



Part of Energy Queensland

Ergon Energy Queensland Pty Ltd

ABN 11 121 177 802

Annual Financial Report

For the year ended 30 June 2025



Ergon Energy Queensland Pty Ltd

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For the year ended 30 June 2025

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Ergon Energy Queensland Pty Ltd

Directors' Report

For the year ended 30 June 2025

The Directors present their report together with the financial report of Ergon Energy Queensland Pty Ltd ("the Company") for the year ended 30 June 2025 and the auditor's report thereon.

Directors

The names of Directors in office at any time during or since the end of the last financial year end are:

	Date Appointed	Date Ceased
• Peter Scott (Chair)	25 May 2023	n/a
• Jane Nant	26 June 2018	n/a
• Michael Dart	26 November 2021	n/a
• David Malek	27 April 2023	30 August 2024

No Director was appointed to replace David Malek.

Company Secretaries

Jane Nant BA (Hons), LLB (Hons), LLM, Grad Dip ACG, GAICD

Jane was appointed to the role of Company Secretary in May 2017. Jane has over 20 years' experience in senior legal and governance roles, across a number of industries and sectors including local and state government and publicly listed companies. She has over 18 years' experience as a Company Secretary.

Debra Grieve LLB, GAICD

Debra was appointed as an additional Company Secretary in November 2021. Debra has over 20 years' experience in governance roles in the education and arts industries as well as the energy sector including 15 years in company secretary roles.

Principal activities

The principal activity of the Company during the financial year was non-contestable electricity retailing in regional Queensland.

Dividends

A liability for dividends payable is recognised in the financial year in which the dividend is declared. A dividend of \$146.548 million was recognised in the financial statements and is payable on 30 November 2025. A final dividend of \$129.943 million was declared during the 2024 financial year and paid on 30 November 2024.

Operating and financial review

The Company's profit after income tax equivalent expense was \$151.106 million for the year (2024: \$80.919 million).

Revenue from sales of electricity for 2025 is higher when compared to 2024 due to an increase in notified prices as published by the Queensland Competition Authority (QCA). Residential tariff rates increased between three and five percent, whilst rates for small business decreased one percent. Large business tariff rates rose between two and four percent. Overall customer consumption remained constant compared to 2024 energy demand.

Expenses are marginally lower compared to 2024. The increase in Network charges has been partially offset by a reduction in electricity purchases. Despite the occurrence of frequent high spot prices and growing daily periods of negative pricing during periods of high solar output, EEQ's average wholesale electricity cost was lower than 2024. Fair value losses reduced in 2025 with lower volatility in the valuation of electricity derivative contracts.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company during the year.

Significant events after the end of the reporting period

No matters or circumstances have occurred since the end of the financial year which significantly affected or may significantly affect the operations of the Company, or the state of affairs in future financial years.

Likely developments and future results

The Company continues to sell electricity in regional Queensland at the QCA notified prices.

Ergon Energy Queensland Pty Ltd

Directors' Report

For the year ended 30 June 2025

Cost of living energy rebate

Queensland's electricity rebate scheme for vulnerable households will rise by \$14 to \$386 for 2025-26 and will be indexed annually.

The Commonwealth Government has announced all households and eligible businesses will receive up to \$150 in energy bill rebates, which will be applied in two \$75 quarterly instalments from 1 July 2025.

Environmental regulation and performance

The Company's environmental obligations are regulated under Federal, State and Local government laws. All environmental performance obligations are reported monthly, and are from time to time, subject to government agency audits, as well as internal and external audits undertaken as part of fulfilling environmental management requirements to ensure compliance. No environmental breaches occurred during the financial period.

Indemnification and insurance of directors and officers

A policy was held throughout the year to insure all Directors and officers of the Company against liabilities incurred in their capacity as Director and Officer.

Energy Queensland Limited (the parent entity) indemnifies the Directors and Officers of the Company for all liabilities and expenses incurred by the Directors and Officers, arising out of or in connection with their role as a Director or Officer, other than: any liability or expense arising from conduct that was deliberately dishonest, deliberately fraudulent or not in good faith, a liability owed to the Company, or any criminal or pecuniary penalty.

During or since the end of the financial year, the Company has not indemnified or agreed to indemnify an officer or auditor of the company or any related body corporate against a liability incurred as an officer or auditor.

Auditor's independence declaration

The Auditor's independence declaration is set out on page 4 and forms part of the Directors' report for the year ended 30 June 2025.

Rounding

The amounts contained in this report and in the financial statements have been rounded to the nearest thousand dollars unless otherwise stated (where rounding is applicable) under the option available to the company under ASIC Corporations Instrument 2016/191. The company is an entity to which the instrument applies.

Signed in accordance with a resolution of Directors made pursuant to s.298(2) of the *Corporations Act 2001*.



P Scott

Chair

Brisbane

18 August 2025

Ergon Energy Queensland Pty Ltd

Auditor's Independence Declaration

To the Directors of Ergon Energy Queensland Pty Ltd.

This auditor's independence declaration has been provided pursuant to s.307C of *the Corporations Act 2001*.

Independence Declaration

As lead auditor for the audit of Ergon Energy Queensland Pty Ltd for the year ended 30 June 2025, 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 audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.



Martin Luwina

As delegate of the Auditor-General

18 August 2025

Queensland Audit Office

Brisbane

Ergon Energy Queensland Pty Ltd

Statement of Profit or Loss

For the year ended 30 June 2025

In thousands of dollars	Note	2025	2024
Revenue	2	2,555,712	2,461,741
Network charges and electricity purchases	3	1,787,357	1,727,921
Solar photovoltaic feed in tariff		212,705	203,069
Materials and services		69,760	82,607
Depreciation, amortisation and impairments		1,610	11,266
Net impairment losses on financial assets	6	22,681	15,146
Finance costs		493	470
Environmental certificate compliance expenses		118,582	129,818
Fair value losses	3	31,255	106,050
Other expenses		94,937	70,556
Profit/(loss) before income tax equivalent expense/(benefit)		216,332	114,838
Income tax equivalent expense/(benefit)	4	65,226	33,919
Profit/(loss) after income tax equivalent expense/(benefit)		151,106	80,919

Ergon Energy Queensland Pty Ltd

Statement of Comprehensive Income

For the year ended 30 June 2025

In thousands of dollars	Note	2025	2024
Profit after income tax equivalent expense		151,106	80,919
<i>Other comprehensive income</i>			
<i>Items that may be reclassified to the profit or loss</i>			
Movement in cash flow hedge reserve	13	(93,354)	30,366
Deferred income tax relating to cash flow hedge reserve movement		28,006	(9,110)
Other comprehensive income for the financial year, net of tax		(65,348)	21,256
Total comprehensive income		85,758	102,175
Profit attributable to:			
Shareholder of the Company		151,106	80,919
Total comprehensive income attributable to:			
Shareholder of the Company		85,758	102,175

Ergon Energy Queensland Pty Ltd

Statement of Financial Position

As at 30 June 2025

In thousands of dollars	Note	2025	2024
CURRENT ASSETS			
Cash and cash equivalents	5	14,751	20,336
Trade and other receivables	6	871,804	1,298,514
Derivative financial instruments - assets	7	84,187	141,544
Other current assets	14	15,118	25,680
Total current assets		985,860	1,486,074
NON-CURRENT ASSETS			
Property, plant and equipment		1,475	4,369
Intangible assets	15	10,407	9,593
Net deferred tax equivalent asset	16	5,327	-
Derivative financial instruments - assets	7	15,213	66,636
Total non-current assets		32,422	80,598
TOTAL ASSETS		1,018,282	1,566,672
CURRENT LIABILITIES			
Trade and other payables	8	783,658	1,225,360
Interest bearing liabilities	9	11,097	10,509
Derivative financial instruments - liabilities	10	22,975	22,010
Other current liabilities	17	34,541	50,533
Total current liabilities		852,271	1,308,412
NON-CURRENT LIABILITIES			
Derivative financial instruments - liabilities	10	1,265	14,327
Provisions		3,321	2,233
Net deferred tax equivalent liability	16	-	19,484
Total non-current liabilities		4,586	36,044
TOTAL LIABILITIES		856,857	1,344,456
NET ASSETS		161,425	222,216
EQUITY			
Share capital	18	-	-
Hedging reserve		100,496	165,844
Retained earnings		60,929	56,372
TOTAL EQUITY		161,425	222,216

Ergon Energy Queensland Pty Ltd

Statement of Changes in Equity

For the year ended 30 June 2025

In thousands of dollars	Share capital (Note 18)	Hedging reserve	Retained earnings	Total equity
Changes in equity for 2024				
Balance at 1 July 2023	-	144,588	105,396	249,984
Dividends payable	-	-	(129,943)	(129,943)
Total comprehensive income for the financial year	-	21,256	80,919	102,175
Balance at 30 June 2024	-	165,844	56,372	222,216
Changes in equity for 2025				
Dividends payable	-	-	(146,548)	(146,548)
Total comprehensive income for the financial year	-	(65,348)	151,106	85,758
Balance at 30 June 2025	-	100,496	60,929	161,425

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

Ergon Energy Queensland Pty Ltd

Statement of Cash Flows

For the year ended 30 June 2025

In thousands of dollars	Note	2025	2024
Cash flows from operating activities			
Receipts from customers		3,009,451	1,657,555
Receipts for community service obligations		695,969	663,316
Payments to suppliers		(3,581,907)	(2,305,554)
Interest received		3,556	3,549
Interest paid		(493)	(470)
Net cash provided by/(used in) operating activities	5	126,576	18,396
Cash flows from investing activities			
Payments for intangibles and property, plant and equipment		(2,806)	(10,943)
Net cash outflow used in investing activities		(2,806)	(10,943)
Cash flows from financing activities			
Receipt/(Repayment) of repayable deposits		588	(3,194)
Dividends paid		(129,943)	-
Net cash outflow used in financing activities		(129,355)	(3,194)
Net increase/(decrease) in cash and cash equivalents		(5,585)	4,259
Cash and cash equivalents at the beginning of the financial year		20,336	16,077
Cash and cash equivalents at the end of the financial year	5	14,751	20,336

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

Ergon Energy Queensland Pty Ltd

Notes to the Financial Statements

For the year ended 30 June 2025

SECTION 1: Basis of Preparation

Note 1: Basis of preparation

Ergon Energy Queensland Pty Ltd (the Company) is a proprietary company limited by shares and is a company domiciled in Australia.

