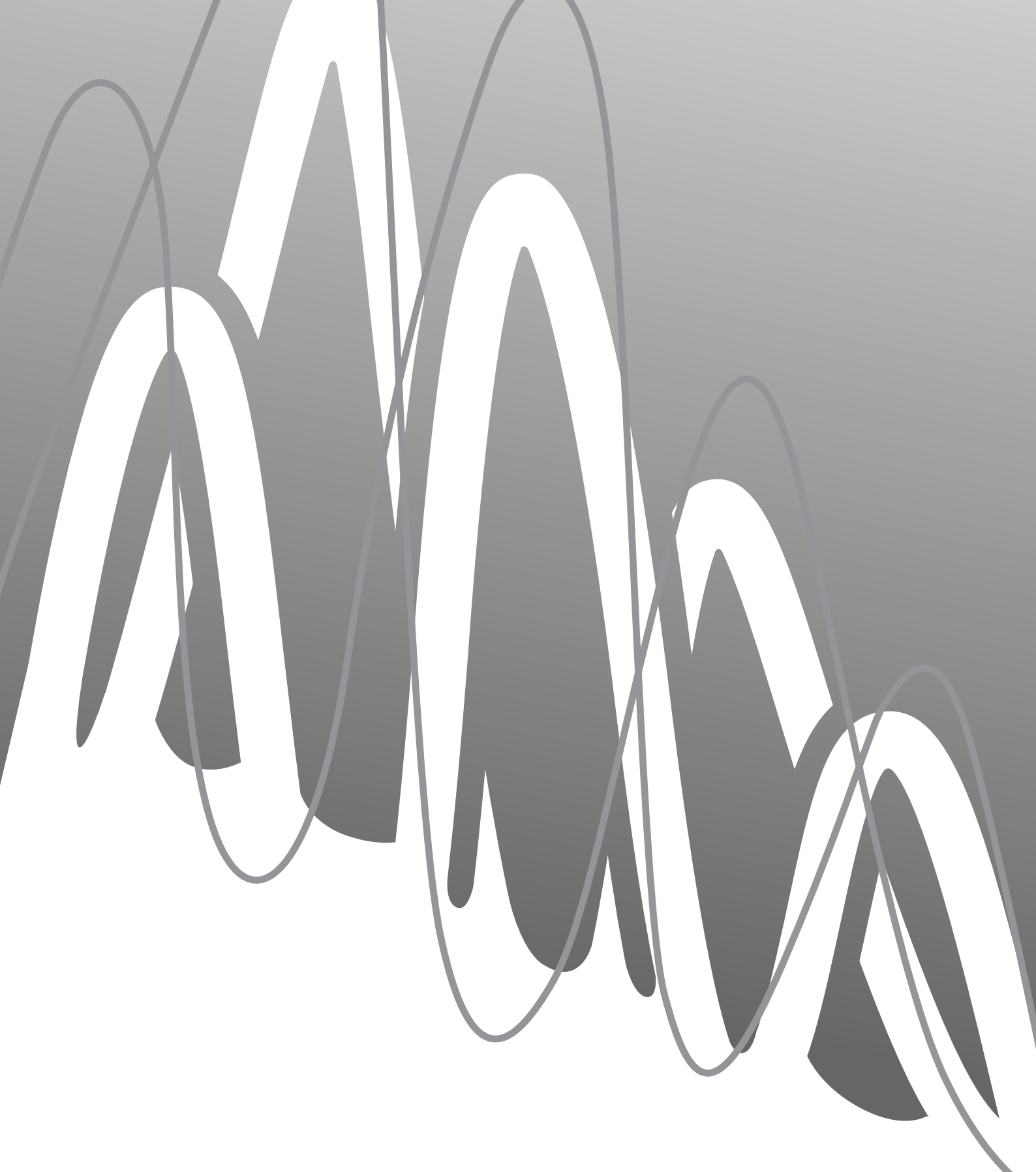




Annual Report 2025–26

About this report

This Annual Report summarises Energy Queensland Limited's (Energy Queensland) financial and non-financial performance for the year ended 30 June 2026.

It covers performance outcomes across the Energy Queensland Group's operating companies: Ergon Energy Corporation Limited, Energex Limited, Ergon Energy Queensland Pty Ltd and Yurika Pty Ltd.

The report addresses the key social, environmental and economic sustainability matters identified through our third materiality assessment in 2025. It also includes our first Climate Statement, introduced as part of our sustainability reporting requirements.

This Annual Report has been prepared to meet Energy Queensland's annual reporting obligations under applicable legislation, including the *Government Owned Corporations Act 1993* (Qld), the *Corporations Act 2001* (Cth), the *Financial Accountability Act 2009* (Qld), and the climate-related financial reporting requirements introduced by the *Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Act 2024* (Cth).

This Annual Report is tabled in Queensland Parliament with the Energy Queensland Limited Statement of Corporate Intent 2025–26 and the Ergon Energy Queensland Pty Ltd Annual Financial Report. All three documents are published on the Energy Queensland website.

Further information referred to throughout this report is available on the following websites:

- www.energyq.com.au
- www.ergon.com.au
- www.energex.com.au

For feedback or hard copy requests, contact community@energyq.com.au

Acknowledgement of Country

Energy Queensland acknowledges the Traditional Custodians of the lands on which we live and work, and recognises their continuing connection to land, waters and community. We pay respect to Elders past and present.

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About Us

Energy Queensland strives to deliver safe, reliable and affordable electricity to communities across Queensland.

We work with customers, communities and industry partners to help shape a sustainable energy future, so Queenslanders can use energy their way.

As Australia's largest, wholly government-owned electricity company, the Energy Queensland Group includes Ergon Energy Network (Ergon Network), Energex, Ergon Energy Retail (Ergon Retail) and Yurika.

We bring together more than 100 years of experience in electricity retailing, distribution, generation and energy services.

Our shareholding Ministers are the Treasurer, Minister for Energy and Minister for Home Ownership, and the Minister for Finance, Trade, Employment and Training.

Our purpose

We energise Queensland.

Our values

WE'RE SAFE

We prioritise the physical safety and mental wellbeing of our people, customers, and communities

WE BELONG

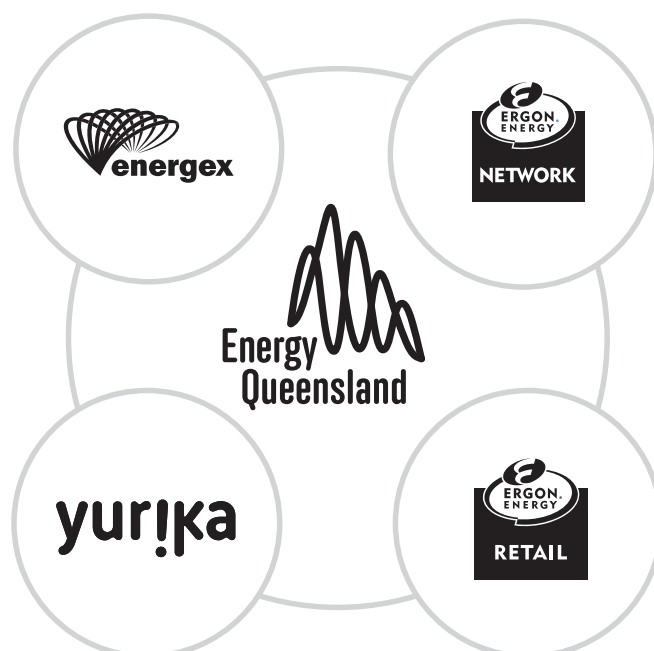
We embrace diversity, empower all to excel, and unite to become stronger together

WE GROW

We foster both personal growth for collective success and innovation to build Queensland's energy future

WE DELIVER

We deliver on personal commitments to build our shared achievements



Ergon Network and Energex

Ergon Network and Energex, our 'poles and wires' businesses, build, operate and maintain more than 200,000 kilometres of electricity distribution network, delivering power across Queensland.

We also own and operate 33 isolated networks outside the national grid, supplying electricity to 39 remote communities across Western Queensland, the Gulf of Carpentaria, Cape York, the Torres Strait, and Palm and Mornington islands.

Ergon Retail

Ergon Retail, our retail business, buys electricity from generators and sells it to customers across regional Queensland. By customer numbers, we are the fourth largest retailer in the National Electricity Market (NEM).

Ergon Retail charges the Queensland Government's notified prices, set by the Queensland Competition Authority (QCA). These prices are subsidised under the Uniform Tariff Policy so, wherever possible, similar customers pay the same for electricity regardless of where they live in Queensland.

Ergon Retail also owns the network-connected Barcaldine Power Station.

Yurika

Yurika, our non-regulated business, provides integrated energy and infrastructure solutions for electricity networks and solar, wind and battery projects, as well as telecommunications, metering and other products that help connect our customers to a sustainable, reliable energy future.

Our core service area

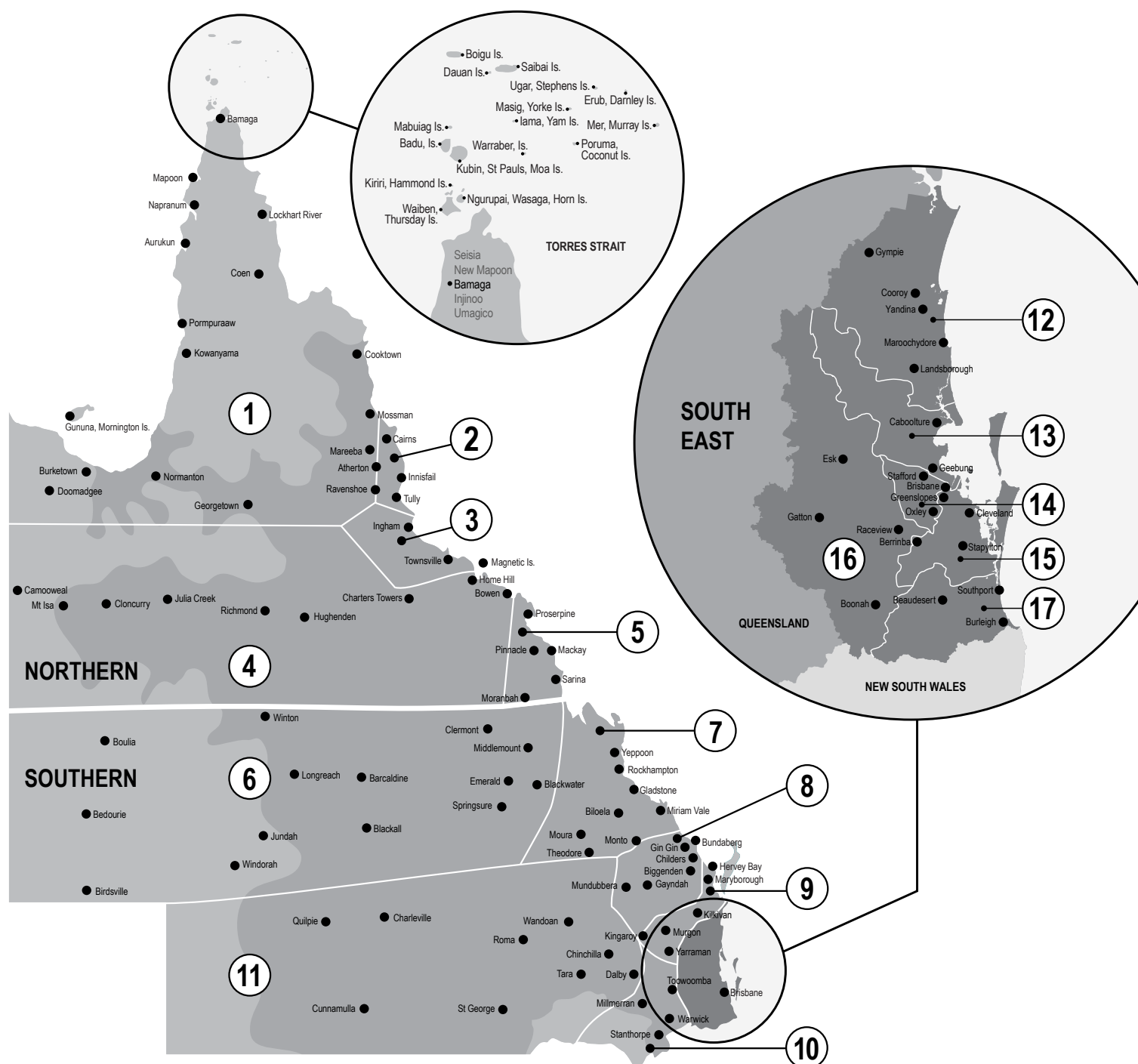
We operate from the Tweed River to the Torres Strait and from Brisbane to Birdsville, with 17 service areas and 117 depots and offices across Queensland.

- Regional network – Ergon Energy Network
- Isolated supply – Ergon Energy Network
- Ergon Energy Retail
- South East Network – Energex
- Depot locations

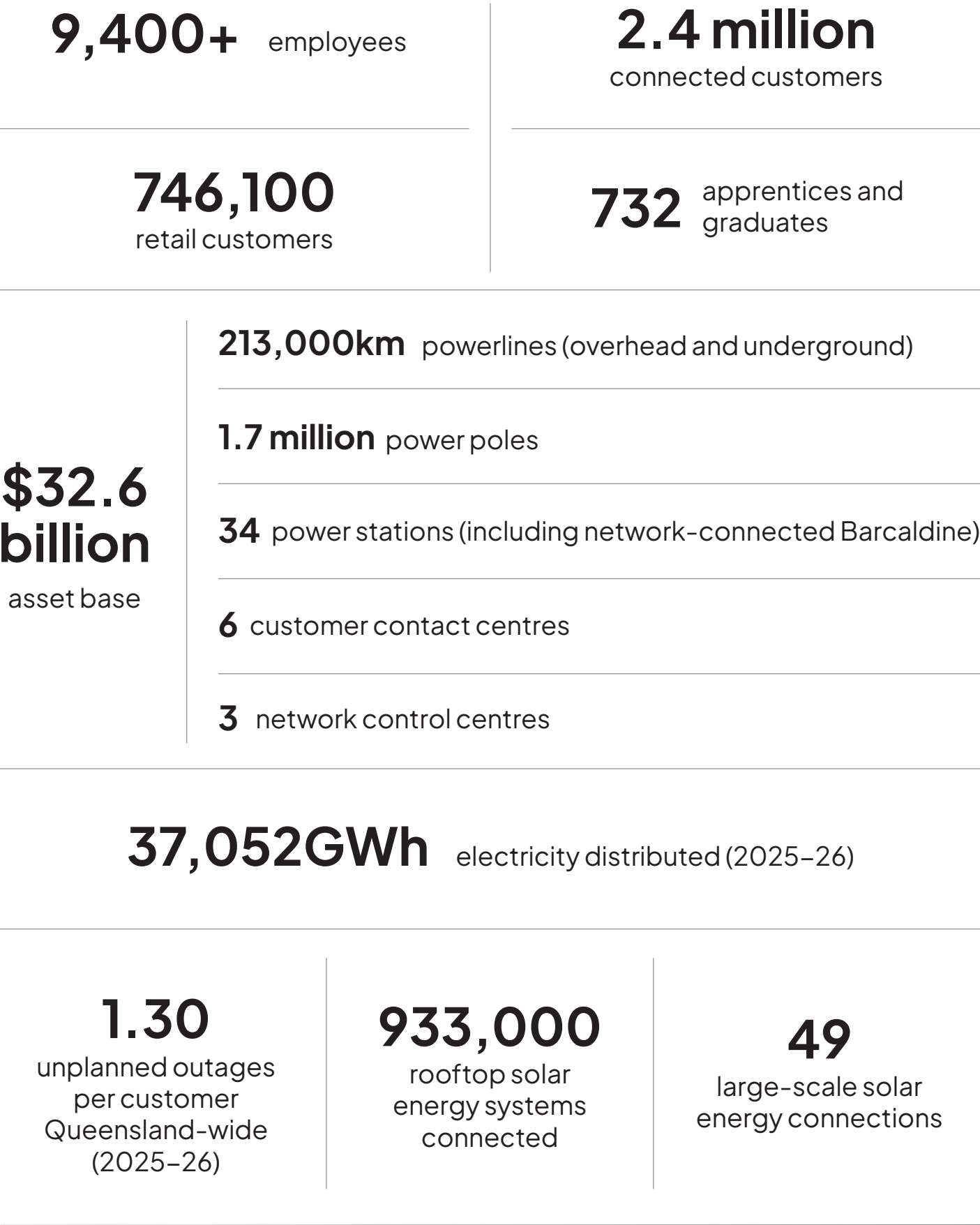
- 1 Far North
- 2 Tropical Coast
- 3 Herbert
- 4 Flinders
- 5 Pioneer
- 6 Central West

- 7 Capricornia
- 8 Bundaberg Burnett
- 9 Fraser Burnett
- 10 Darling Downs
- 11 South West
- 12 Sunshine Coast

- 13 Brisbane North
- 14 Brisbane Central
- 15 Brisbane South
- 16 Ipswich Lockyer
- 17 Gold Coast



Our numbers



Chair and CEO's Message

Against a backdrop of major weather events, cost pressures and increasing demands on the electricity system, we remained focused on delivering safe, reliable and affordable electricity while supporting the state's growth and changing energy needs.

Our people remain central to this effort. The summer storm season once again challenged communities across the state while demonstrating the strength of our networks, systems and operational capability. Throughout our response efforts, our crews and support teams worked with care, professionalism and urgency to restore power as quickly and safely as conditions allowed – often in difficult and changing circumstances.

Keeping our people and communities safe remained our highest priority during the year. The Group's safety performance improved, with our Significant Incident Frequency Rate reducing by half. While further work is needed to address the safety risks our people face, the year's results reflect the organisation-wide commitment to ensuring everyone returns home safely every day. This is especially important as we train the next generation, with the Group currently skilling up a record 666 apprentices.

We also made progress across many other areas important to our customers, the state's economic growth and the Queensland Government's priorities. On-time delivery of customer projects improved significantly, despite the increasing number and complexity of connection requests. Through improved connection processes and closer collaboration, we are helping customers connect more easily and sooner, supporting housing and development, and enabling critical infrastructure. This places us well to deliver on our role in powering the Brisbane 2032 Olympic and Paralympic Games.

This focus on customers, communities and growth shaped how we invested in the network and emerging technologies during the year.

"We're operating in a complex and uncertain environment, with change occurring across the energy industry and the broader economy. This prompted us to refresh our Strategic Plan during the year.

Through the Plan, the Board is focused on the fundamentals – on core work – keeping the lights on safely, reliably and affordably, while supporting customers to get more value from their energy and helping connect the homes, businesses and communities driving Queensland's growth."

Patrick Brady
Chair

We invested \$2.2 billion in total, largely to renew our networks, support customer connection growth, strengthen network capabilities and integrate emerging technologies. The state saw a three-fold increase in customer-owned batteries and a jump in electric vehicle ownership. We also progressed our own battery projects, connecting batteries to the grid and energising isolated communities through solar and battery projects.

Our network investment contributed to improved network performance across the state, with customers experiencing fewer and shorter outages than the previous year. While this progress was encouraging, some reliability measures remained below target and will remain an area of focus.

Delivering these outcomes required disciplined choices. In a challenging operating environment, we spent the year carefully managing expenditure while maintaining investment in the infrastructure and services Queensland relies on.

Our commitment to making every dollar count guided how we allocated resources, pursued efficiencies and balanced customer affordability with the need to sustain reliable services and create long-term value for shareholders and communities. This disciplined approach supported a stronger return on assets.

Looking ahead

As growth, affordability, reliability and resilience continue to shape Queensland's electricity system, we updated Energy Queensland's Strategic Plan during the year to provide a clear framework for our priorities through to 2035.

Along with our purpose and values, the Strategic Plan will guide how we navigate this changing landscape while delivering sustainable value for customers, communities and shareholders. It reinforces the need to get the fundamentals right, focus on what matters, earn trust through delivery and evolve the energy system responsibly.

We know what we do now will shape how Queenslanders live and work, with affordability, reliability and safety central to those choices.

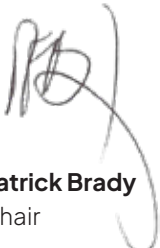
Acknowledgements

We thank our people across the Group for their skill, resilience and commitment throughout the year, and our shareholding Ministers, industry partners, customers, communities and other stakeholders for their collaboration and support.

We acknowledge Peter Scott's leadership over recent years as Energy Queensland's Chief Executive Officer and thank him for his significant contribution prior to his retirement in July 2026.

The Board also welcomed Michael Hart as a new Director following his appointment in October 2025.

With a clear purpose and shared commitment, we will build on this year's progress and continue working to energise Queensland's communities.



Patrick Brady
Chair



Craig McCabe
Chief Executive Officer

“Having grown up in regional Queensland, I've always understood how important reliable energy is to communities.

What I've seen since joining Energy Queensland is a business with real purpose, built on strong foundations and with an important role to play as the energy system continues to change.”

Craig McCabe
Chief Executive Officer

Performance Report

This section outlines Energy Queensland's customer, network, people and safety, environmental and financial performance outcomes for 2025–26.

Despite weather impacts, cost pressures and broader fiscal challenges, we continued to deliver for Queenslanders by focusing investment and effort where it created the greatest value. At the same time we carefully managed costs while working with government, customers, developers and communities to support Queensland's housing, infrastructure and energy transition priorities.

Summary of the Statement of Corporate Intent

This table provides a summary only of Energy Queensland's performance against the key performance indicators in our Statement of Corporate Intent 2025–26, our formal performance agreement between the Board and shareholding Ministers.

	2024–25	2025–26	Target
Safety and People			
Significant Incident Frequency Rate (SIFR)	0.6	0.3	≤0.7
Employee Confidence (in taking action)	-	45	62
Financial			
Net Profit After Tax (NPAT)	(\$94m)	(\$67m)	\$4.4m
Standard Control Services Total Expenditure	\$3,255m	\$2,929m	\$3,270.8m
Funds from Operations on Net Debt	3.0%	4.3%	4.1%
Return on Assets (excluding work in progress)	2.4%	2.9%	3.0%
Distribution Yield %	0.0%	0.0%	0.0%
Distribution Cash Coverage	n/a	n/a	-
Affordability			
Comparison to Regulatory Allowance	-	121%	≤137%
Customer			
Customer Satisfaction (CSAT)	71.1	70.5	≥71.0
Customer Projects on Time	89.2%	96.4%	≥90%
Operations			
Operational Delivery Index	96.5%	96.2%	≥90%
Queensland-Wide – System Average Interruption Duration Index (SAIDI)	177.6min	168.9min	≤150.0min
Queensland-Wide – System Average Interruption Frequency Index (SAIFI)	1.34	1.30	≤1.40

The Statement of Corporate Intent 2025–26 contains estimated targets and forecast measures, while this report presents actual results for the year. For Employee Confidence, no 2024–25 comparative figure has been provided as the measure was only introduced in 2025–26. For Distribution Yield and Distribution Cash Coverage, these measures relate to dividends declared, or intended to be recommended to the shareholding Ministers, for the current financial year; where no dividend is declared or recommended, the measures reflect that position. For Comparison to Regulatory Allowance, the 2024–25 result relates to a different regulatory period, with a different allowance and denominator, and is therefore not comparable.

Customers and communities

During the year, our customer and community performance supported economic growth, housing delivery and practical assistance for customers, including those experiencing vulnerability.

Customer connections and network services

Customer connections to the network remained one of our strongest areas of performance in 2025–26, as Queensland’s population growth, housing delivery and electrification continued to drive record demand across the Ergon and Energex networks. The number of customer projects delivered increased significantly, with Energex’s project growth up 24%, and Ergon Network’s up 7%.

Despite higher volumes and complexity, Customer Projects on Time delivery improved from 89.2% to 96.4%, exceeding our 90% target. Connection applications increased to approximately 64,548, about 8.5% higher than last year, with growth across nearly all connection types.

Process improvements through our Office of Powering Development supported this result, including streamlined developer connections, improved subdivision and large customer processes, reporting dashboards and clearer accountability for timeframes. Engagement with the Urban Development Institute of Australia and the Property Council also helped improve the developer experience and prepare us for success under the new Queensland Government’s Connections Guarantee.

Ergon Network handled 142,035 calls and Energex 212,854 compared with 173,047 and 250,510 respectively in 2024–25, with significant peaks in volume during the storm season from December 2025 to February 2026. Satisfaction improved for both General Enquiries and Loss of Supply and Emergency interactions, reflecting the professional and courteous service provided by our contact centre teams.

Unplanned outage call response

		2024–25	2025–26	Target
Ergon Network	Loss of supply and emergency calls	86.80%	85.79%	≥85.76% answered in 30 seconds
Energex	Loss of supply and emergency calls	89.20%	88.91%	≥87.36% answered in 30 seconds

Customer experience and support

Energy Queensland’s consolidated Customer Satisfaction (CSAT) score was 70.5, against a target of 71.0 and 71.1 in 2024–25. Key customer feedback themes through this tracking survey were around affordability, outages, reliability, timeliness and value.

Our customer advocacy, engagement and research program informs service improvements and investment decisions, including through the Customer and Community Council, working groups, developer journey mapping, business customer energy research, vulnerable customer engagement and consultation on infrastructure projects.

Further information on our customer experience and service performance is available online.

Ergon Retail services

Ergon Retail continued to deliver electricity services to almost 750,000 regional Queensland customers, with affordability, value and timeliness remaining key priorities. Calls handled decreased to 608,000 from 675,000 in 2024–25, with enquiries mainly relating to energy use, billing, rebates and payment support. The Customer Happy Index was 86%, down from 90% in 2024–25, indicating positive overall sentiment but room to improve service consistency.

Ergon Retail continued to support customers experiencing financial hardship, medical vulnerability or family violence, while engaging with advocates, ombudsman forums and customer groups to inform our service improvements.

Approximately 1% of Ergon Retail’s residential customers had debts outstanding for more than 90 days at year end, a reduction from 3% in 2024–25. With ongoing cost-of-living pressure, referrals to Customer Assist increased, supported by greater customer awareness of available assistance. At year end, 13,000 households were in the hardship program, up from 10,700 the previous year, with average debt among participants of \$2,200.

Community investment and inclusion

We maintained a visible community presence through sponsorships and partnerships, including the Royal Flying Doctor Service donation scheme, the Rural Fire Service Queensland and the Queensland University of Technology Real Leaders program.

We launched our third Reconciliation Action Plan (RAP), reaffirming our commitment to respect, partnerships and real action with First Nations peoples. In the remote Far North, Ergon Retail completed the PowerSavvy program, delivering \$1.8 million in community benefit through energy literacy, Home Energy Health Checks, energy-efficient appliances and smart meters. Further information on community partnerships and our RAP is available online.

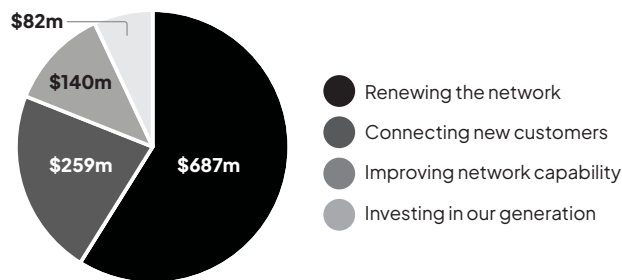
Our networks

Our networks and services performance reflected investment in essential infrastructure, disciplined operational delivery, and practical support for customers through a changing energy system.

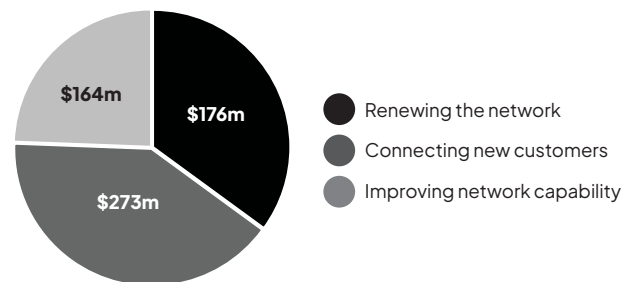
Investment and asset renewal

We invested to maintain safety and reliability. Capital expenditure into Queensland’s distribution networks totalled \$1.8 billion for the year, supporting network renewal, customer connection growth, and network capability and resilience priorities, as well as isolated systems energy security projects.

Network investment – Ergon Network



Network investment – Energex



Targeted asset renewal remained a priority, helping to manage risks across both networks and to maintain a safe, reliable and resilient electricity supply for customers.

Approximately 23,000 poles and 22,000 pole cross arms were proactively replaced or reinforced, in addition to emergency replacements (2024–25: 22,600 poles and 15,000 cross arms). Crews also replaced or refurbished approximately 30,000 customer service wires and 392 kilometres of aged overhead powerlines, notably copper wire conductor, to improve network resilience in coastal and weather-exposed areas (2024–25: 24,000 wires and 349 kilometres of powerlines).

Operational Delivery Index performance, which measures delivery of key programs and projects against agreed targets, was above stretch target at 96.2% (2024–25: 96.5%).

Our investment across the networks, and into our digital capability, also delivered on our cyber security program of work. We continued to strengthen our cyber security capability through investment in tools, processes, practices and awareness activities designed to support the protection of critical infrastructure, operational technology, customer data and enterprise systems.

Further information on network projects and planning priorities is available online in our Distribution Annual Planning Reports.

Network performance and reliability

Across Queensland, customers experienced fewer outages and shorter outage times than the previous year. The System Average Interruption Frequency Index (SAIFI), which measures average outages per customer, improved from 1.34 to 1.30 and remained within target. The average time customers were without power, measured as the System Average Interruption Duration Index (SAIDI), also reduced from 177.6 minutes to 168.9 minutes, but remained above the 150.0 minute target, with adverse weather across both networks impacting restoration timeframes.

During the year, severe storms, cyclones and flooding affected more than 250,000 households and businesses across Queensland. In January 2026, Cyclone Koji crossed the coast between Ayr and Bowen, leaving around 23,000 customers without power, with crews restoring supply to about 90% by the following morning. We also responded to severe Cyclone Narelle, which crossed Cape York initially as a Category 4, in March 2026, restoring power to all affected customers within a week despite the challenges of emergency response in remote communities.

Ergon’s network met or exceeded its prescribed reliability standards across the three outage frequency measures but continued to face challenges meeting duration targets. Energex’s network met most of the South East’s Minimum Service Standards, but experienced unplanned outages above its target.

In some areas, outage duration results also reflected planned improvement works undertaken to support safety, reliability and long-term network performance.

To support reliability and address the main drivers of outages, a Network Reliability Improvement Plan was implemented, with 17 targeted actions completed and 13 actions in progress, focused on outage restoration practices, fault management, recloser communications, defect remediation and operational review processes.

