depreciation and amortisation)	**(383)**	(397)

1. Comparatives have been restated to transfer Ovo Energy Australia from Investments to Customers Markets following 100% ownership on 3 April 2024.

- Labour and contractor services costs were $(131) million, up 2.3%, due to portfolio growth and inflationary increases.
- Net bad debt expense was $(58) million, down 6.5%, due to lower revenue and government relief receipts received for eligible customers.
- Campaigns and advertising costs were $(63) million, broadly flat to the prior corresponding period.
- Other expenditure was $(72) million, down 16.3%, primarily driven by the recognition of current period costs associated with the Retail Transformation Program as a significant item.

3.1.3 Consumer profitability and operating efficiency

Net operating costs per consumer service was $(60), down 1.6%, driven by growth in average services across the period.

	H125	Restated H124
Gross margin ($m)[1]	**428**	492
Net operating costs ($m)[1,2]	**(267)**	(262)
EBITDA ($m)	**161**	230
Average consumer services ('000)[1,3]	**4,458**	4,332
Gross margin per consumer service ($)	**96**	114
Net operating costs per consumer service ($)	**(60)**	(61)
EBITDA per consumer service ($)	**36**	53
Net operating costs as a percentage of gross margin	**62.4%**	53.3%

1. Comparatives have been restated to transfer Ovo Energy Australia from Investments to Customers Markets following 100% ownership on 3 April 2024.
2. Includes fees, charges, and recoveries. Excludes depreciation and amortisation, and the impact of digital uplift expenses (Software as a Service).
3. Excludes Netflix services.

Average consumer services increased compared to the prior corresponding period due to growth in underlying AGL energy services and Ovo Energy Australia services over the period.

Gross margin per consumer service decreased compared to the prior corresponding period, driven by the price change decision to not pass through the full cost movements and margin compression due to customers switching to lower-priced products.

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, as well as grid-scale batteries, and the associated portfolio of energy hedging products.

- Trading and Origination - Electricity reflects the trading of key fuel inputs, hedging of AGL's wholesale electricity requirements, and costs associated with power purchase agreements for solar and wind farms and other assets, as well as virtual storage agreements for batteries. It also includes Eco Markets, which reflects the management of AGL's liabilities relating to both voluntary and mandatory renewable and energy efficiency, which is reflected as green compliance costs.
- Trading and Origination - Gas reflects the sourcing and management of AGL's gas supply, storage 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.
- 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 Bayswater Power Station and AGL Loy Yang.
- 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 integrated energy hub.
- Renewables and Storage primarily comprises hydroelectric power stations, the operation of wind power generation, and the Torrens Island Battery and Broken Hill Battery since reaching practical completion. 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 Power Development & Energy Hubs and Construction businesses focused on the development and construction of greenfield growth opportunities related to renewable and firming capacity as well as the development of the Integrated Energy Hubs at Torrens Island, Latrobe Valley and the Hunter, and technical and business support functions.

3.2.1 Underlying EBIT

Integrated Energy Underlying EBIT was $761 million, up $12 million or 1.6%, largely due to higher gross margin from Trading and Origination – Electricity, partly offset by a decrease in Trading and Origination – Gas margin, increases in Coal operating costs, and increase in depreciation and amortisation.

	H125 $m	H124 $m
Gross margin	**1,479**	1,405
Operating costs (excluding depreciation and amortisation)	**(418)**	(388)
Underlying EBITDA	**1,061**	1,017
Depreciation and amortisation	**(300)**	(268)
Underlying EBIT	**761**	749

Gross margin was $1,479 million, up $74 million, due to higher margin in the Electricity portfolio, primarily driven by higher realised prices on portfolio positions with increased market volatility and increased Bayswater Power Station generation. The Eco Markets portfolio contributed to the higher margin driven by lower costs of Large-Scale Renewable Energy Certificates procured, partly offset by lower wind generation.

Operating costs (excluding depreciation and amortisation) were $(418) million, an increase of $30 million compared with the prior corresponding period due to increased costs to maintain plant availability across thermal generation assets, higher labour costs driven by Enterprise Agreement wage escalations, and increased costs for the Power Development & Energy Hubs business to grow the development pipeline, including costs associated with the Firm Power and Terrain Solar businesses acquired in September 2024. This was partly offset by the divestment of the Moranbah Gas Project in the prior corresponding period. 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:

	H125 $m	H124 $m
Trading and Origination - Electricity	**1,162**	1,072
Trading and Origination - Gas	**241**	247
Trading and Origination - Other	**(20)**	(17)
Coal	**(236)**	(221)
Gas Generation	**(22)**	(19)
Renewables and Storage	**(19)**	(14)
Natural Gas	**(7)**	(1)
Other	**(38)**	(30)
Underlying EBITDA	**1,061**	1,017
Depreciation and amortisation	**(300)**	(268)
Underlying EBIT	**761**	749

- Trading and Origination – Electricity gross margin was $1,162 million, up 8.4%, primarily driven by higher realised prices on portfolio positions with increased market volatility and increased Bayswater Power Station generation. The Eco Markets portfolio contributed to the higher margin driven by lower costs of procured Large-Scale Renewable Energy Certificates, partly offset by lower wind generation.
- Trading and Origination – Gas gross margin was $241 million, down 2.4%, driven by increased gas costs as a result of the roll-off of lower cost legacy supply contracts, and higher haulage contracts cost due to cost escalation. This was partly offset by the reset of customer tariffs reflecting the lagged recovery of rising gas costs in recent years that were previously absorbed by AGL, and higher internal gas generation volumes.
- Trading and Origination – Other Underlying EBITDA was $(20) million, down 17.6% primarily driven by labour escalation, and new growth initiatives.
- Coal Underlying EBITDA was $(236) million, down 6.8%, driven by higher costs to maintain plant availability, and increased labour costs due to Enterprise Agreement wage escalations. This was partly offset by higher revenue from coal sales to Loy Yang B Power Station.
- Gas Generation Underlying EBITDA was $(22) million, down 15.8%, primarily driven by non-routine maintenance at Barker Inlet Power Station.
- Renewables and Storage Underlying EBITDA was $(19) million, down 35.7%, primarily driven by higher labour costs to transition and implement an internal maintenance model of AGL operated wind farms, and operating costs for the Torrens Island and Broken Hill batteries which commenced operations on 30 September 2023 and 21 August 2024 respectively.
- Natural Gas Underlying EBITDA was $(7) million, down $6 million, primarily driven by the closure of the Camden Gas Project in August 2023.
- Other Underlying EBITDA was $(38) million, down 26.7%, driven by increased costs for the Power Development & Energy Hubs business to grow the development pipeline, including costs associated with the Firm Power and Terrain Solar businesses acquired in September 2024.

3.2.2 Operating costs

Integrated Energy operating costs (excluding depreciation and amortisation) of $(418) million increased by 7.7% compared with the prior corresponding period.

	H125 $m	H124 $m
Labour	**(203)**	(189)
Contracts and materials	**(146)**	(130)
Other	**(69)**	(69)
Operating costs (excluding depreciation and amortisation)	**(418)**	(388)

- Labour costs were $(203) million, up 7.4%, driven by Enterprise Agreement wage escalations, and additional investment in the Power Development & Energy Hubs business focused on growing AGL's development pipeline.
- Contracts and materials costs were $(146) million, up 12.3%, driven by higher costs to maintain plant availability across thermal generation assets, non-routine maintenance at Barker Inlet Power Station, and inflationary pressures.
- Other operating costs were $(69) million, flat with the prior corresponding period. Lower costs resulting from the Moranbah Gas Project divestment in August 2023 were offset by the acquisition of Firm Power and Terrain Solar businesses acquired in September 2024.

3.2.3 Depreciation and amortisation

Integrated Energy depreciation and amortisation of $(300) million increased by 11.9% compared with the prior corresponding period.

	H125 $m	H124 $m
Coal	**(239)**	(218)
Gas Generation	**(19)**	(16)
Renewables and Storage	**(23)**	(19)
Natural Gas	**(1)**	(1)
Other Integrated Energy	**(18)**	(14)
Depreciation and amortisation	**(300)**	(268)

- Coal depreciation and amortisation was $(239) million, up 9.6%, driven by an increase in environmental rehabilitation assets together with a higher asset base due to increased investment at Bayswater Power Station.
- Gas Generation depreciation and amortisation was $(19) million, up 18.8%, driven by a higher asset base at Torrens Island Power Station with a scheduled closure date of 30 June 2026.
- Renewables and Storage depreciation and amortisation was $(23) million, up 21.1%, driven by the first full year of operations of the Torrens Island Battery, and the commencement of operations of the Broken Hill Battery.
- Natural Gas depreciation and amortisation was $(1) million, flat with the prior corresponding period.
- Other Integrated Energy depreciation and amortisation was $(18) million, up 28.6%, driven by the Firm Power and Terrain Solar businesses acquired in September 2024.