The Company's registered office and its principal place of business are:

420 Flinders St
Townsville Queensland 4810

The Company is a for-profit entity.

The principal activity of the Company during the financial period was non-contestable electricity retailing in regional Queensland.

The financial statements were authorised for issue by the Directors on 18 August 2025.

The parent entity of the Company is Energy Queensland Limited, which is a Queensland State Government Owned Corporation.

(a) Statement of compliance

The financial statements are a general purpose financial report that have been prepared in accordance with Australian Accounting Standards and Interpretations, requirements of the *Corporations Act 2001*, provisions of the *Government Owned Corporations Act 1993* (the Act), and provisions of the *Corporations Regulations 2001*, and other relevant legislation issued pursuant to the Act.

(b) Basis of preparation

The financial statements are presented in Australian dollars. The amounts contained in the financial statements have been rounded to the nearest thousand dollars unless otherwise stated (where rounding is applicable) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. Furthermore, there are no material uncertainties related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.

Historical cost convention

The financial statements are prepared on the historical cost basis, except for the valuation of certain derivative financial instruments at fair value.

(c) Changes in material accounting policies

There are no new or revised standards effective for the year ended 30 June 2025 which resulted in changes to accounting policies adopted in the Company's financial statements.

(d) Application of new and amended accounting standards and interpretations not yet adopted

The Australian Accounting Standards Board (AASB) has published new or amended accounting standards and interpretations that are not mandatory for the 30 June 2025 reporting period and none of these have been early adopted by the Company. The following assessment includes those amendments which may have some impact on the Company's financial statements:

(i) *AASB 2025-1 Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity*

The standard makes amendments to *AASB 9 Financial Instruments* to include guidance on:

- The application of the 'own-use' exemption on nature dependent power purchase agreements (PPAs); and
- Hedge accounting requirements for purchasers and sellers of PPAs that are classified as derivative financial instruments.

Ergon Energy Queensland Pty Ltd

Notes to the Financial Statements

For the year ended 30 June 2025

Note 1: Basis of preparation (continued)

There are also new disclosure requirements for certain PPAs as the standard amends *AASB7 Financial Instruments: Disclosures*.

The Company has determined that the relevant "own-use" exemption applies as the Company is deemed to be a net purchaser of electricity and uses the generation supplied under these contracts without the requirement to sell back excess into the market.

(ii) AASB 18 Presentation and Disclosure in Financial Statements

AASB 18 replaces AASB 101 *Presentation of Financial Statements* and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations, and income tax categories. Entities are also required to present a newly defined operating profit subtotal.
- Management-defined performance measures are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The new standard is expected to impact presentation only and will not have an impact on the results of the entity.

No other standards or interpretations that are not yet effective are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

(e) Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Judgements and estimates that are material to the financial statements are provided throughout the notes to the financial statements.

Ergon Energy Queensland Pty Ltd

Notes to the Financial Statements

For the year ended 30 June 2025

SECTION 2: Profit or Loss Information

Note 2: Revenue

In thousands of dollars	2025	2024
Revenue from contracts with customers		
Sales revenue – related party	2,230	2,202
Sales revenue	2,535,367	2,438,845
Other revenue	18,115	20,694
Total revenue from contracts with customers	2,555,712	2,461,741
Disaggregation of revenue from contracts with customers – timing of revenue recognition		
Revenue received over time:		
Energy supply charges	2,537,597	2,441,047
Metering charges	4,899	5,653
Generation and energy related services	8,577	11,303
Total revenue received over time	2,551,073	2,458,003
Revenue received at a point in time:		
Fee for service charges	4,639	3,738
Total revenue received at a point in time	4,639	3,738
Total revenue from contracts with customers	2,555,712	2,461,741

Summary of material accounting policies

Performance obligations and revenue recognition policies

Revenue from contracts with customers

Revenue is measured at the fair value of the consideration received or receivable. Revenue recognised for electricity sales is the aggregate of invoices raised, together with the estimated supplied but not yet invoiced energy consumption.

As the energy is simultaneously delivered and consumed by customers, the revenue is recognised over time in accordance with the Company's performance obligations under the contract. Payment terms on invoices to customers are usually 14 business days and the recovery of these receivables is assessed through the impairment review of financial assets which applies the expected credit loss model as described in Note 6.

Sales revenue – related party reflects avoided Transmission Use of Systems (TUOS) charges due to the use of the Barcaldine Generator which is received from a related party and recognised over time based on generation from the plant. Other revenue includes metering service charges to retail customers for the capital cost and ongoing operation and maintenance of their meters. The customer is billed for this service via a fixed daily rate based on QCA notified tariffs for meter services and this revenue is recognised over time. Revenue for generation from the Barcaldine power plant and other energy related services are all recognised over time.

Other revenue also includes fee for service charges (such as callouts, supply enhancement/abolishment, connection asset services and watchman lights) which are recognised at the point in time when the service is provided and billed to the customer.

Ergon Energy Queensland Pty Ltd

Notes to the Financial Statements

For the year ended 30 June 2025

Note 2: Revenue (continued)

Critical accounting estimates and judgements

Unbilled energy sales

Sales revenue accrual estimates are made to account for the unbilled period between the customers last billed meter read and the end of the reporting period. Unbilled energy sales are accrued monthly using historical billing data adjusted for seasonality.

Note 3: Expenses

In thousands of dollars	2025	2024
Profit before income tax equivalent expense includes the following specific expenses:		
<i>Network charges / electricity purchases</i>		
Cost of sales	875,305	944,995
Cost of sales – related party	1,544,752	1,385,941
less Community service obligation	(632,700)	(603,015)
	<u>1,787,357</u>	<u>1,727,921</u>
<i>Fair value losses</i>		
Fair value loss/(gain) on financial instruments at fair value through profit or loss	(16,859)	108,737
Hedge ineffectiveness loss/(gain)	44,631	(2,691)
Fair value losses on energy certificates at fair value through profit or loss	3,483	4
Total fair value losses	<u>31,255</u>	<u>106,050</u>

Summary of material accounting policies

Expenses

Network charges / electricity purchases

Transmission use of system (TUOS) and Generation use of system (GUOS) expenses, electricity purchases and other costs associated with the sale of electricity are recognised as they are incurred.

Network charges are recognised on an accrual basis with the unbilled charges being based on an estimate of the usage of the distribution network.

Electricity purchases are calculated on an accrual basis, recognising the amount of electricity consumed from the National Electricity Market (NEM) multiplied by the relevant pool prices.

Community service obligations offset

Community service obligation (CSO) receipts are recognised as a contra expense against the transmission and distribution charges and electricity purchases as part of the cost of sales. The Company is legally required to charge its franchise retail customers in regional Queensland at notified prices. As a consequence, the tariff revenue collected is below the cost of supplying electricity. A Deed between the Company's parent, Energy Queensland Limited, and the State of Queensland provides for CSO payments to be made by the State of Queensland to Energy Queensland Limited.

Critical accounting estimates and judgements

Unbilled network charges

Unbilled network charges are accrued monthly. The calculation uses historic volumes as well as a consideration of seasonality to estimate the unbilled network charges.

Community Service Obligation

The CSO payments are received in return for compliance with a commitment to state-wide uniform tariffs for franchise customers. From 1 July 2023, the Company's parent, Energy Queensland Limited, entered a two year fixed CSO agreement with the Queensland Government (the State) whereby the compensation is a fixed payment based on forecast revenue and matching costs from electricity sales to franchise customers of the Company with a true-up process undertaken in April of each financial year. This agreement contained a mechanism to allow updating for the 2024/25 CSO forecast. This forecast update was executed as an accompanying agreement on 6 August 2024. The CSO is recognised on an actual consumed basis in the accounts of the Company, with an intercompany receivable from Energy Queensland Limited for that amount.

Ergon Energy Queensland Pty Ltd

Notes to the Financial Statements

For the year ended 30 June 2025

Critical accounting estimates and judgements (continued)

Community Service Obligation (continued)

EQL and Queensland Treasury (Energy Division) reached agreement to implement a single year Community Service Obligation (CSO) deed for the 2025-26 financial year with a true-up mechanism on similar terms to the previous agreement as outlined above.

Note 4: Taxation

In thousands of dollars	2025	2024
(a) Income tax equivalent expense		
Current tax expense/(benefit)	61,896	32,006
Deferred tax expense/(benefit)	3,330	1,913
Income tax equivalent expense/(benefit)	65,226	33,919
Deferred income tax expense included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	10,322	15,261
Increase/(decrease) in deferred tax liabilities	(6,992)	(13,348)
Deferred income tax expense/(benefit) attributable to profit from continuing operations	3,330	1,913
(b) Numerical reconciliation of income tax equivalent expense to prima facie notional tax equivalents payable		
Net profit/(loss) before income tax equivalent expense	216,332	114,838
Prima facie income tax equivalent expense/(benefit) on operating profit/(loss) at 30% (2024: 30%)	64,900	34,451
Provision for rehabilitation treated as non-temporary difference	326	(573)
Non-deductible expense	-	41
Income tax equivalent expense/(benefit)	65,226	33,919
(c) Deferred tax recognised directly in equity		
Hedge accounting of derivatives	(28,006)	9,110
Deferred tax recognised directly in equity	(28,006)	9,110

Summary of material accounting policies for taxation are included at Note 16.