Network outages

Ergon Network	2024–25	2025–26	Target
Number of outages per customer (SAIFI)			
Network-wide – unplanned	2.37	2.18	≤2.23
Urban (unplanned/planned)	1.76	1.84	≤1.98
Short Rural (unplanned/planned)	3.32	3.13	≤3.95
Long Rural (unplanned/planned)	6.67	6.54	≤7.40
Average length of outages – minutes (SAIDI)			
Network-wide – unplanned	346.4min	297.2min	≤284.3min
Urban (unplanned/planned)	275min	285min	≤149min
Short Rural (unplanned/planned)	599min	552min	≤424min
Long Rural (unplanned/planned)	1,514min	1,425min	≤964min

Energex	2024–25	2025–26	Target
Number of outages per customer (SAIFI)			
Network-wide – unplanned	0.87	0.89	≤0.74
CBD (unplanned/planned)	0.03	0.02	≤0.15
Urban (unplanned/planned)	0.73	0.79	≤1.26
Short Rural (unplanned/planned)	1.59	1.51	≤2.46
Average length of outages – minutes (SAIDI)			
Network-wide – unplanned	98.9min	109.3min	≤80.3
CBD (unplanned/planned)	7min	4min	≤15min
Urban (unplanned/planned)	95min	103min	≤106min
Short Rural (unplanned/planned)	234min	232min	≤218min

Distribution network key metrics

Ergon Network	2024–25	2025–26
Number of connected customers	791,605	799,487
Network-wide peak/maximum demand*	2,782MW	2,715MW
Network-wide minimum demand	641MW	451MW
Electricity delivered	14,025GWh	14,111GWh
Energex	2024–25	2025–26
Number of connected customers	1,614,578	1,634,026
Network-wide peak/maximum demand*	5,839MW	5,527MW
Network-wide minimum demand	222MW	39.7MW
Electricity delivered	22,648GWh	22,806GWh

*Demand values are based on 30-minute average native demand.

Community safety awareness

Community safety around network assets remained an important focus during the year. There were 2,003 community safety incidents, compared with 1,662 in 2024–25, with copper theft and vandalism, vehicle strikes and third-party contacts presenting significant ongoing risks to the community, our people and the network. We worked with law enforcement, industry partners including Before You Dig Australia, and local authorities to address key risks, while promoting powerline safety through targeted education, the Look Up and Live app, severe weather safety advice and online resources. Campaign effectiveness, measured by the Safety Campaign Index, reached 73.9, against a target of 70.0 (2024–25: 75.3).

Ergon Network and Energex also continued to work with landowners to highlight the importance of maintaining their private poles and powerlines, and ensuring safe clearances between buildings or structures, earthworks and overhead powerlines.

Rooftop solar and the energy transition

Queenslanders continued to invest in rooftop solar, alongside the growth in large-scale renewable energy projects across the state. During the year, 34,200 new solar energy systems were connected, bringing the total to almost 933,000. Customer (behind-the-meter) battery uptake also increased significantly, supported by the Australian Government's Cheaper Home Batteries Program, as did electric vehicle adoption.

This customer-led energy transition continued to reshape demand across Queensland's electricity networks. On the Energex network, system-wide minimum demand fell significantly to 39.7MW on 5 October 2025, down from 222MW on 18 August 2024. Ergon Network's minimum demand fell to 451MW on 12 April 2026, compared with 641MW on 5 June 2025. These reductions reflect the continued customer adoption of rooftop solar and occur at times when there is widespread clear sky with moderate temperature conditions reducing the underlying base load. This trend is expected to continue as more customer-owned technologies connect across the network.

Regional demand diversity, battery and electric vehicle uptake, and access to flexible load – customer load or generation that can be reduced, increased or shifted through demand management programs – help moderate this trend. However, negative demand is already occurring in many local areas. This happens when the generation from rooftop solar and other distributed generation exceeds local electricity use, causing reverse power flows from the distribution network to the transmission network. These flows are increasing as customer technology adoption grows.

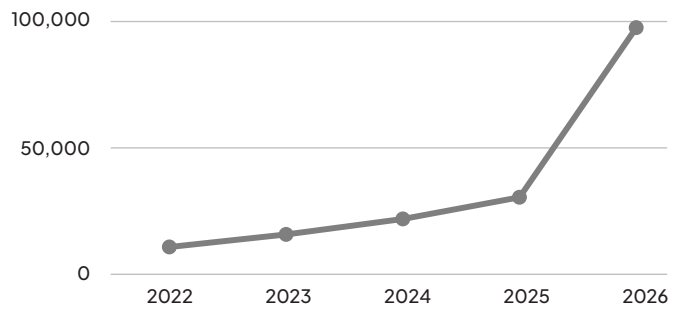
Despite the solar energy exported into the electricity system, demand remains strong during peak periods. In the South East, maximum demand reached 5,527MW on 12 February 2026, compared with a peak of 5,839MW in January 2025. Maximum demand on Ergon’s network reached 2,715MW on 25 November 2025, compared with 2,782MW on 23 January 2025.

Solar energy system connections

	Number	Total capacity
Small-scale (≤30kVA)	922,866	5,659,385kVA
Medium-scale (>30 to 1,500kVA)	9,870	793,230kVA
Large-scale (>1,500kVA)	49	1,343,199kVA
Total connections	932,785	7,795,814kVA

The inverter capacity is measured in kilovolt-ampere (kVA).

Queensland’s customer (behind-the-meter) batteries



With the introduction of Australian Government incentives, the number of customer batteries connecting across our networks increased rapidly during the year.

To help manage these demand challenges, we progressed our dynamic network connections offering to better integrate customers’ solar energy systems, batteries and electric vehicle chargers into the wider energy system. Dynamic connections allow customers to access higher electricity export and import capacity while keeping the local network within operational limits. This enables more customer devices to connect than would be possible under traditional fixed limits. With the improving digital visibility of local network conditions, we will be able to offer more informed export and import settings, especially in regional areas.

Our demand management programs also continued to work with customers and customer agents to deliver flexible load in those parts of the network that could benefit from support to reduce the need to build new network. Further information is available online.

Network-connected battery storage is also playing an increasingly important role in supporting the network. During the year, we completed Stage 2 of our high-voltage battery plan and progressed a further 12 of the 4MW/8MWh batteries to store solar energy locally in our substations for use during high demand, and we rolled out more low-voltage batteries into neighbourhoods statewide. In addition, we completed construction of two embedded microgrids in Far North Queensland. Further information is available online.

Ergon Retail continued helping regional Queenslanders benefit from rooftop solar, crediting customers \$126 million (2024–25: \$155 million) through the regional solar feed-in-tariff, set by the QCA. This reduction is driven by the lower feed-in-tariff rate. Queenslanders are also still benefiting from the earlier Solar Bonus Scheme.

Yurika also supported the broader energy transition by delivering battery, solar, metering and network infrastructure projects for customers, enabling the connection of more than 1GW of generation and more than 1.4GWh of storage to the electricity network through the design, construction and commissioning of substations, transmission lines and battery energy storage systems.

Ergon Retail and Yurika continued the smart meter rollout across regional Queensland, installing smart meters at a further 73,000 customer sites, increasing the total number of smart metering customer sites to 571,000 (2024–25: 498,000). Smart meters support new tariffs, faster meter reads and connections, improved outage and usage information, and a better customer experience over time.

Telecommunications and digital services

Yurika’s telecommunications services continued to support customers across Queensland and interstate through customised connectivity solutions. In 2025–26, 54 commercial and industrial customers were supported with 2,218 services and an expanded statewide fibre network.

Yurika also continued connecting Queensland Government facilities, supported by its 24/7 critical response capability, with 486 new or re-contracted services. It also further extended connectivity through fibre, NBN Co fibre, microwave radio, fixed wireless and satellite services, connecting internet and monitoring services to 24 resource sites, nine renewable sites and eight battery sites in Queensland.

Our people

Throughout the year, our people strategies remained focused on ensuring our workforce is safe, capable and positioned to deliver essential services now and into the future.

In May 2026, our annual People Survey recorded an employee engagement score of 72%, in line with the Australian benchmark, while nine percentage points lower than the previous year. Participation in the survey remained strong at 68%. Employee Confidence (in taking action) was below our target of 62. This indicated that employees are seeking greater visibility of the actions taken in response to their feedback.

In response, we are strengthening how we communicate survey findings, with increased focus on demonstrating organisational follow-through, reducing barriers to productivity and decision-making, and providing employees with clearer line of sight between their feedback and the actions taken. These initiatives will support efforts to rebuild confidence and improve the employee experience.

The survey results also highlighted continued strengths in our safety culture, with employees reporting that they feel physically safe at work and have positive sentiment towards line managers.

Workplace safety

Across the Group, safety performance improved through 2025–26, while we continued to deliver significant operational and customer programs.

The Significant Incident Frequency Rate (SIFR) halved from 0.6 in 2024–25 to 0.3, while the Total Recordable Injury Frequency Rate (TRIFR) reduced from 7.7 to 7.2.

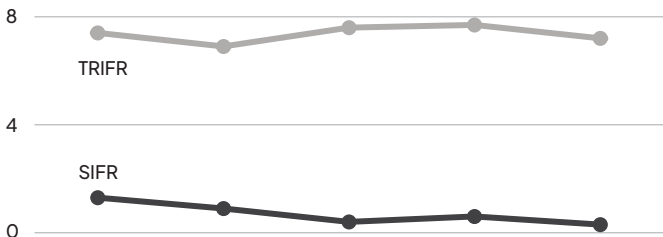
Although TRIFR improved, it remained above the target of ≤7.0, driving a continued focus on safety systems, training, operational discipline and field hazard management. Safety performance was further supported by practical field-based initiatives, leader engagement and ongoing reinforcement of core safety practices.

Emergency preparedness also remained important, with training and exercises supporting safe and effective responses to severe weather and other operational incidents.

Workplace safety performance

	2024–25	2025–26	Target
Significant Incident Frequency Rate	0.6	0.3	≤0.7
Total Recordable Injury Frequency Rate	7.7	7.2	≤7.0

Workplace injuries by type



Recordable injuries decreased from 156 to 132, while lost time injuries decreased from 60 to 49, contributing to improved injury performance across the year.

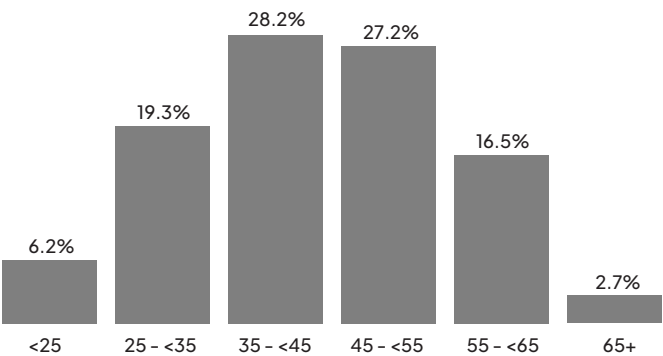
Note: SIFR measures significant incidents per million hours worked. TRIFR measures recordable injuries per million hours worked. Lower rates indicate better safety performance.

Workforce capability and pipeline

Workforce planning remained focused on supporting operational delivery, customer connection growth, network programs and long-term skills needs, alongside broader strategies to improve productivity, flexibility and delivery.

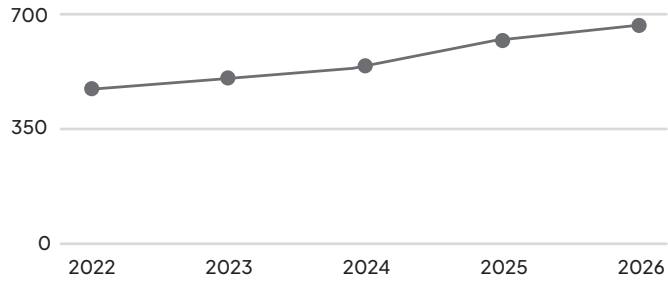
At the end of June 2026, our workforce comprised 9,491 employees across the Group, compared with 9,714 in 2024–25. The decrease reflected normal workforce movements and recruitment timing, while workforce planning continued to focus on our operational capability. Of these, 9,132 were full-time employees (2024–25: 9,345), 291 were part-time (2024–25: 278), with 68 employed on a casual basis (2024–25: 91).

Age profile of employees



Apprenticeship and trainee pathways remained central to building our skills pipeline. During the year, we welcomed 173 new apprentices (2024–25: 184). Paraprofessional traineeships also contributed to future engineering skills, with 13 trainees selected during the year (2024–25: 16).

Number of apprentices



Graduate and early career pathways also supported long-term workforce capability. During the year, 22 graduates joined the business (2024–25: 33), contributing to a broader pipeline of operational, engineering and professional capability.

Diversity and inclusion

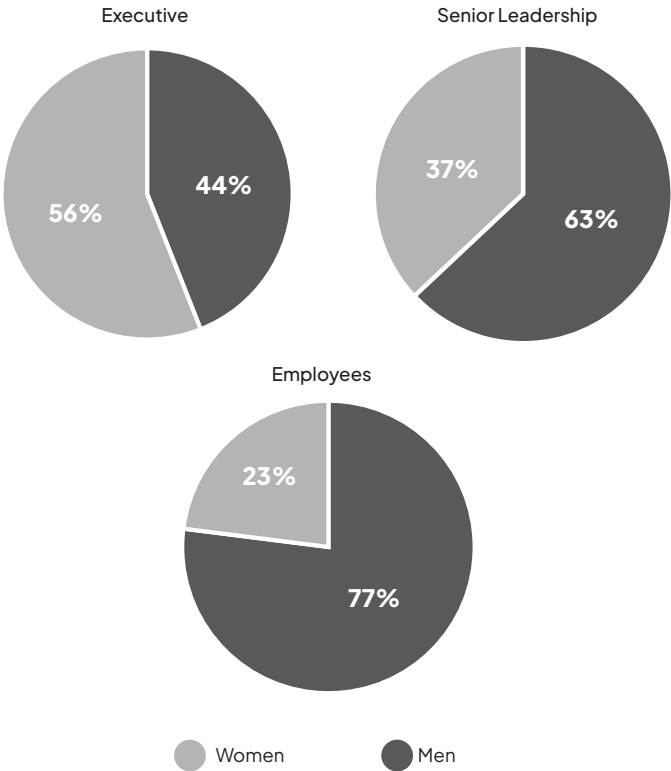
Gender equality and inclusion remain important priorities. With 53 women joining our apprentice intake, more than 216 women are now learning a trade across the business (2024–25: 189), while the number of trade-qualified women in field roles increased to more than 149 (2024–25: 134). We also recruited eight women through our graduate program.

First Nations participation in apprenticeships remained strong, with 18 apprentices onboarded during the year (2024–25: 19).

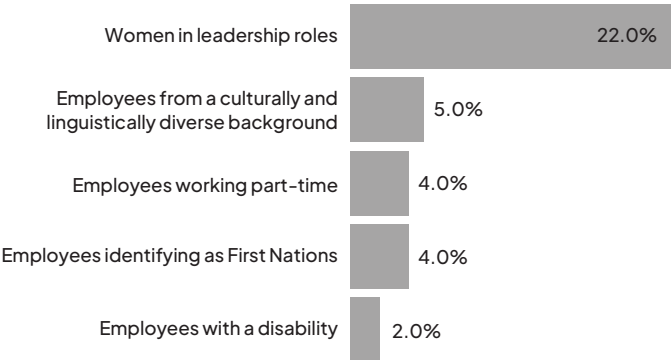
We participated in the Australian Disability Network’s Access and Inclusion Index for the first time, identifying key opportunities to improve inclusion for people with disability.

Energy Queensland also maintained its focus on LGBTQ+ inclusion through our employee-led network and broader workplace inclusion initiatives.

Gender distribution



Our workforce diversity



Environment and cultural heritage

During the year, our environmental and cultural heritage performance remained focused on compliance, risk management and practical initiatives that supported safe, responsible operational delivery.

Performance continues to be managed through our integrated management system, covering generation, fleet, depots, public lighting, waste, biosecurity, land access and works in sensitive environmental areas.

During the year, we diverted 43% of waste from landfill, with scrap metal continuing to be our largest recyclable material stream and a source of revenue.

Environmental events and incidents were managed through established reporting, investigation and corrective actions. Four events were notifiable to the regulator in 2025–26, down from six in 2024–25, with ongoing learning used to strengthen control measures.

Cultural heritage considerations continued to be incorporated into project planning, land access protocols, risk assessments and engagement with Traditional Owners and other stakeholders, supporting respectful and responsible delivery of works across Queensland.

Managing our emissions

During the year, we delivered practical actions to support lower emissions outcomes where possible, including reducing diesel reliance in isolated systems and improving operational energy use.

This year we introduced a first-of-its-kind solution for our isolated networks, with the Bedourie battery commissioned following testing at the Microgrid and Isolated Systems Test Lab in Cairns. The battery has successfully powered the town with all diesel generators offline and is now being used to store the community’s excess rooftop solar energy for night-time use, with further functionality to be enabled as operational confidence grows.

We also installed a battery at Windorah and progressed the Boulia and Doomadgee solar and battery projects. Once all are fully operational, these power supply security projects are expected to collectively save more than one million litres of diesel each year. Further information is available online.

Our isolated generation metrics varied throughout the year, reflecting changes in local demand, renewable availability and the end-of-year timing of the isolated network projects mentioned.

Isolated generation

	2024–25	2025–26
Diesel generation	130,333MWh	133,654MWh
Renewable generation	790MWh	473MWh
Emissions saved by supplying with renewable generation	549tCO ₂ -e	335tCO ₂ -e
Total generation	131,123MWh	134,127MWh

More detailed climate-related disclosures, including emissions reporting, are provided in the Climate Statement on page 103.

Economic value

We create economic value for Queensland through responsible financial management, investment in critical infrastructure, day-to-day operations and procurement that strengthens local supply chains.

In 2025–26, this included a continued focus on financial sustainability, efficient delivery and directing expenditure where it created the greatest value for customers, communities and the state.

Affordability

During the year, we continued to manage network costs in line with our glide path towards meeting our five-year regulatory allowances, while maintaining safe and reliable services and further strengthening our retail capabilities.

Expenditure was 121% of regulatory allowances, which outperformed our target of 137%, reflecting our ongoing focus on cost efficiency.

The Queensland Government's Community Service Obligation (CSO) subsidy for the year was \$653 million. It is paid to Energy Queensland and allocated to Ergon Retail to enable residential and small business customers in regional Queensland to pay electricity prices aligned with the cost of supply in South East Queensland, consistent with the Uniform Tariff Policy.

In June 2026, the QCA announced lower regulated electricity prices for regional Queensland customers for 2026–27. Typical residential customers can expect indicative bill reductions of up to 6.9% (\$151 per year), while typical small business customers can expect reductions of up to 8.1% (\$212 per year). The reductions reflect the operation of the Uniform Tariff Policy, which aligns regional Queensland electricity prices with the Default Market Offer prices available to comparable customers in South East Queensland.

Local expenditure

Energy Queensland continued to contribute to Queensland's economy through its statewide operations, local employment and procurement activities.

In 2025–26, direct purchases from Queensland suppliers totalled \$1.4 billion, compared with \$1.7 billion in 2024–25, with purchases made from 3,319 local suppliers. This included expenditure on network construction and maintenance, electrical equipment and materials, vegetation management, fleet and transport services, professional services, and information and communications technology.

Together, this supported businesses and supply chains across regional and South East Queensland, helping to sustain jobs, capability and economic activity in the communities where we operate.

We also advanced the commitments in our RAP by encouraging greater participation by First Nations-owned businesses in Energy Queensland's supply chain. Annual spend with registered First Nations businesses was \$19.1 million, compared with \$30 million in 2024–25, with 47 businesses engaged throughout the year. Areas of spend included construction and manufacturing, land management, transport services and traffic control.

By improving supplier engagement and maintaining a focus on local capability, we are working to create more inclusive procurement pathways that strengthen economic participation and reconciliation outcomes. While spend was lower than the previous year, this primarily reflects the lifecycle of major projects, with activity transitioning from construction into commissioning, integration and operational transition phases. This naturally reduced contractor expenditure, with much of the remaining work delivered in-house.

Financial snapshot

Key financial outcomes

	\$Million 2024–25	\$Million 2025–26
Our revenue		
Revenue and other income	6,682	6,698
Our expenses		
Transmission charges and electricity purchases	1,653	1,423
Operating expenses	3,088	3,030
Depreciation, amortisation and impairments	1,213	1,353
Earnings before interest and tax	728	892
Finance charges	860	994
Our profit/(loss)		
Net profit/(loss) before tax	(132)	(102)
Net profit/(loss) after tax	(94)	(67)
Our assets		
Current assets	2,122	1,761
Non-current assets	29,540	30,799
Total assets	31,662	32,560
Our liabilities		
Current liabilities	1,840	1,838
Non-current liabilities	25,531	26,328
Total liabilities	27,371	28,166
Net assets	4,291	4,394
Our investment		
Total capital investment	2,562	2,231
Dividends		
Dividends declared	-	-

Where does our revenue come from?

Energy Queensland's total revenue was \$6,698 million in 2025–26, broadly consistent with \$6,682 million in 2024–25. Revenue consisted predominantly of electricity retail sales and distribution revenue, supported by the Queensland Government's CSO subsidy and revenue from other, mostly unregulated services of \$760 million.

What are our main expenses?

Total expenses, excluding income tax, were \$6,800 million in 2025–26, compared with \$6,814 million in 2024–25. Operating expenses were \$3,030 million, while transmission charges and electricity purchases were \$1,423 million.

Depreciation, amortisation and impairments increased to \$1,353 million, from \$1,213 million in 2024–25, reflecting the significant capital investment required to provide electricity

distribution network services. Finance costs also increased to \$994 million, from \$860 million in 2024–25, reflecting higher debt balances.

What was our financial result?

Energy Queensland's financial performance improved, with prudent expenditure management contributing to a \$892 million earnings before interest and tax result for 2025–26, up from \$728 million in 2024–25.

After finance costs, Energy Queensland recorded a net loss after tax of \$67 million, compared to a net loss after tax of \$94 million in 2024–25.

Total expenditure for core Standard Control Services was \$2,929 million, compared with \$3,255 million in 2024–25.

What assets do we own?

Our total asset base increased to \$32.6 billion at 30 June 2026, compared with \$31.7 billion in 2024–25. Property, plant and equipment remained the largest component at \$30.1 billion, consisting mainly of regulated electricity network assets. Network assets are carried at fair value and revalued annually.

Return on assets, excluding work in progress, was 2.9%, broadly in line with the 3.0% target, up from 2.4% in 2024–25.

What are our liabilities?

Total liabilities were \$28.2 billion (2024–25: \$27.4 billion). Energy Queensland's largest liability remained its interest-bearing loan with Queensland Treasury Corporation, which was \$22.7 billion at year end. During the year, \$0.7 billion in loan drawdowns were used to fund business requirements, including capital investment.

We remain committed to maintaining a sustainable financial position by managing long-term debt levels in line with the target gearing ratio considered appropriate by the Board, in consultation with shareholders. The Debt to Standard Control Services Regulated Asset Base Ratio was 67.9%.

What was our capital investment?

Energy Queensland made \$2.2 billion in capital investments during the year, compared with \$2.6 billion in 2024–25. Expenditure was higher in the prior year, largely due to replacement expenditure following high-impact severe weather events. Our investment remained focused on core spend supporting network performance and appropriate service levels, with increased customer connection spend offset by a moderation in non-network support function capital spend.

What is Energy Queensland's dividend policy?

Energy Queensland's dividend policy is to declare dividends based on 100% of its Net Profit After Tax, adjusted for material non-cash items. No dividend was declared for 2025–26.

Governance

Board of Directors

Energy Queensland is governed by a Board of Directors. Director names, positions and qualifications are provided below.

Patrick Brady

Chair
BE(Civil)(Hons), AssocDip(CivilEng), RPEQ, GAICD

Bill Armagnacq

Director
BCom, FCA, GAICD

Corinne Butler

Director
MPM, FAHRI, FABC, GAICD

Michael Hart

Director
GAICD

Kevin Kehl

Director
BEng(Hons), GAICD

Karen Lay-Brew

Director
B Applied Science (Computing), MBA, MAICD

Leisa Rafter

Director
LLB(Hons), BBus (Accounting), MAICD, CTA

Executive Leadership Team

Energy Queensland is led by the Chief Executive Officer and eight executive leaders. Executive names, positions and qualifications are provided below.

Craig McCabe

Chief Executive Officer
BEng (Mining) BSc (Geoscience) GradCert (Business Administration)

Peter Scott was Chief Executive Officer for the 2025–26 reporting period and departed on 28 July 2026. Craig McCabe commenced as Chief Executive Officer on 13 July 2026, enabling a transition period.

Ruth Coulson

Chief Financial Officer
BCom, CA, GAICD

Jeff Green

Chief Operating Officer

Todd Reynolds

Executive General Manager, People, Property & Safety
BSc, MBA, GAICD

Ayesha Razzaq

Executive General Manager, Retail
BEng(Hons), GAICD, FAMI

Suzanne Shipp

Chief Engineer
BE (Elec & Elec) Hons I, MBA, EngExec, FIEAust, CPEng, RPEQ, GAICD

Benn Barr

Executive General Manager, Regulation, Risk & Strategy
BEcon, GAICD

Paige Ridgewell

Chief Customer Officer
MPPM, MBA, BLeisSt, MAICD

Marc Fenton

Acting Chief Information Officer
BSc (CompApp), GradDipMgmt

Full biographies for the Board of Directors and Executive Leadership Team are available online.

Corporate governance statement

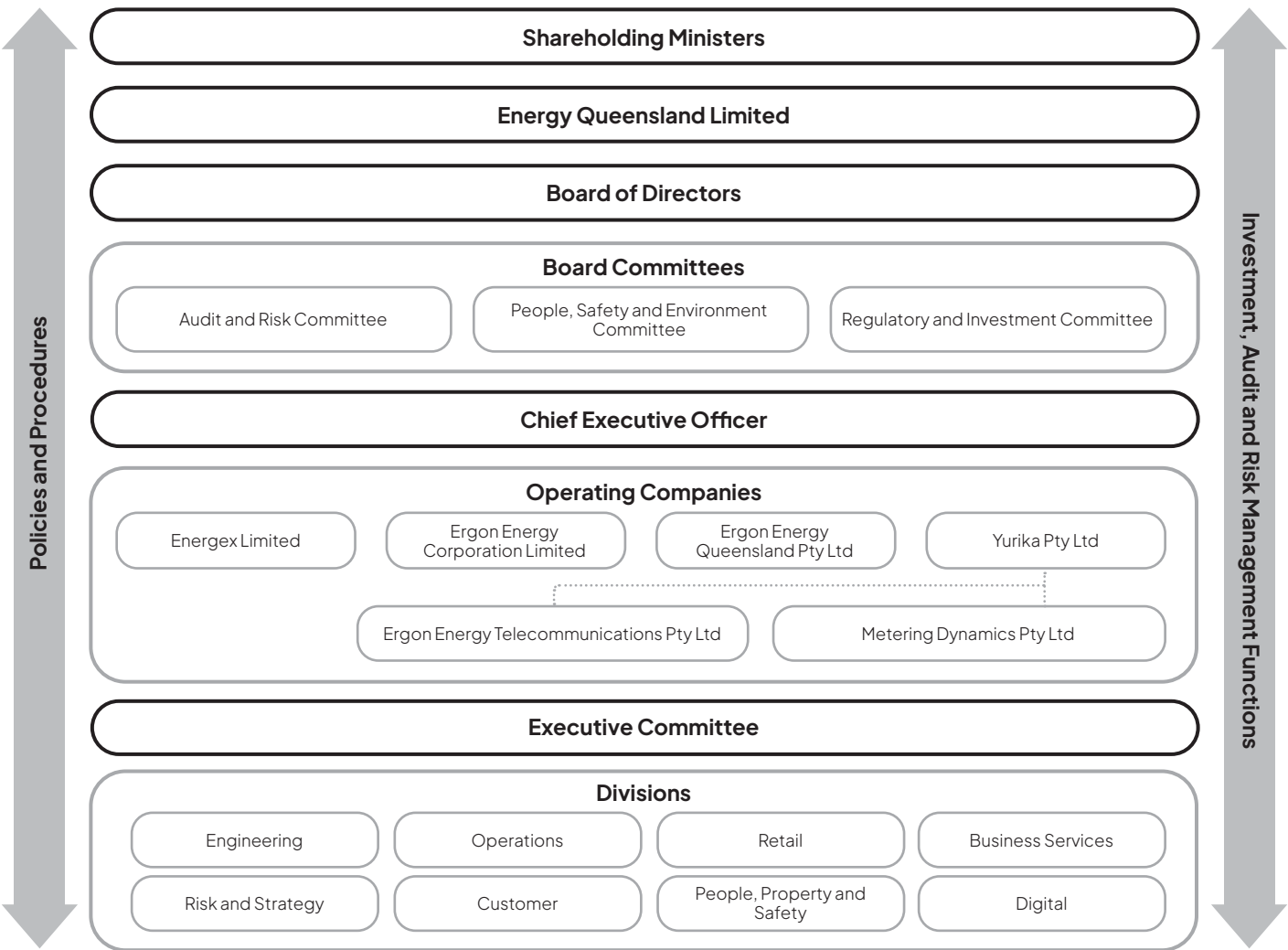
Energy Queensland Limited is a Government Owned Corporation reporting to the Queensland Government through its shareholding Ministers – the Treasurer, Minister for Energy and Minister for Home Ownership, and the Minister for Finance, Trade, Employment and Training – on behalf of communities across Queensland.

Energy Queensland is the parent company of operating subsidiaries including Ergon Energy Corporation Limited, Energex Limited, Ergon Energy Queensland Pty Ltd, Yurika Pty Ltd, Metering Dynamics Pty Ltd and Ergon Energy Telecommunications Pty Ltd. These subsidiaries deliver regulated electricity distribution and retail services, along with other unregulated business activities.

Energy Queensland is governed by an independent Board of Directors, which provides governance, oversight and strategic direction for the Group, having regard to the interests of shareholders, customers, employees, industry partners, community stakeholders and the broader Queensland community.

Energy Queensland's corporate governance practices align with the Queensland Government's Corporate Governance Guidelines for Government Owned Corporations and, where applicable, the ASX Corporate Governance Council's Principles and Recommendations (4th edition), which together guide its governance arrangements.

Corporate governance framework



Principle 1 – Foundations of management and oversight

Energy Queensland's Board Charter sets out the Board's role and provides the framework for the Group's long-term success through effective governance, oversight and strategic direction. The Charter is reviewed every two years. More information is available online.

The Board has established three committees to support its oversight and performance of key functions in accordance with their Committee Charters. More information is available online.

- **Audit and Risk Committee** – financial integrity and reporting; sustainability framework and reporting; effectiveness of the fraud and internal control framework and policy framework; audit and assurance; risk culture, policy, framework and approach; compliance culture, policy, framework and approach; resilience; and insurance.
- **People, Safety and Environment Committee** – people, safety, environmental sustainability, and greenhouse gas strategy and performance.
- **Regulatory and Investment Committee** – energy regulatory issues and policies, ring-fencing and regulatory determinations; customer strategy and complaints; investment management and investment management frameworks; major projects, project prioritisation, and project and investment performance.

The Governance and Delegations Policy provides the framework for decision-making and identifies matters reserved to the Energy Queensland Board and its subsidiary companies. Decision-making is further guided by policies established under the Energy Queensland Group Governance Framework.

All new directors complete a structured induction program covering Board and Committee roles and responsibilities, corporate expectations, an overview of Energy Queensland's operations, and the Energy Queensland Board Handbook. Directors are also supported through professional development to maintain the skills and knowledge needed to fulfil their role and understand the business.

Key performance indicators and targets aligned to Energy Queensland's corporate scorecard are agreed annually and reviewed during the year. The Chair conducts the Chief Executive Officer's annual performance review in accordance with a defined evaluation process. The Chief Executive Officer then conducts annual performance reviews for executives, supported by a half-yearly check-in.

Principle 2 – Structuring the Board to be effective and add value

Energy Queensland's Board, including the Chair, comprises independent, skills-based non-executive directors appointed in accordance with the *Government Owned Corporations Act 1993* (Qld).