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.

Centrally Managed Expenses Underlying EBIT was $(195) million, down $11 million or 6.0%. Higher labour costs were driven by inflationary increases and uplift to support strategic initiatives. IT hardware and software costs increased by $5 million due to inflationary pressures and additional licensing costs to support the Retail Transformation Program. Depreciation and amortisation decreased by $4 million, due to lower real estate costs and technology assets reaching the end of their depreciable life.

	H125 $m	H124 $m
Gross margin	**–**	1
Operating costs (excluding depreciation and amortisation)	**(163)**	(149)
Underlying EBITDA	**(163)**	(148)
Depreciation and amortisation	**(32)**	(36)
Underlying EBIT	**(195)**	(184)
Operating costs (excluding depreciation and amortisation)		
Labour	**(83)**	(72)
IT hardware and software costs	**(58)**	(53)
Consultants and contractor services	**(6)**	(5)
Insurance premiums	**(4)**	(4)
Other	**(12)**	(15)
Operating costs (excluding depreciation and amortisation)	**(163)**	(149)

3.4 Investments

Investments primarily comprises AGL's interests in the ActewAGL Retail Partnership (ActewAGL) and Tilt Renewables. AGL has 100% ownership of Ovo Energy Australia since 3 April 2024 which is now restated to the Customer Markets segment.

	H125 $m	Restated H124 $m
ActewAGL	**12**	18
Ovo Energy Australia[1]	**–**	–
Tilt Renewables	**(3)**	(6)
Underlying EBIT	**9**	12

1. Comparatives have been restated to transfer Ovo Energy Australia from Investments to Customers Markets following 100% ownership on 3 April 2024.

- ActewAGL contributed an equity share of profits of $12 million, a decrease of $6 million, mainly driven by reduced sales margin.
- Tilt Renewables contributed an equity share of a loss of $(3) million, an improvement of $3 million, mainly driven by higher generation volumes.

3.5 Consolidated financial performance by operating segment

H125 $m	Customer Markets	Integrated Energy	Investments	Centrally Managed Expenses	Inter-segment	Total Group
Revenue	**4,888**	**4,610**	**–**	**–**	**(2,366)**	**7,132**
Cost of sales	**(4,403)**	**(3,133)**	**–**	**–**	**2,366**	**(5,170)**
Other income	**–**	**2**	**9**	**–**	**–**	**11**
Gross margin	**485**	**1,479**	**9**	**–**	**–**	**1,973**
Operating costs (excluding depreciation and amortisation)	**(324)**	**(418)**	**–**	**(163)**	**–**	**(905)**
Underlying EBITDA	**161**	**1,061**	**9**	**(163)**	**–**	**1,068**
Depreciation and amortisation	**(59)**	**(300)**	**–**	**(32)**	**–**	**(391)**
Underlying EBIT	**102**	**761**	**9**	**(195)**	**–**	**677**
Net finance costs						**(147)**
Underlying Profit before tax						**530**
Income tax expense						**(157)**
Underlying Profit after tax						**373**
Non-controlling interests						**–**
Underlying Profit after tax attributable to AGL shareholders						**373**

Restated H124 $m	Customer Markets	Integrated Energy	Investments	Centrally Managed Expenses	Inter-Segment	Total Group
Revenue[1]	4,765	3,709	–	1	(2,292)	6,183
Cost of sales[1]	(4,231)	(2,304)	–	–	2,292	(4,243)
Other income	(1)	–	12	–	–	11
Gross margin	533	1,405	12	1	–	1,951
Operating costs (excluding depreciation and amortisation)[1]	(340)	(388)	–	(149)	–	(877)
Underlying EBITDA	193	1,017	12	(148)	–	1,074
Depreciation and amortisation	(57)	(268)	–	(36)	–	(361)
Underlying EBIT	136	749	12	(184)	–	713
Net finance costs						(153)
Underlying Profit before tax						560
Income tax expense						(166)
Underlying Profit after tax						394
Non-controlling interests[2]						5
Underlying Profit after tax attributable to AGL shareholders						399

1. Comparatives have been restated to transfer Ovo Energy Australia from Investments to Customers Markets following 100% ownership on 3 April 2024.
2. Relates to the 49% non-controlling interest in Ovo Energy Australia prior to the acquisition. AGL has 100% ownership of Ovo Energy Australia since 3 April 2024.

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

	H125 $m	Restated H124 $m
Electricity Portfolio		
Total revenue	**4,078**	4,067
Customer network, green compliance, and other cost of sales	**(1,907)**	(1,809)
Fuel costs	**(367)**	(324)
Generation running costs	**(380)**	(390)
Depreciation and amortisation	**(281)**	(253)
Net portfolio management	**(244)**	(389)
Electricity Portfolio Margin (a)	**899**	902
Gas Portfolio		
Total revenue	**1,363**	1,280
Customer network and other cost of sales	**(349)**	(321)
Gas purchases	**(442)**	(376)
Haulage, storage and other	**(177)**	(172)
Gas Portfolio Margin	**395**	411
Natural Gas	**(7)**	(2)
Gas Portfolio Margin (including Natural Gas) (b)	**388**	409
Other AGL		
Other margin[1]	**51**	49
Customer Markets operating costs[2]	**(324)**	(340)
Integrated Energy other operating costs	**(64)**	(51)
Centrally Managed Expenses operating costs	**(163)**	(149)
Investments operating costs[2]	**–**	–
Other depreciation and amortisation	**(110)**	(107)
Net finance costs	**(147)**	(153)
Income tax expense	**(157)**	(166)
Total Other AGL (c)	**(914)**	(917)
Underlying Profit after Tax (a + b + c)	**373**	394
Non-controlling interests[3]	**–**	5
Underlying Profit after tax attributable to AGL shareholders	**373**	399

1. Other margin includes other income from investments, and gross margin from Customer Markets and Integrated Energy.
2. Comparatives have been restated to transfer Ovo Energy Australia from Investments to Customers Markets following 100% ownership on 3 April 2024.
3. Relates to the 49% non-controlling interest in Ovo Energy Australia prior to the acquisition. AGL has 100% ownership of Ovo Energy Australia since 3 April 2024 and has been restated to Customer Markets.

4.2 Electricity portfolio

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

All electricity volumes generated by AGL is 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.

	H125 GWh	Restated H124 GWh	Movement %
Pool purchase volume to satisfy Consumer customers	**7,419**	7,107	4.4%
Pool purchase volume to satisfy Large Business customers and Wholesale customers	**11,104**	11,859	(6.4)%
Pool purchase volume[1,2]	**18,523**	18,966	(2.3)%
Add: Net generation volume deficit	**(2,681)**	(3,048)	(12.0)%
Pool generation volume	**15,842**	15,918	(0.5)%
Consumer customers sales[3]	**7,229**	6,830	5.8%
Large Business customers sales	**4,373**	4,682	(6.6)%
Wholesale customers sales[2]	**6,570**	7,019	(6.4)%
Total customer sales volume	**18,172**	18,531	(1.9)%
Energy losses	**351**	435	(19.3)%
Pool purchase volume[1]	**18,523**	18,966	(2.3)%

1. Includes 1.7 TWh residential solar volumes purchased from consumers (H124: 1.6 TWh).
2. Comparatives have been restated in line with updated volumes.
3. Comparatives have been restated to transfer Ovo Energy Australia from Investments to Customers Markets following 100% ownership on 3 April 2024.

Refer to Section 1.1.4 for commentary on generation volumes.

Refer to Section 1.1.2 for commentary on customer energy demand.

	Portfolio Margin		Per Unit		Volume Denomination	
Revenue	H125 $m	Restated H124 $m	H125 $/MWh	Restated H124 $/MWh	H125 GWh	Restated H124 GWh
Consumer customers[1]	**2,602**	2,593	***359.9***	*379.6*	**7,229**	6,830
Large Business customers	**841**	853	***192.3***	*182.2*	**4,373**	4,682
Wholesale customers[2,3]	**573**	563	***87.2***	*80.2*	**6,570**	7,019
Operations (ancillary revenue)	**62**	58	**–**	–	**–**	–
Total revenue	**4,078**	4,067	***224.4***	*219.5*	**18,172**	18,531

1. Comparatives have been restated to transfer Ovo Energy Australia from Investments to Customers Markets following 100% ownership on 3 April 2024.
2. 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.
3. Comparatives have been restated in line with updated volumes.

Total revenue was $4,078 million, up 0.3%.