Ergon Energy Queensland Pty Ltd

Notes to the Financial Statements

For the year ended 30 June 2025

SECTION 3: Financial Assets and Liabilities

Financial Assets

Note 5: Cash and cash equivalents

In thousands of dollars	2025	2024
Cash at bank and on hand	14,751	20,336
Total cash and cash equivalents	14,751	20,336
Reconciliation of profit/(loss) after income tax equivalent expense/(benefit) to the net cash flows provided by operating activities		
Profit/(loss) after income tax equivalent expense	151,106	80,919
Non-cash flows in profit from ordinary activities		
Depreciation, amortisation and impairments	24,292	26,412
Fair value loss/(gain) on financial instruments	31,255	106,050
Income tax equivalent expense/(benefit)	65,226	33,919
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	404,028	(842,125)
(Increase)/decrease in other assets	(17,365)	(135,134)
(Decrease)/increase in trade and other payables	(523,599)	745,495
(Decrease)/increase in provisions and other liabilities	(11,563)	1,115
(Decrease)/increase in deferred tax liabilities	3,196	1,745
Net cash flow provided by/(used in) operating activities	126,576	18,396

Summary of material accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise cash balances. Carrying value approximates fair value. They are highly liquid and have a maturity of three months or less at date of acquisition.

Ergon Energy Queensland Pty Ltd

Notes to the Financial Statements

For the year ended 30 June 2025

Note 6: Trade and other receivables

In thousands of dollars	2025	2024
Current		
Trade receivables	236,544	270,375
Trade receivables – related parties ¹	507,266	869,792
Accrual for unread meters	62,524	133,379
Provision for impaired receivables	(39,727)	(31,647)
	766,607	1,241,899
Hedge receivable	98,487	50,230
Other receivables	6,710	6,385
Total current trade and other receivables	871,804	1,298,514

⁽¹⁾ Refer to Note 11(e) for funding arrangements with the parent entity which assist with the Company's short-term cash management and working capital requirements.

The fair value of all receivable amounts is consistent with the carrying value.

Impaired receivables

In thousands of dollars	2025	2025	2024	2024
Ageing of impaired receivables	Gross	Impaired	Gross	Impaired
Unbilled revenues	62,524	-	133,379	-
Current receivables not overdue	49,744	46	60,322	62
Less than one month overdue	45,183	1,304	48,228	1,588
One to two months overdue	18,559	1,782	22,923	3,690
Two to three months overdue	16,790	2,944	15,785	5,033
Over three months overdue	65,331	33,651	39,991	21,274
	258,131	39,727	320,628	31,647

In thousands of dollars	2025	2024
Movements in the provision for impaired receivables are as follows:		
Carrying amount at the beginning of the financial year	31,647	25,813
Provision for impairment recognised during the financial year	22,681	15,147
Receivables written off during the financial year as uncollectible	(14,601)	(9,313)
Carrying amount at the end of the financial year	39,727	31,647

The recognition and reversal of the provision for impaired receivables are included in "Net impairment losses on financial assets" in the Statement of Profit or Loss. Amounts charged to the provision are generally written off when there is no expectation of recovery.

Ergon Energy Queensland Pty Ltd

Notes to the Financial Statements

For the year ended 30 June 2025

Note 6: Trade and other receivables (continued)

Summary of material accounting policies

Trade and other receivables

Trade and other receivables

Trade and other receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest rate method, less an allowance for impairment.

The impairment model prescribed by AASB 9 *Financial Instruments* applies to the Company's trade receivables and contract assets as these are measured at amortised cost. The impairment provision is based on expected credit losses resulting from all possible default events over the expected life of the financial instrument, with consideration of the credit risk of a financial asset and the impact of changing economic factors.

A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable is impaired. The recoverable amount is discounted at the effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of the discounting is immaterial.

The impairment percentages applied have been determined based on historical experience, then re-assessed with regard to current conditions and reasonable forecasts of future events and economic conditions. The additional analysis to consider future events and economic conditions which impact retail and commercial customers includes tariff changes and regulatory intervention. The regulatory intervention considered was in the form of AER Policy reviews on payment difficulty protections as well as stricter policies on disconnections.

The Company assisted customers experiencing financial hardship, with payment support options, hardship arrangements and government concessions.

Further disclosures in relation to credit risk are provided in note 11(a).

Unread meters

Unbilled energy sales are accrued monthly using historical billing data. This is then used to calculate the estimated energy usage to the end of the accrual month. Unbilled electricity revenue is not collectible until such time as customers' metered consumption is ascertained and bills issued.

Note 7: Derivative financial instruments - assets

In thousands of dollars	2025	2024
Current		
Electricity derivative contracts – fair value through the profit or loss	11,938	10,943
Electricity derivative contracts – Cash Flow Hedges	72,249	130,601
Total current derivative financial instruments – assets	84,187	141,544
Non-Current		
Electricity derivative contracts – fair value through the profit or loss	167	5,527
Electricity derivative contracts – Cash Flow Hedges	15,046	61,109
Total non-current derivative financial instruments - assets	15,213	66,636

Changes in the fair values of financial instruments at fair value through profit or loss are recorded in fair value gains/(losses) in the Statement of Profit or Loss. Material accounting policies and critical accounting estimates and assumptions for financial instruments and hedge accounting are disclosed in notes 12 and 13.

Ergon Energy Queensland Pty Ltd

Notes to the Financial Statements

For the year ended 30 June 2025

Financial Liabilities

Note 8: Trade and other payables

In thousands of dollars	2025	2024
Current		
Trade payables and accruals	113,494	78,765
Trade payables – related party	297,729	207,558
Dividends payable	146,548	129,943
Electricity hedges payable	2,268	10,654
Other payables and accruals	223,619	798,440
Total current payables	783,658	1,225,360

Summary of material accounting policies

Trade and other payables

Trade and other payables are initially recognised at the fair value of the legal obligation to pay cash and subsequently at amortised cost. Trade payables include an amount payable to Ergon Energy Corporation Limited for monthly network charges. The network charges are settled by the Company on approximately the 21st day of the following month. No interest is incurred on outstanding invoices for network charges. The Company has financial risk management policies in place to ensure that all payables are paid within the agreed credit terms. Further disclosures in relation to liquidity risk are provided in note 11(d).

A liability for dividends payable is recognised in the financial year in which the dividend is declared. The Board declared a final dividend equal to 100% of the Company's profit after income tax equivalent expense, adjusted for material non-cash items. As a result, a dividend of \$146.548 million is recognised in the financial statements. This dividend is payable on 30 November 2025. A final dividend of \$129.943 million was declared during the 2024 financial year and paid on 30 November 2024.

Note 9: Interest bearing liabilities

In thousands of dollars	2025	2024
Current		
<i>Unsecured liabilities</i>		
Customer security deposits	11,097	10,509
Total current interest bearing liabilities	11,097	10,509

Reconciliation of movements of liabilities to cash flows arising from financing activities

In thousands of dollars	2024	Financing cash flows ⁽¹⁾	2025
Customer security deposits	10,509	588	11,097
	2023		2024
Customer security deposits	13,703	(3,194)	10,509

⁽¹⁾ The cash flows make up the receipt/(repayment) of repayable deposits in the Statement of Cash Flows.

Summary of material accounting policies

Customer security deposits

Customer security deposits are initially recognised at fair value of the legal obligation to pay cash and subsequently at amortised cost. Customer security deposits include security deposits received by the Company in relation to electricity supply to certain customers. Interest on the deposits is calculated daily and is credited to the customers' accounts every 90 days. Security deposits plus capitalised interest are refunded to customers after qualifying conditions are met or when the account is finalised.

Ergon Energy Queensland Pty Ltd

Notes to the Financial Statements

For the year ended 30 June 2025

Note 10: Derivative financial instruments - liabilities

In thousands of dollars	2025	2024
Current		
Electricity derivative contracts – fair value through the profit or loss	5,993	7,080
Electricity derivative contracts – Cash Flow Hedges	16,982	14,930
Total current financial instruments – liabilities	22,975	22,010
Non-Current		
Electricity derivative contracts – fair value through the profit or loss	69	14,087
Electricity derivative contracts – Cash Flow Hedges	1,196	240
Total non-current financial instruments - liabilities	1,265	14,327

Changes in fair values of financial liabilities at fair value through profit or loss are recorded in fair value gains/(losses) in the Statement of Profit or Loss. Material accounting policies and critical estimates and judgements for financial instruments and hedge accounting are disclosed in notes 12 and 13.

Financial Risk Factors Additional Disclosures

Note 11: Financial risk management

The Company has policies and procedures in place to manage the financial risks associated with its operating activities. Exposure to credit, interest rate, price and liquidity risks arises in the normal course of the Company's business. Derivative financial instruments are used to manage exposure to fluctuations in electricity prices.

The financial risks faced by the Company are managed in accordance with the Energy Queensland Treasury Policy and the Energy Commodity Risk Management Policy and Manual.

(a) Credit risk

Credit risk arises from the potential failure of counterparties to meet their obligations under the respective contracts at or before maturity.

The Company manages its credit risks by maintaining appropriate credit review processes. The concentration of credit risk to retail customers is minimised due to transactions being with a large number of retail customers and limiting credit to any individual customer.