Details of Directors' qualifications and positions are provided on page 18. Full Board biographies are available online. Board and Committee meeting numbers, Directors' attendance, terms of office and appointment dates are set out in the Directors' Report on page 25.

The Board maintains Directors' independence through the Directors Conflicts of Interest Policy, supported by a Conflict of Interest Protocol. Energy Queensland has also adopted a Securities Dealing Policy and an Appointment of EQL Nominees to External Boards Policy. Under the Board Charter, and with the Chair's prior approval, each Director may seek independent professional advice at the company's expense to fulfil their role.

Board performance evaluations are conducted at least every two years in accordance with the Government Owned Corporations Guidelines. These evaluations consider director skills and experience, Board culture and meeting dynamics, and the quantity, quality and timeliness of information and decision-making. Given recent changes to the Board, an evaluation was not conducted during the reporting period. Planning is underway for an external independent Board evaluation in 2026–27.

Principle 3 – Promoting a culture of acting lawfully, ethically and responsibly

Energy Queensland is committed to fostering a culture of lawful, ethical and responsible conduct across the organisation. This commitment is supported by an Integrity Framework that brings together key policies, guidelines, internal networks and support options for employees.

Energy Queensland has established a framework designed to support reporting of wrongdoing and compliance with applicable public interest disclosure and whistleblower protection requirements, including under the *Public Interest Disclosure Act 2010* (Qld) and the *Corporations Act 2001* (Cth). The Public Interest Disclosure and Whistleblower Policy encourages disclosures by employees and contractors, including disclosures about operations or activities that could adversely affect the organisation. More information is available online.

The Employee Code of Conduct sets standards for ethical behaviour, business conduct, social objectives and corporate values. Advisers, consultants and contractors are also expected to meet these standards. New employees receive induction training on ethical business practices, including the Code of Conduct, with regular refresher

training and updates provided to all employees. The Board also has a Director Code of Conduct to support decision-making.

A declaration of Directors' interests is a standing agenda item at the commencement of every Board and Committee meeting to ensure conflicts of interest are appropriately managed.

Principle 4 – Safeguard integrity in corporate reporting

The Audit and Risk Committee assists the Board in fulfilling its oversight responsibilities for financial integrity and reporting, sustainability framework and reporting, the effectiveness of the fraud and internal control framework and policy framework, and audit and assurance, in accordance with its Charter. The Chair of the Audit and Risk Committee is not the Board Chair.

Internal and external auditors are invited to attend Committee meetings to present relevant reports and discuss concerns with the Committee without management influence. The Queensland Audit Office is Energy Queensland's external auditor.

The Audit and Risk Committee defines the internal auditor's scope of work through the Internal Audit and Assurance Charter and Internal Audit Plan. Internal Audit is an independent function that supports the Board and management in discharging their responsibilities.

Principle 5 – Make timely and balanced disclosure

The Board has reporting and disclosure obligations to the shareholding Ministers under the *Government Owned Corporations Act 1993* (Qld) and the *Corporations Act 2001* (Cth).

Energy Queensland provides the shareholding Ministers with audited annual accounts and an annual report in accordance with the *Government Owned Corporations Act 1993* (Qld). It also provides Quarterly Shareholder Reports to keep the Ministers informed about material information relating to the company and its subsidiaries, including operations, financial performance, financial position and governance.

Principle 6 – Respect the rights of shareholders

Energy Queensland prepares a Statement of Corporate Intent annually and a Corporate Plan on a rolling five-year basis, setting out key strategies and performance targets. More information is available online.

In addition to quarterly reporting and this Annual Report, Energy Queensland reports to the shareholding Ministers in a timely manner on issues likely to have a significant financial, operational, social or environmental impact, in accordance with legislative and government guideline requirements. It also reports on senior executive

appointments and remuneration in line with the Policy for Government Owned Corporation Chief and Senior Executive Employment Arrangements.

Energy Queensland works cooperatively with the shareholding Ministers to deliver the best outcomes for customers and the Queensland community. The Board Chair meets regularly with shareholding Ministers and their representatives as part of a broader government engagement program to support active dialogue throughout the year.

The Chief Executive Officer and various senior managers and employees also liaise regularly with representatives of shareholder departments.

Certain decisions require shareholder approval under the Investment Reporting Guidelines for Government Owned Corporations. Current thresholds are notified through the Statement of Corporate Intent and set out in Energy Queensland's Governance and Delegations Policy.

Principle 7 – Recognise and manage risk

The Audit and Risk Committee assists the Board in fulfilling its oversight responsibility for Energy Queensland's approach to risk management, compliance management, organisational resilience and insurance.

Energy Queensland is committed to embedding effective risk management across all levels of the business to support delivery of its strategic and operational objectives. The Risk Management Policy sets out the overarching risk management architecture, principles and expectations so Energy Queensland can apply integrated practices and remain a resilient, flexible, adaptable and sustainable business. The risk management framework aligns with ISO 31000 Risk Management – Guidelines and is reviewed regularly.

The Board retains ultimate responsibility for risk management and for determining the level of risk it is willing to pursue or accept to achieve its objectives.

The Chief Executive Officer and Executive Leadership Team are accountable for ensuring the Group identifies and manages its strategic, enterprise and divisional risks, and has effective risk strategies in place. Each executive is accountable for ensuring risks are identified and managed within their division and that appropriate crisis, disaster, incident, emergency management and business continuity arrangements are in place. New and emerging risks are considered by the Executive Leadership Team, the Audit and Risk Committee and then the Board in accordance with risk escalation processes.

Environmental sustainability and social risks

Stakeholder expectations in relation to environmental, social and governance matters continue to increase. The Board and Executive Leadership Team regularly

consider the impacts of climate-related impacts on Energy Queensland's assets and operations, as well as Energy Queensland's contribution to climate impact and the transition needed to support the Queensland Government's Energy Roadmap objectives. Energy Queensland's inaugural Climate Statement is on page 103.

Non-financial risks such as psychosocial hazards, new digital technologies, diversity, equity and inclusion data, targets and initiatives, sustainability reporting, amendments to privacy legislation and protection of customer data, and complex issues such as modern slavery and ethical procurement are also considered and discussed. Risks in these areas are included in reporting to the Audit and Risk Committee and escalated to the Board where required. A summary of broader material risks is included in Energy Queensland's Statement of Corporate Intent.

Cyber risks

Energy Queensland continues to invest in cyber security processes and controls designed to support the protection of data, systems, information and critical functions, in line with the Board's focus on cyber security.

Fraud and corruption prevention

Energy Queensland is committed to promoting and maintaining an ethical and transparent culture of integrity and best-practice governance. Fraud and corruption are incompatible with this culture, unacceptable in any form, and present a risk to achieving the organisation's strategic objectives. To mitigate these risks, Energy Queensland is committed to the prevention, identification and management of fraud and corruption. This includes raising awareness of potential risks through internal communications and training, implementing controls aimed at reducing opportunities for fraud or corruption, and increasing the likelihood of detection.

Allegations of fraud or corruption are assessed and managed in accordance with Energy Queensland's Fraud and Corruption Prevention Policy and applicable reporting, investigation and governance processes.

Energy Queensland's Fraud and Corruption Prevention Policy outlines obligations for fraud identification and prevention, and the processes for reporting, recording and investigating allegations while supporting compliance with Public Interest Disclosure requirements.

External audit

The Queensland Audit Office is appointed as the external auditor for Energy Queensland.

The Energy Queensland Group undergoes a series of external audits as part of its commitment to maintaining certification against international standards for the management of electricity transmission, distribution networks and ancillary services. The Group holds certification for ISO 9001 Quality Management System and

ISO 55001 Asset Management, alongside accreditation to ISO/IEC 17025 for Testing and Calibration.

In addition to certifications and accreditations, the Electrical Safety Office requires prescribed electricity entities to have and give effect to a safety management system that is assessed annually by an accredited auditor. This supports compliance and continual improvement in safety practices to protect our people, assets and the communities we serve.

Internal audit and assurance

Energy Queensland maintains an internal control framework comprising policies, procedures, controls and a compliance training program designed to support compliance, financial integrity and effective risk management. The operation of this framework provides assurance that the organisation's affairs are conducted in accordance with relevant legislation, regulations and codes of practice.

Energy Queensland has established an accredited Internal Audit and Assurance function to support the Board and Executive Leadership Team in monitoring, in a timely manner, any material matters affecting the organisation and the performance of the internal control framework.

It provides independent, objective assurance and advice on the design and operating effectiveness of controls across Energy Queensland's highest-risk areas.

The General Manager Internal Audit and Assurance is accountable for the internal audit function and reports independently to the Audit and Risk Committee on progress against the Internal Audit Plan and the resolution of issues raised in internal audit reports. The role reports administratively to the Company Secretary and has unrestricted access to the Chief Executive Officer to discuss any matter relating to the finances or operations of the business. The Internal Audit and Assurance Charter is adopted by the Board and reviewed regularly. More information is available online.

Entertainment and hospitality

To provide the transparency expected of a Government Owned Corporation, Energy Queensland reports entertainment and hospitality expenses over \$5,000 incurred as part of normal business for the previous financial year.

Date	Event	Investment
19 November 2025	EQL Board Stakeholder Event (Newstead) –	\$5,289

Principle 8 – Remunerate fairly and responsibly

The People, Safety and Environment Committee assists the Board with oversight of employee matters concerning:

- developing and maintaining a skilled workforce that meets Energy Queensland's requirements
- a remuneration policy that leads to remuneration that is fair and market-aligned
- performance management and behaviours consistent with the values and goals of Energy Queensland, including valuing the customer, probity, teamwork and a successful organisation.

Energy Queensland's remuneration strategy and practices aim to attract and retain highly competent employees at all levels by providing an appropriate combination of competitive fixed and variable remuneration components.

Remuneration packages for executives comply with government guidelines to achieve a balance between public accountability and transparency. Non-executive Directors' fees and executive remuneration packages, including at-risk payments, are reported in the Financial Report on page 89. At-risk payments are contingent on the Board's assessment of company performance and shareholder expectations.

A performance management framework linking performance to the strategic objectives of the organisation promotes continual performance and professional development opportunities for all employees, with reviews conducted annually.

The People, Safety and Environment Committee first considers the performance of the Energy Queensland Group, including the Chief Executive Officer, against key performance measures set by the Board each year and the Statement of Corporate Intent, with the Board undertaking the final assessment. The Board also oversees performance assessments of senior executives undertaken by the Chief Executive Officer. More information is available online.

Directions and notifications

One Direction was issued by the shareholding Ministers under section 115 of the *Government Owned Corporations Act 1993* (Qld) during the reporting period. The Direction required Energy Queensland and its subsidiary Energex Limited to transfer land at 28–60 Blinzinger Road, Banyo, to the Minister for Economic Development Queensland in freehold for the amount advised in writing by the Under Treasurer.

One Notification was also issued by the shareholding Ministers under section 114 of the *Government Owned Corporations Act 1993* (Qld) during the reporting period. The Notification related to the revocation of a number of public sector policies relating to procurement following the Queensland Procurement Policy 2026. There were no modifications to Energy Queensland's 2025–26 Statement of Corporate Intent during the reporting period.

Compliance with the Direction and the Notification was assessed as being consistent with the commercial interests of Energy Queensland and its subsidiaries. The Direction and Notification did not have a material adverse impact on the financial position, profits and losses or prospects of Energy Queensland or its subsidiaries for the reporting period.

Annual Consolidated Financial Report

For the year ended 30 June 2026

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Directors' report

For the year ended 30 June 2026

The Board of Directors of Energy Queensland Limited (the Company or Energy Queensland) is pleased to present their report together with the financial report of the consolidated entity, being the Company and its controlled entities (the Group), for the year ended 30 June 2026 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
Patrick Brady (Chair)	7 August 2025	n/a
Sarah Zeljko (Chair)	1 October 2022	7 August 2025
Bill Armagnacq	19 December 2024	n/a
Corinne Butler	19 December 2024	n/a
Karen Lay-Brew	17 June 2021	n/a
Kevin Kehl	1 June 2024	n/a
Leisa Rafter	19 December 2024	n/a
Michael Hart	2 October 2025	n/a

Directors' qualifications are provided in the Board of Directors section of Energy Queensland's Annual Report 2025–26.

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 21 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 19 years' experience as a Company Secretary.

Debra Grieve LLB, GAICD

Debra was appointed as an additional Company Secretary in February 2025. Debra has 21 years' experience in governance roles in the education and arts industries as well as the energy sector including 16 years in company secretary roles.

Registered office

420 Flinders Street
Townsville Queensland 4810

Principal activities

The principal activities of the Group are the:

- Design, construction and maintenance of the Queensland Electricity Distribution Networks (networks);
- Distribution of electricity within Queensland;
- Non-competitive electricity retailing in regional Queensland; and
- Provision of electricity-related services.

Significant changes in the state of affairs

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

Operating and financial review

The Group's consolidated loss after income tax benefit is \$67 million for the year (2025: \$94 million).

Directors' report

For the year ended 30 June 2026

Revenue

Energy Queensland's total revenue for the year is \$6,698 million (2025: \$6,682 million) consisting predominantly of electricity Retail sales and revenue for the use of the networks of a combined \$5,057 million (2025: \$4,944 million).

Revenue for the use of the networks is marginally higher compared to 2025 due to inflationary increases in the tariffs determined by the Australian Energy Regulator (AER) and a moderate increase in the use of the networks in the current year. Revenue from sales of electricity for 2026 is flat when compared to 2025 due to marginally reduced customer consumption by the mostly small and residential customer base of the Retail business, mostly offset by moderate increases in notified prices as published by the Queensland Competition Authority.

A moderation in large construction activity in the Energy Services business resulted in Service charges reducing to \$675 million in the current year (2025: \$862 million).

The Queensland Government's Community Service Obligation subsidy remained stable at \$653 million (2025: \$653 million). This subsidy supports the uniform tariff policy, ensuring regional Queensland customers continue to pay the same regulated prices as consumers in South East Queensland.

Expenditure

Total expenses for the year (excluding income tax) of \$6,800 million (2025: \$6,814 million) was contained despite inflationary pressures, higher labour rates and significant weather-related recovery activities. The organisation continued to invest in maintaining and renewing the network to enhance reliability and resilience, while also responding to Cyclone Koji in the Pioneer region and several severe weather events across Queensland. Cost pressures were contained through disciplined cost management.

Depreciation, amortisation and impairments for the year of \$1,325 million (2025: \$1,187 million) reflects the significant capital investment underpinning the delivery of electricity distribution network services. The increase from prior year is consistent with ongoing growth in the asset base, driven by ongoing capital investment and the commissioning of new network infrastructure.

The finance costs for the year of \$994 million (2025: \$860 million) include interest expense of \$918 million (2025: \$768 million). The increase is attributable to both a higher debt balance with the Queensland Treasury Corporation and elevated interest rates, supporting the funding of capital expenditure and working capital requirements.

Fair value losses in the Retail business of \$299 million (2025: \$31 million) stems from market conditions which led to the Australian wholesale electricity market experiencing significantly lower forward wholesale electricity prices and reduced volatility compared to the prior year.

Payments in respect of solar exports are \$272 million (2025: \$308 million). The reduction follows lower rates payable for customer exports by the retail business coupled with a declining number of customers eligible under the Queensland Government's Solar Bonus scheme.

Financial position

The Group's asset base is predominantly comprised of network assets, which are measured at fair value using an income approach based on a discounted cash flow methodology.

The Group delivered a \$2,231 million (2025: \$2,562 million) capital works program. Capital expenditure continues to be driven by both growth, including new customer connections, and the replacement of existing infrastructure. The Group undertakes prudent investment in the refurbishment and replacement of assets to support the safety and reliability of the network. Energy Queensland remains committed to managing its asset portfolio in line with customer expectations while meeting its obligations to key stakeholders, including the State Government and regulators.

The Group's non-current interest-bearing liabilities increased to \$22,699 million (2025: \$21,970 million). Loan drawdowns of \$729 million (2025: \$1,630 million) under the State Borrowing Program were utilised to fund the capital expenditure program and other working capital requirements, whilst maintaining an appropriate capital structure consistent with an investment grade credit rating.

The decline experienced in wholesale electricity market pricing resulted in unrealised losses on forward contracts held at 30 June 2026, contributing to a net derivate financial liability of \$252 million (2025: net asset position of \$75 million).

Directors' report

For the year ended 30 June 2026

Dividends

No dividend was declared or paid during the financial year (2025: nil).

Significant events after the reporting date

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Group.

Likely developments and future results

Our Statement of Corporate Intent and Corporate Plan sets out information on Energy Queensland's business strategies for future financial periods including likely developments in our operations and expected results in future years. The Group expects to continue its core operations including the design, construction and maintenance of the electricity networks, the distribution of electricity, non-competitive electricity retailing and the provision of electricity-related services.

Environmental regulation and performance

The Group's environmental obligations are regulated under Federal, State and Local government laws.

There were no significant environmental incidents reported to the Queensland Department of the Environment, Tourism, Science and Innovation (DETSI) in the financial year.

During the reporting period all environmental performance obligations of the Group were overseen by the Energy Queensland Board and the People, Safety and Environment Committee. Detailed strategic and operational direction is provided through a dedicated Health, Safety and Environment Group.

Environmental obligations 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 which monitors compliance and continuous improvements. The Group's Environmental Management System remains in place.

The *National Greenhouse and Energy Reporting Act 2007* (NGER Act) requires the entities within the Group to report annual greenhouse gas emissions and energy use. Reports are submitted to the Clean Energy Regulator and based on data gathered from the Group's information systems.

The Group's strategy for identifying, managing and responding to climate-related risks and opportunities are disclosed in the Climate Statement for the year ended 30 June 2026 in accordance with the AASB S2 *Climate-related disclosures*.

Insurance and indemnification of directors and officers

Policies were held throughout the period to insure all Directors and Officers of the Group against liabilities incurred in their capacity as a Director or Officer. Insurance premiums paid or agreed to be paid totalled \$719,816 comprising of Directors and Officers Liability, Statutory Liability and Workplace Health and Safety Liability policies covering Energy Queensland Limited and its subsidiaries (2025: \$827,509).

Energy Queensland indemnifies the Directors and Officers of the Company and its subsidiaries 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 an Energy Queensland Group Company, or any criminal or pecuniary penalty (this is consistent with the requirements of the *Corporations Act 2001*).

During or since the end of the 2025–26 financial year, the Group has not otherwise indemnified or agreed to indemnify a director, officer or auditor of the Group or any related body corporate against a liability incurred as such by a director, officer or auditor.

Directors' shareholding

No Directors held any beneficial interest in the shares of the Group. All issued shares are held by the two shareholding Ministers on behalf of the State of Queensland.

Directors' report

For the year ended 30 June 2026

Directors' meetings

The number of meetings of the Board of Directors (including committees) held during the year and attended by each Director are set out below:

Directors' name	Board meetings ¹		Audit and Risk Committee		Digital Enablement Committee		People, Safety and Environment Committee		Regulatory and Investment Committee	
	A	B ²	A	B ²	A	B ²	A	B ²	A	B ²
Patrick Brady (Chair)	10	10	-	-	-	-	-	-	1	1
Sarah Zeljko (Chair)	1	1	-	-	-	-	-	-	-	-
Bill Armagnacq	11	11	5	5	-	-	2	2	3	3
Corinne Butler	11	11	-	-	3	3	4	4	-	-
Karen Lay-Brew	11	11	-	-	3	3	4	4	3	3
Kevin Kehl	11	11	5	5	-	-	-	-	3	3
Leisa Rafter	11	11	5	5	3	3	-	-	-	-
Michael Hart	8	8	-	-	-	-	2	2	-	-

The Digital Enablement Committee was disbanded in December 2025.

A – number of meetings attended as a member

B – number of meetings held during the year

1 Location of Board meetings included: Townsville (1 meeting), Newstead (6 meetings), Cairns (1 meeting), Mackay (1 meeting), Victoria Park (1 meeting), and Toowoomba (1 meeting).

2 Number of meetings held during the time the Director held office during the financial year.

Proceedings on behalf of the company

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

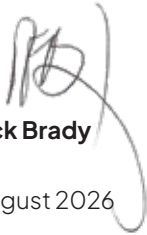
Auditor's independence declaration

The Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is on page 29 and forms part of the Directors' report for the year ended 30 June 2026.

Rounding

The amounts contained in this report and in the consolidated financial statements have been rounded to the nearest million dollars unless otherwise stated (where rounding is applicable) under the option available to the Company under the *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183*. The Company is an entity to which the legislative instrument applies.

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


Patrick Brady
Chair
20 August 2026

Auditor's independence declaration

To the Directors of Energy Queensland Limited

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 Energy Queensland Limited's financial report for the year ended 30 June 2026, and lead auditor of Energy Queensland Limited's sustainability report (Climate Statement) for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit of the financial report or the review of the sustainability report (Climate Statement).
- (b) no contraventions of any applicable code of professional conduct in relation to the audit of the financial report or of the review of the sustainability report (Climate Statement).

This declaration is in respect of Energy Queensland Limited and the entities it controlled during the period.



Rachel Vagg
Auditor-General

20 August 2026
Queensland Audit Office
Brisbane

Consolidated statement of profit or loss

For the year ended 30 June 2026

In millions of dollars	Note	2026	2025
Revenue	2	6,698	6,682
Expenses			
Transmission charges and electricity purchases	3	1,423	1,653
Solar photovoltaic feed in tariff		272	308
Employee expenses	3	1,354	1,408
Materials and services		768	949
Depreciation, amortisation and impairments	3	1,325	1,187
Net impairment losses on financial assets	6	28	26
Finance costs	3	994	860
Fair value losses	3	299	31
Other expenses		337	392
Loss before income tax equivalent benefit		(102)	(132)
Income tax equivalent benefit	4	35	38
Loss after income tax equivalent benefit		(67)	(94)

The consolidated statement of profit or loss is to be read in conjunction with the notes to the consolidated financial statements.

Consolidated statement of comprehensive income

For the year ended 30 June 2026

In millions of dollars	Note	2026	2025
Loss after income tax equivalent benefit		(67)	(94)
Other comprehensive income			
Items that will not be reclassified to consolidated statement of profit or loss:			
Revaluation of property, plant and equipment	15	407	351
Deferred income tax relating to the revaluation of property, plant and equipment		(122)	(105)
Actuarial gains/(losses) on defined benefit plans recognised directly in equity	18	52	(82)
Deferred income tax relating to actuarial (gains)/losses on defined benefit plans		(16)	25
Items that may be reclassified to profit or loss:			
Movement in cash flow hedge reserve - losses	14	(216)	(94)
Deferred income tax relating to movement in cash flow hedge reserve - losses		65	28
Other comprehensive income for the financial year, net of tax		170	123
Total comprehensive income for the financial year		103	29

All profit and comprehensive income or loss is attributable to the owners of the Company.

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the consolidated financial statements.

Consolidated statement of financial position

As at 30 June 2026

In millions of dollars	Note	2026	2025
Current assets			
Cash and cash equivalents	5	34	32
Trade and other receivables	6	1,398	1,708
Inventories	7	306	282
Derivative financial instruments - assets	8	5	84
Other assets		18	16
Total current assets		1,761	2,122
Non current assets			
Property, plant and equipment	15	30,070	28,695
Right-of-use assets	16	74	102
Intangible assets	17	496	611
Employee retirement benefits	18	142	107
Derivative financial instruments - assets	8	2	15
Other assets		15	10
Total non-current assets		30,799	29,540
Total assets		32,560	31,662
Current liabilities			
Trade and other payables	9	588	771
Interest bearing liabilities	10	12	11
Lease liabilities	16	30	31
Employee benefits	19	638	618
Derivative financial instruments - liabilities	11	203	23
Unearned revenue and contract liabilities	21	303	296
Provisions and other liabilities		64	90
Total current liabilities		1,838	1,840
Non current liabilities			
Interest bearing liabilities	10	22,699	21,970
Lease liabilities	16	70	102
Employee benefits	19	52	46
Derivative financial instruments - liabilities	11	56	1
Net deferred tax equivalent liability	20	3,439	3,400
Provisions and other liabilities		12	12
Total non current liabilities		26,328	25,531
Total liabilities		28,166	27,371
Net assets		4,394	4,291
Equity			
Share capital	22	19,643	19,643
Other transactions with owners	23	(18,514)	(18,514)
Reserves	23	2,963	2,834
Retained earnings	23	302	328
Total equity		4,394	4,291

The consolidated statement of financial position is to be read in conjunction with the notes to the consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 30 June 2026

In millions of dollars	Note	Share capital (Note 22)	Other transactions with owners (Note 23)	Asset revaluation reserve (Note 23)	Retained earnings (Note 23)	Hedging reserve (Note 23)	Total equity
Changes in equity for 2025							
Balance at 1 July 2024		19,643	(18,634)	2,504	463	166	4,142
Owners' equity contributions	30	-	120	-	-	-	120
Transfer from reserves		-	-	(16)	16	-	-
Total comprehensive income/(loss) for the financial year		-	-	246	(151)	(66)	29
Balance at 30 June 2025		19,643	(18,514)	2,734	328	100	4,291
Changes in equity for 2026							
Transfer from reserves		-	-	(5)	5	-	-
Total comprehensive income/(loss) for the financial year		-	-	285	(31)	(151)	103
Balance at 30 June 2026		19,643	(18,514)	3,014	302	(51)	4,394

The consolidated statement of changes in equity is to be read in conjunction with the notes to the consolidated financial statements.

Consolidated statement of cash flows

For the year ended 30 June 2026

In millions of dollars	Note	2026	2025
Cash flows from operating activities			
Receipts from customers		6,440	6,614
Receipts for community service obligations		698	726
Payments to suppliers and employees		(5,160)	(5,875)
Interest paid		(996)	(847)
Income tax equivalent receipts		-	35
Net cash from operating activities	5	982	653
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		65	5
Cash advances from other parties		377	102
Interest received		18	24
Payment for capitalised interest		(27)	(26)
Payments for property, plant and equipment and intangible assets		(2,113)	(2,476)
Net cash used in investing activities		(1,680)	(2,371)
Cash flows from financing activities			
Proceeds from borrowings		729	1,630
Payment of lease liabilities		(30)	(36)
Equity contribution from Shareholding Ministers		-	120
Customer security deposits received		1	-
Net cash from financing activities		700	1,714
Net increase/(decrease) in cash and cash equivalents		2	(4)
Cash and cash equivalents at the beginning of the financial year		32	36
Cash and cash equivalents at the end of the financial year	5	34	32

The consolidated statement of cash flows is to be read in conjunction with the notes to the consolidated financial statements.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Section 1: Basis of preparation

Note 1: Basis of preparation

(A) General information

Energy Queensland Limited (the Company or Energy Queensland) is a public company limited by shares and is domiciled in Australia.

The consolidated financial statements of Energy Queensland for the year ended 30 June 2026 (including comparatives) comprise the Company and its subsidiaries (collectively referred to as the Group).

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

420 Flinders Street
Townsville Queensland 4810

All shares are held by shareholding Ministers on behalf of the State of Queensland. The Group is a for-profit entity.

The principal activities of the entities within the Group during the financial year consisted of:

- Design, construction and maintenance of the Queensland Electricity Distribution Networks;
- Distribution of electricity within Queensland;
- Non-competitive electricity retailing in regional Queensland; and
- Provision of electricity-related services.

The consolidated financial statements were authorised for issue by the board of directors on 20 August 2026. The board of directors have the power to amend and reissue the consolidated financial statements after issue.

The consolidated financial statements are general purpose financial statements 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* (GOC Act), provisions of the *Corporations Regulations 2001*, and other relevant legislation issued pursuant to aforementioned Acts.

(B) Basis of preparation

The consolidated financial statements are presented in Australian dollars. The amounts contained in the consolidated financial statements have been rounded to the nearest million dollars unless otherwise stated (where rounding is applicable) under the option available to the company under the *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183*.

The consolidated financial statements have 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. The Group's financing arrangements are outlined in note 10.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 1: Basis of preparation (continued)

(i) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis, except for the valuation of certain derivative financial instruments at fair value, certain classes of property, plant and equipment at fair value and defined benefit assets and liabilities.

(ii) Basis of consolidation

The consolidated financial statements of the Group have been prepared using consistent accounting policies.

(iii) Comparatives

Comparative information reflects the prior year's audited consolidated financial statements except where amounts were reclassified to be consistent with the disclosures in the current reporting period.

(C) Changes in material accounting policies

There are no new or revised accounting standards effective for the year ended 30 June 2026 which resulted in any changes to accounting policies adopted in the Group's consolidated financial statements.

(D) Application of new Accounting Standards and Interpretations not yet adopted

The Australian Accounting Standards Board (AASB) published new or amended accounting standards and interpretations that are not mandatory for the 30 June 2026 reporting period and none of these have been early adopted by the Group. The following assessment includes those amendments which may have some impact on the Group's financial statements:

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

This standard applies to annual reporting periods beginning on or after 1 January 2026, making amendments to AASB 9 *Financial Instruments* to include guidance on:

- The application of an '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.

There are also new disclosure requirements for certain PPAs as the standard amends AASB 7 *Financial Instruments: Disclosures*.

The Group has determined that the relevant "own-use" exemption will continue to apply as EQL is deemed to be a net purchaser of electricity and use the generation supplied under these contracts without the requirement to sell excess back into the market. No change in current accounting treatment will be required.

(ii) AASB 18 Presentation and Disclosure in Financial Statements

AASB 18 replaces AASB 101 Presentation of Financial Statements and applies to annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key 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 Group in the current or future reporting periods or on the recognition and disclosure of foreseeable future transactions.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 1: Basis of preparation (continued)

(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 Group'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 Group and that are believed to be reasonable under the circumstances.

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

Notes to the consolidated financial statements

For the year ended 30 June 2026

Section 2: Profit or Loss Information

Note 2: Revenue

In millions of dollars	2026	2025
Revenue		
Revenue from contracts with customers		
Network use of system revenue	2,531	2,409
Retail sales revenue	2,526	2,535
Service charges	675	862
Non-refundable capital contributions	174	112
Revenue from sale of goods	85	69
Total revenue from contracts with customers	5,991	5,987
Government grant revenue		
Community service obligation	653	653
Other government grants	4	6
Total government grant revenue	657	659
Other revenue		
Interest received	17	25
Gain on disposal of property, plant and equipment	19	-
Other operating revenue	14	11
Total other revenue	50	36
Total revenue	6,698	6,682

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 2: Revenue (continued)

In millions of dollars	2026	2025
Disaggregation of revenue from contracts with customers – timing of revenue recognition		
Revenue received over time:		
Network use of system revenue	2,531	2,409
Retail sales revenue	2,526	2,535
Service charges – construction and quoted service contracts	621	757
Total revenue received over time	5,678	5,701
Revenue received at a point in time:		
Service charges – maintenance and fee based service contracts	54	105
Non-refundable capital contributions	174	112
Revenue from sale of goods	85	69
Total revenue received at a point in time	313	286
Total revenue from contracts with customers	5,991	5,987

Summary of material accounting policies

Performance obligations and revenue recognition policies

Revenue is measured at the fair value of the consideration received or receivable, net of goods and services tax (GST). Revenue is recognised when the Group transfers control over goods or provides a service to a customer.

The following information provides details about the nature and timing of the satisfaction of performance obligations in contracts with customers and related revenue recognition policies.