- Revenue from Consumer customers was $2,602 million, up 0.3%, driven by an increase in average customers and volumes, offset by margin compression with customers product swapping to lower-priced products and lower revenue rates due to a decrease in wholesale energy prices.
- Large Business customer revenue was $841 million, down 1.4%, driven by lower volumes due to increased market competition in New South Wales, partly offset by increased revenue rates in Western Australia.
- Wholesale customer revenue was $573 million, up 1.8%, largely driven by an increase in green certificates sold compared to the prior corresponding period at similar prices, offset by lower wholesale customers volumes.
- Operations revenue was $62 million, up 6.9%, primarily 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.

	Portfolio Margin		Per Unit		Volume Denomination	
Network and other cost of sales	H125 $m	Restated H124 $m	H125 $/MWh	Restated H124 $/MWh	H125 GWh	Restated H124 GWh
Network costs	**(1,291)**	(1,181)	***(111.3)***	*(102.6)*	**11,602**	11,512
Consumer	**(1,029)**	(900)	***(142.3)***	*(131.8)*	**7,229**	6,830
Large Business	**(262)**	(281)	***(59.9)***	*(60.0)*	**4,373**	4,682
Green compliance costs	**(360)**	(343)	***(31.0)***	*(29.8)*	**11,602**	11,512
Consumer solar costs	**(94)**	(130)	***(53.6)***	*(82.6)*	**1,753**	1,574
Other cost of sales	**(162)**	(155)	***(14.0)***	*(13.5)*	**11,602**	11,512
Total customer network and other cost of sales[1]	**(1,907)**	(1,809)	**(164.4)**	*(157.1)*	**11,602**	11,512

1. Comparatives have been restated to transfer Ovo Energy Australia from Investments to Customers Markets following 100% ownership on 3 April 2024.

Total customer network and other costs of sales were $(1,907) million, up 5.4%.

- Total network costs were $(1,291) million, an increase of 9.3%, driven by higher volumes and an increase in average network tariff rates reflecting regulatory determinations.
- Green compliance costs were $(360) million, an increase of 5.0%, primarily driven by higher prices for Victoria Energy Efficiency Certificates (VEEC) and higher costs from the Small-Scale Renewable Energy Scheme (SRES) due to a higher compliance scheme percentage compared to the prior corresponding period.
- Consumer solar costs were $(94) million, a decrease of 27.7%, due to a reduction in average feed-in-tariffs compared to the prior corresponding period, partly offset by an increase in solar volumes.
- Other cost of sales were $(162) million, an increase of 4.5%, due to higher metering costs.

	Portfolio Margin		Per Unit		Volume Denomination	
Fuel costs	H125 $m	H124 $m	H125 $/MWh	H124 $/MWh	H125 GWh	H124 GWh
Coal	**(290)**	(270)	***(22.8)***	*(21.0)*	**12,739**	12,886
Gas	**(77)**	(54)	***(103.9)***	*(142.9)*	**741**	378
Renewables	–	–	–	–	**2,362**	2,654
Total fuel costs (a)	**(367)**	(324)	***(23.2)***	*(20.4)*	**15,842**	15,918

Refer to Section 1.1.5 for commentary on fuel costs.

Generation running costs						
Coal power plants	**(196)**	(192)	***(15.4)***	*(14.9)*	**12,739**	12,886
Gas power plants	**(27)**	(24)	***(36.4)***	*(63.5)*	**741**	378
Renewables and Storage[1]	**(119)**	(136)	***(50.4)***	*(51.2)*	**2,362**	2,654
Other	**(38)**	(38)	***(2.4)***	*(2.4)*	**15,842**	15,918
Total generation running costs (b)	**(380)**	(390)	***(24.0)***	*(24.5)*	**15,842**	15,918

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

Total generation running costs were $(380) million, down 2.6%.

- Coal operating costs were $(196) million, up 2.1%, driven by higher costs to maintain plant availability, and increased labour costs due to Enterprise Agreement wage escalations.
- Gas operating costs were $(27) million, up 12.5%, primarily driven by non-routine maintenance at Barker Inlet Power Station. On a per MWh basis, costs have decreased by 42.7%, due to the additional generation in H125 on a largely fixed cost base.
- Renewables and Storage costs were $(119) million, down 12.5%, primarily driven by an increase in onerous contract releases compared to the prior corresponding period. These releases were higher due to lower assumed price outcomes that were fixed within the current reporting period. This was partly offset by an increase in operating costs due to the first full period of operations of the Torrens Island Battery and the commencement of operations of the Broken Hill Battery.
- Other costs, which include coal royalties and grid connection charges, were $(38) million, flat to the prior corresponding period.

	Portfolio Margin		Per Unit		Volume Denomination	
	H125 $m	Restated H124 $m	H125 $/MWh	Restated H124 $/MWh	H125 GWh	Restated H124 GWh
Depreciation and amortisation (c)	**(281)**	(253)	***(17.7)***	*(15.9)*	**15,842**	15,918

Depreciation and amortisation was $(281) million, up 11.1%, driven by an increase in environmental rehabilitation assets together with a higher asset base at Bayswater Power Station, a higher asset base for Torrens Island Power Station with a scheduled closure date of 30 June 2026, the first full year of operations of the Torrens Island Battery and the commencement of operations of the Broken Hill Battery.

Net Portfolio Management						
Pool generation revenue	**1,979**	1,061	***124.9***	*66.7*	**15,842**	15,918
Pool purchase costs[1]	**(2,432)**	(1,361)	***(131.3)***	*(71.8)*	**18,523**	18,966
Net derivative (cost)/revenue	**209**	(89)	***13.2***	*(5.6)*	**15,842**	15,918
Net Portfolio Management (d)[2]	**(244)**	(389)	***(13.4)***	*(21.0)*	**18,172**	18,531

1. Comparatives have been restated in line with updated volumes.
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 $(453) million, down $153 million, reflecting higher pool prices which resulted in significantly higher generation revenue and pool purchase cost. The higher generation volumes driven by improved generation performance at Bayswater Power Station to meet market demands were partly offset by lower generation volumes at AGL Loy Yang due to planned outages. Net derivative revenue of $209 million increased by $298 million, largely driven by New South Wales and Queensland net buy position on fixed prices which settled on higher spot prices.

Total wholesale costs (a + b + c + d)[1]	**(1,272)**	**(1,356)**	***(68.7)***	***(71.5)***	**18,523**	**18,966**
Total costs (Wholesale and Network)[1]	**(3,179)**	(3,165)	***(174.9)***	*(170.8)*	**18,172**	18,531
Electricity Portfolio Margin[1]	**899**	902	***49.5***	*48.7*	**18,172**	18,531
Consumer customers[2]	**270**	324				
Large Business customers	**16**	14				
Trading and Origination	**1,162**	1,072				
Perth Energy margin	**9**	(1)				
Operations (Coal, Gas Generation, and Renewables and Storage)	**(558)**	(507)				

1. Comparatives have been restated in line with updated volumes.
2. Comparatives have been restated to transfer Ovo Energy Australia from Investments to Customers Markets following 100% ownership on 3 April 2024.

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.

	H125 PJ	H124 PJ	Movement %
Consumer customers sales	**24.8**	24.9	(0.4)%
Large Business customers sales	**9.5**	6.2	53.2%
Wholesale customer sales and internal generation usage volumes	**19.4**	21.8	(11.0)%
Total customer sales volume	**53.7**	52.9	1.5%
Energy losses	**1.8**	1.1	63.6%
Gas purchase volume	**55.5**	54.0	2.8%

Refer to Section 1.1.2 for commentary on customer energy demand.

	Portfolio Margin		Per Unit		Volume Denomination	
Revenue	H125 $m	H124 $m	H125 $/GJ	H124 $/GJ	H125 PJ	H124 PJ
Consumer customers	**962**	921	***38.8***	*37.0*	**24.8**	24.9
Large Business customers	**118**	76	***12.4***	*12.3*	**9.5**	6.2
Wholesale customers & internal generation	**283**	283	***14.6***	*13.0*	**19.4**	21.8
Total revenue	**1,363**	1,280	***25.4***	*24.2*	**53.7**	52.9

Total revenue was $1,363 million, up 6.5%.

- Revenue from Consumer customers was $962 million, up 4.5%, due to higher revenue rates from an increase in wholesale gas prices and network costs, partly offset by lower average consumption per customer.
- Large Business customers revenue was $118 million, up 55.3%, largely driven by higher volumes due to portfolio growth in Western Australia, Victoria and New South Wales.
- Wholesale customers revenue was $283 million, flat to the prior corresponding period.

	Portfolio Margin		Per Unit		Volume Denomination	
Network and other cost of sales	H125 $m	H124 $m	H125 $/GJ	H124 $/GJ	H125 $m	H124 PJ
Consumer network costs	**(270)**	(258)	***(10.9)***	*(10.4)*	**24.8**	24.9
Consumer other cost of sales	**(66)**	(51)	***(2.7)***	*(2.0)*	**24.8**	24.9
Large Business customers network costs	**(12)**	(12)	***(1.3)***	*(1.9)*	**9.5**	6.2
Large Business customers other cost of sales	**(1)**	–	***(0.1)***	*1*	**9.5**	6.2
Total network and other cost of sales	**(349)**	(321)	***(10.2)***	*(10.3)*	**34.3**	31.1

Total network costs and other cost of sales were $(349) million, up 8.7%, driven by network tariff increases.