Where appropriate, collateral in the form of a cash deposit is obtained from customers as a means of mitigating the risk of financial loss from defaults. At the end of the financial year, the Company held collateral of \$11.097 million (2024: \$10.509 million) from retail customers. Bank guarantees of \$0.569 million were also held on behalf of retail customers as at 30 June 2025 (2024: \$0.755 million).

The Company manages its credit settlement risk associated with Over-The-Counter (OTC) electricity market hedging by following the credit risk management guidelines in the Energy Commodity Risk Management Policy and Manual. Credit settlement risk is managed by maintaining approved counterparty credit limits. The values of counterparty credit limits are determined by reference to each counterparty's credit rating, as determined by a recognised credit rating agency or, if the counterparty does not have a credit rating, by reference to the results of a detailed credit analysis. Where considered appropriate, the Company requires wholesale counterparties to provide appropriate letters of credit or bank guarantees. A total of \$3.000 million in bank guarantees from wholesale OTC counterparties was held at 30 June 2025 (2024: \$3.475 million).

Ergon Energy Queensland Pty Ltd

Notes to the Financial Statements

For the year ended 30 June 2025

Note 11: Financial risk management (continued)

(a) Credit risk (continued)

The Company trades with wholesale counterparties, principally large banks and other electricity corporations. In order to meet its liabilities under the Renewable Energy Target Scheme and the Small Scale Renewable Energy Scheme, the Company also trades with non-wholesale market entities.

At the balance date, concentrations of credit risk in wholesale OTC counterparties were as disclosed below.

Concentrations of credit risk that arise from OTC derivative instruments exist for groups of counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Concentrations of OTC counterparty credit risk are indicated in the following table by the percentage of the total estimated worst case future loss from counterparties in the specified categories as measured by the Company's internal wholesale credit exposure model:

Counterparty classification	2025	2024
Queensland Government-owned electricity entities	94%	94%
Entities with a credit rating AA*	-%	1%
Entities with a credit rating A*	3%	1%
Entities with a credit rating BBB*	-%	1%
Other entities	3%	3%

*Standard & Poor's or equivalent

The above credit risk exposure does not take into account the value of any collateral or security. Receivables due from major counterparties are monitored regularly.

(b) Interest rate risk

Floating interest rate borrowings expose the Company to interest rate cash flow risk.

The Company has access to same day funds through short term borrowings from the parent company via the EQL Group's Treasury Management Agreement.

In accordance with the EQL Group Treasury Policy no interest is charged on monies shared between the EQL Group entities that are captured by the Treasury Management Agreement. Refer to note 11(e) for more on the Treasury Management Agreement.

All inter-company cash management arrangements are governed by the Treasury Management Agreement.

Other liabilities exposing the Company to interest rate risk include the repayable deposits (floating interest rate exposure).

Sensitivity Analysis

At 30 June 2025, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the Company's net profit and equity would increase or decrease by \$0.037 million (2024: \$0.098 million).

The following table indicates the effective interest rates on the Company's financial assets and liabilities at the end of the reporting period:

Ergon Energy Queensland Pty Ltd

Notes to the Financial Statements

For the year ended 30 June 2025

Note 11: Financial risk management (continued)

(b) Interest rate risk (continued)

	Note	Floating interest rate \$'000	Weighted average interest rate %
2025			
Financial assets			
Cash and cash equivalents	5	14,751	4.50
Financial liabilities			
Customer security deposits	9	11,097	4.60
2024			
Financial assets			
Cash and cash equivalents	5	20,336	4.79
Financial liabilities			
Customer security deposits	9	10,509	4.75

(c) Price risk

Electricity

Electricity price risk is the risk of an adverse financial outcome resulting from a change in the price of electricity in the NEM. This can be a change in the electricity pool price or a change in the forward price of electricity. Exposures mainly arise from positions in wholesale contracts (electricity derivatives), franchise load or power purchase agreements (PPAs). Wholesale contracts relating to franchise load are generally dealt over a period of less than three years. PPAs are measured up to the end of the contract.

To manage retail price risk, the Company established an Energy Commodity Risk Management Policy which is implemented through the Energy Commodity Risk Management Manual. The policy provides a framework for managing risks arising from the energy purchasing activities of the Company. The manual includes a market price risk exposure limit framework, monitoring and reporting requirements and review requirements.

The Company uses derivative financial instruments to manage its electricity price risk, consumer variable volume risk and cash flow risk by hedging exposure to pool price fluctuations. The hedge contracts are designated against the forecast mass-market electricity load. The electricity derivative portfolio consists predominantly of swaps, caps and option contract types. Caps and option contracts are valued at fair value through profit or loss. Hedge accounting is employed for swaps with unrealised gains and losses recognised in other comprehensive income and hedge ineffectiveness recognised in the profit or loss. Refer to note 13 for further information regarding the application of hedge accounting.

Sensitivity Analysis

The following table details the Company's sensitivity to a 20% (2024: 20%) increase and decrease in the electricity forward price with all other variables held constant. Analysis of underlying forward price volatility is used as an indicator of potential forward price movement. Under the assumption that there will be no events causing significant step changes in the market, management have determined that 20% is considered a reasonably possible price movement.

In thousands of dollars	2025	2024	2025	2024
Electricity forward prices:	+ 20%	+ 20%	- 20%	- 20%
Profit / (loss) before tax	30,908	59,420	(34,360)	(66,576)
Hedging reserve	215,822	219,814	(212,522)	(213,183)
Equity	246,730	279,234	(246,882)	(279,759)

Ergon Energy Queensland Pty Ltd

Notes to the Financial Statements

For the year ended 30 June 2025

Note 11: Financial risk management (continued)

(c) Price risk (continued)

Movements in forward prices impact the hedge reserve for effective hedges, with the fair value movement being deferred to the reserve until the underlying transaction is realised. Changes in electricity forward prices would not have an impact on future profitability or the margin associated with these transactions as the instruments hedge the cash flows of the underlying transactions.

A derivative financial instrument could lead to profits and losses across different measurement periods depending on the forward price at measurement date. These instruments remain valid economic hedges and the financial impact on settlement will be partially offset by trading margins associated with electricity sales to customers at the time of settlement.

Refer to note 12 and 13 for additional information in relation to material accounting policies for financial instruments and hedge accounting.

Large-scale generation certificates (LGC)

LGC price risk is the risk of an adverse outcome resulting from a change in the current or forward price of LGCs.

The Company holds LGCs to meet its annual compliance obligations under the *Renewable Energy (Electricity) Act 2000* and National Green Power Accreditation Program. A separate portfolio of LGCs is held for trading purposes.

LGCs held for compliance purposes are carried at lower of cost or net realisable value whilst LGCs held for trading are carried at fair value. The LGC compliance obligation liability is carried at lower of cost or net realisable value with shortfalls recognised at market price as a proxy for cost.

LGC entitlements under PPAs are held in the compliance portfolio and carried at cost or net realisable value.

Price and volume risk is managed under the Energy Commodity Risk Management Policy and Manual referred to above.

Sensitivity Analysis

The following table details the Company's sensitivity to a 20% increase and a 20% decrease (2024: 0% increase and a 0% decrease) in the price of LGCs with all other variables held constant.

In thousands of dollars	2025	2024	2025	2024
LGCs	+20%	+0%	- 20%	- 0%
Profit / (loss) before tax	771	-	(771)	-
Equity	771	-	(771)	-

Small-scale technology certificates (STC)

STC price risk is the risk of an adverse outcome resulting from a change in the current or forward price of STCs.

The Company holds STCs to meet its annual compliance obligations under the *Renewable Energy (Electricity) Act 2000*. All STCs are held in a trading portfolio and can be used for compliance or trading purposes. STCs held for compliance or for trading are carried at fair value. The STC compliance obligation liability is carried at fair value.

Price and volume risk is managed under the Energy Commodity Risk Management Policy and Manual referred to above.

Sensitivity Analysis

The following table details the Company's sensitivity to a 3% increase and a 20% decrease (2024: 3% increase and a 20% decrease) in the price of STCs with all other variables held constant.

In thousands of dollars	2025	2024	2025	2024
STCs	+ 3%¹	+ 3%¹	- 20%	- 20%
Profit / (loss) before tax	8	21	(618)	(1,654)
Equity	8	21	(618)	(1,654)

⁽¹⁾ The sensitivity increase of 3% (2024: 3%) for the upper limit aligns to the Government cap on STCs of \$40 (2024: \$40).

Ergon Energy Queensland Pty Ltd

Notes to the Financial Statements

For the year ended 30 June 2025

Note 11: Financial risk management (continued)

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions. A Treasury Management Agreement is in place with the parent entity which enables the sharing of monies between EQL Group entities and access to a \$700.000 million (2024: \$700.000 million) Working Capital Facility held with QTC.

The Queensland Treasury Corporation (QTC) is the approved Eligible Provider for the purposes of the Company's Australian Financial Services Licence and required to provide funding on written demand when requested by the Company pursuant to an approved Eligible Undertaking. The QTC has provided an eligible undertaking for \$400.000 million (2024: \$400.000 million).

Where the Company enters into contracts external to the regulated market, such contracts are transacted within the terms of the Energy Commodity Risk Management Policy and Manual which provides a framework for monitoring and limiting exposures.

Liquidity risk may increase in the event of unexpected high market volatility and may result in a large margin call being required for settlement.

The tables below disclose the Company's financial liabilities, including derivative financial instruments, into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are contractual, undiscounted cash flows. For options contracts, the undiscounted cash flow represents the future premium payable. The maturities of derivative financial instruments are calculated on the basis that derivatives will be settled on a gross basis.