(i) Network use of system (NUOS) revenue

The Group is subject to a revenue cap that is earned on its regulated assets in the provision of Standard Control Services (SCS). SCS includes network supply services, small customer connections and services associated with unmetered connection points. The revenue earned on these services is referred to as Distribution Use of System (DUOS) revenue.

NUOS revenue is determined based on the allowed revenue cap for Distribution Use of System plus Transmission Use of System (TUOS) charges, also referred to as designated pricing proposal charges. The revenue received from the TUOS charges is a pass-through of charges levied by the providers of transmission services.

NUOS is billed to retailers, to be passed on to customers, based on a combination of customers' energy consumption (which may vary by time of use, including peak, shoulder and off-peak periods), demand, capacity and fixed charges at Australian Energy Regulator (AER) approved prices. The approved prices are calculated to recover the annual NUOS charges, plus other annual allowances approved by the AER (for example, Service Target Performance Incentive Scheme rewards or penalties). NUOS billed by Ergon Energy Corporation to the retailer Ergon Energy Queensland is eliminated on consolidation and not included in the Group Network use of system revenue as disclosed above. Refer note 26 for the accounting policy applied to the consolidation of subsidiaries.

NUOS revenue from retailers is recognised as the aggregate of invoices raised, together with the estimated energy consumption not yet invoiced.

The performance obligation is to provide customers with access to the network and the majority of revenue is recognised based on actual consumption, but this may vary from the regulated revenue cap due to variances compared to forecast consumption used in the determination of pricing. Any current period under or over recovery of the revenue cap is recovered from or returned to customers in future periods through an adjustment to prices. Where over recoveries occur, they are deducted from revenue in the period in which they are returned to customers. Under recoveries are recognised as revenue in the period in which they are billed to customers.

The customer simultaneously receives and consumes energy delivered to their premises as the Group performs under the contract. Therefore, the revenue is recognised over time. Payment terms for network billings to most retailers is 10 business days.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 2: Revenue (continued)

(ii) Retail sales revenue

Electricity sales revenue is recognised as the aggregate of invoices raised, together with the estimated energy consumption not yet invoiced.

Retail sales revenue is recognised over time as energy is simultaneously delivered to and consumed by customers.

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.

(iii) Service charges – construction and quoted service contracts

Revenue is earned for a variety of construction services for works undertaken at the customers' request. These include relocation of network assets, upgrades to or replacement of street lighting assets, metering upgrades and design and construction of non-regulated electricity assets. Revenue is recognised over time with reference to the performance obligations satisfied under a contract and applying the input cost method to measure the progress towards complete satisfaction of the performance obligations.

Billings are usually upfront prior to work commencement or at milestones throughout the works. Due to timing differences between billing and satisfaction of performance obligations, contract assets and contract liabilities may arise.

(iv) Service charges – maintenance and fee based service contracts

Revenue is earned for the provision of electricity-related operation and maintenance services for street lighting, metering services and ancillary network services. These are known as Alternative Control Services (ACS) and are subject to a regulated price determined by the AER (known as a price cap). The price charged for some of these services, such as electricity disconnection, reconnection, meter reading and temporary connections, is limited under section 226 (2) of *Queensland's Electricity Regulation 2006* which overrides the AER price caps. There are also a number of non-regulated services provided such as maintenance of the transmission network, energy generation services, contestable metering services and telecommunication services.

Revenue is recognised at a point in time, when the service is provided (in the case of a simple fee based service such as de-energisations, re-energisations and meter reading) or, for ongoing services, over time as the customer receives and consumes the benefits from the underlying services. Billing usually occurs at the time the service is provided for most fee based service contracts and on a monthly basis for the remaining ongoing service contracts.

(v) Non-refundable capital contributions

The Group finances part of its capital works program through non-refundable contributions from customers which are applied to the cost of these works. Contributions of cash towards assets constructed by the Group are recognised as revenue upon completion of the project in accordance with the performance obligations of the connection contract. The non-refundable contributions received upfront or at milestones throughout construction are initially recognised as a contract liability and subsequently recognised as revenue when the associated assets are brought into operation.

The Group also receives non-refundable contributions of assets which are constructed by a third party and gifted to the Group for ongoing operation and maintenance. These are recognised as revenue when the performance obligation of connecting that asset to the network is satisfied and control of that asset passes to the Group. The revenue is measured at the fair value of the contribution, which is an approximation of the cost to construct the asset based on an approved AER pricing formula.

(vi) Revenue from sale of goods

Revenue for the sale of goods is recognised at a point in time, on delivery of the goods to the customer and transfer of control. This typically involves the sale of inventory such as transformers, cables, poles, electrical supplies, meters, and scrap. Major customers are property developers and payment terms are usually 30 days from date of invoice, with few exceptions.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 2: Revenue (continued)

(vii) Community service obligation (CSO)

Community service obligation (CSO) receipts are recognised as government grant revenue. The Group is legally required to charge its retail customers in regional Queensland at notified prices set by the Queensland Competition Authority. As a consequence, the tariff revenue collected is below the cost of supplying electricity. A Deed between the Group and the State of Queensland provides for CSO payments to be made by the State of Queensland to the Group.

Direction notices issued by the shareholding ministers from time to time may result in the Group foregoing revenue. Where a Direction notice qualifies as a CSO, the Group has an entitlement to recover any such revenue shortfalls from the State of Queensland.

CSO revenue is recognised when the Group becomes entitled to a claim from the State Government for forgone revenue in accordance with section 112 of the GOC Act.

(viii) Interest received

Interest income is recognised in the Consolidated Statement of Profit or Loss as it accrues, using the effective interest rate method.

(ix) Contract assets and liabilities

Refer to Notes 6 and 21 for information about contract assets and contract liabilities arising from contracts with customers.

An amount of \$117 million included in contract liabilities as at 30 June 2025 has been recognised as revenue in this financial year (2025: \$82 million).

Critical accounting estimates and judgements

(i) Unbilled retail energy sales

Retail sales revenue accrual estimates are made to account for energy consumed but not yet billed at the end of the reporting period.

(ii) Unbilled network charges

Unbilled network charges are accrued monthly. The calculation uses historic volumes and considers seasonality to estimate the unbilled network charges.

(iii) Construction contracts

Contract assets or contract liabilities are recognised with reference to the progress towards completion for construction contracts which span over financial years. Input costs incurred and construction contract estimates are used to calculate the amount of revenue to be recognised.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 3: Expenses

In millions of dollars	Note	2026	2025
Loss before income tax equivalent benefit includes the following significant expenses:			
Transmission charges and electricity purchases			
Transmission use of system charges		642	659
Electricity purchases		781	994
Total transmission charges and electricity purchases		1,423	1,653
Finance costs			
Interest expense		918	768
Competitive neutrality fees		90	102
less capitalised financing costs		(27)	(26)
Other		13	16
Total finance costs		994	860
Employee expenses			
Wages and salaries		881	873
Employer contributions to defined contribution plans		209	198
Expenses related to post-employment defined benefit plans		17	9
Expenses related to annual and long-service leave		199	230
Termination benefits		2	3
Other		46	95
Total employee expenses		1,354	1,408
Fair value losses			
Fair value loss on financial instruments at fair value		94	10
Hedge ineffectiveness loss		205	18
Fair value loss on energy certificates at fair value		-	3
Total fair value losses		299	31

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 3: Expenses (continued)

In millions of dollars	Note	2026	2025
Loss before income tax equivalent benefit includes the following significant expenses:			
Depreciation, amortisation and impairment expense			
Depreciation:			
Supply system assets	15	947	879
Power stations	15	27	25
Other plant and equipment ¹	15	119	105
Total depreciation expense ¹		1,093	1,009
Right of use assets depreciation	16	24	26
Amortisation			
Computer software	17	128	108
Total amortisation expense		128	108
Impairment expense			
Supply system dismantled assets	15	22	4
Power stations	15	-	2
Other plant and equipment	15	5	-
Intangible software	17	-	2
Software work in progress	17	53	36
Total impairment expense		80	44
Total depreciation, amortisation and impairment expense		1,325	1,187

¹ \$30 million (2025: \$31 million) of the depreciation expense on fleet that was used in the construction of supply system assets was capitalised

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 3: Expenses (continued)

Summary of material accounting policies

Expenses

(i) *Transmission charges and electricity purchases*

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

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.

(ii) *Finance costs*

Finance costs charged by the State's central financing authority, QTC, include administration fees, capital market fees and interest on the outstanding principal. Where applicable, a competitive neutrality fee is paid to Queensland Treasury to offset any competitive advantage that may be obtained from borrowing at a lower interest rate than the private sector by virtue of the Group's government ownership.

Finance costs directly attributable to the construction of assets that take more than 12 months to prepare for their intended use are added to the cost of those assets. Finance costs not directly attributable to qualifying assets are expensed in the period in which they are incurred.

(iii) *Employee expenses*

Wages and salaries due but unpaid at reporting date are recognised in the Consolidated Statement of Profit or Loss at the current salary rates. As the Group expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit or when the entity recognises any related restructuring costs.

(iv) *Depreciation, amortisation and impairment expense*

Refer to Notes 15, 16 and 17 for summary of material accounting policies related to depreciation, amortisation and impairment expense.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 4: Taxation

In millions of dollars	2026	2025
(A) Income tax equivalent benefit		
Current tax expense	-	-
Deferred tax benefit	(35)	(38)
Income tax equivalent benefit	(35)	(38)
Deferred income tax expense included in income tax expense comprises:		
Increase in deferred tax assets	(40)	(40)
Increase in deferred tax liabilities	5	2
Deferred income tax benefit attributable to loss from continuing operations	(35)	(38)
(B) Numerical reconciliation of income tax equivalent benefit to prima facie tax payable		
Net loss before income tax equivalent benefit	(102)	(132)
Prima facie income tax equivalent benefit on operating loss at 30% (2025: 30%)	(31)	(40)
Increase in income tax equivalent benefit	(4)	(2)
Decrease in income tax equivalent benefit	-	4
Income tax equivalent benefit	(35)	(38)
(C) Deferred tax recognised directly in equity		
Revaluation property, plant and equipment	122	105
Recognition of defined benefit increment/(decrement)	16	(25)
Hedge accounting of derivatives	(65)	(28)
Deferred tax asset/(liability) recognised directly in equity	73	52

Refer to Note 20 for summary of material accounting policies related to taxation.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Section 3: Financial assets and financial liabilities

Note 5: Cash and cash equivalents

In millions of dollars	2026	2025
Cash at bank	34	32
Total cash and cash equivalents	34	32

In millions of dollars	Note	2026	2025
Reconciliation of loss after income tax equivalent benefit			
To the net cash flows provided by operating activities			
Loss after income tax equivalent benefit		(67)	(94)

Non-cash flows and other income and expense items in profit:

Depreciation, amortisation and impairment		1,353	1,213
Net (gain)/loss on disposal of property, plant and equipment		(19)	2
Interest income classified as investing activities		(18)	(24)
Provision for inventory obsolescence		(5)	4
Fair value loss on financial instruments	3	299	31

Changes in assets and liabilities:

(Increase)/decrease in trade and other receivables		(183)	(92)
(Increase)/decrease in inventory		(19)	(34)
(Increase)/decrease in other assets		(180)	(6)
(Decrease)/increase in trade and other payables		(154)	(457)
(Decrease)/increase in provisions and other liabilities		(16)	86
(Decrease)/increase in employee benefits		26	27
(Increase)/decrease in income tax receivable		-	35
(Decrease)/increase in net deferred income tax liability		(35)	(38)
Net cash flow provided by operating activities		982	653

Summary of material accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and investments in money market instruments. They are highly liquid, subject to an insignificant risk of change in value and have a maturity of three months or less.

EQL also has an Advances Facility, a short term-deposit account with Queensland Treasury which accrues interest on daily balances. This is disclosed in Note 6.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 6: Trade and other receivables

In millions of dollars	2026	2025
Current		
Trade receivables	780	689
Less provision for impairment of receivables	(52)	(45)
Total net trade receivables	728	644
Advances facility ¹	335	711
Contract assets	108	141
Community service obligations accrual	69	48
Hedge receivable	110	99
Other receivables and prepayments	48	65
Total current trade and other receivables	1,398	1,708

¹ The Advances Facility (a short-term deposit account) with Queensland Treasury accrues interest on daily balances.

Impaired trade receivables

In millions of dollars	Gross 2026	Impairment 2026	Gross 2025	Impairment 2025
Ageing of impaired trade receivables				
Unbilled revenue and current receivables	130	1	112	-
Less than one month overdue	31	2	50	1
One to two months overdue	17	2	23	3
Two to three months overdue	11	1	18	3
Over three months overdue	75	46	72	38
	264	52	275	45

In millions of dollars	2026	2025
Movements in the provision for impairment of trade receivables are as follows:		
Carrying amount at the beginning of the financial year	45	46
Provision for impairment recognised during the financial year	28	26
Receivables written off during the financial year as uncollectible	(21)	(27)
Carrying amount at the end of the financial year	52	45

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

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 6: Trade and other receivables (continued)

Summary of material accounting policies

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 recoverability of trade and other receivables is reviewed on an ongoing basis.

The impairment model prescribed by AASB 9 *Financial Instruments* applies to the Group'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.

Contract assets

The contract assets relate primarily to the Group's rights to consideration for work completed but not billed at the reporting date for customer requested construction work such as relocation of network assets and other recoverable maintenance and construction contracts. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

Critical accounting estimates and judgements

Impairment of receivables

A provision for impaired receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. This is based on evidence of significant financial difficulties of the debtor and probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency.

In some cases, due to the high volume, low value of such trade receivables, management exercises judgement in determining the provision for impaired trade receivables. The Group considers evidence such as historical trends of bad debts experienced within certain categories of aged receivables.

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.

Assessment of the general provisioning for impaired receivables has taken into account expected economic conditions and future events. The Group assists customers experiencing financial hardship with payment support options, hardship arrangements and government concessions.

Further disclosures in relation to credit risk are provided in Note 12(A).

Note 7: Inventories

In millions of dollars	2026	2025
Current		
Maintenance and construction stocks	306	282
Total inventories	306	282

Maintenance and construction stocks are valued at the lower of average cost and net realisable value, and include a provision for inventory obsolescence of \$31 million (2025: \$36 million). The provision is a result of ongoing reviews to assess the net realisable value of inventory and identification of items that are subject to factors such as technological obsolescence or loss of service potential. The creation and release of this provision is included in materials and services expenses.

Inventories of \$162 million (2025: \$163 million) were recognised as an expense during the year and included in materials and services.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 8: Derivative financial instruments – assets

In millions of dollars	2026	2025
Current		
Electricity derivative contracts – fair value through profit or loss	5	12
Electricity derivative contracts – Cash Flow Hedges	-	72
Total current financial instruments – assets	5	84

In millions of dollars	2026	2025
Non-current		
Electricity derivative contracts – fair value through profit or loss	2	-
Electricity derivative contracts – Cash Flow Hedges	-	15
Total non-current financial instruments – assets	2	15

Relevant material accounting policies and critical accounting estimates and assumptions are outlined in Note 13 Fair values of financial assets and liabilities and Note 14 Hedge accounting.

Note 9: Trade and other payables

In millions of dollars	2026	2025
Current		
Trade payables	344	462
Accrued interest	74	69
Electricity hedges payable	20	2
Other payables and accruals	150	238
Total current payables	588	771

Summary of material accounting policies

Trade and other payables

Trade and other payables are recognised as a liability when the Group has a legal obligation to settle the liability. Such liabilities are initially recognised at fair value and subsequently measured at amortised cost.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 10: Interest bearing liabilities

In millions of dollars	2026	2025
Current		
Unsecured liabilities		
Customer security deposits	12	11
Total current interest bearing liabilities	12	11
Non-current		
Unsecured liabilities		
Queensland Treasury Corporation loans	22,699	21,970
Total non-current interest bearing liabilities	22,699	21,970

(A) Queensland Treasury Corporation loans

The fair value of Queensland Treasury Corporation (QTC) loans as at 30 June 2026 was \$22,167 million (2025: \$21,920 million).

The fair value of QTC loans is the price that the notional underlying bonds and instruments funding the loan could be bought for at balance date as advised by the QTC. This is classified as level 2 in the fair value measurements hierarchy.

The Group does not anticipate it will make loan repayments in the next 12 months (2025: nil). There is no obligation to make repayments under current loan arrangements with the QTC.

The loan with QTC contains a financial covenant. If the financial covenant is not met, a Review Event is triggered and QTC must be notified. Under the Funding Agreement, this may ultimately result in the loan becoming repayable on demand. As the Group complied with this covenant as at 30 June 2026 and the Group has a right to defer settlement for at least 12 months after reporting date, the loan is classified as non-current.

In millions of dollars	2026	2025
(B) Financing arrangements		
The Group has access to the following short-term lines of credit:		
Working capital and credit facilities		
Facilities used at the end of the reporting period - unsecured loans	3	4
Facilities not utilised at the end of the financial year - unsecured loans	727	711
Total facilities available	730	715

These working capital and credit facilities are short-term in nature with the outstanding balance paid down regularly.

The Group has access to debt and cash management facilities from QTC and access to further borrowings from QTC subject to approval of an annual State Borrowing Program limit. Borrowings under the State Borrowing Program amounted to \$729 million (2025: \$1,630 million). The State Borrowing Program for FY 2027 has been approved.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 10: Interest bearing liabilities (continued)

As at 30 June 2026, the Group had borrowings of \$22,699 million (2025: \$21,970 million) with access to a further \$700 million (2025: \$700 million) in QTC facilities.

In millions of dollars	2025			2026
(C) Reconciliation of movements of liabilities to cash flows arising from financing activities		Financing cash flows ¹	Non-cash changes	
Queensland Treasury Corporation loans	21,970	729	-	22,699
Customer security deposits	11	1	-	12

In millions of dollars	2024			2025
		Financing cash flows ¹	Non-cash changes	
Queensland Treasury Corporation loans	20,340	1,630	-	21,970
Customer security deposits	11	-	-	11

¹ The cash flows make up the net amount of proceeds from borrowings and payment of customer security deposits in the Consolidated Statement of Cash Flows.

Summary of material accounting policies

Interest bearing liabilities

Interest bearing borrowings are initially recognised at fair value net of transaction costs incurred. They are subsequently measured on an amortised cost basis.

Note 11: Derivative financial instruments – liabilities

In millions of dollars	2026	2025
Current		
Electricity derivative contracts – fair value through profit or loss	16	6
Electricity derivative contracts – Cash Flow Hedges	187	17
Total current financial instruments – liabilities	203	23
Non-current		
Electricity derivative contracts – fair value through profit or loss	16	-
Electricity derivative contracts – Cash Flow Hedges	40	1
Total non-current financial instruments – liabilities	56	1

Relevant material accounting policies and critical accounting estimates and judgements are outlined in Note 13 Fair values of financial assets and liabilities and Note 14 Hedge accounting.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 12: Financial risk management

The Group has policies and procedures in place to manage the financial risks associated with its operating activities. Exposure to credit, interest rate, price and liquidity risk arises in the normal course of the Group's business. Derivative financial instruments are used to manage certain exposures to fluctuations in electricity prices. The financial risks faced by the Group 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 payment obligations under their respective contracts at or before maturity.

The Group manages credit risk 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.

The concentration of credit risk related to distribution network customers is the risk of a retailer defaulting on their obligations. The Group's retailer credit support arrangements are governed by the applicable National Electricity Rules and retailer-distributor regulatory framework. In assessing whether credit support may be required, the retailer's network charge liability, credit allowance and payment history are considered, consistent with the relevant regulatory requirements. As at 30 June 2026 the Group had trade receivables of \$219 million (2025: \$216 million) from third-party retailers. Five distribution network customers represented 71% of these trade receivables (2025: five distribution network customers represented 72% of these trade receivables).

Where appropriate, collateral in the form of a cash deposit is obtained from retail customers as a means of mitigating the risk of financial loss from defaults. At the end of the financial year, the Group held collateral of \$12 million (2025: \$11 million) from retail customers. Bank guarantees of \$0.5 million from Ergon Energy Retail customers were also held as at 30 June 2026 (2025: \$1 million).

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 12: Financial risk management (continued)

(A) Credit risk (continued)

Note 25 provides details of bank guarantees from wholesale Over-The-Counter (OTC) counterparties held by the Group. The Group manages its credit settlement risk associated with 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 Group requires wholesale counterparties to provide appropriate letters of credit or bank guarantees. A total of \$3 million bank guarantees from wholesale OTC counterparties was held at 30 June 2026 (2025: \$3 million).

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

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 Ergon Energy Retail's internal wholesale credit exposure model:

Counterparty classification	2026	2025
Queensland Government owned electricity entities	94%	94%
Entities with a credit rating A ¹	2%	3%
Entities with a credit rating BBB ¹	1%	-
Other entities	3%	3%

¹ 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.

Movements in the allowance for impairment in respect of trade receivables and contract assets are provided in Note 6.

(B) Interest rate risk

Variable interest rate borrowings expose the Group to interest rate cash flow risk while fixed interest borrowings expose the Group to fair value risk.

The Group's income and operating cash flows are substantially independent of changes in short-term market interest rates.

Other assets and liabilities exposing the Group to interest rate cash flow risk include cash and cash equivalents and advances facility (variable rate interest exposure), lease liabilities (fixed rate interest exposure) and interest bearing customer security deposits (variable interest rate exposure).

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 12: Financial risk management (continued)

(B) Interest rate risk (continued)

The effective interest rates on the Group's interest bearing financial assets and liabilities as at balance date are detailed below.

In millions of dollars	Variable interest rate \$	Fixed interest rate \$	Weighted average interest rate %
2026			
Financial assets			
Cash and cash equivalents	34	-	4.34%
Advances facility	335	-	4.22%
Total financial assets	369	-	
Financial liabilities			
Customer security deposits	12	-	4.25%
Lease liabilities	-	100	1.93%
Loans	-	22,699	4.57%
Total financial liabilities	12	22,799	
2025			
Financial assets			
Cash and cash equivalents	32	-	4.77%
Advances facility	711	-	4.96%
Total financial assets	743	-	
Financial liabilities			
Customer security deposits	11	-	4.60%
Lease liabilities	-	133	1.87%
Loans	-	21,970	4.20%
Total financial liabilities	11	22,103	

Sensitivity analysis – QTC Loans

At 30 June 2026, if interest rates had been 100 basis points higher and all other variables were held constant, the Group's net profit and equity would decrease by \$14 million (2025: \$14 million). If interest rates had been 100 basis points lower and all other variables held constant, the Group's net profit and equity would increase by \$15 million (2025: \$15 million).

The Group's borrowings from QTC have been classified as loans with a fixed interest rate in the table above.

(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 National Electricity Market. 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) associated with the Ergon Energy Retail business (Ergon Energy Queensland Pty Ltd trading as Ergon Energy Retail). Wholesale contracts relating to franchise load are generally dealt over a period of less than three years.

There is limited price risk for the network distribution businesses, due to the AER revenue cap framework and the mechanism for over or under recoveries through the adjustment of prices in future periods.

To manage retail price risk the Group has 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 entity. The manual includes a market price risk exposure limit framework and monitoring, reporting and review requirements.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 12: Financial risk management (continued)

(C) Price risk (continued)

The Group uses derivative financial instruments to manage its retail electricity price risk, consumer variable volume risk and associated cash flow risk. It hedges exposure to pool price fluctuations arising from committed and anticipated electricity purchases. The hedge 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 profit or loss. Refer to Note 14 for further information regarding the application of hedge accounting.

The following table details the Group's sensitivity to a 20% (2025: 20%) increase and decrease in the electricity forward price at balance date 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 millions of dollars	Electricity forward price			
	+20% 2026	+20% 2025	-20% 2026	-20% 2025
Profit/(loss) before tax	25	31	(27)	(34)
Hedging reserve	170	216	(167)	(213)
Equity	195	247	(194)	(247)

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 13 and 14 for additional information in relation to accounting policies for financial instruments and hedge accounting.

(D) Liquidity risk

Liquidity risk is the risk that the Group 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. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available. Available lines of funding are disclosed in Note 10.

QTC is the approved Eligible Provider for the purposes of the Australian Financial Services Licence of an entity in the Group and is required to provide funding on written demand when requested by the Group pursuant to an approved Eligible Undertaking. QTC has provided an eligible undertaking for \$400 million (2025: \$400 million).

Contracts entered into by the Group for the purchase of electricity and associated derivatives 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 potentially arise in the event of unexpected high market volatility and may result from a large margin call being required for settlement.

The tables below disclose the Group'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. The Group's long-term borrowings from QTC have an interest only in perpetuity repayment profile. The principal component of QTC borrowings are included in the over five years' time band with no interest included in respect of this facility for the period over five years.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 12: Financial risk management (continued)

(D) Liquidity risk (continued)

In millions of dollars	Less than 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
2026					
Derivative financial liabilities	194	94	-	288	258
Large-scale generation certificates	3	5	-	8	4
Financial guarantees	150	-	-	150	-
Non-interest bearing liabilities	513	2	-	515	515
Customer security deposits	12	-	-	12	12
Lease liabilities	32	72	-	104	100
Loans	991	3,993	22,699	27,683	22,699
Total	1,895	4,166	22,699	28,760	23,588
2025					
Derivative financial liabilities	50	22	-	72	24
Large-scale generation certificates	2	6	-	8	4
Financial guarantees	145	-	-	145	-
Non-interest bearing liabilities	702	2	-	704	704
Customer security deposits	11	-	-	11	11
Lease liabilities	33	106	-	139	133
Loans	909	3,660	21,970	26,539	21,970
Total	1,852	3,796	21,970	27,618	22,846

The amounts included as total contractual cash flows above for financial guarantee contracts are the maximum amounts the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that such an amount will not be payable under the arrangement. For further information regarding guarantees refer to Note 25(C).

(E) Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of interest bearing liabilities disclosed in Note 10 and equity comprising share capital, other transactions with owners, reserves and retained earnings.

The Group borrows exclusively from QTC for long term debt requirements. The long-term borrowing facilities provided by QTC have an interest only in perpetuity repayment profile. The cost of debt is derived from debt instruments issued by QTC and a competitive neutrality fee designed to remove any competitive advantage obtained from borrowing at a lower interest rate than the private sector by virtue of the Group's Government ownership.

QTC manages debt financing, including new debt raising and the re-financing of existing borrowings, on behalf of the Group in accordance with agreed benchmarks. QTC borrows in advance of requirements to ensure Queensland public sector entities have ready access to funding when required and also to reduce the risk associated with refinancing maturing loans.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 12: Financial risk management (continued)

(E) Capital management (continued)

The Group monitors capital on the basis of a key financial ratio for Net Debt to Standard Control Services Regulated Asset Base (RAB). At 30 June 2026 and 30 June 2025 this key financial ratio was as follows:

	2026	2025
Net Debt to RAB ratio	68%	68%

Note 13: Fair values of financial assets and liabilities

The fair value of a financial instrument 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.

1) Fair value measurements

The Group uses the following fair value measurement hierarchy:

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

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

In millions of dollars	Level 1	Level 2	Level 3	Total
2026				
Assets				
Electricity derivative contracts	-	1	6	7
Small-scale technology certificates held for trading	-	14	-	14
	-	15	6	21
Liabilities				
Electricity derivative contracts	49	163	47	259
Large-scale generation certificates held for trading	-	4	-	4
	49	167	47	263
2025				
Assets				
Electricity derivative contracts	4	80	15	99
Small-scale technology certificates held for trading	-	13	-	13
	4	93	15	112
Liabilities				
Electricity derivative contracts	5	-	19	24
Large-scale generation certificates held for trading	-	3	-	4
	5	3	19	28

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 13: Fair values of financial assets and liabilities (continued)

2) Reconciliation of level 3 fair value measurements

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

In millions of dollars	Electricity derivative contracts	Total
2026		
Assets		
Opening balance	15	15
Settlements	27	27
Transfers out	(4)	(4)
Movement recognised in Consolidated Statement of Profit or Loss ¹	(22)	(22)
Movement in Consolidated Statement of Comprehensive Income ²	(10)	(10)
Closing balance	6	6
Liabilities		
Opening balance	(19)	(19)
Transfers in	4	4
Settlements	105	105
Movement recognised in Consolidated Statement of Profit or Loss ¹	(78)	(78)
Movement in Consolidated Statement of Comprehensive Income ²	(59)	(59)
Closing balance	(47)	(47)
2025		
Assets		
Opening balance	17	17
Settlements	(13)	(13)
Movement recognised in Consolidated Statement of Profit or Loss ¹	5	5
Movement in Consolidated Statement of Comprehensive Income ²	6	6
Closing balance	15	15
Liabilities		
Opening balance	(23)	(23)
Settlements	8	8
Movement in Consolidated Statement of Comprehensive Income ²	(4)	(4)
Closing balance	(19)	(19)

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

² Recognised in the Movement in cash flow hedge reserve in the Consolidated Statement of Comprehensive Income

3) 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. The Group recognises transfers between levels of the fair value hierarchy as of the beginning of the reporting period during which the transfer has occurred. During 2026 there were no transfers of electricity derivatives between level 2 and level 3 (2025: nil).

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 13: Fair values of financial assets and liabilities (continued)

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

The Group has an established control framework with respect to the measurement of fair values of financial instruments. Contracts are valued using a combination of data sources including trades executed by Ergon Energy Retail, the Australian Securities Exchange (ASX), ICAP Plc (ICAP), TFS Australia Pty Ltd (TFS) and other market intelligence. Ergon Energy Retail trades in these instruments frequently and has sufficient market information to reliably measure the value of these contracts in accordance with the requirements of Australian Accounting Standards.

The Group has implemented a change to the approach used to profile the electricity forward curve across trading intervals to determine the fair value of Over-The-Counter swaps. The previous approach adopted combined historical electricity pool price shapes with an electricity pool price forecast to derive the trading interval electricity forward curve profile. This approach has been replaced by a valuation methodology that calibrates the electricity forward curve to recent executed transactions using internally developed calibration techniques. The methodology initially incorporates the historical electricity pool prices and then applies adjustment factors to align the electricity forward curve with observed transaction pricing, including consideration of deal structure and seasonal characteristics. The updated approach more appropriately reflects current market conditions and the pricing of instruments transacted by the Group.

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

The Group 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 options), large-scale generation certificates (LGCs) and small-scale technology certificates (STCs).

Type	Methods and assumptions
Swaps	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 calibrated to market conditions and transaction pricing (refer Note 13(6)). 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 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. Where positions are held in periods beyond the curve, the curve is extended accordingly.
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.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 13: Fair values of financial assets and liabilities (continued)

6) Fair value valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring level 2 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	Forward curves are sourced from broker quoted forward curves. A profiling and calibration methodology is applied to derive the OTC trading interval level forward curve. The approach uses the historical electricity pool price and applies adjustment factors to calibrate the curve to recent executed transactions, ensuring alignment with observed traded prices and incorporating seasonal and structural characteristics of traded products.	Several inputs used in the valuation methodology are unobservable and determined by management. This includes the selection of transactions used in the calibration process and assumptions relating to seasonal allocation and adjustment factors. These inputs require judgement to ensure the resulting forward curve reflects expected market participant pricing.	A change in OTC trading interval level prices may lead to higher or lower fair values. This change may be due to differing calibration assumptions. The valuation is sensitive to the adjustment factors applied during the calibration process to align the forward curve with observed transaction pricing, including those applied to evening peak and middle of day trading intervals periods. A combined change in calibration factors of -10% for evening peak and +10% for middle of day would decrease the estimated fair value of the derivative instruments by approximately \$6 million.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 13: Fair values of financial assets and liabilities (continued)

Master netting or similar agreements

The Group 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, such as 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 Consolidated Statement of Financial Position. This is because the Group 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.