Wholesale costs						
Gas purchases	**(442)**	(376)	***(8.2)***	*(7.1)*	**53.7**	52.9
Haulage, storage and other	**(177)**	(172)	***(3.3)***	*(3.3)*	**53.7**	52.9
Total wholesale costs	**(619)**	(548)	***(11.5)***	*(10.4)*	**53.7**	52.9

See Section 1.1.5 for commentary on wholesale gas costs.

Total costs	**(968)**	**(869)**	***(18.0)***	***(16.4)***	**53.7**	**52.9**
Gas Portfolio Margin	**395**	411	***7.4***	*7.8*	**53.7**	52.9
Natural Gas	**(7)**	(2)				
Gas Portfolio Margin (including Natural Gas)	**388**	409				
Consumer customers	**138**	155				
Large Business customers	**2**	3				
Wholesale Gas	**241**	247				
Perth Energy margin	**14**	6				
Natural Gas	**(7)**	(2)				

Natural Gas was $(7) million, down $5 million, primarily driven by the closure of the Camden Gas Project in August 2023.

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

4.4 Portfolio Review Reconciliation

H125 $m	Electricity Portfolio	Gas Portfolio	Other AGL (a)	Adjustments (b)	Total Group
Customer Markets	**3,443**	**1,080**	**181**	**47**	**4,751**
Integrated Energy	**635**	**283**	**20**	**1,443**	**2,381**
Other	**–**	**–**	**–**	**–**	**–**
Revenue	**4,078**	**1,363**	**201**	**1,490**	**7,132**
Customer Markets	**(1,907)**	**(349)**	**(155)**	**264**	**(2,147)**
Integrated Energy	**(652)**	**(619)**	**2**	**(1,754)**	**(3,023)**
Other	**–**	**–**	**–**	**–**	**–**
Cost of sales	**(2,559)**	**(968)**	**(153)**	**(1,490)**	**(5,170)**
Other income	**–**	**–**	**11**	**–**	**11**
Gross margin	**1,519**	**395**	**59**	**–**	**1,973**
Operating costs (excluding depreciation and amortisation)	**(339)**	**–**	**(566)**	**–**	**(905)**
Depreciation and amortisation	**(281)**	**–**	**(110)**	**–**	**(391)**
Portfolio Margin/Underlying EBIT	**899**	**395**	**(617)**	**–**	**677**

H125 $m	Electricity	Gas	Pool revenue	Other	Total Group
Portfolio Margin Reporting	**4,078**	**1,363**	**1,979**	**–**	**7,420**
Revenue reclass	**(357)**	**–**	**(134)**	**–**	**(491)**
Intragroup	**–**	**(95)**	**–**	**–**	**(95)**
Other	**(178)**	**(12)**	**10**	**478**	**298**
Note 3 - Revenue	**3,543**	**1,256**	**1,855**	**478**	**7,132**

Restated H124 $m[1]	Electricity Portfolio	Gas Portfolio	Other AGL (a)	Adjustments (b)	Total Group
Customer Markets	3,446	997	194	21	4,658
Integrated Energy	621	283	35	585	1,524
Other	–	–	1	–	1
Revenue	4,067	1,280	230	606	6,183
Customer Markets	(1,809)	(321)	(161)	274	(2,017)
Integrated Energy	(791)	(548)	(9)	(880)	(2,228)
Other	–	–	2	–	2
Cost of sales	(2,600)	(869)	(168)	(606)	(4,243)
Other income	–	–	11	–	11
Gross margin	1,467	411	73	–	1,951
Operating costs (excluding depreciation and amortisation)	(312)	–	(565)	–	(877)
Depreciation and amortisation	(253)	–	(108)	–	(361)
Portfolio Margin/Underlying EBIT	902	411	(600)	–	713

H124 $m	Electricity	Gas	Pool revenue	Other	Total Group
Portfolio Margin Reporting	4,067	1,280	1,061	–	6,408
Revenue reclass	(353)	–	(76)	–	(429)
Intragroup	–	(61)	–	–	(61)
Other	(156)	(3)	5	419	265
Note 3 - Revenue	3,558	1,216	990	419	6,183

1. Comparatives have been restated to transfer Ovo Energy Australia from Investments to Customers Markets following 100% ownership on 3 April 2024.

Operating & Financial Review

for the half-year ended 31 December 2024

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.
- A portion of Integrated Energy other revenue in the statutory accounts has been reallocated to cost of sales (generation running costs) in the Portfolio Review.
- 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.

Financial Report

Condensed Consolidated Statement of Profit or Loss

for the half-year ended 31 December 2024

	Note	31 Dec 2024 $m	31 Dec 2023 $m
Continuing operations			
Revenue	3	**7,132**	6,183
Other income	4	**-**	49
Expenses	5	**(6,452)**	(4,991)
Share of profits of joint ventures	10	**7**	65
Profit before net financing costs, depreciation and amortisation		**687**	1,306
Depreciation and amortisation		**(391)**	(361)
Profit before net financing costs		**296**	945
Finance income	6	**16**	4
Finance costs	6	**(163)**	(157)
Net financing costs		**(147)**	(153)
Profit before tax		**149**	792
Income tax expense	7	**(52)**	(221)
Profit for the period		**97**	571
Profit attributed to non-controlling interest		**-**	5
Profit for the period attributable to the Shareholders of AGL Energy Limited		**97**	576
Earnings per share			
Basic earnings per share	16	**14.4 cents**	85.6 cents
Diluted earnings per share	16	**14.4 cents**	85.4 cents

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

Condensed Consolidated Statement of Comprehensive Income

for the half-year ended 31 December 2024

	Note	31 Dec 2024 $m	31 Dec 2023 $m
Profit for the period		**97**	571
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement loss on defined benefit plans		**(17)**	(24)
Fair value gain on the revaluation of equity instrument financial assets		**3**	8
Income tax relating to items that will not be reclassified subsequently to profit or loss	7	**3**	5
		(11)	(11)
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges			
Gain/(loss) in fair value of cash flow hedges		**52**	(30)
Reclassification adjustments transferred to profit or loss		**(68)**	(12)
Share of loss attributable to joint ventures		**(6)**	(1)
Cost of hedging subject to basis adjustment		**1**	(3)
Income tax relating to items that may be reclassified subsequently to profit or loss	7	**6**	14
		(15)	(32)
Other comprehensive loss for the period, net of income tax		**(26)**	(43)
Total comprehensive income for the period		**71**	528

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

Condensed Consolidated Statement of Financial Position

for the half-year ended 31 December 2024

	Note	31 Dec 2024 $m	30 Jun 2024 $m
Current assets			
Cash and cash equivalents		**253**	932
Trade and other receivables	9	**1,778**	2,204
Inventories		**347**	323
Other financial assets		**957**	988
Other assets		**462**	330
Assets classified as held for sale		**75**	83
Total current assets		**3,872**	4,860
Non-current assets			
Trade and other receivables	9	**70**	67
Other financial assets		**551**	653
Investments in joint ventures	10	**408**	404
Property, plant and equipment	11	**6,033**	5,717
Intangible assets	12	**3,361**	3,100
Deferred tax assets		**804**	780
Other assets		**68**	80
Total non-current assets		**11,295**	10,801
Total assets		**15,167**	15,661
Current liabilities			
Trade and other payables		**1,933**	2,101
Borrowings	13	**252**	35
Provisions	14	**425**	466
Current tax liabilities		**123**	167
Other financial liabilities		**1,224**	1,257
Other liabilities		**76**	448
Liabilities classified as held for sale		**75**	83
Total current liabilities		**4,108**	4,557
Non-current liabilities			
Borrowings	13	**2,560**	2,693
Provisions	14	**2,490**	2,231
Other financial liabilities		**541**	559
Other liabilities		**202**	190
Total non-current liabilities		**5,793**	5,673
Total liabilities		**9,901**	10,230
Net assets		**5,266**	5,431
Equity			
Issued capital	15	**5,918**	5,918
Reserves		**5**	19
Accumulated losses		**(657)**	(506)
Total equity		**5,266**	5,431