In thousands of dollars	Less than 1 year	1 to 5 years	Total contractual cashflows	Carrying amount
At 30 June 2025				
Financial liabilities				
Electricity derivative contracts	50,228	22,439	72,667	24,240
Large-scale generation certificates	1,550	5,560	7,110	3,460
Trade and Other Payables	783,658	-	783,658	783,658
Customer security deposits	11,097	-	11,097	11,097
Total financial liabilities	846,533	27,999	874,532	822,455

At 30 June 2024

Financial liabilities

Electricity derivative contracts	55,010	26,915	81,925	36,338
Trade and Other Payables	1,225,360	-	1,225,360	1,225,360
Customer security deposits	10,509	-	10,509	10,509
Total financial liabilities	1,290,879	26,915	1,317,794	1,272,207

(e) Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern. The capital structure of the Company consists of equity, comprising issued capital and retained earnings. The Company has access to same day funds through short term borrowings from the parent company via the Group's Treasury Management Agreement.

Ergon Energy Queensland Pty Ltd

Notes to the Financial Statements

For the year ended 30 June 2025

Note 11: Financial risk management (continued)

(e) Capital management (continued)

Pursuant to the Treasury Management Agreement, the parent company is responsible for providing central treasury management services for the EQL Group, including the administration of debt and cash management facilities with the Queensland Treasury Corporation. This agreement enables the sharing of monies between EQL Group entities.

Operating cash flows are used to settle the routine outflows of operating expenditure and dividends. Funding via the Treasury Management Agreement is available from the parent entity to meet the Company's additional short-term cash management and working capital requirements.

Note 12: Fair values of financial assets and liabilities

The fair value of a financial asset or a financial liability is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

a) Fair value measurements

The Company discloses fair value measurements by level according to the following fair value measurement hierarchy:

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1),
- (ii) 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 2), and
- (iii) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Company's assets and liabilities measured and recognised at fair value.

In thousands of dollars	Level 1	Level 2	Level 3	Total
2025				
Assets				
Electricity derivative contracts	4,405	80,203	14,792	99,400
Large-scale generation certificates held for trading	-	360	-	360
Small-scale technology certificates held for trading	-	13,245	-	13,245
	4,405	93,808	14,792	113,005
Liabilities				
Electricity derivative contracts	4,926	315	18,999	24,240
Large-scale generation certificates held for trading	-	3,460	-	3,460
	4,926	3,775	18,999	27,700
2024				
Assets				
Electricity derivative contracts	15,194	175,493	17,493	208,180
Large-scale generation certificates held for trading	-	1,415	-	1,415
Small-scale technology certificates held for trading	-	23,660	-	23,660
	15,194	200,568	17,493	233,255
Liabilities				
Electricity derivative contracts	10,293	2,505	23,540	36,338
	10,293	2,505	23,540	36,338

Ergon Energy Queensland Pty Ltd

Notes to the Financial Statements

For the year ended 30 June 2025

Note 12: Fair values of financial assets and liabilities (continued)

b) Reconciliation of Level 3 fair value measurements

The following table reconciles the movements of the Company's assets and liabilities in Level 3 of its fair value measurements hierarchy:

In thousands of dollars	Electricity derivative contracts	Total
2025		
Assets		
Opening balance	17,493	17,493
Settlements	(13,286)	(13,286)
Movement recognised in Statement of Profit or Loss ¹	4,696	4,696
Movement in other comprehensive income ²	5,889	5,889
Closing balance	14,792	14,792
Liabilities		
Opening balance	(23,539)	(23,539)
Purchases	-	-
Settlements	7,691	7,691
Movement recognised in Statement of Profit or Loss ¹	364	364
Movement in other comprehensive income ²	(3,513)	(3,513)
Closing balance	(18,997)	(18,997)
2024		
Assets		
Opening balance	34,993	34,993
Settlements	843	843
Movement recognised in Statement of Profit or Loss ¹	(754)	(754)
Movement in other comprehensive income ²	(17,589)	(17,589)
Closing balance	17,493	17,493
Liabilities		
Opening balance	(110,292)	(110,292)
Settlements	191,201	191,201
Movement recognised in Statement of Profit or Loss ¹	(19,487)	(19,487)
Movement in other comprehensive income ²	(84,961)	(84,961)
Closing balance	(23,539)	(23,539)

⁽¹⁾Recognised in the Fair value losses line in the Statement of Profit or Loss

⁽²⁾Recognised in the Movement in cash flow hedge reserve in other comprehensive income

c) Transfers between level 2 and 3

Transfers between hierarchy levels are expected to occur when there is a change in the observability of a pricing input, or a change in valuation technique. During 2025 there were no transfers of electricity derivatives between Level 2 and Level 3 (2024: nil).

Ergon Energy Queensland Pty Ltd

Notes to the Financial Statements

For the year ended 30 June 2025

Note 12: Fair values of financial assets and liabilities (continued)

d) Valuation policies and procedures, and changes in valuation techniques

The Company has an established control framework with respect to the measurement of fair values of financial instruments. The Retail Commercial Services team has the responsibility for overseeing financial asset and liability fair value measurements, including level 3 fair values, and reports to the Executive General Manager Retail. Contracts are valued using a combination of data sources including current trades executed by the Company, the Australian Securities Exchange (ASX), ICAP Plc (ICAP), TFS Australia Pty Ltd (TFS) and other market intelligence. The Company trades frequently in these instruments and has sufficient market information to reliably measure the values of these contracts in accordance with the requirements of Australian Accounting Standards.

The Company has updated the inputs used to profile the electricity forward curve across trading intervals to determine the fair value of Over-The-Counter swaps. The adopted valuation methodology combines the historical electricity pool price shape with an electricity pool price forecast to determine the characteristics and shape of the electricity forward curve. The ratio of historical and forecast electricity pool prices into the blended methodology is determined by the Company and is assessed for reasonableness on an ongoing basis. During the 2025 financial year, the Company adjusted the ratio of historical and forecast electricity pool prices into the blended methodology to equal weighting as opposed to the previous input ratio which was more heavily weighted towards the pool price forecast.

(i) Methods and assumptions used in determining fair value of financial assets and liabilities

The Company currently has the following classes of financial instruments that are measured at fair value through profit or loss. These are: electricity hedges (which include swaps, caps and swaptions), large-scale generation certificates (LGCs) and small-scale technology certificates (STCs).

Type	Methods and assumptions
Swaps ¹	Over-The-Counter swaps are valued using broker quoted forward curves. A profiling methodology is applied to derive the Over-The-Counter trading interval level forward curve, using a combination of historical and forecast electricity pool prices. Exchange traded swaps are valued using the Exchange quoted prices.
Caps	\$300 Exchange traded caps are valued using the Exchange quoted prices. Over-The-Counter caps (e.g., \$300 or \$500 caps) are valued using a mean reversion jump diffusion model incorporating historical pool price outcomes and broker provided cap curves.
Swaptions	Over-The-Counter swaptions are valued applying a Black Scholes 76 methodology incorporating broker quoted forward curves. Volatility is calculated based on market implied volatility. Exchange traded swaptions are valued applying the fair value on the exchange.
Large-scale generation certificates (LGCs)	LGC positions which are held for trading are valued using a curve derived from externally sourced broker quotes.
Small-scale technology certificates (STCs)	STC positions which are held for trading are valued using a curve derived from externally sourced broker quotes. Where positions are held in periods beyond the curve, the curve is extended accordingly.

⁽¹⁾ A separate valuation approach for Fixed Multiplier Floating Rate Swaps has been adopted by the Company. These swaps involve the Company paying a price equal to the average of a financial year flat forward price during a future averaging period multiplied by a fixed rate multiplier (Fixed Multiplier). The separate valuation approach has been adopted as there is no observable market price to assess the fair value of the Fixed Multiplier component of these swap contracts. This valuation approach adjusts the day one electricity forward curve used for valuation purposes by a percent scaler to align the day one value to the market value. The future market value movement of the Fixed Multiplier against the adjusted electricity forward curve will be recognised as an unrealised gain or loss in the Statement of Profit and Loss.

Ergon Energy Queensland Pty Ltd

Notes to the Financial Statements

For the year ended 30 June 2025

Note 12: Fair values of financial assets and liabilities (continued)

(ii) Fair value valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter relationship between significant unobservable inputs and fair value measurement
Electricity hedges	The curve is sourced through broker quoted forward curves. A profiling methodology is applied to derive the OTC trading interval level forward curve. A combination of the historical and forecast electricity pool price is used to determine the forward curve profile.	For Fixed Multiplier Floating Rate Swaps, as there is no observable market price for the multiplier component, the valuation methodology derives an estimate of the multiplier from the current forward curve to adjust fair value. The forecast electricity pool price input, and blended ratio of historical to forecast electricity pool price inputs are unobservable as they are determined by Company management.	A change in OTC trading interval level price may lead to higher or lower fair value. A 10% increase in the historical electricity pool price weighting in the blended profiling ratio would decrease the estimated fair value of the derivative instruments by approximately \$11.222 million.

(iii) Master netting or similar agreements

The Company enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances, e.g., when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated. The termination value is assessed and only a single net amount is payable in settlement of all transactions.

The ISDA agreements do not meet the criteria for offsetting in the Statement of Financial Position. This is because the Company does not have an enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default or other credit events.