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

In millions of dollars	Note	Gross amounts of financial instruments in the Consolidated Statement of Financial Position	Related financial instruments that are not offset	Net amount
2026				
Financial assets				
Electricity derivative contracts	8	7	(7)	-
Financial liabilities				
Electricity derivative contracts	11	(259)	7	(252)
2025				
Financial assets				
Electricity derivative contracts	8	99	(24)	75
Financial liabilities				
Electricity derivative contracts	11	(24)	24	-

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 Consolidated 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 Consolidated Statement of Profit or Loss. Refer to Note 14 for hedge accounting disclosures and accounting policies.

Critical accounting estimates and judgements

Electricity financial instruments measured at fair value

The Group enters into electricity-related 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.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 14: Hedge accounting

Cash flow hedges

Cash flow hedges are used by the Group to hedge the energy commodity price risk arising through the operations of Ergon Energy Retail.

The Group 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 Group principally uses energy swaps and options (including caps and swaptions) to protect against price and volume 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 within 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 Consolidated 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 Consolidated 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 2026, \$2 million hedge gains (2025: \$1 million hedge gains) were reclassified to the Consolidated 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 2026, \$35 million gains (2025: \$15 million gains) remain in the 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 Consolidated Statement of Comprehensive Income for 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 2026, the average notional amount of electricity hedges outstanding over the next 3 years from FY 2027 to FY 2029 is approximately 4 million MWh (Megawatt hours) at an average strike rate of \$98 per MWh (2025: average notional amount outstanding over 3 years from FY 2026 to FY 2028 of 3 million MWh at an average strike rate of \$120 per MWh).

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 14: Hedge accounting (continued)

(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 accounting policies applied to the valuation of electricity derivatives is outlined below:

In millions of dollars	Note	2026	2025
Financial Assets: Cash flow hedges - electricity derivatives	8	-	87
Financial Liabilities: Cash flow hedges - electricity derivatives	11	(227)	(18)

(iii) The impact of hedging instruments designated in hedge relationships as at 30 June 2026 is as follows:

In millions of dollars	2026	2025
<i>Consolidated Statement of Profit or Loss</i>		
Cash flow hedge ineffectiveness losses recognised in other income	(205)	(19)

In millions of dollars	2026	2025
<i>Consolidated Statement of Comprehensive Income</i>		
<i>Pre-tax cash flow hedge reserve (CFHR)</i>		
Opening balance	143	237
The effective portion recognised in CFHR (pre-tax)	(256)	131
Transfer from CFHR to electricity purchases	42	(224)
Reclassification from CFHR to other income	(2)	(1)
Net movement in CFHR	(216)	(94)
Closing balance (pre-tax)	(73)	143

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

In millions of dollars	2026	2025
<i>Electricity Price Risk</i>		
Changes in value of hedge instrument	(104)	108
Changes in value of hedged item	(117)	76
Cash flow hedge reserve	(73)	143

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 14: 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 Group designates certain derivatives as hedges of a particular cash flow risk associated with a recognised asset, liability or highly probable forecast transaction.

The Group 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 Group 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 13. Movements of the hedging reserve in shareholders' equity are shown in the Consolidated Statement of Other Comprehensive Income.

The fair values of hedging derivatives are classified as current or non-current based on timing 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 Consolidated Statement of Profit or Loss. Amounts accumulated in equity are transferred to the Consolidated Statement of Profit or Loss in the periods when the hedged item affects 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 Consolidated 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 Consolidated Statement of Profit or 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 movement in the derivative instrument relating to the excess portion of forecast load is recognised in the Consolidated 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 taken to the CFHR. Any fair value movement that has been recognised in the Consolidated Statement of Profit or Loss up to the date of designation (referred to as the inception value) remains in the profit or loss and will unwind from the Consolidated Statement of Profit or Loss as the instrument matures.

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 Consolidated Statement of Profit or Loss, i.e., classified as fair value through profit or loss.

Refer to Note 13 for additional information in relation to accounting policies for financial instruments.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Section 4: Operating assets and liabilities

Note 15: Property, plant and equipment

In millions of dollars	2026	2025
Supply systems		
Gross carrying amount	45,353	42,877
Less accumulated depreciation	(17,965)	(16,940)
Net carrying amount	27,388	25,937
Power stations		
Gross carrying amount	580	543
Less accumulated depreciation	(287)	(273)
Net carrying amount	293	270
Land – non-regulated		
Gross carrying amount	19	28
Other plant and equipment		
At cost	1,878	1,785
Less accumulated depreciation	(1,007)	(977)
Less accumulated impairment losses	(20)	(31)
Net carrying amount	851	777
Work in progress		
Work in progress	1,519	1,683
Total property, plant and equipment	30,070	28,695
If property, plant and equipment were stated on a historical basis, the carrying amount would have been:		
Supply systems	22,873	21,691
Power stations	310	288
Land	25	26

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 15: Property, plant and equipment (continued)

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

Year ended 30 June 2026	Supply systems \$M	Power stations \$M	Land \$M	Other plant and equipment \$M	Work in progress \$M	Total \$M
Gross carrying amount at start of financial year	42,877	543	28	1,785	1,683	46,916
Accumulated depreciation and impairment at start of financial year	(16,940)	(273)	-	(1,008)	-	(18,221)
Carrying amount at start of financial year	25,937	270	28	777	1,683	28,695
Additions ¹	-	-	-	-	2,150	2,150
Capitalised interest	-	-	-	-	25	25
Transfer from work in progress	2,016	50	-	263	(2,329)	-
Transfers from/(to) intangible assets	-	-	-	-	(10)	(10)
Transfer to current assets held for sale	(3)	-	-	-	-	(3)
Disposals	-	-	(9)	(35)	-	(44)
Revaluation increment/(decrement) ²	407	-	-	-	-	407
Depreciation expense ¹	(947)	(27)	-	(149)	-	(1,123)
Net impairment losses	(22)	-	-	(5)	-	(27)
Carrying amount at end of financial year	27,388	293	19	851	1,519	30,070

¹ \$30 million of the depreciation expense on fleet that was used in the construction of the supply system was capitalised.

² Of which \$51 million related to a decrement in the asset revaluation reserve for dismantled supply system assets.

Year ended 30 June 2025	Supply systems \$M	Power stations \$M	Land \$M	Other plant and equipment \$M	Work in progress \$M	Total \$M
Gross carrying amount at start of financial year	41,135	504	23	1,594	1,304	44,560
Accumulated depreciation and impairment at start of financial year	(16,410)	(260)	-	(955)	-	(17,625)
Carrying amount at start of financial year	24,725	244	23	639	1,304	26,935
Additions ¹	-	-	-	-	2,426	2,426
Capitalised interest	-	-	-	-	23	23
Transfer from work in progress	1,744	53	5	277	(2,079)	-
Transfers from/(to) intangible assets	-	-	-	-	9	9
Disposals	-	-	-	(3)	-	(3)
Revaluation increment/(decrement) ²	351	-	-	-	-	351
Depreciation expense ¹	(879)	(25)	-	(136)	-	(1,040)
Net impairment losses	(4)	(2)	-	-	-	(6)
Carrying amount at end of financial year	25,937	270	28	777	1,683	28,695

¹ \$31 million of the depreciation expense on fleet that was used in the construction of the supply system was capitalised.

² Of which \$128 million related to a decrement in the asset revaluation reserve for dismantled supply system assets.

Critical accounting estimates and judgements

Valuation of the Group's regulated supply system assets

The majority of the Group's property, plant and equipment are employed in the distribution of electricity and generate regulated returns via a revenue allowance (revenue cap). Following initial recognition as an asset, system assets, land and buildings are measured at fair value. The fair value of system assets, land and buildings is determined via Directors' valuation using an income based approach. The income approach was applied through a discounted cash flow model utilising five years of forecast future cash flows. Cash flows beyond the five-year forecast period were derived by reference to a forecast Regulatory Asset Base (RAB), assuming the continuation of the current regulatory model, which was used as a proxy for the terminal value. The outcome of the supply systems asset valuation was an increase in fair value, largely attributable to higher forecast future revenues arising from continued growth in the regulated asset base and the effect of regulatory inflationary adjustments.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 15: Property, plant and equipment (continued)

The following table outlines the key inputs and assumptions and their relationships to fair value considered in the discounted cash flow methodology for the valuation of the Group's regulated supply system assets:

Unobservable inputs	Nature and range of inputs	Relationship of unobservable inputs to fair value
Revenue cash flows	Revenue cash flows based on the AER Final Decisions (2025–2030) and forecast revenue beyond the regulatory period.	A higher allowed rate of return increases the fair value.
Operating expenditure	Operating expenditures for the distribution network have been determined based on management forecasts.	A lower operating expenditure increases the fair value.
Capital expenditure	Forecast capital expenditure required to ensure the security and reliability of the distribution network has been based on the most recent management forecasts available at the time of the valuation.	A higher future capital expenditure decreases the fair value.
Terminal value	Terminal value at 30 June 2031 has been determined with reference to a forecast RAB using management forecasts of future cash flows and a terminal value multiple of 1.0 has been applied.	A higher terminal value and multiple increases the fair value.
Weighted Average Cost of Capital (WACC) discount rate	A nominal WACC of 7.55% (2025: 7.58%) has been employed in the valuation. The WACC discount rate has been determined in consultation with independent experts based on a long-term view of the market cost of capital.	The higher the nominal WACC, the lower the fair value.

The discount rate applied by the Group to future cash flows exceeds the allowed rate of return set by the AER in its Final Decision for the 2025–2030 regulatory control period. This AER rate is used to determine returns on the regulatory asset base (RAB) and, consequently, future cash flows. Applying a discount rate above the regulated rate of return results in an estimated fair value that is lower than the current year RAB as determined by the regulator.

Incremental operating costs arising from damage caused by unforeseen weather events are expected to be recoverable from customers where such costs exceed 1% of the Maximum Allowed Revenue (MAR) for an individual event, in line with applicable regulatory pass-through provisions.

Expenditure to improve the network's resilience to climate-related risks has been incorporated into forecast expenditure.

When future capital expenditure exceeds regulatory allowances, those allowed by the regulator are subject to a capital expenditure sharing scheme, which results in a lower valuation due to penalties imposed on the organisation in the form of reduced revenue allowances. Those not allowed by the regulator are not included in the RAB and will not be recovered through revenue allowances.

Valuation policies and procedures

The Group has established control frameworks with respect to the measurement of fair values. The fair value of the Group's regulated assets was determined using an income based approach, which reflects the net present value of an investment's future cash flows in order to arrive at a current fair value estimate for the investment. As this valuation uses inputs not based on observable market data (i.e. unobservable inputs) this resulted in a level 3 fair value. There has been no change to the valuation technique or fair value hierarchy during the year.

The fair value measurement for the supply system and power stations of \$27,681 million (2025: \$26,207 million) has been categorised as a level 3 fair value based on the inputs to the valuation technique applied.

Impairment review of property, plant and equipment

The annual impairment review across the Group's cash generating units (CGUs) resulted in \$27 million (2025: \$6 million) of property, plant and equipment impairment.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 15: Property, plant and equipment (continued)

Summary of material accounting policies

Property, plant and equipment

(i) Recognition and measurement

The cost of property, plant and equipment constructed by the Group includes the cost of materials, direct labour and other associated costs and, where appropriate, borrowing costs.

Supply system and power station assets are measured at fair value less any subsequent depreciation. The fair value of these assets was determined as at 30 June 2026 using an income based approach as there was no market based evidence of fair value due to the specialised nature of the assets, and the items are rarely sold, except as part of a continuing business.

Other property, plant and equipment, and work in progress are carried at cost less, where applicable, accumulated depreciation. The carrying amount for these assets does not differ materially from their fair value.

Revaluation increments are recognised in other comprehensive income and accumulated in the asset revaluation reserve, except for amounts reversing a decrement previously recognised as an expense.

Revaluation decrements are only offset against revaluation increments applying to the same asset and any excess is recognised as an expense.

(ii) Depreciation

Depreciation is calculated on a straight-line basis by reference to the estimated useful life and residual value of each item of property, plant and equipment, with the exception of freehold land, easements and work-in-progress which are not depreciated.

The supply system is treated as a complex asset. A complex asset is a physical asset capable of disaggregation into identifiable components that are subject to regular replacement. These components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

An assessment of useful lives is performed annually. The useful life estimate is determined with consideration of expected usage based on the asset's capacity, expected physical wear and tear, and expected technical or commercial obsolescence. Climate risk factors including physical impacts on the network such as temperature, humidity and severe weather events, are also taken into consideration when assessing asset lives.

Items of property, plant and equipment which relate to the supply of electricity to a specific mine or facility may be depreciated over the operational life of the mine or facility.

Major depreciation periods are:

	Measurement basis	Depreciation period
Supply systems	Fair value	3 to 70 years
Power stations	Fair value	7 to 60 years
Buildings	Fair value	20 to 40 years
Other plant and equipment	Cost	2 to 30 years

(iii) Disposal of items of property, plant and equipment

The gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds of disposals with the carrying amounts of the items. The net gains and losses on disposals are included in the Consolidated Statement of Profit or Loss.

(iv) Maintenance and repairs

Maintenance costs are charged as an expense as incurred. Other routine repair and minor renewal costs are also charged as expenses as incurred.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 15: Property, plant and equipment (continued)

(v) Contributed assets

Contributed assets are those that are funded by customers and either constructed by the Group or constructed by an external party and then gifted to the Group. Contributed assets are recognised at fair value at the time control passes to the Group and the assets are ready for use.

(vi) Finance and related costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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).

Dismantled supply system assets and assets held for sale are removed from the relevant cash generating unit and impaired once the decision is made to dismantle or sell. The resulting impairment loss is treated as a revaluation decrement and recorded directly in equity to the extent of any credit balance existing in the revaluation reserve, with the remainder recognised in the Consolidated Statement of Profit or Loss.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 16: Leases

Leases as lessee

The Group leases various office, workshop and storage space under non-cancellable operating leases which have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are re-negotiated.

The Group has eight significant leasing arrangements, five in the greater Brisbane area and three in regional Queensland (Townsville, Cairns and Rockhampton). The remaining lease terms of these properties range from approximately two to four years and there are lease extension options on some of these leases as discussed below. The escalation applicable to each lease is a fixed annual rate or the greater of CPI and a fixed rate.

Right-of-use assets

Right-of-use assets related to property leases that do not meet the definition of investment property are presented below:

In millions of dollars	2026	2025
Opening balance at start of financial year	102	129
Depreciation charge for the year	(24)	(26)
Additions to right-of-use assets	-	3
De-recognition of right-of-use assets	(4)	(4)
Total right-of-use assets at end of financial year	74	102

Lease liabilities

In millions of dollars	2026	2025
Current lease liabilities	30	31
Non-current lease liabilities	70	102
Total lease liabilities	100	133

Amounts recognised in consolidated statement of profit or loss

In millions of dollars	2026	2025
Interest on lease liabilities	2	3
Expenses relating to short-term leases	1	1

Amounts recognised in Consolidated Statement of Cash Flows

Reconciliation of movements of liabilities to cash flows		Financing cash flows ¹	Operating cash flows ¹	Non-cash changes	
In millions of dollars	2025				2026
Lease liabilities	133	(30)	(2)	(1)	100

In millions of dollars	2024				2025
Lease liabilities	171	(36)	(3)	1	133

¹ The cash flows make up the net amount of lease payments in the Consolidated Statement of Cash Flows. These are disclosed as a reduction to the principal lease liability in financing activities and the interest component in operating activities.

Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period in order to provide operational flexibility to the Group. The extension options held are exercisable only by the Group and not by the lessors. The Group reassess whether it is reasonably certain to exercise these options when there are changes to the property strategy or other circumstances within its control.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 16: Leases (continued)

Summary of material accounting policies

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a specified period of time in exchange for consideration.

Leases as a lessee

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for the majority of commercial property leases, the Group has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable; and
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date.

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate which is the loan rate provided by the Queensland Treasury Corporation that corresponds to the commencement date and term of the lease. The lease liability is remeasured when there is a change in future lease payments and a corresponding adjustment is made to the carrying amount of the right-of-use asset.

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

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

The right-of-use assets are measured at cost on initial recognition and depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The right-of-use assets continue to be measured at cost but may be reduced for impairment losses where applicable and adjusted for remeasurements of the lease liability.

The Group has elected not to recognise right-of-use assets and lease liabilities arising from short-term leases. These lease payments are recognised as expenses on a straight-line basis over the lease term.

Critical accounting estimates and judgements

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes aware of a significant event or a significant change in circumstances, which affects this assessment, and that is within its control.

During the current financial year, the Group surrendered the lease over two floors of a greater Brisbane property, resulting in a decrease in lease liabilities of \$2 million, a decrease in right-of-use assets of \$4 million, and a net loss on derecognition of \$2 million. In the prior year, two new leases were entered into leading to an increase to the lease liability and right-of-use assets of \$3 million and the Group surrendered the lease over one floor of a greater Brisbane property, resulting in a decrease in lease liabilities of \$3 million, a decrease in right-of-use assets of \$4 million, and a net loss on derecognition of \$1 million.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 17: Intangible assets

In millions of dollars	2026	2025
Computer software		
At cost	1,067	1,308
Less accumulated impairment	-	(2)
Less accumulated amortisation	(674)	(894)
Net carrying value	393	412
Other intangibles		
At cost	15	18
Less accumulated amortisation	(12)	(16)
Net carrying value	3	2
Work in progress		
At cost	140	233
Less accumulated impairment	(40)	(36)
Net carrying value	100	197
Total intangibles	496	611

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

Year ended 30 June 2026	Computer software \$M	Other intangibles \$M	Software work in progress \$M	Total \$M
Gross carrying amount at start of financial year	1,308	18	233	1,559
Accumulated amortisation and impairment at start of financial year	(896)	(16)	(36)	(948)
Carrying amount at start of financial year	412	2	197	611
Additions	-	-	54	54
Capitalised interest	-	-	2	2
Transfer from work in progress	109	1	(110)	-
Transfers from/(to) property, plant and equipment	-	-	10	10
Amortisation expense	(128)	-	-	(128)
Impairment losses	-	-	(53)	(53)
Carrying amount at end of financial year	393	3	100	496

Year ended 30 June 2025	Computer software \$M	Other intangibles \$M	Software work in progress \$M	Total \$M
Gross carrying amount at start of financial year	1,185	21	339	1,545
Accumulated amortisation and impairment at start of financial year	(820)	(19)	(53)	(892)
Carrying amount at start of financial year	365	2	286	653
Additions	-	-	110	110
Capitalised interest	-	-	3	3
Transfer from work in progress	157	-	(157)	-
Transfers from/(to) property, plant and equipment	-	-	(9)	(9)
Amortisation expense	(108)	-	-	(108)
Impairment losses	(2)	-	(36)	(38)
Carrying amount at end of financial year	412	2	197	611

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 17: Intangible assets (continued)

Summary of material accounting policies

Intangible assets

(i) Recognition and measurement

Internally generated intangible assets, including software, 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 Consolidated 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 Group has sufficient resources to complete development and it can measure reliably the expenditure attributable to the intangible asset during its development.

(ii) Amortisation

The cost of an intangible asset is amortised on a straight line basis over the estimated useful life of the asset unless such assets have an indefinite useful life. The estimated useful lives generally vary from 3 to 10 years.

(iii) Finance and related costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Software as a Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. As such, the Group 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 controlled by the Group is also recognised as an intangible asset with ongoing support agreements recognised as operating expenses when the services are received.

Critical accounting estimates and judgements

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).

The Group recognised a \$53 million impairment loss this financial year related to digital costs following assessment of the digital program (2025: \$36 million). The assessment performed was based on the work undertaken to date in order to determine an estimate of project costs that may not be fully utilised in the target state architecture.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 18: Employee retirement benefits

Reconciliation of movements in the net defined benefit asset/(liability)

In millions of dollars	Defined benefit obligation	Fair value of plan assets	Net defined benefit asset/(liability)
Year ended 30 June 2026			
Carrying amount at start of year	(818)	925	107
Included in Consolidated Statement of Profit or Loss			
Current service cost	(21)	-	(21)
Interest income/(cost)	(32)	36	4
Total included in Consolidated Statement of Profit or Loss	(53)	36	(17)
Included in Consolidated Statement of Other Comprehensive Income			
Remeasurement gain/(loss):			
Actuarial gain/(loss) arising from:			
Changes in financial assumptions	40	-	40
Experience adjustments	1	-	1
Return on plan assets excluding interest income	-	11	11
Total included in Consolidated Statement of Other Comprehensive Income	41	11	52
Other			
Transfers out	3	(3)	-
Contributions by Fund participants	(8)	8	-
Benefit payments and tax	91	(91)	-
Total other	86	(86)	-
Carrying amount as at 30 June 2026	(744)	886	142

In millions of dollars	Defined benefit obligation	Fair value of plan assets	Net defined benefit asset/(liability)
Year ended 30 June 2025			
Carrying amount at start of year	(735)	931	196
Included in Consolidated Statement of Profit or Loss			
Current service cost	(18)	-	(18)
Interest income/(cost)	(35)	44	9
Total included in Consolidated Statement of Profit or Loss	(53)	44	(9)
Included in Consolidated Statement of Other Comprehensive Income			
Remeasurement gain/(loss):			
Actuarial gain/(loss) arising from:			
Changes in financial assumptions	(43)	-	(43)
Experience adjustments	(48)	-	(48)
Return on plan assets excluding interest income	-	9	9
Total included in Consolidated Statement of Other Comprehensive Income	(91)	9	(82)
Other			
Contributions by the employer	-	2	2
Transfers out	2	(2)	-
Contributions by Fund participants	(6)	6	-
Benefit payments and tax	65	(65)	-
Total other	61	(59)	2
Carrying amount as at 30 June 2025	(818)	925	107

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 18: Employee retirement benefits (continued)

Defined benefit obligation

The Group contributes to an industry employer superannuation fund, Brighter Super (the Fund). The fund provides defined benefit members lump sum and/or pension benefits on retirement, resignation, retrenchment, disability or death. Lump sum benefits are calculated based on years of service and final average salary.

The major categories of plan assets are as follows:

In millions of dollars	2026	2025
Cash	106	93
Fixed interest	247	249
Australian shares	151	167
International shares	213	212
Alternatives	80	102
Property and infrastructure	89	102
Total fair value of plan assets	886	925

This portfolio exposes the Fund to market risk. All shares and fixed interest plan assets have quoted prices in active markets. The actual return on plan assets for 2026 was a gain of \$47 million (2025: a gain of \$53 million).

The defined benefit assets are invested in a balanced investment portfolio, to match the weighted average duration of the defined benefit obligation of 5 years (2025: 5 years).

Key actuarial assumptions used at the reporting date are as follows:

	2026 %	2025 %
Expected rate of return on plan assets for one year	5.3	4.4
Pre-tax discount rate	5.3	4.4
Future salary increases – year one	3.0	3.5
Future salary increases – year two	3.0	3.0
Future salary increases – year three	3.0	3.0
Future salary increases – per annum thereafter	3.0	3.0

Sensitivity analysis:

The sensitivity of the defined benefit obligation to changes in the key actuarial assumptions above, holding other assumptions constant were as follows:

In millions of dollars	Current assumptions	Change in assumption	2026	2025
Base Case	As above		744	818
Scenario A	4.8%	-0.5% discount rate	766	844
Scenario B	5.8%	+0.5% discount rate	724	794
Scenario C	Various	-0.5% salary increase rate	723	794
Scenario D	Various	+0.5% salary increase rate	766	844

The expected maturity of undiscounted defined benefit obligations is as follows:

In millions of dollars	2026	2025
Not later than one year	110	112
Later than one year and not later than five years	386	390
Following five years	363	381

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 18: Employee retirement benefits (continued)

Net financial position of plan

The superannuation plan computes its obligations in accordance with AASB 1056 *Superannuation Entities* (AASB 1056) which prescribes a different measurement basis to that applied in this financial report pursuant to AASB 119 *Employee Benefits*. In accordance with the SIS Act and Regulations, the Brighter Super Fund is required to undertake actuarial investigations at least every three years. The last reporting period for the Brighter Super Fund Actuarial Report for the Group was 30 June 2024. The next Actuarial Report as at 30 June 2027 will be completed in the 2027/28 financial year.

The following is a summary of the most recent financial position of the Brighter Super Fund (with respect to both defined benefit and accumulation members for the Group's participation in the Fund) calculated in accordance with AASB 1056 *Superannuation Entities* from the 30 June 2024 actuarial investigation of the fund:

In millions of dollars	Last reporting period	
Accrued benefits	30/06/2024	(840)
Net market value of plan assets	30/06/2024	1,172
Net surplus		332

Employer contributions

Based on actuarial advice, the Group maintained its contribution rate at nil during the financial year. Funding recommendations are made by the actuary based on their forecast of various matters, including future plan asset performance, interest rates and salary increases. Interim actuarial advice indicates a potential requirement for the Group to resume contributions during the 2026/27 year in order to maintain prudent funding levels.

The Group will continue to assess the contribution rate in the future to ensure it remains appropriate.

Summary of material accounting policies

Employee retirement benefits

A defined contribution plan is a superannuation plan under which the Group pays fixed contributions. The Group has no legal or constructive obligations to pay further contributions.

The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

A defined benefit plan is a superannuation plan that defines the amount of the benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and final average salary. The asset or liability recognised in the Consolidated Statement of Financial Position in respect of defined benefit superannuation plans is the difference between the present value of the defined benefit obligation at the reporting date and the fair value of the plan assets, together with adjustments for past service costs.

The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, being Australian dollars and that have terms to maturity that approximate the terms of the related superannuation liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the consolidated statement of changes in equity.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 19: Employee benefits

In millions of dollars	2026	2025
Current liabilities		
Employee benefits	637	616
Termination benefits	1	2
Total current employee benefits liability	638	618
Non-current liabilities		
Employee benefits	52	46
Total non-current employee benefits liability	52	46

Summary of material accounting policies

Employee benefits

Wages and salaries, annual leave, long service leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and vesting sick leave are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities that are expected to be settled more than 12 months after the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

For long service leave, consideration is also given to expected future wage and salary levels and periods of service. Expected future payments relating to such liabilities are discounted using market yields at the reporting date on high quality corporate bonds.

Annual leave, vested long service leave and on-cost entitlements accrued but not expected to be taken within 12 months have been included as part of current liabilities as the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Termination benefits

Liabilities for termination benefits are recognised for the obligation to provide termination payments to employees where there is a valid expectation in those affected that the Group will progress with a restructuring and associated terminations.

Critical accounting estimates and judgements

Employee benefits

Management has applied judgement in determining the key assumption of future increases in wages and salaries which is used in calculating long service leave at balance date.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 20: Net deferred tax equivalent liability

In millions of dollars	2026	2025
(A) Deferred tax equivalent assets		
The balance comprises temporary differences attributable to:		
Amounts recognised in consolidated statements of profit or loss		
Provisions/accruals	243	233
Tax Losses	73	71
Derivatives	30	(1)
Unearned revenue	29	23
Leased liabilities	30	40
Other	4	3
	409	369
Amounts recognised in consolidated statement of changes in equity		
Hedge accounting of derivatives	37	7
	37	7
Total deferred tax equivalent asset	446	376
(B) Deferred tax equivalent liabilities		
The balance comprises temporary differences attributable to:		
Amounts recognised in consolidated statements of profit or loss		
Property, plant and equipment	1,845	1,839
Derivatives	(14)	(21)
Lessor Assets	22	30
Other	45	45
	1,898	1,893
Amounts recognised in consolidated statement of changes in equity		
Recognition of defined benefit surplus	35	19
Revaluation of property, plant and equipment	1,936	1,814
Hedge accounting of derivatives	16	50
	1,987	1,883
Total deferred tax equivalent liabilities	3,885	3,776
(C) Total net deferred tax equivalent liability		
Deferred tax equivalent asset	446	376
Deferred tax equivalent liabilities	(3,885)	(3,776)
Total net deferred tax equivalent liability	(3,439)	(3,400)

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 20: Net deferred tax equivalent liability (continued)

Summary of material accounting policies

Income taxes

(i) Tax equivalents

The Group is liable to make tax equivalent payments on its taxable income to the Queensland Government. Any taxation payments that it is required to make will be made pursuant to Section 129(4) of the GOC Act.

The National Tax Equivalents Regime (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 Taxation Office (ATO), in order to determine the tax payable by the Group.

(ii) Current tax equivalents payable/receivable

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the end of the financial year and any adjustment to tax payable in respect of previous years.

Current tax payable/receivable is recognised as current tax expense/benefit.

(iii) Deferred tax equivalent assets and liabilities

Deferred tax equivalent assets (DTA) and liabilities (DTL) are recognised on deductible or taxable temporary differences and unused tax losses and tax credits, which are recognised using the tax rates enacted or substantively enacted 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.

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.

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. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity.

(v) Tax consolidation

Energy Queensland and its wholly-owned subsidiaries formed a tax consolidated group effective from 30 June 2016 and are therefore taxed as a single entity. The head entity within the tax consolidated group is Energy Queensland Limited.

DTAs and DTLs arising from temporary differences of the members of a tax consolidated group are recognised in the separate financial accounts of the members of the tax consolidated group using the standalone basis as specified in the tax funding deed.

The tax funding deed requires a notional current and deferred tax equivalents calculation for each entity as if it were a taxpayer in its own right, with the exception of distributions made and received within the tax consolidated group (e.g. intra-group dividends) which 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.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 20: Net deferred tax equivalent liability (continued)

Summary of material accounting policies (continued)

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

The members of the Energy Queensland tax consolidated group have entered into a tax funding deed which sets out the tax funding obligations for each member. The tax funding deed allows for an intercompany payable/receivable between the head entity and subsidiary equal to the current tax liability or asset assumed by the head entity. Any tax loss or deferred tax equivalent asset assumed by the head entity, results in the recognition of an inter-entity receivable in the separate financial accounts of the members of the tax consolidated group equal in amount to the tax loss/deferred tax equivalent asset assumed.

The head entity recognises the assumed current tax amounts as current tax liabilities/assets, adding to its own current tax amounts (if any), since they are also due to or from the same taxation authority. The current tax liabilities/assets are equivalent to the tax balances generated by external transactions entered into by the tax consolidated group.

Contributions to fund the current tax liabilities are payable as per the tax funding deed.

The 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 liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the consolidated financial statements in respect of this agreement as the likelihood of payment of any amounts under the tax sharing agreement is considered remote.

(vii) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (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 Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated 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.

Note 21: Unearned revenue and contract liabilities

In millions of dollars	2026	2025
Current liabilities		
Unearned revenue – government grant	3	3
Contract liabilities	300	293
Total current unearned revenue and contract liabilities	303	296

Summary of material accounting policies

Contract liabilities

The contract liabilities primarily relate to the advance consideration received from customers for customer requested design and construction work such as relocation of network assets and other recoverable maintenance and construction work for which revenue is recognised over time, and cash contributions received for connection contracts for which revenue is recognised on completion of those works when the customer is connected to the network.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Section 5: Capital structure

Note 22: Share capital

	2026	2026	2025	2025
Share capital	Shares	\$M	Shares	\$M
Fully paid ordinary shares	100	19,643	100	19,643
Total share capital	100	19,643	100	19,643

Fully paid ordinary shares 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.