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 2024

	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[1]	Total Equity $m
Balance at 1 July 2024	**5,918**	**25**	**3**	**39**	**(48)**	**(506)**	**5,431**	**-**	**5,431**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**97**	**97**	**-**	**97**
Other comprehensive (loss)/ income for the period, net of income tax	**-**	**2**	**-**	**(16)**	**1**	**(13)**	**(26)**	**-**	**(26)**
Total comprehensive income/ (loss) for the period	**-**	**2**	**-**	**(16)**	**1**	**84**	**71**	**-**	**71**
Transactions with owners in their capacity as owners:									
Payment of dividends	**-**	**-**	**-**	**-**	**-**	**(235)**	**(235)**	**-**	**(235)**
Share-based payments	**-**	**-**	**(1)**	**-**	**-**	**-**	**(1)**	**-**	**(1)**
Balance at 31 December 2024	**5,918**	**27**	**2**	**23**	**(47)**	**(657)**	**5,266**	**-**	**5,266**
Balance at 1 July 2023	5,918	19	(1)	61	3	(879)	5,121	(2)	5,119
Profit for the period	-	-	-	-	-	576	576	(5)	571
Other comprehensive loss for the period, net of income tax	-	6	-	(29)	(3)	(17)	(43)	-	(43)
Total comprehensive income/ (loss) for the period	-	6	-	(29)	(3)	559	533	(5)	528
Transactions with owners in their capacity as owners:									
Payment of dividends	-	-	-	-	-	(155)	(155)	-	(155)
Share-based payments	-	-	1	-	-	-	1	-	1
Capital contributed by non-controlling interests	-	-	-	-	-	-	-	2	2
Balance at 31 December 2023	5,918	25	-	32	-	(475)	5,500	(5)	5,495

1. In April 2024, AGL acquired the remaining 49% non-controlling interest of Ovo Energy Australia, AGL now owns 100% of Ovo Energy Australia.

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 2024

	Note	31 Dec 2024 $m	31 Dec 2023 $m
Cash flows from operating activities			
Receipts from customers		**7,870**	**6,870**
Payments to suppliers and employees		**(7,207)**	**(6,036)**
Dividends received		**6**	**6**
Finance income received		**17**	**4**
Finance costs paid		**(78)**	**(72)**
Income taxes (paid)/refund received		**(153)**	**19**
Net cash provided by operating activities		**455**	**791**
Cash flows used in investing activities			
Payments for property, plant and equipment and other assets		**(661)**	**(362)**
Acquisition of a subsidiary, net of cash acquired	18	**(208)**	**-**
Payments for investments in associates and joint ventures	17	**(9)**	**(13)**
Loans to equity instrument investments		**(1)**	**(1)**
Loans to joint ventures		**(4)**	**(5)**
Payments on disposal of subsidiaries		**-**	**(17)**
Net cash used in investing activities		**(883)**	**(398)**
Cash flows from financing activities			
Purchase of shares on-market for equity based remuneration		**(5)**	**(3)**
Proceeds from borrowings		**335**	**1,580**
Repayment of borrowings		**(348)**	**(1,812)**
Dividends paid	8	**(235)**	**(155)**
Capital contributed from non-controlling interests in subsidiaries		**-**	**2**
Net cash used in financing activities		**(253)**	**(388)**
Net (decrease)/increase in cash and cash equivalents		**(681)**	**5**
Cash and cash equivalents at the beginning of the financial period		**932**	**148**
Effect of exchange rate changes on the balance of cash held in foreign currencies		**2**	**(1)**
Cash and cash equivalents at the end of the financial period		**253**	**152**

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

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).

1.1 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.

1.2 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 2024 annual financial report for the year ended 30 June 2024. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

At 31 December 2024, the current assets of the Group were $3,872 million which is $236 million lower than current liabilities of $4,108 million. This deficiency does not take into account existing undrawn bank loan facilities of $1.3 billion.

The deficiency was predominantly caused by:

- USD senior notes being classified as current with $216 million maturing between January 2025 and December 2025 (i.e within 12 months of the balance sheet date); and
- Reduction in cash due to capital expenditures and the acquisition of Firm Power and Terrain Solar.

The preparation of the half-year report on the going concern basis is appropriate as:

- AGL has sufficient undrawn bank loan facilities that can be drawn upon to meet working capital requirements;
- It is expected that replacement funding, where necessary, will be secured within 12 months of the balance sheet date based on AGL's history of refinancing and renewal cycles; and
- AGL is expected to generate sufficient net operating cash inflows to meet its debts and obligations as they become due and payable.

1.3 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 2024.

Set out below are the new and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group:

- AASB 2022-6 *Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants;*
- AASB 2023-8 *Amendments to Australian Accounting Standards - Operating Segments; and*
- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*

These amendments did not have an impact on the interim condensed consolidated financial statements of the Group, however are expected to impact the annual financial statement disclosures.

1.4 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 2026 or later:

- AASB 2023-5 *Amendments to Australian Accounting Standards – Lack of Exchangeability;*
- AASB 2024-2 *Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments; and*
- AASB 18 *Presentation and Disclosure in Financial Statements*

The standards and interpretations listed above are not expected to have a material impact on AGL's financial results or financial position on adoption but will affect presentation and disclosure in the consolidated financial statements.

Notes to the Financial Statements
for the half-year ended 31 December 2024

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.
- **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, battery storage, 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 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.

2. Segment information (Continued)

Period ended 31 December 2024	Customer Markets $m	Integrated Energy $m	Investments $m	Other $m	Total $m
Revenue					
Total segment revenue	**4,757**	**4,438**	**-**	**-**	**9,195**
Inter-segment revenue	**(6)**	**(2,057)**	**-**	**-**	**(2,063)**
External revenue	**4,751**	**2,381**	**-**	**-**	**7,132**
Underlying earnings before interest, tax, depreciation and amortisation (Underlying EBITDA)	**161**	**1,061**	**9**	**(163)**	**1,068**
Depreciation and amortisation	**(59)**	**(300)**	**-**	**(32)**	**(391)**
Underlying EBIT	**102**	**761**	**9**	**(195)**	**677**
Net financing costs					**(147)**
Underlying profit before tax					**530**
Underlying income tax expense					**(157)**
Underlying profit after tax					**373**
Non-controlling interest					**-**
Underlying profit after tax (attributable to AGL shareholders)					**373**

At 31 December 2024					
Segment assets	**2,752**	**9,267**	**427**	**190**	**12,636**
Segment liabilities	**897**	**4,114**	**-**	**190**	**5,201**

Other segment information					
Share of profits of joint ventures[1]	**-**	**-**	**9**	**-**	**9**
Investments in associates and joint ventures	**-**	**14**	**394**	**-**	**408**
Additions to non-current assets	**68**	**878**	**-**	**22**	**968**
Other non-cash expenses	**(58)**	**-**	**-**	**(8)**	**(66)**

1. Share of profits of joint ventures included within the Condensed Consolidated Statement of Profit or Loss is inclusive of $2 million fair value loss on derivatives that is excluded from segment reporting.

Period ended 31 December 2023 (Restated)[1]	Customer Markets $m	Integrated Energy $m	Investments $m	Other $m	Total $m
Revenue					
Total segment revenue	4,661	3,555	-	1	8,217
Inter-segment revenue	(3)	(2,031)	-	-	(2,034)
External revenue	4,658	1,524	-	1	6,183
Underlying earnings before interest, tax, depreciation and amortisation (Underlying EBITDA)	193	1,017	12	(148)	1,074
Depreciation and amortisation	(57)	(268)	-	(36)	(361)
Underlying EBIT	136	749	12	(184)	713
Net financing costs					(153)
Underlying profit before tax					560
Underlying income tax expense					(166)
Underlying profit after tax					394
Non-controlling interest					5
Underlying profit after tax (attributable to AGL shareholders)					399

2. Segment information (Continued)

Period ended 31 December 2023 (Restated)[1]	Customer Markets $m	Integrated Energy $m	Investments $m	Other $m	Total $m
At 30 June 2023					
Segment assets	2,875	8,307	408	207	11,797
Segment liabilities	789	3,749	-	173	4,711
Period ended 31 December 2023					
Other segment information					
Share of profits of joint ventures[2]	-	-	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. On 1 July 2024, Ovo Energy Australia reporting segment changed from Investments to Customer Markets and the prior year segment note has been restated for comparative purposes.
2. 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.

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 2024 $m	31 Dec 2023 $m
Underlying EBIT for reportable segments	**872**	897
Other	**(195)**	(184)
	677	713
Amounts excluded from underlying results:		
- (loss)/gain in fair value of financial instruments	**(45)**	425
- significant items[1]	**(336)**	(193)
Finance income	**16**	4
Finance costs	**(163)**	(157)
Profit/(loss) before tax	**149**	792

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

3. Revenue

Revenue by product and customer type is disaggregated below:

Period ended 31 December 2024	Consumer $m	Business $m	Wholesale $m	Other $m	Total $m
Electricity	**2,695**	**712**	**136**	**-**	**3,543**
Generation sales to pool	**-**	**-**	**1,855**	**-**	**1,855**
Gas	**994**	**75**	**185**	**2**	**1,256**
Telecommunication Services	**95**	**-**	**-**	**-**	**95**
Engineering, procurement and construction services	**-**	**22**	**-**	**-**	**22**
Other services	**33**	**15**	**65**	**66**	**179**
Other revenue	**1**	**1**	**127**	**53**	**182**
Total revenue	**3,818**	**825**	**2,368**	**121**	**7,132**

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
Engineering, procurement and construction services	-	43	-	-	43
Other services	24	17	50	34	125
Other revenue	1	40	88	49	178
Total revenue	3,723	881	1,491	88	6,183

4. Other income

	31 Dec 2024 $m	31 Dec 2023 $m
Sale of Moranbah Gas Project[1]	**-**	49
Total other income	**-**	49

1. 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.