Ergon Energy Queensland Pty Ltd

Notes to the Financial Statements

For the year ended 30 June 2025

Note 12: Fair values of financial assets and liabilities (continued)

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

In thousands of dollars	Gross amounts of financial instruments in the Statement of Financial Position	Related financial instruments that are not offset	Net amount
2025			
Financial assets			
Electricity derivative contracts	99,400	(23,757)	75,643
Financial liabilities			
Electricity derivative contracts	(24,240)	23,757	(483)
2024			
Financial assets			
Electricity derivative contracts	208,180	(35,291)	172,889
Financial liabilities			
Electricity derivative contracts	(36,337)	35,291	(1,046)

Summary of material accounting policies

Financial instruments

Financial instruments held or issued for hedging franchise load are classified as derivative financial instruments and are recognised at fair value at the date that a derivative contract is entered into (trade date) and is subsequently measured at fair value at each reporting date. A positive revaluation amount is reported as an asset and a negative revaluation amount is reported as a liability. The resulting gain or loss is recognised in the Statement of Profit or Loss immediately, with the exception of cash flow hedges designated for hedge accounting where unrealised gains and losses are deferred in the cash flow hedge reserve. Any ineffective portion of hedge accounted instruments is recognised directly in the Statement of Profit or loss. Refer to note 13 for further information related to hedge accounting disclosures and material accounting policies.

Critical accounting estimates and judgements

Electricity financial instruments measured at fair value.

The Company enters into electricity financial instruments and determines the fair value of these instruments, which includes swaps and options (including caps and swaptions) using market based valuation methods. It takes into account the conditions existing at balance date and has used its judgement in the following areas:

- future price and volume estimation using in-house and off-the-shelf valuation models;
- discounting to the present value for the time value of money; and
- option volatility.

Ergon Energy Queensland Pty Ltd

Notes to the Financial Statements

For the year ended 30 June 2025

Note 13: Hedge accounting

Cash flow hedges

Cash flow hedges are used by the Company to hedge the energy commodity risk arising through its retail operations.

The Company undertakes derivative transactions to hedge the price of electricity it purchases over a three-year period within a set of Gross Margin at Risk limits. The Company principally uses energy swaps and options (including caps and swaptions) to protect against price fluctuations. Hedge accounting is employed only for swap contracts. These derivative instruments may meet the requirements for hedge accounting. The eligible hedge contracts are valued at fair value and the resultant gains or losses that effectively hedge the designated risk exposures are deferred to the cash flow hedge reserve. Any hedge ineffectiveness on designated contracts or fair value movements on hedge contracts not designated for hedge accounting are recognised in the Statement of Profit or Loss. Changes in hedge effectiveness are predominantly driven by changes in energy load forecasts.

The inherent variability in the volume of electricity purchased by customers and dispatched from generators means that actual purchase requirements and sales volume can vary from the forecasts. The forecasts are updated for significant changes in underlying conditions and where this leads to a reduction in the forecast below the aggregate notional volume of hedge instruments in the relevant periods impacted, the affected hedging instruments are de-designated and the accumulated gain or loss which has been recognised in the hedge reserve is recognised directly in the Statement of Profit or Loss as the underlying forecast purchase or sale transactions are no longer expected to occur.

During the year ended 30 June 2025, \$0.523 million gains (2024: \$0.300 million gains) were reclassified to the Statement of Profit or Loss due to the hedges no longer being designated as hedging instruments and the underlying forecast transaction no longer being highly probable to occur as originally forecast.

Where an effective hedging instrument is closed out and the underlying forecast transaction remains highly probable to occur as originally forecast, the hedge contract is de-designated and any accumulated gain or loss which has been recognised in the hedge reserve is deferred to the reserve. As at year ended 30 June 2025, \$14.753 million gains (2024: \$8.400 million gains) remain in cash flow hedge reserve due to de-designation and all underlying forecast transactions remain highly probable to occur.

Gains and losses recognised in the hedge reserve in the Statement of Comprehensive Income on electricity derivatives at the end of the reporting period will be released to the profit or loss in the period in which the underlying purchase or sale transactions are recognised.

(i) *Nominal amount of electricity hedges outstanding*

As at 30 June 2025, the average notional amount of electricity hedges outstanding over the next 3 years from FY 2026 to FY 2028 is approximately 3 TWh (Terawatt hours) at an average strike rate of \$120 per MWh (2024: average notional amount outstanding over the next 3 years from FY 2025 to FY 2027 of 3 TWh at an average strike rate of \$104 per MWh).

(ii) *Fair value of financial instruments designated as hedging instruments*

The following table sets out the fair value of electricity hedges which meet the criteria for hedge accounting. The material accounting policies applied to the valuation of electricity derivatives is outlined below:

In thousands of dollars	Note	2025	2024
Financial Assets: Cash flow hedges - electricity derivatives	7	87,295	191,710
Financial Liabilities: Cash flow hedges – electricity derivatives	10	(18,178)	(15,170)

Ergon Energy Queensland Pty Ltd

Notes to the Financial Statements

For the year ended 30 June 2025

Note 13: Hedge accounting (continued)

(iii) *The impact of hedging instruments designated in hedge relationships is as follows:*

In thousands of dollars	2025	2024
Statement of Profit or Loss:		
Cash flow hedge ineffectiveness gains/(losses) recognised in Fair value gains/(losses)	(18,920)	27,586
Statement of Comprehensive Income:		
Pre-tax cash flow hedge reserve (CFHR)		
Opening balance	236,921	206,554
The effective portion recognised in CFHR (pre-tax)	130,969	52,899
Transfer from CFHR to electricity purchases	(223,800)	(22,277)
Reclassification from CFHR to Fair value gains/(losses)	(523)	(256)
Net movement in CFHR	(93,354)	30,366
Closing balance (pre-tax)	143,567	236,920

(iv) *The table below outlines the impact of applying hedge accounting for the electricity hedges:*

In thousands of dollars	2025	2024
Electricity Price Risk:		
Changes in value of hedge instrument	108,432	183,477
Changes in value of hedge item	76,063	199,320
Cash flow hedge reserve	143,567	236,921

Ergon Energy Queensland Pty Ltd

Notes to the Financial Statements

For the year ended 30 June 2025

Note 13: Hedge accounting (continued)

Summary of material accounting policies

Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value on the date they are entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as hedges of a particular cash flow risk associated with a recognised asset, liability or highly probable forecast transaction.

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 12. Movements of the hedging reserve in shareholders' equity are shown in the statement of other comprehensive income. The fair values of hedging derivatives are classified as current or non-current based on maturity except for exchange traded derivatives which are classified as current.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit or Loss. Amounts accumulated in equity are transferred to the Statement of Profit or Loss in the periods when the hedged item affects Statement of Profit or Loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the eligibility criteria for hedge accounting, hedge accounting is discontinued and any changes in the instrument's fair value which have been deferred to the cash flow hedge reserve (CFHR) is immediately transferred to the Statement of Profit or Loss if the underlying forecast transaction is not expected to occur. In the event that a hedging position is closed out or sold and the underlying forecast transaction is still expected to occur, any fair value movement deferred to the CFHR will remain in the reserve and will be transferred to the statement of profit and loss when the forecast transaction ultimately occurs.

An ineligible hedge may arise where the derivative financial instrument is hedging more than the forecast load. As such there is no relationship between the hedging instrument and the hedged item for hedge accounting purposes. In this instance, the fair value movement in the derivative instrument relating to the excess portion of forecast load is recognised in the Statement of Profit or Loss, i.e., classified as fair value through profit or loss. If the forecast for load subsequently increases such that the derivative instrument becomes hedged against the forecast load, then the instrument will be designated as an eligible hedge for hedge accounting purposes from that point and any subsequent movement in the fair value will be recognised in the CFHR. Any fair value movement that has been recognised in the Statement of Profit or Loss up to the date of designation (referred to as the inception value) remains in the Statement of Profit or Loss.

Certain derivative financial instruments do not qualify for hedge accounting, despite being valid economic hedges of the relevant risk. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised immediately in the Statement of Profit or Loss, i.e., classified as fair value through profit or loss.

Refer to note 12 for additional information in relation to material accounting policies for financial instruments.

Ergon Energy Queensland Pty Ltd

Notes to the Financial Statements

For the year ended 30 June 2025

SECTION 4: Operating Assets and Liabilities

Other Operating Assets

Note 14: Other assets

In thousands of dollars	2025	2024
Current		
Energy certificates – at cost	5,042	9,960
Energy certificates – at fair value	10,076	15,720
Total current other assets	15,118	25,680

Summary of material accounting policies

Energy certificates

Renewable energy certificates are classified into two certificate types, Large-scale generation certificates (LGCs) and Small-scale technology certificates (STCs).

LGCs held for trading purposes are measured at fair value at the end of the financial year, adjusted for known market variables with changes in fair value recognised in the Statement of Profit or Loss. LGCs are valued using a combination of data sources including trades executed by the Company, ICAP, TFS and other market intelligence. The Company has sufficient market information to reliably measure the value of these certificates in accordance with the requirements of Australian Accounting Standards.

LGCs used solely to satisfy retail sales commitments and surrender obligations are measured at lower of cost or realisable value.

STCs are measured at fair value at the end of the financial year, with changes in fair value recognised in the Statement of Profit or Loss. STCs are valued at the market price on the measurement date.

Critical accounting estimates and assumptions

Energy certificates – at fair value

Like financial instruments measured at fair value, energy certificates held for trading are measured at fair value. The Company determines the fair value of these certificates using market based valuation methods as outlined in note 12. The Company takes into account the conditions existing at balance date and uses its judgement in determining the fair value.