Summary of material accounting policies

Share capital

Ordinary shares are classified as equity.

Note 23: Other transactions with owners, reserves and retained earnings

In millions of dollars	2026	2025
Other transactions with owners	(18,514)	(18,514)
Asset revaluation reserve	3,014	2,734
Hedging reserve	(51)	100
Retained earnings	302	328

Summary of material accounting policies

Other transactions with owners

Where assets and liabilities are transferred between entities of the wholly-owned group and State of Queensland controlled entities, under the directive of the owner (being the State of Queensland) and the consideration paid is not equal to the value recognised on the transferred assets, the difference is recognised as other owners' contributions.

Nature and purpose of reserves

Asset revaluation reserve

The asset revaluation reserve relates to property, plant and equipment measured at fair value in accordance with applicable Australian Accounting Standards. Refer to Note 15 for further details of revaluation of property, plant and equipment.

Hedging reserve

The hedging reserve is used to record the effective portion of the gains or losses on hedging instruments in cash flow hedges that have not settled. Amounts are recognised in profit or loss when the associated hedged transactions affect the consolidated profit or loss statement.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Section 6: Other notes

Note 24: Commitments

In millions of dollars	2026	2025
Capital expenditure commitments		
Estimated capital expenditure contracted for at the end of the financial year but not recognised as liabilities ¹	478	653

¹ These commitments consist of executed contracts and/or open purchase orders and are valued at price levels and foreign currency exchange rates as at the end of the reporting period.

Note 25: Contingencies

(A) Legal claims

A number of common law claims are pending against the Group and liability is not admitted. The potential financial impact due to litigation and associated legal fees is \$4 million (2025: \$7 million). These claims are disclosed on a gross basis and exclude possible reimbursement through insurance recoveries.

(B) Other possible claims

From time to time the Group receives formal notifications from third parties which might indicate intention to lodge formal claims against the Group. The Group investigates these matters and responds appropriately to such communications in order to minimise potential future claims.

There are no significant potential claims that are expected to have an impact on the Group's future financial position.

(C) Guarantees

(i) Third Parties

In order to participate in the electricity market, entities within the Group are required to deliver acceptable security as collateral to the Australian Energy Market Operator (AEMO) for their obligations to counter parties in the Electricity Market arising as a consequence of normal trading. Security, in the form of payment guarantees totalling \$150 million (2025: \$145 million), has been issued by Queensland Treasury Corporation (QTC) to AEMO. EQL provides QTC with a Counter Indemnity up to the value of \$150 million in respect of this guarantee.

In order to participate in the electricity market, entities within the Group are required to hold an Australian Financial Services Licence (AFSL). The Group holds an Eligible Undertaking from QTC of \$400 million (2025: \$400 million) to support compliance with the financial resource requirement of the AFSL. The undertaking is enforceable and available on demand to meet cash flow shortfalls, ensuring sufficient liquidity to meet liabilities as they fall due in accordance with ASIC Regulatory Guide 166 (RG 166) – Financial requirements for Australian Financial Services licensees. EQL provides QTC with a Counter Indemnity up to the value of \$400 million in respect of the eligible undertaking.

The Group has in place a Bank Guarantee facility with Commonwealth Bank to the value of \$80 million (2025: \$150 million).

(ii) Subsidiaries – Wholly-owned

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, Energy Queensland has guaranteed to pay any deficiency in the event of winding up of Energex Limited, Ergon Energy Corporation Limited, SPARQ Solutions Pty Ltd, Yurika Pty Ltd and Metering Dynamics Pty Ltd. These controlled entities have also given a similar guarantee in the event that Energy Queensland or any of the entities are wound up or does not meet their obligations. Refer to Note 26.

(D) Guarantees held

The Group holds bank guarantees from customers totalling \$102 million (2025: \$108 million) with the majority relating to the construction of capital assets.

There are \$3 million in guarantees from trading counterparties (2025: \$3 million), as security to cover obligations arising from the trading of electricity.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 25: Contingencies (continued)

(E) Environmental remediation

The Group provides for all known environmental liabilities. The Group estimates that current provisions for environmental remediation are adequate based on current information. However, there can be no assurance that new material provisions will not be required as a result of new information or regulatory requirements with respect to known sites or identification of new remedial obligations at other sites.

Summary of material accounting policies

Contingent assets and liabilities

Contingent assets are not recognised in the consolidated financial statements. Other than when required on acquisition of a business, contingent liabilities are not recognised in the consolidated financial statements. They are, however, disclosed in the notes to the consolidated financial statements, where appropriate.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 26: Consolidated entities and investments in associates

Consolidated entities

Energy Queensland Limited had 100% (2025: 100%) interest in the following subsidiaries during the financial year. All entities were incorporated in Australia and are domiciled in Australia for taxation purposes.

- Energex Limited¹
- Ergon Energy Corporation Limited¹
- Ergon Energy Queensland Pty Ltd²
- SPARQ Solutions Pty Ltd²
- Varnsdorf Pty Ltd²
- VH Operations Pty Ltd²
- Yurika Pty Ltd²
- Metering Dynamics Pty Ltd²
- Ergon Energy Telecommunications Pty Ltd²

¹ Australian public company, limited by shares

² Australian proprietary company, limited by shares

Consolidated entities

Pursuant to the ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, relief has been granted to Energex Limited, Ergon Energy Corporation Limited, Yurika Pty Ltd (Yurika), Metering Dynamics Pty Ltd (Metering Dynamics) and SPARQ Solutions Pty Ltd (SPARQ Solutions) from the requirements under the Corporations Act 2001 for the preparation, audit and lodgement of their financial reports. Ergon Energy Queensland Pty Ltd (Ergon Energy Retail), a subsidiary of Energy Queensland, still prepares its own financial statements. The remaining Energy Queensland subsidiaries are small proprietary companies and are therefore relieved from the requirement for preparation, audit and lodgement of annual financial statements.

Investment in associates

Energy Queensland holds 49% of voting shares in Queensland Capacity Network Pty Ltd (QCN), a communications company established for the purpose of enabling faster and more reliable internet services in regional Queensland.

EQL is deemed to have significant influence over QCN, and accounts for its investment in the associate using the equity method.

Summary of material accounting policies

Basis of consolidation

A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company has power over the investee, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the parent of the Group.

Investments in controlled entities are carried in the financial statements of the Company at the lower of cost and recoverable amount.

Where an acquisition has commercial substance, the cost of an acquisition is measured as the fair value of the assets given, liabilities incurred or assumed, and equity instruments issued at the date of exchange. Where such transactions result from the restructuring of entities wholly-owned by the State of Queensland and are designated as transactions with owners, assets acquired and liabilities assumed are recognised at the current carrying amounts recorded by the transferor with any difference between consideration and the carrying amount at the date of exchange recorded in equity.

Where Energy Queensland has significant influence over an investment, it is deemed an associate and equity accounted.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 26: Consolidated entities and investments in associates (continued)

Closed Group legislative instrument

As a condition of ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, Energy Queensland entered into a Deed of Cross Guarantee with the following controlled entities:

- Energex Limited
- Ergon Energy Corporation Limited
- SPARQ Solutions Pty Ltd
- Yurika Pty Ltd
- Metering Dynamics Pty Ltd

The effect of the Deed is that Energy Queensland, the Parent, has guaranteed to pay any deficiency in the event of winding up of the above controlled entities or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. These controlled entities have also given a similar guarantee in the event that any other entity in the Closed Group is wound up or if it does not meet its obligations under the terms of the overdrafts, loans, leases or other liabilities under the guarantee.

The existing Deed of Cross Guarantee continues to provide reporting relief to the above controlled entities.

The Consolidated Profit or Loss and Statements of Financial Position of the entities that are members of the Closed Group are provided in Note 28.

Further information regarding guarantees is provided in Note 25.

Note 27: Energy Queensland Limited (the Parent)

In millions of dollars	2026	2025
Current assets	1,865	1,642
Non-current assets	25,103	24,779
Total assets	26,968	26,421
Current liabilities	884	841
Non-current liabilities	22,806	22,087
Total liabilities	23,690	22,928
Net assets	3,278	3,493
Issued capital	19,643	19,643
Other transactions with owners	(16,147)	(16,147)
Retained earnings	(218)	(3)
Total equity	3,278	3,493
Loss of the Parent entity	(252)	(72)
Other comprehensive income		
Items that will not be classified to profit or loss:		
Actuarial gains/(losses) on defined benefit plan recognised directly in equity	52	(82)
Deferred income tax relating to actuarial (gains)/losses on defined benefit plans	(16)	24
Other comprehensive income/(loss) for the financial year, net of tax	36	(58)
Total comprehensive loss of the Parent entity	(216)	(130)

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 27: Energy Queensland Limited (the Parent) (continued)

Parent entity contingencies

There are no common law claims pending against the Company (2025: nil).

Parent entity capital commitments for acquisition of property, plant and equipment

The Company estimates that capital expenditure committed under contracts existing at the end of the reporting period for the acquisition of plant and equipment is \$85 million (2025: \$142 million).

Parent entity guarantees in respect of the debts of its subsidiaries

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of certain subsidiaries. Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed are disclosed in Note 26.

Note 28: Closed Group

As discussed in Note 26, pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, relief has been granted to wholly-owned entities of the Group from the Corporations Act 2001 requirements for the preparation, audit and lodgement of their financial reports.

The Consolidated Statement of Profit or Loss and Consolidated Statement of Financial Position of the entities that are members of the Closed Group are as follows:

Consolidated Closed Group Profit or Loss

In millions of dollars	2026	2025
Loss before income tax	(223)	(352)
Income tax benefit	71	104
Loss after income tax benefit	(152)	(248)
Retained earnings at the beginning of the year	267	407
Transfers from reserves	136	108
Retained earnings at the end of the year	251	267

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 28: Closed Group (continued)

Consolidated Closed Group Statement of Financial Position

In millions of dollars	2026	2025
Current assets		
Cash and cash equivalents	18	18
Trade and other receivables	1,143	1,489
Inventories	306	282
Other assets	3	-
Total current assets	1,470	1,789
Non current assets		
Property, plant and equipment	30,038	28,668
Right-of-use assets	74	102
Intangible assets	486	601
Investments in subsidiaries	119	119
Employee retirement benefits	142	107
Other assets	15	10
Total non current assets	30,874	29,607
Total assets	32,344	31,396
Current liabilities		
Trade and other payables (including dividends payable)	446	620
Lease liabilities	30	31
Employee benefits	638	618
Provisions	45	55
Unearned revenue and contract liabilities	300	287
Total current liabilities	1,459	1,611
Non current liabilities		
Interest bearing liabilities	22,699	21,970
Lease liabilities	70	102
Employee benefits	52	46
Net deferred tax equivalent liability	3,541	3,410
Provisions and other liabilities	9	8
Total non-current liabilities	26,371	25,536
Total liabilities	27,830	27,147
Net assets	4,514	4,249
Equity		
Share capital	19,643	19,643
Other transactions with owners	(18,394)	(18,394)
Reserves	3,014	2,733
Retained earnings	251	267
Total equity	4,514	4,249

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 29: Key management personnel disclosures

(A) Details of shareholding Ministers

The Group's responsible shareholding Ministers are identified as part of the Group's Key Management Personnel (KMP). The Ministers responsible during the financial year are, or were:

- The Honourable David Janetzki MP, Treasurer, Minister for Energy and Minister for Home Ownership,
- The Honourable Rosslyn Bates MP, Minister for Finance, Trade, Employment and Training.

(B) Compensation – Shareholding Ministers

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The Group does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers are disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements, which are published as part of Queensland Treasury's Report on State Finances.

(C) Details of Directors

Directors of Energy Queensland as at 30 June 2026:		Term of appointment	Appointment expiry date
Patrick Brady ¹	Chair and Non-Executive Director	2 years 10 months	31 May 2028
Kevin Kehl	Non-Executive Director	4 years	31 May 2028
Karen Lay-Brew	Non-Executive Director	4 years	31 May 2028
Bill Armagnacq	Non-Executive Director	2 years 9 months	30 September 2027
Leisa Rafter	Non-Executive Director	2 years 9 months	30 September 2027
Corinne Butler	Non-Executive Director	2 years 9 months	30 September 2027
Michael Hart ²	Non-Executive Director	3 years 8 months	31 May 2029

¹ Patrick Brady was appointed as Chair of Energy Queensland effective 7 August 2025.

² Michael Hart was appointed as a Director of Energy Queensland effective 2 October 2025.

(D) Compensation – Directors

Directors' remuneration is set in accordance with the *Remuneration Procedures for Part-time Chairs and Members of Queensland Government Bodies*.

The non-executive Directors of the Company do not participate in any variable reward or 'at-risk' incentive scheme.

Amounts disclosed for remuneration of key management personnel exclude insurance premiums paid by the Company in respect of Directors' and Officers' liability insurance contracts.

In accordance with Ministerial Guidelines, details of compensation provided to Directors in office during the financial period ended 30 June 2026 by the Group are as follows:

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 29: Key management personnel disclosures (continued)

(D) Compensation – Directors (continued)

Directors' remuneration	Short term benefits Directors' fees		Post employment benefits Superannuation		Total	
In thousands of dollars	2026	2025	2026	2025	2026	2025
Energy Queensland						
Patrick Brady ¹	183	-	22	-	205	-
Sarah Zeljko ²	22	215	3	25	25	240
Vaughan Busby ⁷	-	87	-	10	-	97
Kevin Kehl ⁴	97	92	11	11	108	103
Karen Lay-Brew	86	87	10	10	96	97
Bill Armagnacq ⁵	91	47	11	5	102	52
Leisa Rafter ⁵	84	44	-	5	84	49
Corinne Butler ⁵	84	44	-	5	84	49
Michael Hart ³	56	-	7	-	63	-
Teresa Dyson ⁶	-	43	-	5	-	48
Paul Lucas ⁶	-	42	-	4	-	46
Megan O'Hara Sullivan ^{4,6}	-	42	-	4	-	46
Mark Algie ⁶	-	43	-	5	-	48
Total	703	786	64	89	767	875

¹ Patrick Brady was appointed as the Chair of Energy Queensland effective 7 August 2025.

² Sarah Zeljko ceased as the Chair of Energy Queensland effective 7 August 2025.

³ Michael Hart was appointed as a Director of Energy Queensland effective 2 October 2025.

⁴ Kevin Kehl and Megan O'Hara Sullivan were appointed as Directors of Energy Queensland Limited effective 1 June 2024.

⁵ Bill Armagnacq, Leisa Rafter and Corinne Butler were appointed as Directors of Energy Queensland Limited effective 19 December 2024.

⁶ Paul Lucas, Mark Algie, Teresa Dyson and Megan O'Hara Sullivan ceased as directors of Energy Queensland Limited effective 19 December 2024.

⁷ Vaughan Busby resigned as a Director of Energy Queensland effective 30 June 2025.

No further fees were paid to Directors, other than the amounts disclosed in the table above.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 29: Key management personnel disclosures (continued)

(E) Compensation – Executives

Senior executive employment contracts

All current senior executives are engaged on tenured contractual arrangements in accordance with *The Policy for Government Owned Corporations Chief and Senior Executive Employment Arrangements* (Policy).

Queensland Treasury issued an updated Policy in May 2026 which states that all new appointments to chief and senior executive roles are to be made on a maximum-term basis of between three to five years, and annual performance payment must not exceed 10% of the Total Fixed Remuneration (TFR).

Remuneration and other terms of employment of executives are formalised in senior executive employment contracts.

Each of these employment contracts makes a provision for fixed remuneration and an 'at risk' performance incentive.

A TFR concept for the structure of executive remuneration is utilised. While the total cost of a senior executive's remuneration package is capped, the executive then has the flexibility to decide the composition of the total fixed remuneration, which could include cash salary or salary sacrificed arrangements including motor vehicle, car park and additional superannuation, plus any fringe benefits tax incurred.

No other non-cash benefits are provided to executives as the TFR concept captures various benefits structured within a total cost rather than a base salary plus benefits approach.

Senior executive staff members are eligible for an 'at risk' or variable performance pay component that is directly linked to both the overall performance of the Group and their individual efforts against a range of key indicators and targets as contained in the annual Statement of Corporate Intent and the senior executives' performance agreement. Any 'at risk' payment is contingent on the Board's assessment of the company's overall performance and shareholder expectations.

In accordance with the updated Policy, performance payments for all senior executives are capped at 10% of TFR.

Separation entitlements for all senior executives are subject to the terms and conditions of their contracts with the Group.

Application to Chief Executive Officer (CEO) and other Senior Executives

Upon termination the executive is entitled to pay in lieu of the executive's entitlements to annual leave and long service leave, calculated with reference to the executive's total fixed remuneration up to the date on which the termination takes effect. If the employment of the executive is terminated by Energy Queensland, except in the event of serious misconduct or incapacity, the executive is entitled to:

- i. salary for the balance of the notice period; and
- ii. a termination payment of six months (for CEO) and three months (for other Senior Executives) superannuable salary.*

* Note that termination payments for CEO and Senior Executives have changed under the Policy issued by Queensland Treasury in May 2026 for contracts signed after that date. This entitlement will be three months for CEO and one month for other Senior Executives.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 29: Key management personnel disclosures (continued)

(E) Compensation – Executives (continued)

Executive remuneration	Short term benefits ¹	Performance payment ²	Post-employment benefits ³	Other long-term benefits ⁴	Termination benefits	Total
2026	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Energy Queensland						
Peter Scott – Chief Executive Officer ¹⁶	1,245	–	30	30	–	1,305
Ruth Coulson – Chief Financial Officer ⁵	493	–	30	13	–	536
Armand Mahne – Acting Chief Financial Officer ⁶	73	–	7	1	–	81
Jeff Green – Chief Operating Officer ⁷	639	–	30	17	–	686
Paul Jordon – Chief Operating Officer ⁸	38	–	–	–	–	38
Todd Reynolds – Executive General Manager People, Property and Safety	506	–	30	13	–	549
Suzanne Shipp – Chief Engineer ⁹	499	–	23	13	–	535
Jason Hall – Acting Chief Engineer ¹⁰	176	–	6	4	–	186
Paige Ridgewell – Chief Customer Officer ¹¹	345	–	23	9	–	377
Michael Dart – Chief Customer Officer ¹²	163	–	11	4	–	178
Ayesha Razzaq – Executive General Manager Retail	552	–	30	15	–	597
Sharyn Scriven – Chief Information Officer ¹³	276	–	22	8	123	429
Marc Fenton – Acting Chief Information Officer ¹⁴	116	–	8	3	–	127
Benn Barr – Executive General Manager Regulation, Risk and Strategy	550	–	30	14	–	594
Belinda Watton – Executive General Manager Yurika ¹⁵	273	–	15	6	140	434
Total	5,944	–	295	150	263	6,652

¹ Short-term benefits include all payments made to the Officer during the year excluding at-risk performance payments (disclosed separately), less payments for annual leave and long-service leave taken and including annual leave benefits accrued during the year.

² At risk performance payments are paid in the current financial year for performance for the prior financial year.

³ Post-employment benefits represent superannuation contributions made by the employer to the superannuation fund at the rates prescribed in the executives' employment contracts (in line with the maximum contribution base for defined contribution fund members and a notional component as part of the total fixed remuneration for defined benefit fund members). Where superannuation contribution rates exceed the contribution cap, the excess amounts are paid to the employees as short-term benefits. Refer to Note 18 for further information regarding the defined benefit obligations of the Group.

⁴ Other long-term benefits represent long service leave benefits accrued during the year.

⁵ Ruth Coulson was appointed to the role of Chief Financial Officer effective 4 August 2025.

⁶ Armand Mahne was acting in the role of Chief Financial Officer from 2 September 2024 until 1 August 2025.

⁷ Jeff Green was appointed to the role of Chief Operating Officer on 4 July 2025.

⁸ Paul Jordon ceased in the role of Chief Operating Officer on 4 July 2025.

⁹ Suzanne Shipp was appointed to the role of Chief Engineer effective 22 September 2025. Suzanne also acted in the role of Chief Information Officer from 9 February until 27 March.

¹⁰ Jason Hall was acting in the role of Chief Engineer from 1 March 2025 until 19 September 2025.

¹¹ Paige Ridgewell was appointed to the role of Chief Customer Officer effective 29 September 2025.

¹² Michael Dart ceased in the role of Chief Customer Officer on 12 October 2025.

¹³ Sharyn Scriven ceased in the role of Chief Information Officer on 6 February 2026 and was on leave until employment ceased on 3 July 2026. Amounts disclosed include remuneration earned during the period in which an executive management position was held. The termination benefit reported was paid in July 2026.

¹⁴ Marc Fenton commenced acting in the role of Chief Information Officer on 30 March 2026.

¹⁵ Belinda Watton ceased in the role of Executive General Manager Yurika on 28 November 2025.

¹⁶ Peter Scott ceased in the role of Chief Executive Officer on 12 July 2026.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 29: Key management personnel disclosures (continued)

(E) Compensation – Executives (continued)

Executive remuneration	Short term benefits ¹	Performance payment ²	Post-employment benefits ³	Other long-term benefits ⁴	Termination benefits	Total
2025	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Energy Queensland						
Peter Scott – Chief Executive Officer	1,163	105	31	30	–	1,329
David Malek – Chief Financial Officer ⁵	183	52	16	4	149	404
Armand Mahne – Acting Chief Financial Officer ⁶	461	–	24	12	–	497
Paul Jordon – Chief Operating Officer	643	69	65	18	–	795
Belinda Watton – Executive General Manager Yurika	561	52	30	15	–	658
Todd Reynolds – Executive General Manager People, Property and Safety	536	22	31	13	–	602
Peter Price – Chief Engineer ⁷	411	64	42	11	159	687
Jason Hall – Acting Chief Engineer ⁸	193	–	10	6	–	209
Michael Dart – Chief Customer Officer	511	47	31	13	–	602
Ayesha Razzaq – Executive General Manager Retail	553	53	30	15	–	651
Sharyn Scriven – Chief Information Officer	505	45	31	13	–	594
Trudy Fraser – Executive General Manager Regulation ⁹	372	27	30	9	–	438
Benn Barr – Executive General Manager Regulation, Risk and Strategy ¹⁰	46	–	5	2	–	53
Total	6,138	536	376	161	308	7,519

¹ Short-term benefits include all payments made to the Officer during the year excluding at-risk performance payments (disclosed separately), less payments for annual leave and long-service leave taken and including annual leave benefits accrued during the year.

² At risk performance payments are paid in the current financial year for performance for the prior financial year.

³ Post-employment benefits represent superannuation contributions made by the employer to the superannuation fund at the rates prescribed in the executives' employment contracts (in line with the maximum contribution base for defined contribution fund members and a notional percentage as part of the fixed remuneration base for defined benefit fund members). Where superannuation contribution rates exceed the contribution cap, the excess amounts are paid to the employees as short-term benefits. Refer to Note 18 for further information regarding the defined benefit obligations of the Group.

⁴ Other long-term benefits represent long service leave benefits accrued during the year.

⁵ David Malek discontinued office in the role of Chief Financial Officer on 27 September 2024.

⁶ Armand Mahne commenced acting in the role of Chief Financial Officer on 2 September 2024.

⁷ Peter Price discontinued office in the role of Chief Engineer on 28 February 2025.

⁸ Jason Hall commenced acting in the role of Chief Engineer on 1 March 2025.

⁹ Trudy Fraser commenced acting in the role of Executive General Manager Regulation on 7 March 2024 and ceased acting in this role on 16 May 2025.

¹⁰ Benn Barr commenced in the role of Executive General Manager Regulation, Risk and Strategy on 19 May 2025.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 29: Key management personnel disclosures (continued)

(F) Fixed remuneration packages – Executives

Total fixed remuneration package ¹	2026	2025
	\$'000	\$'000
Energy Queensland		
Chief Executive Officer	1,209	1,209
Chief Financial Officer	580	598
Chief Operating Officer	695	717
Executive General Manager People, Property and Safety	527	527
Chief Engineer	685	653
Chief Customer Officer	500	523
Chief Information Officer	530	524
Executive General Manager Retail	580	580
Executive General Manager Yurika ²	-	590
Executive General Manager Regulation, Risk and Strategy	565	565
Total	5,871	6,486

¹ The TFR package differs from the executive remuneration disclosures on the previous page, as the executive remuneration disclosures reflect the cost to the Group. Adjustments include leave and superannuation accruals and pro-rata payments for part-year entitlements.

² The position of Executive General Manager Yurika was closed on 28 November 2025.

(G) Compensation disclosures by category:

	2026	2025
	\$'000	\$'000
Short-term benefits	6,647	7,460
Post-employment benefits	359	465
Other long-term benefits	150	161
Termination benefits	263	308
Total	7,419	8,394

This table includes Directors and Executives remuneration.

(H) Transactions with related parties of key management personnel

Key management personnel and their closely related parties conduct transactions with the Group on an arm's length basis and on terms and conditions no more favourable than those available to non-related parties.

The following executives and former executives of the Group are or were Directors of controlled entities or associates. They did not receive any remuneration for their positions as Directors of these legal entities.

- Peter Scott
- Michael Dart
- Todd Reynolds

(I) Loans to key management personnel

The Group has not made any loans to key management personnel in either the current or the prior financial year.

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 30: Related party transactions

Entities subject to common control

The Company is a Queensland Government Owned Corporation, with all shares held by shareholding Ministers on behalf of the State of Queensland. All State of Queensland controlled entities meet the definition of other related parties of the Group.

Transactions with State of Queensland controlled entities

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

During the year EQL sold a parcel of land to Minister for Economic Development Queensland (EDQ) for \$15 million. Under ministerial direction, the sale was conducted below its fair value to support EDQ in facilitating the delivery of housing on underutilised state land. The transaction was approved by the board in accordance with the Group's policies and Queensland Government governance requirements. No amounts were outstanding at year end. The transaction does not have a material impact on the financial performance or position of the Group.

	2026 \$'000	2025 \$'000
Revenue		
Revenue from State of Queensland controlled entities	773,709	788,008
Pensioner rebate and Qld utility bill relief revenue from Department of Child Safety, Seniors and Disability Services	190,891	281,618
Electricity trading with State of Queensland controlled entities	-	81,520
Interest received from Queensland Treasury	12,127	20,580
Community service obligation and Electricity Tariff Adjustment Scheme revenue received from Queensland Treasury	656,818	658,101
Expenses		
Expenses incurred to State of Queensland controlled entities	721,597	729,329
Electricity trading with State of Queensland controlled entities	246,059	-
Interest on QTC borrowings (includes administration fees)	917,862	768,171
Competitive neutrality fee paid to Queensland Treasury	90,383	102,141
NTER, Payroll Tax and Land Tax paid to Queensland Treasury	119,167	122,072
Assets		
Advances facility held with Queensland Treasury	334,625	711,447
Community service obligations amounts receivable	220,862	103,064
Electricity trading with State of Queensland controlled entities	-	45,030
Trade and other receivables from State of Queensland controlled entities	31,208	42,159
Liabilities		
Accrued interest and fees payable to QTC	74,197	68,976
Trade payables to State of Queensland controlled entities	50,777	53,205
Electricity trading with State of Queensland controlled entities	16,688	-
Borrowings from QTC	22,698,743	21,970,143
Accrued competitive neutrality fee payable to Queensland Treasury	22,748	26,146
Unearned grant revenue	3,125	3,125
Equity		
Contributed equity received from Queensland Treasury (formerly Department of Climate and Energy)	-	120,000

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 30: Related party transactions (continued)

No provision for impairment of receivables was raised for any outstanding balances and no expense was recognised for bad or impaired debts due from State owned entities.

Transactions with State-owned electricity transmission entities related to transmission charges were made in accordance with the National Electricity Rules for transmission use of system charges. Other transactions are based on normal commercial terms and conditions and at market rates.

Transactions with other related parties

Disclosures relating to key management personnel are set out in Note 29.

Ultimate parent entity

The ultimate parent entity within the Group is Energy Queensland Limited.

Ownership interests in related parties

Interests in consolidated entities and associates are set out in Note 26.

Note 31: Auditor's remuneration

	2026	2025
	\$'000	\$'000
Remuneration for audit and review of the financial reports of the Group and the Company:		
Audit services – Auditor-General		
Audit of financial reports	2,245	2,241
Audit and review of regulatory reports	736	736
Fees for climate disclosure readiness assessment	-	30
Other assurance services – Auditor-General		
Limited assurance over climate-related disclosures	160	-
Other audit service providers		
Non-financial review of regulatory reports	128	96
Total Auditor's Remuneration	3,269	3,103

Note 32: 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 Group or the Company.

Consolidated entity disclosure statement

Energy Queensland Limited had 100% (2025: 100%) interest in the following subsidiaries at the end of the financial year. All entities were incorporated in Australia and are domiciled in Australia for taxation purposes.

- Energex Limited¹
- Ergon Energy Corporation Limited¹
- Ergon Energy Queensland Pty Ltd²
- SPARQ Solutions Pty Ltd²
- Varnsdorf Pty Ltd²
- VH Operations Pty Ltd²
- Yurika Pty Ltd²
- Metering Dynamics Pty Ltd²
- Ergon Energy Telecommunications Pty Ltd²

1 Australian public company, limited by shares

2 Australian proprietary company, limited by shares

Basis of preparation

This consolidated entity disclosure statement has been prepared in accordance with subsection 295(3A)(a) of the *Corporations Act 2001*. The entities listed in the statement are Energy Queensland Limited and all the entities it controls in accordance with AASB 10 *Consolidated Financial Statements*.

The percentage of share capital disclosed for subsidiaries included in the statement represents the economic interest consolidated in the consolidated financial statements.

Determination of tax residency

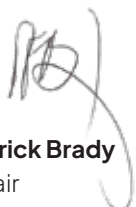
Section 295 (3A)(vi) of the *Corporations Act 2001* defines tax residency as having the meaning in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency. In determining tax residency, the consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Directors' declaration

In the Directors' opinion:

1. The consolidated financial statements and associated notes set out on pages 30 to 95;
 - (i) Comply with the 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 Group as at 30 June 2026 and of its performance for the year ended on that date.
- 2 The Consolidated Entity Disclosure Statement set out on page 96 is true and correct.
3. As at the date of this declaration there are reasonable grounds to believe:
 - (i) That the Company will be able to pay its debts as and when they become due and payable; and
 - (ii) The members of the Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee.

Made in accordance with a resolution by the Directors.



Patrick Brady

Chair

20 August 2026

To the Members of Energy Queensland Limited

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Energy Queensland Limited (the company) and its controlled entities (the group).

The financial report comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

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

- a) giving a true and fair view of the group's financial position as at 30 June 2026, and its financial performance for the year then ended; and
- b) complying with the Australian Accounting Standards and the *Corporations Regulations 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 group 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 group 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.