Notes to the Financial Statements

for the half-year ended 31 December 2024

5. Expenses

	31 Dec 2024 $m	31 Dec 2023 $m
Cost of sales	**5,170**	4,250
Administrative expenses	**130**	141
Employee benefits expenses	**376**	349
Other expenses		
Movement in onerous contract provision[1]	**235**	194
Impairment losses on assets held for sale[2]	**4**	48
Loss/(gain) on fair value of financial instruments	**42**	(377)
Contracts and materials	**155**	136
Impairment losses on trade receivables (net of bad debts recovered)	**58**	62
Marketing expenses	**28**	30
Retail transformation costs	**64**	-
Short term lease and outgoings expenses	**18**	17
Transaction costs	**8**	-
Legal penalties[3]	**25**	-
Other	**139**	141
Total expenses	**6,452**	4,991

1. Refer to Note 14
2. 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 $4 million was recognised at 31 December 2024 to reflect the expected consideration. Surat Gas Project is included in the Integrated Energy operating segment.
3. $25 million Court ordered penalty in legal proceedings initiated by the Australian Energy Regulator (AER) in relation to Centrepay payments.

6. Net financing costs

	Note	31 Dec 2024 $m	31 Dec 2023 $m
Finance income			
Interest income		**16**	4
Total financing income		**16**	4
Finance costs			
Interest expense[1]		**59**	58
Lease interest expense		**8**	8
Unwinding of discounts on provisions and other liabilities	14	**85**	78
Unwinding of discount on deferred consideration		**5**	7
Other finance costs		**6**	6
Total financing costs		**163**	157
Net financing costs		**147**	153

1. Interest expense for the half-year ended 31 December 2024 is presented net of capitalised interest of $10 million (31 December 2023: $6 million).

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 2024 $m	31 Dec 2023 $m
Profit before tax	**149**	792
Income tax expense calculated at the Australian tax rate of 30% (31 December 2023: 30%)	**45**	238
Non-deductible expenses	**10**	2
Non-assessable income	**-**	(14)
Adjustments in relation to current tax of prior years	**(4)**	(6)
Other	**1**	1
Total income tax expense	**52**	221

Income tax recognised in other comprehensive income

	31 Dec 2024 $m	31 Dec 2023 $m
Deferred tax		
Cash flow hedges	**(6)**	(14)
Equity instruments measured at fair value	**-**	2
Remeasurement loss on defined benefit plans	**(5)**	(7)
Fair value gain on the revaluation of equity instrument financial assets	**2**	-
Total income tax recognised in other comprehensive income	**(9)**	(19)

8. Dividends

Recognised amounts

	31 Dec 2024 $m	31 Dec 2023 $m
Final dividend		
Final dividend for 2024 of 35.0 cents per share, unfranked, paid 24 September 2024 (2023: Final dividend for 2023 of 23.0 cents per share, unfranked, paid 22 September 2023).	**235**	155
Dividends paid as per the Condensed Consolidated Statement of Cash Flows	**235**	155

Unrecognised amounts

	31 Dec 2024 $m	31 Dec 2023 $m
Since the end of the financial year, the Directors have declared an interim dividend for 2025 of 23.0 cents per share, fully franked, payable 27 March 2025 (2024: 26.0 cents per share, unfranked, paid 22 March 2024).	**155**	175

9. Trade and other receivables

	31 Dec 2024 $m	30 June 2024 $m
Current		
Trade receivables	**1,279**	1,491
Unbilled revenue	**619**	869
Allowance for expected credit loss	**(191)**	(185)
	1,707	2,175
Other receivables	**71**	29
Total current trade and other receivables	**1,778**	2,204
Non-current		
Loans to joint ventures	**18**	14
Other	**52**	53
Total non-current trade and other receivables	**70**	67

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 2024		30 June 2024	
	Total $m	Allowance $m	Total $m	Allowance $m
Unbilled revenue	**619**	**(22)**	869	(40)
Not past due	**873**	**(18)**	1,134	(11)
Past due 0 – 30 days	**101**	**(18)**	105	(13)
Past due 31 – 60 days	**66**	**(16)**	42	(14)
Past due 61 – 90 days	**39**	**(17)**	38	(14)
Past 90 days	**200**	**(100)**	172	(93)
Total	**1,898**	**(191)**	2,360	(185)

10. Investments in joint ventures

	31 Dec 2024 $m	30 Jun 2024 $m
Investments in joint ventures - unlisted	**408**	404
Total investments in joint ventures	**408**	404

		Ownership interest		Contribution to profit	
	Principal activities	31 Dec 2024 %	30 Jun 2024 %	31 Dec 2024 $m	31 Dec 2023 $m
Joint ventures					
ActewAGL Retail Partnership	Gas and electricity retailer	**50**	50	**12**	19
Tilt Renewables	Development and owner of renewable energy generation projects	**20**	20	**(5)**	46
Pottinger Renewables	Development and owner of renewable energy generation projects	**50**	50	**-**	-
Muswellbrook Pumped Hydro	Pumped hydro energy generation project	**50**	50	**-**	-
Gippsland Skies	Offshore wind energy generation project	**20**	20	**-**	-
Total contribution to profit				**7**	65

11. Property, plant and equipment

31 December 2024	Plant and equipment $m	Right-of-use plant and equipment $m	Other Right-of-use assets $m	Other $m[1]	Total $m
Balance at 1 July 2024, net of accumulated depreciation and impairment	**5,359**	**99**	**172**	**87**	**5,717**
Additions	**604**	**5**	**-**	**-**	**609**
Depreciation expense	**(281)**	**(5)**	**(7)**	**-**	**(293)**
Balance at 31 December 2024 net of accumulated depreciation and impairment	**5,682**	**99**	**165**	**87**	**6,033**

1. Includes land, buildings and leasehold improvements.

Balance at 1 July 2024					
Cost (gross carrying amount)	**11,266**	**115**	**280**	**110**	**11,771**
Accumulated depreciation and impairment	**(5,907)**	**(16)**	**(108)**	**(23)**	**(6,054)**
Net carrying amount	**5,359**	**99**	**172**	**87**	**5,717**

Balance at 31 December 2024					
Cost (gross carrying amount)	**11,851**	**120**	**280**	**110**	**12,361**
Accumulated depreciation and impairment	**(6,169)**	**(21)**	**(115)**	**(23)**	**(6,328)**
Net carrying amount	**5,682**	**99**	**165**	**87**	**6,033**

30 June 2024	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	695	8	34	1	738
Impairment loss recognised in profit or loss	(7)	-	-	-	(7)
Change in estimate related to provision for environmental rehabilitation	126	-	-	-	126
Disposals	(9)	-	-	-	(9)
Reversal of impairment[1]	-	-	1	-	1
Depreciation expense	(530)	(8)	(12)	-	(550)
Balance at 30 June 2024 net of accumulated depreciation and impairment	5,359	99	172	87	5,717

1. June 24: The reversal of impairment of other right-of-use assets relates to the Collins Street right-of-use asset that was previously impaired.

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 30 June 2024					
Cost (gross carrying amount)	11,266	115	280	110	11,771
Accumulated depreciation and impairment	(5,907)	(16)	(108)	(23)	(6,054)
Net carrying amount	5,359	99	172	87	5,717

12. Intangible assets

31 December 2024	Goodwill $m	Software $m	Licences $m	Development Assets $m[1]	Contracts and Other $m	Total $m
Balance at 1 July 2024, net of accumulated amortisation and impairment	**2,446**	**369**	**260**	**-**	**25**	**3,100**
Additions	**-**	**61**	**-**	**-**	**2**	**63**
Acquisitions through business combinations[2]	**145**	**-**	**-**	**130**	**21**	**296**
Amortisation expense	**-**	**(82)**	**(5)**	**-**	**(11)**	**(98)**
Balance at 31 December 2024, net of accumulated amortisation and impairment	**2,591**	**348**	**255**	**130**	**37**	**3,361**

1. The 'Development Assets' category has been introduced as a result of the acquisition of Firm Power and Terrain Solar and their associated entities. Refer to Note 18.
2. On 12 September 2024, the Group acquired 100% of the shares and units in Firm Power and Terrain Solar and their associated entities. Additions include goodwill, development rights and customer contracts. Refer to Note 18.