Ergon Energy Queensland Pty Ltd

Notes to the Financial Statements

For the year ended 30 June 2025

Note 15: Intangible assets

In thousands of dollars	2025	2024
Software - at cost	29,891	32,489
Less: accumulated amortisation and impairment	(19,637)	(28,565)
	10,254	3,924
Work in progress – at cost	153	5,669
Total intangible assets	10,407	9,593

Reconciliations of the carrying amounts for each class of intangible assets are set out below:

Year ended 30 June 2025	Software \$000	Work in progress \$000	Totals \$000
Gross carrying amount at start of financial year	32,489	5,669	38,158
Accumulated amortisation at start of financial year	(28,565)	-	(28,565)
Carrying amount at start of financial year	3,924	5,669	9,593
Additions	-	2,225	2,225
Transfer from work in progress	7,741	(7,741)	-
Amortisation expense	(1,411)	-	(1,411)
Carrying amount at end of financial year	10,254	153	10,407

Year ended 30 June 2024	Software \$000	Other Intangibles \$000	Work in progress \$000	Totals \$000
Gross carrying amount at start of financial year	56,603	21,482	2,010	80,095
Accumulated amortisation at start of financial year	(45,737)	(21,482)	-	(67,219)
Carrying amount at start of financial year	10,866	-	2,010	12,876
Additions	-	-	7,789	7,789
Transfer from work in progress	4,130	-	(4,130)	-
Amortisation expense	(11,072)	-	-	(11,072)
Carrying amount at end of financial year	3,924	-	5,669	9,593

Summary of material accounting policies

Intangible assets

Internally generated assets including software, expenditure on research and development

Internally generated intangible assets are measured at historical cost less accumulated amortisation and accumulated impairment losses.

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge or understanding, is recognised in the Statement of Profit or Loss when incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of a new or substantially improved product and process, is capitalised if the product or process is technically and commercially feasible, the Company has sufficient resources to complete development and it can reliably measure the expenditure attributable to the intangible asset during its development.

Ergon Energy Queensland Pty Ltd

Notes to the Financial Statements

For the year ended 30 June 2025

Note 15: Intangible assets (continued)

Summary of material accounting policies (continued)

Software as a Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Company with the right to access the cloud provider's application software over the contract period. The Company does not receive a software intangible asset at the contract commencement date. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Costs incurred for the development of software code that enhances or modifies, or creates additional capability to existing on-premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets as outlined above in the intangible assets accounting policy note. Licenced software and any configuration and customisation costs of that software, which is placed into a private cloud hosted environment and is controlled by the Company is also recognised as an intangible asset with ongoing support agreements recognised as operating expenses when the services are received.

Amortisation

The cost of an intangible asset is amortised on a straight-line basis over the estimated useful life of the asset. The estimated useful lives vary from 3 to 5 years (2024: 3 to 5 years).

Impairment of assets

All assets which are depreciated or amortised are reviewed for events or changes in circumstances that may indicate that the carrying amount may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

No impairment losses were recognised during the financial year.

Ergon Energy Queensland Pty Ltd

Notes to the Financial Statements

For the year ended 30 June 2025

Note 16: Net deferred tax equivalent assets/(liabilities)

In thousands of dollars	2025	2024
Deferred tax equivalent assets:		
The balance comprises temporary differences attributable to:		
<i>Amounts recognised in the Statement of Profit or Loss:</i>		
Provisions/accruals	24,576	27,672
Derivatives	(651)	2,404
Other	5	118
	23,930	30,194
Amounts recognised directly in equity:		
Hedge accounting of derivatives	6,985	5,479
	6,985	5,479
Deferred tax equivalent assets	30,915	35,673
Deferred tax equivalent liabilities:		
The balance comprises temporary differences attributable to:		
<i>Amounts recognised in the Statement of Profit or Loss:</i>		
Property, plant and equipment	(2,432)	(3,676)
Derivatives	(20,948)	(16,397)
Other	(1,087)	(1,325)
	(24,467)	(21,398)
Amounts recognised directly in equity:		
Hedge accounting of derivatives	50,055	76,555
	50,055	76,555
Deferred tax equivalent liabilities	25,588	55,157
Net deferred tax equivalent asset/(liability):		
Deferred tax equivalent assets	30,915	35,673
Deferred tax equivalent liabilities	(25,588)	(55,157)
Net deferred tax equivalent asset/(liability)	5,327	(19,484)

Ergon Energy Queensland Pty Ltd

Notes to the Financial Statements

For the year ended 30 June 2025

Note 16: Net deferred tax equivalent assets/(liabilities) (continued)

Summary of material accounting policies

Income tax

(i) Tax equivalents

The Company is part of a tax consolidated group that is subject to the National Tax Equivalents Regime (NTER). The NTER broadly utilises the provisions of the *Income Tax Assessment Act 1936*, the *Income Tax Assessment Act 1997* and associated legislation, the NTER Manual as well as Rulings and other pronouncements by the Australian Tax Office (ATO), in order to determine the tax payable by the head entity of the tax consolidated group.

(ii) Current tax equivalents payable/receivable

Consistent with the requirements of Australian Accounting Standards Board (AASB) Interpretation 1052 *Disaggregated Disclosures*, as the Company is a member of a tax consolidated group, the current tax equivalents payable/(receivable) is recognised in the accounts of the head entity, Energy Queensland Limited. The balance assumed by the head entity is recognised as an amount payable/(receivable) to the Company in conjunction with the tax funding arrangement (refer below).

Notional current tax equivalents payable is recognised as current tax expense.

(iii) Deferred tax equivalent assets and liabilities

Deferred tax equivalent assets (DTAs) and liabilities (DTLs) are deductible or taxable temporary differences and unused tax losses and tax credits recognised using tax rates enacted or substantively enacted as at the reporting date. Temporary differences are differences between the carrying amount of an asset and liability for financial reporting purposes and their tax bases. Tax bases are determined based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities.

DTAs are recognised only to the extent that it is probable that future taxable amounts will be available against which the asset can be utilised.

Movements in DTA and DTL balances are recognised as deferred tax equivalent expenses, except to the extent they relate to:

- Items recognised directly in equity, in which case that portion is recognised in equity; and
- DTAs and DTLs are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority.

(iv) Income tax equivalent expense

Income tax equivalent expense for the reporting period consists of current tax expense and deferred tax expense.

(v) Tax consolidation

The Company is a wholly-owned subsidiary within a tax consolidated group with Energy Queensland Limited, which is the head entity.

Current tax expense/benefit, DTAs and DTLs arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial accounts of the members of the tax consolidated group using the group allocation approach based on the allocation specified in the tax funding agreement.

The tax funding agreement requires a notional current and deferred tax equivalents calculation for each entity as if it were a taxpayer in its own right, except that distributions made and received within the tax consolidated group are treated as having no tax consequences.

The head entity recognises DTAs arising from unused tax losses and tax credits of the members of the tax consolidated group to the extent that it is probable that future taxable profits of the tax consolidated group will be available against which the asset can be utilised. The recognised tax losses are available indefinitely for offsetting against the future taxable profits subject to the satisfaction of certain loss recoupment rules.

(vi) Nature of tax funding arrangement and tax sharing agreements

All members of the tax consolidated group have entered into a tax funding arrangement which sets out the tax funding obligations for each member. The tax funding arrangements require payments to or from the head entity equal to the notional current tax equivalents liability or asset assumed by the head entity and any notional tax loss or tax credit deferred tax asset assumed by the head entity, resulting in the Company recognising an inter-entity payable or receivable equal in amount to the notional tax equivalents liability or asset assumed.

Contributions to fund the notional current tax equivalents liabilities are payable as per the tax funding arrangement.

Ergon Energy Queensland Pty Ltd

Notes to the Financial Statements

For the year ended 30 June 2025

Note 16: Net deferred tax equivalent assets/(liabilities) (continued)

All members of the tax consolidated group have also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax equivalents liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement, as the probability of payment of any amounts under the tax sharing agreement is considered remote.

(vii) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position for the Company.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows, arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Commitments are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Other Operating Liabilities

Note 17: Other liabilities

In thousands of dollars	2025	2024
Current		
Environmental certificate acquittal	34,446	50,439
Provision for security deposit interest	95	94
Total current other liabilities	34,541	50,533

Summary of material accounting policies

Environmental certificate acquittal

The Company is subject to legislation requiring the surrender of energy certificates to the relevant Government body as outlined below. These are recognised as an Other liability and valued at amortised cost.

Large-scale generation certificates (LGCs)

Certificates are created by the *Renewable Energy (Electricity) Act 2000* which must be surrendered to the Clean Energy Regulator (CER). Each year, the Company must surrender a certain number of LGCs to the CER dependent on the amount of electricity it sells.

Small-scale technology certificates (STCs)

Certificates are established under the *Small-scale Renewable Energy Scheme* (SRES) which creates a financial incentive for owners to install eligible systems which are entitled to a certain number of STCs based on the amount of renewable electricity the system generates, stores or displaces. STCs can be exchanged on the open STC Market or through the STC Clearing House. The SRES places a legal liability on electricity retailers to purchase a certain amount of STCs each year. STCs must be surrendered on a quarterly basis.

Ergon Energy Queensland Pty Ltd

Notes to the Financial Statements

For the year ended 30 June 2025

SECTION 5: Capital Structure

Note 18: Share capital

100 fully paid ordinary shares totalling \$100 (2024: \$100) carry one vote per share and carry the rights to dividends. The shares have no par value. There were no changes in share capital during the year.

SECTION 6: Other Notes

Note 19: Contingent assets and liabilities

(a) Guarantees issued

In order to participate in the electricity market, the Company is required to deliver acceptable security as collateral to the Australian Energy Market Operator for its obligations to counterparties in the Electricity Market arising as a consequence of normal trading. Security, in the form of payment guarantees totalling \$145.000 million (2024: \$150.000 million) has been issued by QTC to AEMO. EQL provides QTC with a Counter Indemnity up to the value of \$150.000 million (2024: \$150.000 million) in respect of this guarantee.