Valuation of supply system assets (\$27.4 billion)

Refer to note 15 in the financial report

Key audit matter	How my audit addressed the key audit matter
The fair value of the supply system assets has been determined using the discounted cash flow (DCF) technique (income approach). The cash flows are informed by the Australian Energy Regulator's (the AER) regulatory determination for the regulatory period of 2026–2030 and forecast cashflows that align with the Statement of Corporate Intent and Corporate Plan. The fair value estimation involved significant assumptions and judgements for: • aggregating supply assets to units of account for valuation purposes • estimating capital expenditure overspend above the amounts allowed by the AER that are included in the Regulatory Asset Base (RAB) • estimating future cash inflows and outflows based on: - revenue forecasts - tax cash flow - additional capital expenditure spends - deriving a terminal value in Energy Queensland Limited's regulated environment - setting the rate used to discount the forecast cash inflows, cash outflows and terminal value to present value.	My procedures included engaging an auditor's expert to assist in: • evaluating the appropriateness, with reference to common industry practice, of Energy Queensland Limited's identification of units of account and use of the income approach (having consideration for highest and best use and the principal market) • assessing the reasonableness of the assumptions relating to capital expenditure overspend that is expected to be recoverable through the future Regulatory Asset Base • verifying the mathematical accuracy of the discounted cash flow models • assessing the reasonableness of forecast revenue, operating expenditure, capital expenditure, and tax cash flows, by corroborating the key market related assumptions to relevant internal forecasts and historical external data • evaluating the methodology used to derive terminal values with reference to common industry practice • performing sensitivity analysis for the revenue and expenditure cash flow growth rates, discount rate, terminal value and RAB multiples to assess how management addressed estimation uncertainty • agreeing the discount rate calculation methodology to industry range standards and available market information • assessing the reasonableness of the income approach valuation by performing valuation cross checks to comparable organisations and recent sales of similar entities. My procedures to assess the work of the auditor's expert included: • evaluating their qualifications, competence, capabilities, and objectivity • considering the nature, scope and objectives of the work performed for appropriateness • evaluating the findings and conclusions for relevance, reasonableness and consistency with other audit evidence obtained.

Valuation of derivative financial instruments–assets (\$7 million), derivative financial instruments–liabilities (\$259 million), and designation of hedging instruments

Refer to notes 8, 11, 13 and 14 in the financial report.

Key audit matter	How my audit addressed the key audit matter
The fair value measurement of Energy Queensland Limited's (EQL) derivative financial instruments is inherently complex. 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.	My procedures included engaging an auditor's expert to assist in: - 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 the Australian accounting standards - challenging management assumptions used in the valuation process and assessing the reasonableness of inputs and valuation techniques in reference to industry specific practices - testing, for a sample of derivative instruments, 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. My procedures to assess the work of the auditor's expert included: - evaluating the qualifications, competence, capabilities, and objectivity of the auditor's expert - assessing the nature, scope and objectives of the work performed by the auditor's expert - evaluating the findings and conclusions for relevance, reasonableness and consistency with other audit evidence obtained.
EQL's application of hedge accounting is complex due to: - 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 EQL's forecast load to support hedge relationships - use of an internally developed system to administer and account for hedge relationships.	With the assistance of an auditor's expert, my procedures included but were not limited to: - assessing EQL'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 consolidated financial statements. My procedures to assess the work of the auditor's expert included: - evaluating the qualifications, competence, capabilities, and objectivity of the auditor's expert - assessing the nature, scope and objectives of the work performed for appropriateness - evaluating the findings and conclusions for relevance, reasonableness and consistency with other audit evidence obtained.

Measurement of Unbilled Revenue (\$291 million)

Refer to note 6 in the financial report.

Key audit matter	How my audit addressed the key audit matter
The complex unbilled revenue and accrual for network and retail charges calculation involved significant judgements for estimating the unread meter usage at balance date. In making this estimate, EQL based the calculation on a model that used historical consumption data, historical billing data and purchase load to create a seasonally adjusted periodical profile.	My procedures included but were not limited to: • obtaining an understanding of the modelling approach and assessing the appropriateness of its design • testing general information technology controls and application controls over relevant information technology systems • validating the inputs used, including historical consumption and billing data, purchase load and tariff rates, against relevant source data • verifying the mathematical accuracy of the unbilled revenue model • developing an estimate of the unbilled network and retail revenue at year-end and comparing it to EQL management's estimate • validating the appropriateness of disclosures in the consolidated 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 2026, but does not include the financial report and my auditor's report thereon.

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 identified above 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 Directors for the financial report

The directors of the company are responsible for the preparation of:

- a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and, for such internal controls as the directors determine is necessary to enable the preparation of:
 - i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
 - ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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/ar5.pdf

This description forms part of my auditor's report.



Rachel Vagg
Auditor-General

21 August 2026

Queensland Audit Office
Brisbane

Climate Statement 2025–26

Important information for readers:

Energy Queensland has made best efforts to ensure the accuracy of this Climate Statement. However, users should be aware that the information is subject to estimates, uncertainties, and assumptions.

This report includes forward-looking statements – such as expectations, scenarios, projections, and strategic intent – which are inherently uncertain and based on data at a point in time.

Energy Queensland incorporates prevailing policy settings into the development of assumptions underpinning its climate-related risk assessments and scenario analysis. In a dynamic policy environment, Energy Queensland continues to review and refine these inputs to maintain alignment with evolving regulatory and market signals.

The current climate risk assessment and scenario analysis commenced prior to the release of the Queensland Government’s Energy Roadmap (2025) and the Australian Energy Market Operator’s Integrated System Plan (2026). These developments have been considered in assessing the continued appropriateness of Energy Queensland’s current climate disclosures. Energy Queensland will reflect relevant policy developments in future climate-related disclosures as part of its commitment to continuous improvement.

About this statement

This Climate Statement forms part of Energy Queensland’s Annual Report for the 2025–26 reporting period. It complies with the *Australian Sustainability Reporting Standard* (AASB S2) and the *Corporations Act 2001*. Energy Queensland is taking meaningful steps to mature its approach to the integration of climate risk into all that it does, strengthening climate resilience, enhancing transparency and meeting shareholder, community and regulatory expectations.

This Statement discloses material information about the Group’s climate-related risks and opportunities that is useful to primary users of the Group’s general-purpose Annual Financial Report.

The Statement is structured based on the disclosure categories of Governance, Strategy, Risk Management and Metrics and Targets.

Reporting entity

This Climate Statement contains climate-related financial disclosures for Energy Queensland Limited and its subsidiaries, collectively referred to as the Group, for the year ended 30 June 2026. Refer to note 26 of the Financial Statements for a list of the consolidated entities and investments in associates.

It should be read in conjunction with the Group’s consolidated financial statements.

Basis of preparation

The Group’s climate-related disclosures have been prepared in accordance with AASB S2 *Climate-related Disclosures* and the *Corporations Act 2001*.

This Climate Statement was authorised for issue by the Board of Directors on 20 August 2026 at the same time as the Group’s consolidated financial statements.

Functional and presentation currency

The functional and presentation currency of the Climate Statement is the Australian dollar (AUD), and amounts disclosed are rounded to the nearest million dollars unless otherwise stated.

Subsequent events

No transactions, other events or conditions requiring disclosure have occurred since 30 June 2026 up to the date of authorisation of this Climate Statement.

Key assumptions judgements and estimates

Table 1 provides a high-level summary of the key assumptions and judgements that underpin Energy Queensland’s climate-related disclosures, with detailed methodologies provided in the appendices.

Area	Description	Further detail
Materiality	Determining which climate risks and opportunities are material.	Section 3.5 and Appendix A
Reporting Boundary	Application of operational control boundary.	Section 1.3 and Appendix A
Greenhouse gas methodologies	Selection of NGER Scheme aligned methods and emission factors.	Section 5.2 and Appendix B
Scenarios and time horizons	Selection of scenarios and time horizons.	Section 3, sections 3.2 and 3.3, and Appendix A
Uncertainty	Use of qualitative assumptions for long term impacts.	Section 3.2, Appendix A
Metrics – opportunity alignment	Judgement that quantitative disclosure of opportunity aligned activities is not decision useful due to high measurement uncertainty.	Section 5.4, Appendix A
Policy timing and alignment	Scenario analysis and risk assessments reflect information available at the time of assessment. Policy developments, including the Queensland Energy Roadmap, have been considered in assessing the continued appropriateness of Energy Queensland's current climate disclosures. Longer-term transition pathways arising from these developments will continue to inform Energy Queensland's future analysis.	Section 3, Appendix A

Table 1 Key assumptions and judgements

Transition relief

The Group has applied the transition reliefs permitted under Appendix C of AASB S2 for its first year of mandatory climate related reporting to support a pragmatic implementation of the new disclosure requirements.

First year transition reliefs applied:

- Comparative information has not been presented.
- The Group has continued to use its existing greenhouse gas measurement methodology, aligned with the National Greenhouse and Energy Reporting (NGER) Scheme.
- Scope 3 greenhouse gas emissions have not been disclosed.

1. Overview of the Group and Value Chain

1.1. Our business model

Energy Queensland is an integrated, Queensland Government-owned energy services group that owns and operates electricity distribution networks and provides retail and related energy services across Queensland through Energex, Ergon Network, Ergon Retail and Yurika.

The Group plans, builds, operates and maintains long-lived electricity network assets, supplies and sells electricity to customers, and provides energy-related services within a regulated framework.

Energy Queensland's operations involve geographically dispersed assets and workforce distributed across Queensland, including regional and remote communities. These characteristics influence how the Group interacts with its operating environment and value chain and provide important context for understanding where climate-related risks and opportunities may arise.

1.2. Our value chain

Energy Queensland conducted a value chain assessment to identify and evaluate its internal operations and material upstream and downstream activities. Table 2 summarises Energy Queensland's value chain. The assessment supports the identification of climate-related risks and opportunities by highlighting where physical and transition exposures are concentrated across the Group's operations and external relationships.

Upstream	Operation	Downstream
• Energy generation (coal, gas, hydro, biomass large scale wind and solar) • Transmission • Procurement of goods and services • Logistics and transport of equipment and materials	• Ergon Energy Network • Energex • Ergon Energy Retail • Yurika • Shared services	• Connected customers • Consumer energy resources (e.g. rooftop solar, electric vehicles, batteries) • Developers and industry partners • Communities

Table 2 Energy Queensland's value chain

1.3. Reporting boundary

The Group uses the operational control approach to define its organisational boundary for climate-related disclosures and greenhouse gas emissions reporting. Further detail on the assumptions and judgements applied in defining this boundary is provided in Appendix A.

2. Climate-related Governance

Energy Queensland is a Queensland Government Owned Corporation (GOC) established under the *Government Owned Corporations Act 1993* (Qld). The Board is accountable to the shareholding Ministers for the Group's performance and strategic direction, including oversight of climate-related risks and opportunities.

Energy Queensland maintains governance structures to support effective decision making, risk management and accountability. Climate related considerations are being progressively embedded within these existing governance arrangements and in a manner that is consistent with shareholder expectations, relevant State policies and whole of government guidance applicable to GOCs.

Figure 1 summarises the Group's climate-related governance structure, highlighting the roles of the Board, its committees, the Executive Leadership Team (ELT) and supporting functions. The figure does not depict the Group's full governance framework; rather, it demonstrates how climate considerations are integrated into established governance roles and reporting lines.

2.1. Board oversight

Energy Queensland's Board sets the Group's strategic direction and has overall oversight of climate-related risks and opportunities.

Energy Queensland has established three Board committees with climate-related responsibilities. These committees assist the Board in meeting its sustainability responsibilities by providing advice and recommendations. The committees are:

- **Audit and Risk Committee (ARC)** – oversees the integrity, controls, compliance and assurance of climate and sustainability information. ARC leads on climate-related risk management and disclosure integrity, and reviews the financial, risk and reporting implications of climate strategy, transition plans and targets.
- **People, Safety and Environment Committee (PSEC)** – oversees environmental sustainability strategy, greenhouse gas management, emissions-reduction pathways, performance monitoring and transition planning. PSEC leads the development of climate-related targets and oversees Scope 1, Scope 2 and relevant Scope 3 emissions, including NGER Scheme reporting. PSEC also has responsibility for people and culture, remuneration and incentive policies.

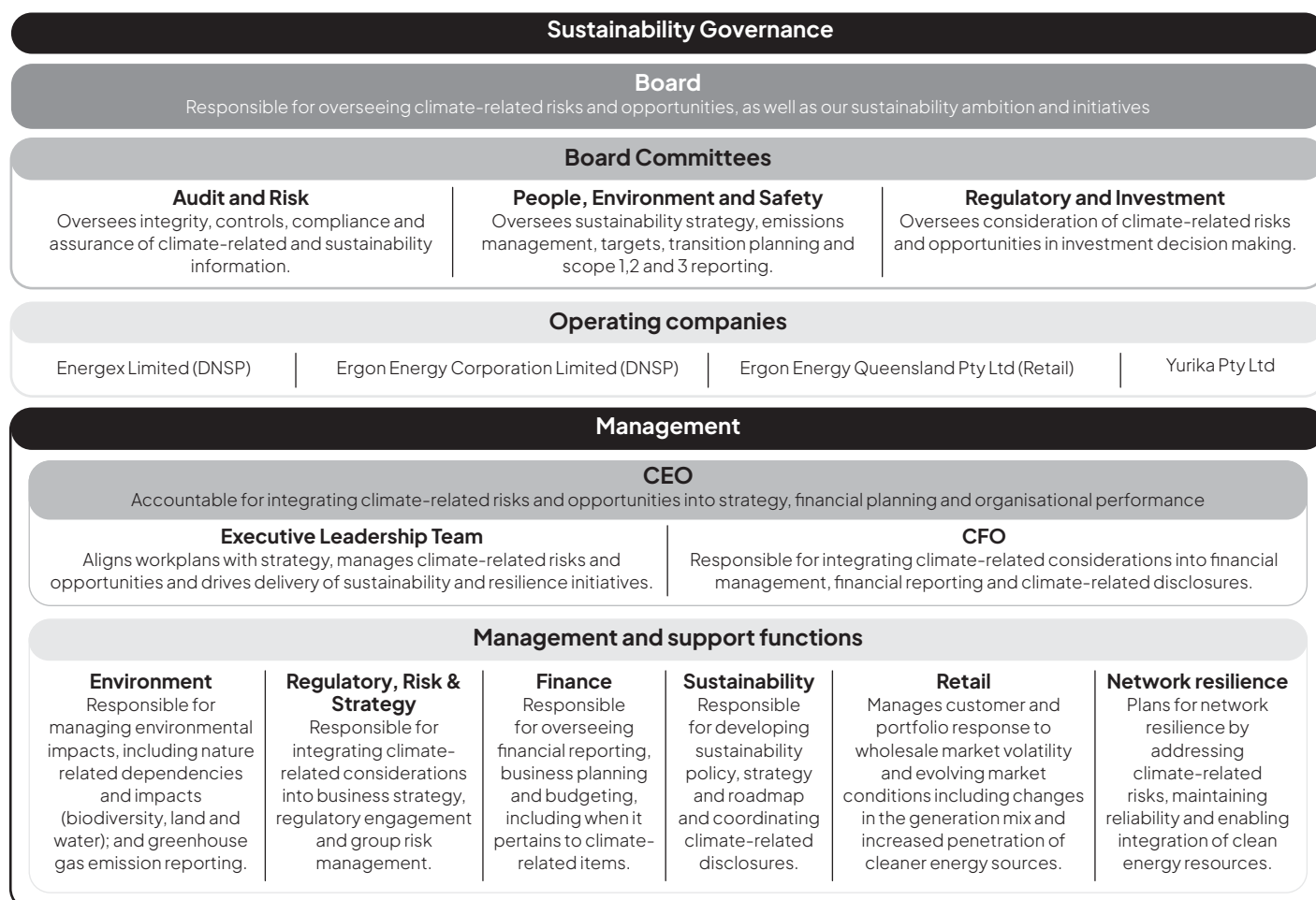


Figure 1 Sustainability governance

- **Regulatory and Investment Committee (RIC)** – oversees consideration of climate risks and opportunities in investment decision-making.

The committee charters are reviewed at least annually or as required. ARC and PSEC were most recently reviewed in March 2026, and RIC in June 2026 with Board approval following each review.

Each Board committee meets at least four times a year and reports outcomes, key matters and actions to the Board. The Board meets eleven times per year, with additional meetings held as required.

Consideration of climate related trade offs

To support consistent governance and oversight of climate related risks and opportunities, the Board has adopted risk appetite parameters that guide how climate considerations and associated trade offs are managed.

Energy Queensland's Board approved Risk Appetite Statements (RAS) define the nature and extent of risk the Group is prepared to accept or pursue. The RAS provide decision making parameters that support consistent consideration of trade offs between competing priorities. Use of the RAS is integrated into planning, investment, and operational decision-making processes, including those relating to climate related risks and opportunities. Where potential exposures or outcomes may not align with appetite posture, escalation and additional governance are required, enabling transparent consideration of risk, trade offs, and controls by executive management and the Board.

2.2. Management's role

The ELT is led by the Chief Executive Officer and is responsible for implementing the Board's strategic direction and overseeing the integration of climate-related considerations into business activities and decision-making.

The Group's ELT plays a central role in aligning operational workplans with the Strategic Plan and long-term goals. This includes navigating an evolving landscape of climate-related policies, regulations and market dynamics. The ELT is responsible for translating strategic priorities into actionable plans that support performance and long-term value creation, including the planned development and delivery of the Network Resilience Roadmap to quantify climate impacts and embed resilience into asset and risk planning for the distribution businesses.

The ELT is accountable for identifying and managing risks, including climate-related risks and opportunities. Each executive is responsible for risk oversight within their business unit, supported by crisis and continuity planning specialists.

2.3. Skills and competencies

Energy Queensland's Board comprises independent, non-executive directors appointed under the *Government Owned Corporations Act 1993* (Qld).

Board members completed a sustainability capability and skills self-assessment in November 2025. The results indicate a foundational level of awareness across sustainability topics, with results informing uplift to strengthen capability in climate-related disclosures and governance responsibilities.

The ELT completed a climate-related capability and skills self-assessment in April 2026. The results indicate strong capability in climate strategy and risk management, with more variable maturity across other domains. Targeted uplift is underway to strengthen executive oversight of climate-related disclosures.

2.4. How the Board and management is informed

The Board, its committees and management are informed about climate related risks and opportunities through a structured governance approach comprising standing periodic reporting, scheduled annual approvals, and event driven escalation, supported by committee papers, regular reporting cycles, and targeted deep dive sessions.

Table 3 summarises the frequency and nature of climate-related information provided during the reporting period.

Climate-related risks have historically been included in Board and committee papers where relevant. To further strengthen governance, the Board and committee paper templates were updated in quarter three of the 2025–26 reporting year to explicitly prompt consideration of climate-related matters within the risk section. The ARC will begin annual reviews of climate-related risks in the first quarter of 2027.

2.5. Remuneration

Energy Queensland complies with applicable government policies governing GOCs. Senior executive key performance indicators (KPIs) are established annually and subject to in-year review. The Chair is responsible for setting and formally evaluating the CEO's KPIs through a structured performance assessment process. At present, executive remuneration is not directly linked to discrete climate-related KPIs.

Governance area	How the Board/committees are informed	Frequency
Risk oversight	Climate-related risks are integrated into risk appetite reviews, enterprise risk reporting and escalation processes.	Monthly and as required.
Physical climate risk	Physical climate risks are incorporated into operational performance reporting and severe weather briefings.	Quarterly and event driven.
Transition climate risk	Pressing transition related regulatory and policy issues are incorporated into regulatory and policy issue reporting and escalated to the Board as required.	Quarterly and as required.
Strategy and investment	Climate-related risks and opportunities are being progressively integrated into strategic discussions and investment decision-making. From 1 July 2026, RIC will progressively incorporate climate-related risks and opportunities into its assessment of investment proposals.	At least annually.
Climate reporting readiness	Updates provided on climate disclosure preparedness, governance capability and policy alignment with AASB S2.	Quarterly and as required.
Greenhouse gas reporting	Scope 1 and Scope 2 greenhouse gas emissions are reported through sustainability and statutory reporting processes.	Annually.

Table 3 Summary of climate-related agenda items presented to the Board and its committees in 2025–26 reporting period

3. Strategy

Energy Queensland's strategy is centred on getting the fundamentals right. This includes keeping the lights on safely, reliably and affordably for Queenslanders, today and into the future, while responding to climate-related risks and opportunities.

As the owner and operator of critical electricity distribution infrastructure, Energy Queensland supports the safe and reliable operation of the energy system in the public interest to ensure communities, customers and essential services can rely on electricity every day.

Energy Queensland's strategic direction is guided by the expectations of its shareholding Ministers, on behalf of the Queensland Government. The Group's strategy was refreshed in 2026 to align with the Queensland Government's Energy Roadmap, released in October 2025. The Roadmap sets the strategic direction for the State's energy system.

The Energy Queensland Strategic Plan to 2035 sets a clear, enterprise-wide direction. It prioritises strengthening system resilience, energy security and sustainability; delivering consistent, predictable and transparent customer experiences; operating as one integrated organisation with a capable and engaged workforce; and ensuring that every dollar invested or spent delivers demonstrable value for customers, communities and the State. These priorities guide decision-making, investment and performance across the organisation.

Energy Queensland operates in a complex and changing environment, characterised by increased electrification, evolving customer participation, technological advancement, heightened cost and regulatory pressures.

Within this context, the strategy maintains a strong focus on core service delivery and disciplined execution. Safety and reliability are non-negotiable, and asset stewardship, operational excellence and cost discipline underpin affordability and long-term performance.

Consistent with its role as Queensland's electricity distributor, Energy Queensland supports the State's energy objectives by enabling customer connections and participation in the energy system. This includes facilitating access to electricity services, maintaining system resilience, and supporting private sector investment where it delivers value for customers and the State, within regulatory and fiscal settings.

Climate related risks and opportunities are being integrated into Energy Queensland's strategic planning and decision-making particularly with respect to the strategic area of focus referred to as "Connected Future". This focus area provides direction to improve resilience of the network to weather events and position both the network and retail energy businesses to manage energy transition risks and opportunities. Preparing to become a distribution system operator that enables more customer energy resources is a key initiative under this focus area.

The "Every Dollar Counts" Strategic Focus area is aimed at ensuring Energy Queensland's activities clearly deliver value for customers, communities and the shareholder. Work under this initiative will examine how climate considerations are addressed in activities to drive greater value for customers, communities and the shareholding Ministers on behalf of the Queensland Government.

3.1. Funding to implement our response

Energex and Ergon Network operate under the National Electricity Rules (NER) and are regulated by the Australian Energy Regulator (AER). Every five years, the networks submit a Regulatory Proposal outlining the funding required to build, operate and maintain Queensland's electricity distribution network, as well as the revenue to be recovered from customers. The regulatory allowances include funding to upgrade the distribution networks to support growing electricity demand and more renewable energy connections associated with the energy transition. Investment in infrastructure follows appropriate standards to improve climate resilience and transform the grid into a smarter, more dynamic system that enables lower-cost integration of consumer energy resources (CER).

The current regulatory framework provides for a cost pass-through mechanism that enables distributors to recover material incremental costs arising from unforeseen events, such as natural disasters (including severe weather events), regulatory changes or new service obligations. The AER's cost pass-through threshold requires the incremental costs from a defined event to exceed one percent of the Maximum Allowed Revenue in the affected year. No cost pass-through applications were lodged with the AER for the reporting period. The AER approved Energex's cost pass-through application for Tropical Cyclone Alfred, which occurred in the 2024–25 financial year.

Where multiple natural disasters or unforeseen events individually fall below the cost pass through threshold but collectively result in a material uplift in baseline operating and/or capital expenditure, those costs are absorbed by the business and may adversely impact Energy Queensland's future commercial returns to shareholders. This is aligned with the regulatory incentive schemes, which are designed to share economic benefits or deficiencies compared to baseline expenditure with customers.

The regulatory framework aims to ensure that expenditure included within regulatory determinations is efficient and justified while supporting the ongoing delivery of safe and reliable electricity services. Increased expenditure associated with climate-related or unforeseen events may be considered by the AER as part of regulatory determinations and could influence future electricity prices.

A recent Australian Energy Market Commission (AEMC) rule change explicitly recognises distribution network resilience expenditure in the NER, enabling regulatory proposals to include funding for measures that reduce the impacts of severe weather and climate change on customers. The AER's 2025–30 determination decision includes \$59.7 million for Energex and Ergon Network resilience.

In addition to funding approved under the AER framework, Energy Queensland actively seeks supplementary funding from sources such as the Australian Renewable Energy

Agency (ARENA) and the Queensland Reconstruction Authority to support customer energy storage and enhance network resilience, particularly in priority and disaster affected regions. This funding has enabled the delivery of initiatives including network connected and community Battery Energy Storage Systems, as well as targeted flood resilience projects.

3.2. Climate risk and opportunity identification

In 2025, Energy Queensland conducted a climate risk and opportunity assessment. This assessment was undertaken to develop a consistent and enterprise-wide view of climate-related risks and opportunities across the Group's value chain. The climate assessment used all reasonable and supportable information available without undue cost or effort.

The assessment adopted a qualitative, expert informed approach, drawing on existing risk assessments and specialist insights.

Key steps included:

- 1. Review of risks and opportunities through a targeted climate lens** using internal risk records, consideration of strategic areas of focus, and peer benchmarking.
- 2. Stakeholder engagement** via interviews and surveys to validate climate-related risks and opportunities and to identify potential gaps.
- 3. Validation workshops** to confirm risks, impacts and areas requiring further consideration.
- 4. Compilation of risks and opportunities** for further analysis.

A range of climate-related risks and opportunities were identified across Energy Queensland's operations and value chain. Of these, five risks and two opportunities were assessed as material (refer to section 3.5) and are disclosed in section 3.6.

Key uncertainties and limitations

The qualitative nature of the assessment and the use of scenario analysis give rise to inherent uncertainty, particularly over longer time horizons. Key sources of uncertainty include variability in climate projections, technology and market evolution, and challenges in translating system level assumptions into asset level impacts. These uncertainties increase across longer term time horizons, particularly in relation to asset performance, capital investment requirements and customer outcomes.

Additional uncertainty arises from the evolving nature of climate science, ongoing changes in regulatory and market settings, the complexity and volume of granular asset level data across a geographically dispersed network, and the reliance on expert judgement in qualitative assessments.

As this represents the Group's first climate related impact assessment, the identification of climate related

opportunities was undertaken as a one off exercise, informed by review of strategic priorities and targeted expert judgement, rather than through a systematic application of climate related scenario analysis. Accordingly, the completeness and prioritisation of identified opportunities is subject to greater uncertainty than for climate related risks.

The identification and management of climate related opportunities is expected to continue to mature over time as strategic planning processes, data availability, analytical capability, and integration with enterprise risk frameworks evolve.

The Group has assessed the availability and reliability of data, the level of estimation uncertainty, and the decision-usefulness of potential quantitative disclosures in accordance with AASB S2 paragraphs 19–20. This assessment has enhanced the Group's understanding of its climate-related risks and opportunities and established a foundation for future quantitative analysis.

Based on this assessment, the Group concluded that quantitative estimates for certain disclosed climate-related risks and opportunities would currently be subject to significant measurement uncertainty and may not provide decision-useful information to users. Accordingly, qualitative disclosures are considered the most appropriate means of communicating these risks and opportunities at this time.

Energy Queensland is progressively strengthening its climate risk and scenario analysis capability by building internal expertise and incrementally increasing the use of quantitative methods where decision useful data is available. These efforts are complemented by the continued integration of climate related considerations into the Group's existing enterprise risk management, strategic planning and investment decision making frameworks.

The outcomes of the climate risk and opportunity identification process informed subsequent scenario analysis, impact assessment and risk prioritisation, as described in sections 3.4 and 3.5.

3.3. Time horizons

Climate-related risks were assessed across three timeframes:

- **Short-term – up to five years** – aligns with Energy Queensland's corporate strategy, risk management, business planning, and AER regulatory funding cycles.
- **Medium-term – 25 years** – matches availability of AEMO's Integrated System Plan (2024) data and supports grid investment planning.
- **Long-term – 50+ years** reflects asset strategy horizons, resilience planning in AER submissions, and maximum foreseeable asset lives of assets to be constructed in the short to medium term.

Refer to section 3.2 and Appendix A for discussion of uncertainty associated with long-term horizons. These time horizons are used to support strategic consideration of plausible future conditions rather than to forecast specific outcomes.

3.4. Scenario analysis

Energy Queensland applied scenario analysis to assess how physical and transition climate-related risks could reasonably be expected to affect its distribution network, retail operations and broader value chain under different future climate conditions. Yurika operations were excluded from the scenario analysis as they were assessed to be immaterial relative to distribution and retail operations.

Scenario analysis was used as a strategic tool to test the Group's resilience and support risk identification, prioritisation and long-term planning. The scenarios do not represent forecasts or targets and are not intended to predict future outcomes.

In 2025, Energy Queensland developed two climate scenarios, commensurate with its circumstances, to support assessment of climate-related risks. Scenario selection was guided by legislative requirements, Queensland Treasury advice and decision usefulness considerations. It was also informed by publicly available climate and energy system transition pathways and sector relevant analysis. This approach supports relevance to the Group's operating context. Accordingly, the analysis does not include additional scenarios or full quantitative modelling at this stage.

Two climate-related scenarios, referred to as the *Sustainability* (low emissions/low warming) and *Middle-of-the-Road* (intermediate emissions/high warming) scenarios, were used for this assessment (refer to Table 4).

The scenarios comprise:

- *Sustainability* scenario (low emissions/low warming), aligned with a global temperature increase of around 1.5°C to 2°C above pre-industrial levels, aligned with the Paris Agreement and the *Climate Change Act 2022* (Cth), reflecting accelerated decarbonisation, policy reform and transition-related change.
- *Middle of the Road* scenario (intermediate emissions/high warming), aligned with a global temperature increase of approximately 2.5°C to 3°C above pre-industrial levels, reflecting slower decarbonisation and heightened exposure to physical climate risks.

Scenario	Sustainability (low emissions/low warming)	Middle-of-the-Road (intermediate emissions/high warming)
Scenario summary¹	Energy systems transition more rapidly toward low-emissions technologies through widespread uptake of renewables, storage and efficiency improvements. In Australia, this supports significant decarbonisation across multiple sectors while maintaining reliable energy supply and continued economic growth.	Global progress toward lower emissions is uneven and slow, limiting how quickly fossil fuels are replaced. In Australia, the energy system continues to change, but higher costs, infrastructure constraints and implementation challenges moderate the pace of transformation.
Indicative global temperature outcome (by 2100)	Likely to keep global temperature rise to around 1.5°C to 2°C above pre-industrial levels, aligned with the Paris Agreement and the <i>Climate Change Act 2022</i> (Cth).	Likely to result in global temperature rise of approximately 2.5°C to 3°C above pre-industrial levels.
Transition characteristics	Accelerated emissions reduction; rapid uptake of renewables, storage and electrification; increasing system complexity; transition risks more front-loaded.	Gradual decline in emissions; slower uptake of low-emissions technologies; continued reliance on existing energy infrastructure; transition risks emerge steadily over time.
Physical characteristics	Lower long-term physical risk relative to higher-warming pathways; ongoing but comparatively moderated changes to climate hazards.	Higher exposure to physical climate risks over time due to higher warming outcomes; increasing frequency and severity of extreme weather events.
Time horizons assessed	Short and medium.	Short, medium and long.
Primary use	Used primarily to assess short- to medium-term transition risks.	Used primarily to assess medium- to long-term physical climate risks.
Reference scenarios	IPCC – SSP1–2.6 AEMO Step Change	IPCC – SSP2–4.5 AEMO Progressive Change.
	Note: AEMO scenarios are based on the 2024 Integrated System Plan, which predates the Queensland Government's Energy Roadmap, 2025	

Table 4 Climate scenario overview ¹ Key assumptions, judgements and limitations associated with scenario selection and use are disclosed in Appendix A

3.5. Impact analysis, risk and opportunity prioritisation

Plausible case studies were used to qualitatively assess climate-related impacts on Energy Queensland's network and retail businesses across short, medium and long-term horizons.