Balance at 1 July 2024						
Cost (gross carrying amount)	**3,073**	**1,768**	**314**	**-**	**107**	**5,262**
Accumulated amortisation and impairment	**(627)**	**(1,399)**	**(54)**	**-**	**(82)**	**(2,162)**
Net carrying amount	**2,446**	**369**	**260**	**-**	**25**	**3,100**

Balance at 31 December 2024						
Cost (gross carrying amount)	**3,218**	**1,800**	**314**	**130**	**130**	**5,592**
Accumulated amortisation and impairment	**(627)**	**(1,452)**	**(59)**	**-**	**(93)**	**(2,231)**
Net carrying amount	**2,591**	**348**	**255**	**130**	**37**	**3,361**

30 June 2024	Goodwill $m	Software $m	Licences $m	Development Assets $m	Contracts and Other $m	Total $m
Balance at 1 July 2023, net of accumulated amortisation and impairment	2,446	405	266	-	65	3,182
Additions	-	151	2	-	5	158
Amortisation expense	-	(165)	(8)	-	(24)	(197)
Impairment loss recognised in profit or loss	-	(22)	-	-	(21)	(43)
Balance at 30 June 2024, net of accumulated amortisation and impairment	2,446	369	260	-	25	3,100

Balance at 1 July 2023						
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 30 June 2024						
Cost (gross carrying amount)	3,073	1,768	314	-	107	5,262
Accumulated amortisation and impairment	(627)	(1,399)	(54)	-	(82)	(2,162)
Net carrying amount	2,446	369	260	-	25	3,100

12. Intangible assets (Continued)

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 2024 $m	30 Jun 2024 $m
Customer Markets	**1,093**	1,093
Wholesale Gas	**1,353**	1,353
Generation Fleet	**-**	-
Flexible Generation[1]	**145**	-
Total goodwill and intangibles with indefinite useful lives	**2,591**	2,446

1. Refer to Note 18.

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, expected generation volume, station closure dates, 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

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:

- Two 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;
- Station closure dates consistent with those announced in the CTAP;
- A post-tax Weighted Average Cost of Capital (WACC) discount rate of 9.25% (Dec 23: 9.5%);
- 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 2024.

Sensitivity analysis

When considering variables in isolation, AGL's Generation Fleet CGU recoverable amount estimate is sensitive to changes in electricity pool prices. There is a high degree of uncertainty when forecasting pool prices 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. In the annual impairment assessment performed at 31 December 2024, 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

12. Intangible assets (Continued)

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

sustained increase of $10 per MWh could result in the partial reversal of any previously recognised impairment losses, up to the depreciated carrying amount.

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, based on the assumptions utilised in the annual impairment assessment at 31 December 2024, a sustained decrease of 2.5% in generation volume whilst holding all other assumptions constant could result in further impairment. Equally, a sustained increase of 2.5% in generation volume could result in the partial reversal of any previously recognised impairment losses, up to the depreciated carrying amount.

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.

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% (Dec 23: 8.25%); and
- Terminal growth rate of 2.75% (Dec 23: 2.75%).

The recoverable amount of the Customer Markets CGU exceeded the carrying value at 31 December 2024.

Sensitivity analysis has been performed for the Customer Markets CGU. There were no reasonable possible changes in assumptions that would result in an impairment.

Wholesale Gas CGU

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

- Probability-weighted scenarios for gas sales volumes, pricing and procurement costs with an estimate of future market and contracted margins and volumes beyond the period of the actual contracted portfolio based on expected new supply sources and demand;
- A post-tax WACC discount rate of 8% (Dec 23: 8.25%);
- Terminal growth rate range between 0% to 1.5% (Dec 23: 0% to 1.5%); 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 2024 and consequently no impairment loss was recognised in relation to this CGU.

Sensitivity analysis

The recoverable amount of the Wholesale Gas CGU is sensitive to changes in the forecast gas margin assumption. At 31 December 2024, a reasonable possible change in this assumption will not result in an impairment or a reversal of previously recognised impairment. However, it is possible a significant and/or sustained change in this assumption due to changing market factors could result in impairment or reversal of previously recognised impairment in future periods.

The Wholesale Gas CGU benefits from favourable supply costs associated with existing contractual arrangements and the recoverable amount at 31 December 2024 includes probability-weighted scenarios on gross margins based on new supply sources and demand. As the existing contracts lapse and where gross margin on new supply sources are lower than forecast, the recoverable amount of the Wholesale Gas CGU could potentially 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.

12. Intangible assets (Continued)

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Flexible Generation CGU

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% (Dec 23: 8.25%);
- 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 23: 2.75%).

The assets acquired as part of the Firm Power and Terrain Solar transaction forms part of the Flexible Generation CGU. Recoverable value of these assets is based on the transaction price, which is supported by comparable multiples valuation.

The recoverable amount of the Flexible Generation CGU exceeded the carrying value at 31 December 2024.

Sensitivity analysis has been performed for the Flexible Generation CGU. There were no reasonable possible changes in assumptions that would result in an impairment.

Notes to the Financial Statements

for the half-year ended 31 December 2024

13. Borrowings

	31 Dec 2024 $m	30 Jun 2024 $m
Current		
USD senior notes - unsecured	**216**	-
CPI bonds - unsecured	**14**	13
Lease liabilities	**22**	22
Total current borrowings	**252**	35
Non-current		
Bank loans - unsecured	**853**	853
USD senior notes - unsecured	**1,477**	1,604
CPI bonds - unsecured	**21**	28
Lease liabilities	**225**	225
Deferred transaction costs	**(16)**	(17)
Total non-current borrowings	**2,560**	2,693

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 2024, $470 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 2024, $383 million of this was utilised.
- The remaining A$400 million of bank debt facilities comprises of bilateral facilities, with the full amount remaining unutilised at 31 December 2024.

CPI bonds

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

14. Provisions

	31 Dec 2024 $m	30 Jun 2024 $m
Current		
Employee benefits	**220**	239
Environmental rehabilitation	**80**	96
Onerous contracts	**114**	90
Restructuring	**2**	32
Other	**9**	9
Total current provisions	**425**	466
Non-current		
Employee benefits	**5**	5
Environmental rehabilitation	**1,501**	1,469
Onerous contracts	**956**	757
Restructuring	**28**	-
Total non-current provisions	**2,490**	2,231

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 2024	**1,565**	**32**	**847**	**2,444**
Changes in estimated provision	**-**	**-**	**235**	**235**
Provisions utilised and derecognised	**(38)**	**(2)**	**(43)**	**(83)**
Unwinding of discount	**54**	**-**	**31**	**85**
Balance at 31 December 2024	**1,581**	**30**	**1,070**	**2,681**

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.

Provision for onerous contracts

AGL recognises a number of legacy power purchase agreements as onerous. Under these legacy power purchase agreements, AGL makes periodic payments for the electricity and green certificates generated by these assets. These offtake agreements were entered at prices significantly higher than current and forecast prices for electricity and renewable energy certificates today.

In line with AGL's accounting policy, the onerous contract provisions are reviewed on a regular basis.

Notes to the Financial Statements

for the half-year ended 31 December 2024

15. Issued capital

	31 Dec 2024		30 Jun 2024	
	$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 2024	31 Dec 2023
Statutory earnings per share		
Basic earnings per share	**14.4 cents**	85.6 cents
Diluted earnings per share	**14.4 cents**	85.4 cents
Underlying earnings per share		
Basic earnings per share	**55.4 cents**	59.3 cents
Diluted earnings per share	**55.2 cents**	59.1 cents

Earnings used in calculating basic and diluted earnings per share

	31 Dec 2024 $m	31 Dec 2023 $m
Statutory earnings/(loss) used to calculate basic and diluted earnings per share attributable to owners of AGL	**97**	576
Significant expense items after income tax	**245**	120
Loss/(gain) in fair value of financial instruments after income tax	**31**	(297)
Underlying earnings used to calculate basic and diluted earnings per share	**373**	399

Weighted average number of ordinary shares

	31 Dec 2024 Number	31 Dec 2023 Number
Number of ordinary shares used in the calculation of basic earnings per share	**672,747,233**	672,747,233
Effect of dilution - LTIP share performance rights	**2,476,268**	2,022,354
Number of ordinary shares used in the calculation of diluted earnings per share	**675,223,501**	674,769,587

17. Acquisition, incorporation and disposal of subsidiaries and businesses

31 December 2024

Acquisition of Firm Power and Terrain Solar
On 12 September 2024, AGL acquired 100% of the shares and units in Firm Power and Terrain Solar. Refer to Note 18 for further details.