In order to participate in the Electricity Market, the Company is required to hold an Australian Financial Services Licence for which QTC provides the required Eligible Undertaking to the value of \$400.000 million (2024: \$400.000 million). EQL provides QTC with a Counter Indemnity up to the value of \$400.000 million (2024: \$400.000 million) in respect of the eligible undertaking.

In March 2024, the Company entered the AEMO Gas Supply Hub to be able to purchase gas directly on the wholesale market to supply the Barcaldine Power Station. To be able to enter the wholesale market, security, in the form of payment guarantees totalling \$0.500 million (2024: \$0.250 million), has been issued by QTC to the AEMO. A bank guarantee was also issued for \$20 thousand to cover the Gas Transportation Agreement to Barcaldine.

(b) Guarantees held

The Company holds bank guarantees from customers totalling \$0.569 million (2024: \$0.755 million) as security to cover their obligations arising from purchase of electricity. There is \$3.000 million in guarantees held with trading counterparties (2024: \$3.475 million).

Summary of material accounting policies

Contingent assets and liabilities

Except for contingent liabilities acquired on an acquisition of a business, contingent assets and liabilities are not recognised in the financial statements. They are, however, disclosed in the notes to the financial statements, where appropriate.

Ergon Energy Queensland Pty Ltd

Notes to the Financial Statements

For the year ended 30 June 2025

Note 20: Key management personnel disclosures

(a) Names, positions and terms of Directors

Directors of the Company as at 30 June 2025:		Appointment start date	Appointment expiry date
Peter Scott	Chair and Executive Director	25 May 2023	Ongoing
Jane Nant	Executive Director	26 June 2018	Ongoing
Michael Dart	Executive Director	26 November 2021	Ongoing

(b) Compensation - Directors

As the executive Directors are all Officers of the Company's parent entity, Energy Queensland Limited, they were not remunerated by the Company for their role as Directors.

(c) Compensation – Executives

The key management personnel of the Company are employed by the parent entity and no extra compensation is received.

(d) Transactions with related parties of key management personnel

Key management personnel of the Company and its related parties, or their related parties, conduct transactions with the Company on terms and conditions no more favourable than those available, or which might reasonably be expected to be available for similar transactions to non-related entities on an arm's length basis.

Ergon Energy Queensland Pty Ltd

Notes to the Financial Statements

For the year ended 30 June 2025

Note 21: Related party transactions

(a) Transactions with the parent entity and wholly owned group

The parent entity provided business management, financial and corporate services and customer care administration services (including retail products and services administration) to the Company. The total cost of these services during the year was \$109,398,202 (2024: \$102,849,686). All services were undertaken on normal commercial terms and conditions.

Transactions with and amounts due and receivable from related parties in the wholly owned group are as set out in the respective notes to the financial statements.

(b) Controlling entities

The Australian parent entity is Energy Queensland Limited, which is a Queensland State Government Owned Corporation.

(c) Transactions with State of Queensland controlled entities

The Company transacts with other State of Queensland controlled entities. All transactions are negotiated on terms equivalent to those that prevail in arm's length transactions.

The value of these related party transactions and balances, as reported in the Statement of Financial Position and Statement of Profit or Loss, are disclosed below:

In dollars	2025	2024
Revenue		
Revenue from State of Queensland controlled entities	102,804,983	85,175,954
Pensioner rebate and grant revenue from Department of Child Safety, Seniors and Disability Services	281,618,340	484,939,252
Electricity trading with State of Queensland controlled entities	81,519,621	(171,123,109)
Expenses		
Community service obligations offset received from parent entity	(632,699,512)	(603,014,682)
QTC fees for guarantees	286,137	298,534
Assets		
Trade receivables with State of Queensland controlled entities	17,433,426	9,426,783
Electricity trading with State of Queensland controlled entities	45,030,115	4,283,556
Liabilities		
Cost of living Rebate received from Department of Treaty, Aboriginal and Torres Strait Islander Partnerships to be passed on to customers	-	664,332,500

No security has been obtained or provided for the above assets and liabilities. Settlement is in Australian dollars.

Ergon Energy Queensland Pty Ltd

Notes to the Financial Statements

For the year ended 30 June 2025

Note 22: Auditor's remuneration

In dollars	2025	2024
Remuneration for audit of the financial reports of the Company:		
Auditor-General of Queensland		
<i>Audit services</i>		
Audit of the financial report	389,788	344,212
	389,788	344,212

No non-audit services were performed by the Auditor-General.

Note 23: Events after reporting date

No events of a material nature have occurred since the end of the financial year that significantly affected or may significantly affect the operations of the Company.

Ergon Energy Queensland Pty Ltd

Directors' declaration

In the Directors' opinion:

1. The financial statements and associated notes, set out on pages 5 to 41
 - (i) Comply with Australian Accounting Standards and Interpretations;
 - (ii) Are in accordance with the *Corporations Act 2001*; and
 - (iii) Give a true and fair view of the financial position of the Company as at 30 June 2025 and of its performance for the year ended on that date.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Made in accordance with a resolution by the Directors.



P Scott

Chair

Brisbane

18 August 2025

INDEPENDENT AUDITOR'S REPORT

To the Members of Ergon Energy Queensland Pty Ltd

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Ergon Energy Queensland Pty Ltd (EEQ or the company).

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

In my opinion, the accompanying financial report is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the company's financial position as at 30 June 2025, and its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the Corporations Regulation 2001.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of my report.

I am independent of the company in accordance with 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

I am also independent of the entity in accordance with the auditor independence requirements of the *Corporations Act 2001*, and 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 report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. I addressed these matters in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Measurement of derivative financial instruments assets (\$99.4m), derivative financial instruments liabilities (\$24.2m) and designation of hedging instruments

Refer to notes 7, 10, 12 and 13 in the financial report.

Key audit matter	How my audit procedures addressed this key audit matter
<p>The fair value measurement of EEQ's derivative financial instruments is inherently complex.</p> <p>Key factors contributing to this complexity include the use of internal financial models and judgement to estimate key inputs due to the absence of observable market data for some assumptions.</p>	<p>I engaged an auditor's expert to assist me in:</p> <ul style="list-style-type: none"> obtaining an understanding of the valuation techniques and financial models used, and assessing their design, integrity and appropriateness with reference to common industry practices and requirements of accounting standards challenging management assumptions used in the valuation process and assessing the reasonableness of inputs and valuation techniques based on an assessment using knowledge and experience, and an understanding of industry-specific factors for a sample of derivative instruments, testing the reasonableness of the valuation calculations by agreeing key terms to supporting documents and counterparty confirmations, and recalculating the fair values based on an understanding of generally accepted valuation practices. <p>In assessing the work of the auditor's expert, I:</p> <ul style="list-style-type: none"> evaluated the qualifications, competence, capabilities, and objectivity of the auditor's expert assessed the nature, scope and objectives of the work completed by the auditor's expert evaluated the findings and conclusions for relevance, reasonableness and consistency with other audit evidence obtained.

Key audit matter	How my audit procedures addressed this key audit matter
<p>EEQ's application of hedge accounting is complex due to:</p> <ul style="list-style-type: none"> the specific requirements of AASB 9 <i>Financial Instruments</i> for an effective hedge relationship and deferral of fair value gains and losses to the cash flow hedge reserve judgements required in assessing EEQ's forecast load to support hedge relationships use of an internally developed system to administer and account for hedge relationships. 	<p>With the assistance of an expert, my procedures included, but were not limited to:</p> <ul style="list-style-type: none"> assessing the company's hedge accounting process including exercise of management judgement in complying with the specific requirements of AASB 9 and testing the qualifying criteria for an effective hedge relationship and methodology to calculate hedge effectiveness evaluating the scope, competency and objectivity of the company's external experts involved in the design, implementation and operation of the hedge accounting system and by examining the work performed, their professional qualifications and experience for cash flow hedges, assessing the reasonableness of forecast information used to support the highly probable criterion required for an effective hedge relationship testing the reconciliation of the cash flow hedge reserve, and presentation of gains and losses in the income statement validating the appropriateness of disclosures in the financial statements. <p>In assessing the work of an auditor's expert, I:</p> <ul style="list-style-type: none"> evaluated the qualifications, competence, capabilities and objectivity of the auditor's expert assessed the nature, scope and objectives of the work completed for appropriateness evaluated the findings and conclusions for relevance, reasonableness and consistency with other audit evidence obtained.

Measurement of accrual for unread meters (\$62.5m and forms part of \$871.8m)

Refer to note 6 in the financial report.

Key audit matter	How my audit procedures addressed this key audit matter
The complex unbilled revenue and accrual for network charges calculation involved significant judgements for estimating the unread meter usage at balance date. In making this estimate, EEQ based the calculation on a model that used historical billing data and purchase load to create a seasonally adjusted periodical profile.	<p>I have:</p> <ul style="list-style-type: none"> obtained an understanding of the modelling approach and assessed the appropriateness of its design evaluated the design and implementation of relevant information and technology system controls validated the inputs used, including historical consumption and retail billing data, purchase load and tariff rates, to relevant source data verified the mathematical accuracy of key sections of the unbilled revenue model developed an estimate of the unbilled sales revenue at year-end and compared our estimate to EEQ management's estimate validated the appropriateness of disclosures in the financial statements.

Other information

Those charged with governance are responsible for the other information.

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

At the date of this auditor's report, the available other information in EEQ's financial statements for the year ended 30 June 2025 was the directors' report.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

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

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Responsibilities of the company directors for the financial report

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

The company's directors are also responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

A further description of my responsibilities for the audit of the financial report is located at the *Auditing and Assurance Standards Board* website at:

https://www.auasb.gov.au/auditors_responsibilities/ar6.pdf

mluwinga

19 August 2025

Martin Luwinga
as delegate of the Auditor-General

Queensland Audit Office
Brisbane