Capital Contribution to Gippsland Skies
During the financial period, AGL made a $9 million capital contribution to Gippsland Skies.

Joint venture with Outback Carbon
During the period, AGL entered into an unincorporated joint venture with Outback Carbon (subsidiary of Mitsui). The joint venture will undertake carbon farming projects with a focus in the Wheatbelt region of Western Australia.

30 June 2024

Acquisition of remaining shares of Ovo Energy Australia
In April 2024, AGL acquired the remaining 49% non-controlling interest of Ovo Energy Australia, AGL now owns 100% of Ovo Energy Australia.

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

Investment in Kaluza
In June 2024, AGL entered into an agreement to acquire 20% preference shareholding in Kaluza (a UK-based entity). The completion of the transaction is subject to conditions precedent.

Disposal of Moranbah Gas Project
AGL completed the disposal of Moranbah Gas Project in August 2023, resulting in a net gain on disposal of $46 million.

18. Business combination

On 12 September 2024, the Group acquired 100% of the shares and units in Firm Power and Terrain Solar and their associated entities. Firm Power is a Battery Energy Storage System (BESS) developer with 21 renewable energy projects in development and Terrain Solar is a solar project developer with six projects in development. The acquisition is expected to increase the Group's energy project development options and expand its energy portfolio.

18.a Consideration transferred

The following table summarises the acquisition date fair value of each major class of consideration transferred.

	Firm Power $m	Terrain Solar $m	Total $m
Cash	**194**	**21**	**215**
Deferred and contingent consideration	**22**	**2**	**24**
Total consideration transferred	**216**	**23**	**239**

The fair value of consideration transferred includes $24 million of deferred and contingent consideration. The Share and Unit Sale Agreement requires that there be no outstanding claims against either Firm Power or Terrain Solar in the six month and 12 month periods respectively following completion of the acquisition. If this condition is met, $12 million will be paid to the former owners of Firm Power and Terrain Solar six months post acquisition completion and the remaining $12 million will be paid 12 months post acquisition completion. AGL's expectation is that this condition will be met and hence the maximum value of the contingent consideration has been included in the fair value of consideration transferred.

18.b Acquisition-related costs

The Group incurred acquisition-related costs of $8 million relating to accounting and legal fees, stamp duty and insurance. These costs have been included in 'Expenses' in the consolidated statement of profit or loss.

18.c Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Note	Firm Power $m	Terrain Solar $m	Total $m
Cash and cash equivalents		**5**	**2**	**7**
Other assets		**2**	**-**	**2**
Intangible assets	12	**133**	**18**	**151**
Trade and other payables		**(23)**	**(2)**	**(25)**
Current tax liabilities		**(2)**	**-**	**(2)**
Deferred tax liabilities		**(34)**	**(5)**	**(39)**
Net identifiable assets acquired		**81**	**13**	**94**

Fair values measured on a provisional basis

The accounting for the acquisition is provisional at 31 December 2024 and may be subject to adjustment if new information is obtained within 12 months of the acquisition date about facts and circumstances that existed at the acquisition date.

18.d Goodwill

Goodwill arising on acquisition has been recognised as follows.

	Note	Firm Power $m	Terrain Solar $m	Total $m
Total consideration transferred		**216**	**23**	**239**
Fair value of identifiable net assets		**81**	**13**	**94**
Goodwill	12	**135**	**10**	**145**

The goodwill is attributable mainly to synergy with AGL's existing development pipeline, workforce acquired and acceleration of delivery on AGL's energy transition goal. None of the goodwill recognised is expected to be deductible for tax purposes.

18. Business combination (Continued)

18.e Net cash outflow on acquisition

The following table summarises the net cash outflow on acquisition.

	Firm Power $m	Terrain Solar $m	Total $m
Consideration paid in cash	194	21	215
Less: cash and cash equivalents balances acquired	(5)	(2)	(7)
Net cash outflow on acquisition	**189**	**19**	**208**

18.f Revenue and profit contribution

Firm Power contributed nil revenue and a net loss of $6 million to the group for the period from 12 September 2024 to 31 December 2024. If the acquisition had occurred on 1 July 2024, consolidated revenue and consolidated loss after tax for the interim period would have been nil and $25 million respectively.

Terrain Solar contributed nil revenue and a net loss of $2 million to the group for the period from 12 September 2024 to 31 December 2024. If the acquisition had occurred on 1 July 2024, consolidated revenue and consolidated loss after tax for the interim period would have been nil and $4 million respectively.

19. Contingent assets and liabilities

Regulatory reviews and investigations

AGL and its businesses are subject to a range of laws and regulations and AGL is subject to reviews and investigations by the government and regulatory bodies from time to time. Regulatory investigations and reviews may result in enforcement action, litigation, and penalties. Consideration has been given to such matters and whilst at this stage a present obligation may be possible, at this time, it is expected that the resolution of these contingent events will not have a material impact on the financial position of AGL.

Legal actions and claims

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.

20. 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).

31 December 2024	Carrying Amount $m	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial assets					
Equity instruments at FVOCI					
Unlisted equity securities[1]	**24**	**-**	**-**	**24**	**24**
Unlisted investment funds	**9**	**-**	**-**	**9**	**9**
Derivative financial instruments					
Cross currency swap contracts - cash flow and fair value hedges	**127**	**-**	**127**	**-**	**127**
Interest rate swap contracts - cash flow hedges and fair value hedges	**64**	**-**	**64**	**-**	**64**
Forward foreign exchange contracts - cash flow hedges	**9**	**-**	**9**	**-**	**9**
Energy derivatives - economic hedges	**1,269**	**289**	**277**	**703**	**1,269**
Total financial assets	**1,502**	**289**	**477**	**736**	**1,502**
Financial liabilities					
Derivative financial instruments					
Cross currency swap contracts - cash flow and fair value hedges	**(11)**	**-**	**(11)**	**-**	**(11)**
Interest rate swap contracts - cash flow hedges	**(2)**	**-**	**(2)**	**-**	**(2)**
Energy derivatives - economic hedges	**(1,532)**	**(235)**	**(311)**	**(986)**	**(1,532)**
Total financial liabilities	**(1,545)**	**(235)**	**(324)**	**(986)**	**(1,545)**

1. During the period, a $3 million convertible note which was previously classified as Other Equity Instruments at FVOCI was converted into Unlisted Equity Securities.

30 June 2024	Carrying Amount $m	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial assets					
Equity instruments at FVOCI					
Unlisted equity securities	15	-	-	15	15
Unlisted investment funds	11	-	-	11	11
Other	3	-	-	3	3
Derivative financial instruments					-
Cross currency swap contracts - cash flow and fair value hedges	59	-	59	-	59
Interest rate swap contracts - cash flow hedges	89	-	89	-	89
Energy derivatives - economic hedges	1,425	383	291	751	1,425
Total financial assets	1,602	383	439	780	1,602

20. Financial instruments (Continued)

30 June 2024	Carrying Amount $m	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial liabilities					
Derivative financial instruments					
Cross currency swap contracts - cash flow and fair value hedges	(40)	-	(40)	-	(40)
Interest rate swap contracts - cash flow hedges	(1)	-	(1)	-	(1)
Forward foreign exchange contracts - cash flow hedges	(2)	-	(2)	-	(2)
Energy derivatives - economic hedges	(1,672)	(351)	(374)	(947)	(1,672)
Total financial liabilities	(1,715)	(351)	(417)	(947)	(1,715)

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 2024 $m	30 Jun 2024 $m
Opening balance	**(167)**	(324)
Total gains or losses recognised in profit or loss		
Settlements during the year	**(194)**	(194)
Changes in fair value	**126**	373
Premiums	**(16)**	(23)
Purchases	**1**	1
Closing balance	**(250)**	(167)

Fair value gains or losses on energy derivatives are included in other expenses in the line item "Loss/(gain) 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 a $(260) million decrease to Level 3 derivative contract fair values and lower by 10 percent is a $260 million increase to Level 3 derivative contract fair values. 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.

21. Subsequent events

On 28 January 2025, AGL completed the acquisition of 20% investment in Kaluza in the form of preference shares for a consideration of AUD151 million.

Apart from the matter identified above and in the financial statements or notes thereto, there has not been any matter or circumstance that has arisen since 31 December 2024 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 2024

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 2024 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 2024; 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

P. McKenzie

Patricia McKenzie
Chair

12 February 2025

Auditor's Independence Declaration

Deloitte.

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

12 February 2025

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 2024, 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

Deloitte.

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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 2024, 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 to the financial statements, including material accounting policy information 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 2024 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 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Independent Auditor's Review Report

Deloitte.

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

DELOITTE TOUCHE TOHMATSU

H Fortescue	J Jackson
Partner	Partner
Chartered Accountants	Chartered Accountants
Sydney, 12 February 2025	Sydney, 12 February 2025

Corporate Directory

Directory

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