- The *Sustainability* (low emissions/low warming) scenario was applied to assess transition risks over the short and medium terms, reflecting the limited availability of credible long-term energy system projections.
- The *Middle-of-the-Road* (intermediate emissions/high warming) scenario was used to assess physical risks over short, medium and long timeframes.

Climate related risks were assessed across the time horizons identified in Section 3.3 using the Group's enterprise risk assessment methodology to support comparison across scenarios and prioritisation.

Risk ratings were qualitatively assessed against the Group's Risk Evaluation Matrix (REM), which considers both likelihood and consequence (refer Appendix A) across short, medium and long-term time horizons. This threshold was applied to identify risks that could reasonably be expected to affect the Group's prospects. Material climate-related risks were defined as those assessed within the highest REM risk category in at least one scenario and time horizon. It should

be acknowledged that uncertainty increases over longer time horizons and that risk ratings reflect relative risk levels rather than a prediction of specific outcomes.

Climate related opportunities were prioritised through facilitated discussions with internal subject matter experts to identify material opportunities with potential to enhance organisational resilience.

The outcomes of this analysis are presented in section 3.6.

3.6. Material climate-related risks and opportunities

Based on the impact analysis and risk prioritisation described above, Energy Queensland identified the following material climate related risks and opportunities.

Physical climate-related risks

The Group's material physical climate-related risks are predominantly concentrated within its electricity distribution network businesses, reflecting the network's geographic reach, scale and long asset lives. Energy Queensland's distribution network spans more than 200,000km across diverse climatic zones. These long-lived assets are inherently exposed to a range of acute and chronic physical climate hazards. Material physical climate risks were assessed across multiple time horizons and are summarised in the tables below.

Physical risk qualitative assessment		
Tropical cyclones and storms (acute)	Time horizon risk could reasonably be expected to occur: Short, Medium and Long horizons	
Drivers		
Queensland is anticipated to face increasing risk from cyclones and storms due to warmer sea surface temperatures. Climate modelling indicates fewer but proportionally more intense tropical cyclones, a potential southward shift in tropical cyclone tracks, and more damaging winds from severe storms and east coast lows.		
The magnitude of this risk is projected to increase over the longer term, as ongoing ocean warming and sea level rise are expected to amplify wind, storm surge, and wave impacts, increasing the likelihood of severe wind damage and infrastructure disruption.		
Potential impacts		
More intense cyclones and storms are anticipated to increase damage and asset failure risk across network assets, shorten asset life, restrict site access, disrupt supply chains, and elevate employee safety risks. This is likely to place greater strain on operations and reduce network reliability, particularly in coastal and northern regions.		
Escalated events ² 2025–26:		
Event type	No. of events	Affected region
Storm	3	SEQ
Tropical Low	3	Southern, Northern, Far Northern Queensland
Tropical cyclone	2	Northern, Far Northern Queensland
Asset damage, reduced asset life, access and supply chain disruption		
Value chain location		
Energex and Ergon Energy Network distribution assets, workforce, upstream supply chain and customers.		

Physical risk qualitative assessment		
Flood (acute)	Time horizon risk could reasonably be expected to occur: Short, Medium and Long horizons	
Drivers		
Flood risk is anticipated to remain elevated over the medium term due to more intense rainfall, increasing tropical cyclone impacts, rising sea levels, and urban development reducing natural drainage.		
The risk is projected to remain elevated over the long term, as continued sea level rise and more severe rainfall events are anticipated to intensify riverine and coastal flooding, particularly in low lying urban and regional areas, increasing the likelihood of pressure on infrastructure and response capacity.		
Potential impacts		
More frequent and intense rainfall events are anticipated to result in flooding that may damage substations, poles and ground mounted assets, resulting in customer outages and extended restoration times. Flooding may also contribute to pole failures due to soil instability, restrict workforce access, disrupt communications and supply chains, and accelerate asset deterioration, likely increasing operational complexity and reliability risk.		
Escalated events 2025–26:		
Event type	No. of events	Affected region
Flood	1	Northern Queensland
Damage to substations, access constraints, prolonged outages, accelerated asset degradation		
Value chain location		
Energex and Ergon Energy Network distribution assets, workforce, upstream supply chain, and customers, particularly in low lying urban and regional areas susceptible to riverine and coastal flooding		

Physical risk qualitative assessment		
Bushfire (acute)	Time horizon risk could reasonably be expected to occur: Short, Medium and Long horizons	
Drivers		
Bushfire risk in Queensland is anticipated to remain high over the medium term due to hotter temperatures, lower humidity and more frequent drought conditions. These factors are projected to increase fire weather severity and fuel dryness.		
The risk is projected to increase further over the long term, as prolonged dry conditions and more severe fire weather increase the likelihood of intense and difficult to control bushfires, particularly regional and inland Queensland.		
Potential impacts		
Increasing frequency, intensity and shifting fire seasons are anticipated to increase damage and failure risk for network assets (particularly timber poles and conductors). These conditions may disrupt customers through outages and restoration activities and are likely to place greater operational and health impacts on employees due to smoke exposure and prolonged emergency response.		
Nil escalated events in 2025–26.		
Asset loss (especially timber poles), ignition risk, outages, workforce health impacts		
Value chain location		
Ergon Energy Network distribution assets, workforce, and customers, particularly in regional and inland Queensland		

² An escalated event is an incident requiring activation of formal emergency management beyond standard operational response under EQL's Emergency Escalation Guidelines for the Distribution Network.

Physical risk qualitative assessment

Extreme heat (acute and chronic)

Time horizon risk could reasonably be expected to occur: Short, Medium and Long horizons

Drivers

Extreme heat events in Queensland are anticipated to become more frequent and severe over the medium term due to rising average temperatures and more frequent and prolonged heatwaves. These conditions are anticipated to drive higher cooling demand and sustained thermal stress on network assets.

The likelihood of extreme heat risk is projected to remain elevated over the long term as more severe and persistent heat events are likely to compound demand pressures, reduce asset capacity and workforce exposure, particularly in northern and inland regions where exposure and vulnerability are highest

Potential impacts

Heatwaves are anticipated to drive short term demand spikes, reduce asset capacity, and increase the risk of power system disturbances, localised outages and involuntary load shedding, while heightening workforce safety risks and vulnerability of customers during outages. Rising temperatures are likely to increase stress on assets, leading to higher maintenance costs and reduced asset capacity. This may place sustained pressure on the network's ability to meet customer cooling demand and may affect future network planning, insurance costs and regulatory requirements.

Hot weather alerts 2025–26:

Event type	No. of events	Affected region
Extreme heat	11	SEQ

Demand spikes, asset derating and failure, workforce and customer safety risks

Value chain location

Energyx and Ergon Energy Network distribution assets, workforce and customers across Queensland

Financial impacts of material physical risks

Current

- Higher repair and replacement costs following extreme events
- Increased emergency response, restoration and workforce expenditure
- Earnings volatility when costs fall below pass through thresholds
- Program delivery disruption
- Loss of supply to customers and associated costs with longer outages

Emergency response direct costs associated with climate events totalled approximately \$24 million for tropical cyclones, storms and flooding during the reporting period.

These events have caused damage and outages to the network; and workforce, restoration and repair costs are reflected in operating expenses and capital expenditure where parts of the network require replacement.

The direct incremental impact of bushfires and extreme heat was not financially material for this financial year.

The events outlined above have not resulted in material adjustments to carrying amounts of assets for this financial year.

Anticipated

- Potential increase in capital expenditure for asset strengthening, replacement, vegetation management, and resilience upgrades
- Potential higher operating costs for preparedness, response, and recovery
- Potential increased regulatory and insurance exposure
- Potential reliability impacts leading to higher Service Target Performance Incentive Scheme (STPIS) penalties and Guaranteed Service Level (GSL) payments
- Potential elevated risk of program delays and regulatory compliance pressure
- The cost pressures may potentially, subject to regulatory determination, contribute to higher network revenues.

Increased severity and frequency of weather events are anticipated to directly affect operating and capital expenditure; however, the magnitude of these impacts cannot yet be reliably quantified. Work is underway to commission a quantitative climate impact assessment in 2026–27.

The cost pass through mechanism is available for major events (refer section 3.1).

Risk management and adaptation responses

- **Design & Maintenance:** Assets designed to wind and climatic standards; routine inspection, maintenance, and vegetation management reduce weather-related damage.
- **Preparedness & Response:** Annual Summer Preparedness Program; established emergency frameworks; real time weather monitoring; mobile generation and strategic reserves
- **Bushfire Resilience:** Dedicated Bushfire Risk Management Plan; governance oversight; fire resilient assets (e.g., composite poles, fire wraps); enhanced modelling and targeted investment
- **Flood Resilience:** Flood Risk Management Plan; asset elevation and protection; targeted resilience upgrades with Queensland Reconstruction Authority support; improved flood monitoring and modelling
- **Extreme Heat:** Managed through established safety frameworks, emergency response arrangements, preparedness programs, and workforce planning measures to maintain network performance and protect workforce and community safety during peak conditions
- **Collaboration:** Coordinated planning with emergency services, regulators, industry, and specialist weather services such as the Bureau of Meteorology

Main items potentially impacted in Financial Statements

- Operating costs – including emergency response, asset repair and replacement, and increased labour and resource requirements to support recovery capacity and network resilience
- Regulatory penalties and customer compensation – arising from customer outages during and after events, including increased guaranteed service level payments
- Capital expenditure – increased investment required for asset repair, replacement, and network strengthening following damage from extreme events
- Property, plant and equipment – potential impacts on asset lifespans, carrying values and future capital investment requirements due to exposure to extreme conditions
- Depreciation and asset impairment – potential for accelerated depreciation and increased impairment risk due to shortened asset lifespans due to repeated exposure to extreme conditions

Transition climate-related risks

The Group's material transition risk is concentrated within the retail operations, reflecting exposure to policy and regulatory change, market evolution, and shifting customer expectations associated with the energy transition. This risk arises from evolving decarbonisation pathways, changes

to wholesale and retail market settings, and increasing competitive dynamics associated with CER and alternative retail and service offerings. Transition risks have been assessed across multiple time horizons, with the material risk and associated responses summarised in the table below.

Transition risk qualitative assessment					
Policy and regulatory changes	Time horizon risk could reasonably be expected to occur: Short and Medium horizons				
Policy and regulatory changes during the energy transition may impact Ergon Energy Retail's strategic outcomes and/or operations. Rapid and evolving regulatory, policy and market reforms associated with the energy and climate transition are increasing complexity and uncertainty for electricity retailers. These changes have the potential to disrupt existing retail business models.					
Drivers Energy transition reforms are anticipated to continue reshaping the operating environment over the short term. Changes to retail and wholesale market frameworks, integration of CER, and evolving policy and regulatory settings at both Federal and State levels could materially change the operating environment, increasing complexity, and in some areas, uncertainty. While regulatory and policy settings are expected to become clearer in some aspects of the transition, implementation requirements, evolving customer needs and changing competitive dynamics may continue to create operational and strategic challenges that could impact sustainability outcomes. The risk is expected to moderate over the medium term as policy and market frameworks mature, supported by increased regulatory clarity and more established market arrangements. These drivers reflect a point-in-time view of transition dynamics. Government policy settings, including the Queensland Energy Roadmap, are intended to support an affordable, reliable and sustainable energy transition, and may progressively reduce uncertainty while shaping how these risks evolve over time.					
Value chain location Ergon Energy Retail operations and customers.					
Financial impacts <table> <tr> <th>Current</th><th>Anticipated</th></tr> <tr> <td>Impact is not financially material for the current reporting period.</td><td> - Potential higher costs associated with wholesale, system, process and service changes driven by regulatory and market reform. - Potential loss of customer demand due to customer churn to other retailers or self-supply. - Potential revenue volatility resulting from changes to electricity pricing and regulatory mechanisms </td></tr> </table>		Current	Anticipated	Impact is not financially material for the current reporting period.	- Potential higher costs associated with wholesale, system, process and service changes driven by regulatory and market reform. - Potential loss of customer demand due to customer churn to other retailers or self-supply. - Potential revenue volatility resulting from changes to electricity pricing and regulatory mechanisms
Current	Anticipated				
Impact is not financially material for the current reporting period.	- Potential higher costs associated with wholesale, system, process and service changes driven by regulatory and market reform. - Potential loss of customer demand due to customer churn to other retailers or self-supply. - Potential revenue volatility resulting from changes to electricity pricing and regulatory mechanisms				
Risk management and adaptation responses Policy & Regulation: Proactive government and regulatory engagement to advocate for stable, balanced policy outcomes that support sustainable, reliable energy through the transition. Market & Retail Adaptation: Ongoing enhancement of retail capability, products, and services to respond to regulatory change, evolving market settings, and customer expectations. Customer Retention: Targeted retention strategies focused on customer experience and value, including tailored offerings for commercial and industrial customers. Governance & Risk Management: Strengthened risk management and governance frameworks to anticipate, assess, and respond to evolving policy, regulatory, and transition-related risks.					
Main items potentially impacted in Financial Statements Revenue may be impacted by changes to retail and wholesale pricing and regulation, and potential disruption to retail business models.					

Climate-related opportunities

Energy Queensland's climate-related opportunities are aligned with its refreshed strategic direction and the Queensland Energy Roadmap.

The Group's material climate related opportunities are concentrated across its electricity distribution network and retail operations reflecting evolving system and customer needs driven by electrification and advances in digital, network and customer technologies. These opportunities arise from sustained growth in electricity demand, improved utilisation of existing network capacity, and enhanced integration of renewable energy, storage

and flexible loads enabled by technology driven innovation. They support the delivery of affordable, reliable and sustainable electricity services. Material opportunities and associated responses are summarised in the tables below.

The Group has not disclosed quantitative information on the amount or percentage of activities aligned with climate related opportunities. This is because the methodologies and data required to attribute opportunity alignment at an activity level are not yet sufficiently mature to support reliable and decision useful measurement.

Opportunity qualitative assessment	
Opportunity – product and services	Linked to digital network enablement opportunity
Demand Growth – Increased electricity demand driven by population growth, transport and industry electrification, energy-intensive digital infrastructure and increased customer participation in the energy system is expected to increase reliance on grid supplied electricity. This creates opportunities to enhance network utilisation, support efficient recovery of regulated costs, and expand customer-focused network and retail products and services. Where demand is flexible and actively managed, there is further potential to optimise system efficiency and better utilise existing network capacity.	
Drivers Electricity demand growth is anticipated to be influenced over the short term by a combination of population growth, increased electrification (including transport and industrial processes), and energy intensive data centres. This may increase reliance on the distribution network and create opportunities for more active demand management. Over the medium term, electrification and CER are anticipated to be more widely embedded across the economy, with demand patterns increasingly dynamic. Effective orchestration of supply and demand may become more important to support network utilisation and system efficiency.	
Value chain location Energex and Ergon Energy Network distribution assets, and Ergon Energy Retail operations and customers across Queensland.	
Financial impacts	
Current Financial impacts associated with demand growth are dependent on location, timing and the ability to effectively manage and orchestrate loads. These cannot be reliably quantified at this stage.	Anticipated - Potential for greater load consumption as customers electrify. - Potential for improved network utilisation where demand growth is effectively managed, enabling more efficient use of existing capacity and cost recovery - Possible increase in retail sales and customer offerings for Ergon Energy Retail. - Possible increased capital expenditure to support network capability, flexibility and integration of new technologies The AER's 2025–30 determination decision includes \$117.4 million for Energex and Ergon in capital expenditure for CER integration, including dynamic connections, grid visibility and network protection
Responses	
- Energex and Ergon Energy Network are supporting demand growth through demand flexibility, demand management and network optimisation approaches to improve network utilisation and defer or optimise higher cost network investment, where feasible. - Network planning and operations are being adapted to support increasing demand across both regulated networks and isolated communities, recognising the network risks associated with higher penetration of CER and challenges where orchestration technologies and supporting policy and regulatory frameworks do not keep pace with the transition, potentially impacting network performance and services. - Demand and electrification insights are being embedded into strategic forecasting and investment planning to better anticipate demand growth and guide future network decisions. - Ergon Energy Retail is progressively developing products and services that manage charging, support customer participation and align with network capability needs.	
Main items potentially impacted in Financial Statements	
- Increase in demand as more customers are connected, consumption increases, and additional services may be provided - Capital expenditure required to connect additional users and enhance system flexibility and resilience - Potential impairment or write off of long lived assets as the energy transition accelerates, particularly legacy and ancillary infrastructure associated with diesel generation in isolated networks (including fuel storage, cooling and control systems), where assets may become underutilised or obsolete.	

Opportunity qualitative assessment

Opportunity – product and services

Linked to demand growth opportunity

Digital network enablement – Deployment of digital, network and customer technologies may support more efficient operation of the distribution network and enable the delivery of new and enhanced retail and customer services. These capabilities may facilitate the integration of CER, enhanced monitoring and control, and more flexible demand. This may contribute to improved network utilisation, support deferral of capital expenditure and enable the development of new service and revenue models in a low emissions energy system.

Drivers

Continued deployment of smart grid technologies, advanced metering and real time monitoring is anticipated to increase over the short term in response to growing electrification, CER and two-way power flows. These developments may enable more efficient network operations, improved demand management and enhanced customer interaction. Over the medium term, broader adoption of intelligent infrastructure may support more dynamic load management, greater integration of CER and increased system resilience. These developments may also enable more flexible and data driven retail offerings, depending on evolution of technology, market conditions and regulatory frameworks.

Value chain location

Energex and Ergon Energy Network distribution assets, and Ergon Energy Retail operations and customers across Queensland.

Financial impacts

Current

CER related capital spend was \$5.8 million for the current financial year.

Anticipated

- Potential lower augmentation and reduced maintenance costs.
- Potential reduced Guaranteed Service Level payments.
- Potential new revenue streams for Ergon Energy Retail
- Potential reduced customer energy costs.

The AER's 2025–30 determination decision includes \$117.4 million for Energex and Ergon in capital expenditure for CER integration, including dynamic connections, grid visibility and network protection.

Responses

- Ergon Energy Retail is deploying emerging technologies such as smart metering, battery storage and intelligent device aggregation platforms to improve efficiency, enable flexible customer participation, and enhance customer service outcomes
- Demand flexibility capability is being advanced through Energex's and Ergon Energy Network's Demand Flexibility Strategy, leveraging technology enabled customer participation and non network solutions to manage peak and minimum demand, optimise network utilisation and defer higher cost capital investment.
- Enhanced grid visibility is enabling the deployment of Distributed Energy Resource Management Systems (DERMS) and Dynamic Connections to support higher penetrations of CER and reduce solar curtailment compared with fixed export arrangements. DERMS use this visibility to improve forecasting and coordinate flexible loads and storage to maximise solar utilisation and manage peak and minimum demand.

Main items potentially impacted in Financial Statements

- Capital expenditure required to connect new technology and enhance system flexibility and resilience. However, this may also generate benefits associated with avoidance of capital and operating expenditure where enhancements to the network operations are realised.
- Operating expenses increasing from digital capabilities (IT, data, cyber security) and decreasing through efficiencies in maintenance, operations and customer service.
- Demand growth as more customers are connected, consumption increases and additional services may be provided.

3.7. Interconnected risks

Energy Queensland's scenario analysis revealed that physical and transition risks can interact. While the distribution network is largely agnostic to the source of electricity generation, the increasing variability and intermittency associated with different generation sources, combined with more extreme weather conditions, can influence network performance, reliability and operational requirements. More intense climate events can disrupt generation or demand patterns, challenging the stability of a more distributed energy grid. These disruptions may drive price volatility in wholesale markets, affecting procurement strategies and pricing.

Interaction with material information in Financial Statements:

These risks have been considered in the assessment of key financial assumptions used in the Financial Statements, including impairment considerations, asset useful life estimates, and environmental rehabilitation provisions. Relevant disclosures are included in the Group's Financial Statements (refer Note 15 of the Annual Financial Report).

3.8. Strategic implications and resilience under climate scenarios

The outcomes of Energy Queensland's climate-related scenario analysis provide insight into how different future climate and energy transition conditions could affect the operating environment for the Group's regulated network and retail business, including potential implications for asset performance, system complexity and cost pressures.

The scenario analysis highlights that, while the relative timing and drivers of risk differ across scenarios, both pathways are characterised by increasing exposure to asset performance, system complexity and operational resilience considerations over time. Under higher-warming outcomes, physical climate impacts place sustained pressure on asset condition, outage management and recovery capability. Under more rapid transition pathways, increased penetration of renewable generation and CER heighten system complexity, digital reliance and workforce capability requirements. These insights inform Energy Queensland's understanding of strategic sensitivity rather than defined responses.

Strategic implications identified through the qualitative assessment

Across both the *Sustainability* (low emissions/ low warming) and *Middle of the Road* (intermediate emissions/ high warming) scenarios, the assessment highlights the increasing relevance of climate related physical and transition risks to Energy Queensland's long term operating environment. While the relative materiality of these risks varies by scenario and time horizon, the assessment indicates that climate change has the potential to influence asset performance, system complexity, workforce capability requirements and regulatory engagement over time.

Under the *Middle of the Road* (intermediate emissions/ high warming) scenario, higher temperature outcomes and a slower pace of global decarbonisation increase exposure to physical climate risks, particularly over the medium and long term. Potential implications include:

- accelerated degradation of long lived network assets and increased maintenance and renewal requirements
- greater operational disruption associated with more frequent and compounding extreme weather events
- upward pressure on capital and operating expenditure related to preparedness, response and recovery.

In contrast, under the *Sustainability* (low emissions/ low warming) scenario, more rapid decarbonisation and system transformation increase exposure to transition related dynamics, including higher penetration of renewable generation and CER. Potential implications include:

- increased system complexity, including two-way power flows and peak and minimum demand management
- greater reliance on network visibility, data and digital systems to support reliable operations
- changes in workforce skill requirements associated with new technologies.

Implications for strategy, investment and regulation

As Energy Queensland's first climate related scenario analysis, this assessment is qualitative and high level. It is intended to support initial disclosure and strategic consideration. As yet, the insights do not directly drive investment decisions or capital allocations; rather, they inform areas of strategic sensitivity and help identify where future analysis, data and capability will be required to support decision making.

As a GOC, Energy Queensland's approach aligns with the Queensland Government's Energy Roadmap, policies and emissions reduction planning framework, which together provide the overarching structure for whole-of-government transition planning.

Consistent with this early stage of maturity, Energy Queensland does not currently have a standalone climate transition plan. Instead, scenario analysis is used to inform strategic sensitivity, capability development and future planning. The development of a formal transition plan will be considered as strategic maturity, data availability and regulatory clarity increase.

The assessment reinforces the importance of:

- integrating climate related risks and opportunities into existing network resilience, safety and reliability decision frameworks
- incorporating potential long term climate drivers into regulatory submissions and stakeholder engagement
- maintaining flexibility and optionality in planning and investment processes given uncertainty in the timing and magnitude of future climate impacts and transition pathways.

The qualitative scenario analysis undertaken has not identified a need for material portfolio restructuring. There are currently no material planned divestments or disposals linked to climate-related risks or opportunities.

Strategic resilience and capability development

The analysis indicates Energy Queensland's current strategic direction is broadly robust across the scenarios assessed, reflecting the essential nature of electricity services, the diversity of the asset base and the regulated operating environment. However, the assessment also highlights material uncertainty and limitations associated with the use of qualitative assumptions and expert judgement, particularly over longer term horizons.

Existing strategic planning and regulatory review cycles provide mechanisms to periodically reassess strategic priorities and investment assumptions as climate related information, policy settings, system conditions and shareholding Minister expectations evolve. These processes support progressive adjustment over time. They are expected to provide a foundation for incorporating more decision useful climate analysis as internal capability matures, while maintaining a focus on disciplined execution, safety, reliability and affordability.

The conclusions in this section should be read in the context of the assumptions, uncertainties and limitations described in Section 3.2.

4. Risk management

Energy Queensland manages physical and transition climate-related risks through its Enterprise Risk Management Framework (ERMF), which aligns with ISO 31000 Risk Management – Guidelines. Energy Queensland's ERMF comprises a Board-approved Risk Appetite Statement, Risk Management Policy, Enterprise Risk Management Standard, Risk Management Procedure and Risk Evaluation Matrix. Together, these elements provide a structured and consistent approach to risk management across the Group, including climate-related physical and transition risks.

Climate related risk management processes are designed to be integrated within the ERMF rather than operating as standalone or parallel processes. This approach supports consistent decision making, effective governance and alignment with Energy Queensland's risk appetite.

The ERMF is reviewed as needed in response to internal and external operating environments, and at least every two years, to ensure it remains responsive to emerging risks and fit for purpose.

During the reporting period, Energy Queensland retired its stand-alone Climate Risk Appetite Statement and superseded it with a Sustainability Risk Appetite Statement. This evolution reflects an integrated approach to managing sustainability-related risks, including climate-related physical and transition risks, which are key pillars in the Sustainability Risk Appetite Statement.

4.1. Risk management process

Energy Queensland embeds robust risk management processes and practices across all levels of the organisation to support the achievement of strategic and operational objectives.

The Group applies a structured, organisation-wide process for identifying, analysing, evaluating and responding to risk.

All identified risks, including climate-related risks, are assessed using the Energy Queensland Risk Evaluation

Matrix (REM), risk consequence and likelihood tables to determine a risk rating. Risk ratings and the outcomes of risk analysis, together with risk appetite, support informed decision-making, including the identification of appropriate controls and mitigation strategies, and the prioritisation of activities and resources.

Monitoring and review of climate related risks occurs through business as usual risk management processes detailed in the ERMF. Out of cycle reviews may be triggered by material changes, significant events or emerging risk signals (for example, major extreme weather events, regulatory changes or market disruptions).

Risks assessed as not aligned with risk appetite are subject to escalation and enhanced oversight. Risk ratings, determined through the REM, together with consideration of risk appetite alignment, drive risk escalation, ownership, and response decisions.

Energy Queensland has established the foundational elements required to integrate climate related risks into its ERMF and continues to progressively strengthen this integration. While progress has been made, climate considerations are not yet fully embedded across enterprise risk discussions, investment decisions or operational planning, reflecting the evolving maturity of the organisation's climate risk management capability.

5. Metrics and targets

Energy Queensland is committed to transparently disclosing climate-related metrics and targets. The climate-related metrics table in section 5.4 outlines performance against key mandatory climate-related metrics.

Since 2008, Energy Queensland has reported Scope 1 and 2 greenhouse gas emissions to the Clean Energy Regulator to meet the requirements of Australia's *National Greenhouse and Energy Reporting Act 2007* (NGER Act).

In 2025–26, the Group's total reported emissions were 1,187,328 tCO₂-e, comprising:

- **Scope 1:** 155,439 tCO₂-e
- **Scope 2:** 1,031,889 tCO₂-e

Energy Queensland's carbon footprint is significantly driven by network line losses, which represent indirect Scope 2 emissions from electricity energy lost during distribution. While line losses are inherent to electricity networks, opportunities to reduce these may be technically complex and capital intense. Emissions associated with line losses are expected to decline over time, largely dependent on the pace and extent of decarbonisation in Queensland's electricity generation mix, which is influenced by external policy, market and technological factors.

Energy Queensland's goal is to maintain or improve the current loss percentage as the network grows and evolves.

5.1. Climate-related targets

Energy Queensland's most significant contribution to Queensland's emissions reduction lies in enabling the connection and sharing of clean energy – such as rooftop solar and batteries – across Queensland homes and businesses. In doing so, the Group supports the Queensland Government's commitment to achieving net zero emissions by 2050, while helping ensure the energy transition is affordable, reliable and achievable for customers and communities.

Energy Queensland will align with the Queensland Government's proposed program of sector-based emissions reduction planning, which is intended to enable coordinated action across the economy to achieve the net zero objective in an achievable and affordable manner. The program will include emissions reduction plans across key sectors ensuring broad participation in the transition to a net zero future.

The Group does not have an operational greenhouse gas emissions reduction target. While several climate-related metrics are monitored, such as network reliability, loss of supply and solar energy systems connected, not all of these metrics have formal targets.

5.2. Methodology for calculation of Scope 1 and 2 emissions

The *National Greenhouse and Energy Reporting Act 2007* (NGER Act) is supported by the *National Greenhouse and Energy Reporting (Measurement) Determination 2008*, which specifies methods for calculating Scope 1 and Scope 2 greenhouse gas emissions and energy consumption. The Act requires companies to report Scope 1 and Scope 2 greenhouse gas emissions to the Clean Energy Regulator annually.

Energy Queensland reports Scope 1 and 2 emissions under the NGER Scheme using the operational control approach, covering all the Group's operations where operational control is exercised.

Energy Queensland measures Scope 2 greenhouse gas emissions using the location-based method, in accordance with the NGER (Measurement) Determination. This approach reflects the average emissions intensity of electricity supplied from the Queensland grid in which the Group operates.

Emissions are calculated using Method 1 under the NGER Scheme determination, which applies standard emissions factors to actual fuel and energy consumption data.

Sources include:

- **Stationary combustion** – diesel and natural gas deployed in generation
- **Mobile combustion** – fuel used in fleet vehicles and machinery

- **Process emissions** – sulphur hexafluoride (SF₆) from circuit breakers and switches
- **Fugitive emissions** – natural gas from the pipeline supplying the Barcaldine gas turbine
- **Electricity usage** – consumption and system losses across the network.

Fuel usage and energy consumption are directly measured, with emissions from each individual source calculated using NGER Scheme emissions factors and actual consumption data. Calculations assume:

- accurate and current emissions factors from national databases
- reliable and calibrated measurement equipment
- consistent tracking of fuel and energy use
- stable process conditions over time
- homogeneous fuel characteristics, such as regulated automotive fuel.

A full disclosure of assumptions and judgement associated with Energy Queensland's greenhouse gas reporting is presented in Appendix B. There have been no changes to assumptions for GHG emissions reporting for 2025–26.

5.3. Internal carbon price

Energy Queensland has not integrated an internal carbon price into decision-making. However, the AER provided guidance (May 2024) on a monetary Value of Emissions Reduction (VER). The VER will be used, where applicable, for Regulatory Investment Test for Distribution projects when assessing the economic efficiency of proposed investment options and business cases.

5.4. Climate-related metrics

Climate-related metrics		2025-26
Greenhouse Gas Emissions		
Energy Queensland consolidated accounting group		
Scope 1		155,439 tCO ₂ -e
Scope 2		1,031,889 tCO ₂ -e
Total emissions⁴		1,187,328 tCO₂-e
Vulnerability of assets and business activities to climate-related risks and opportunities		Amount (\$)
Business activities vulnerable to climate-related transition risks: Retail component of Ergon Retail's revenue is subject to variation as outlined in risk above.		\$1.1 billion
		16% of total Energy Queensland revenue
Assets or business activities vulnerable to climate-related physical risks: Due to the nature of the network supply system most of Energy Queensland's assets are exposed to, or vulnerable to the elements, although the decentralised nature of the assets mitigates exposure.		Up to \$27.7 billion
		Up to 92% of total PPE
Assets or business activities alignment with climate-related opportunities: The entity cannot reliably estimate the amount or percentage of activities aligned with climate related opportunities due to high measurement uncertainty and methodological immaturity. Further detail is provided in Section 3.6 (Climate related opportunities) and Appendix A (Judgements and measurement uncertainty).		
Capital deployment towards climate-related risks and opportunities		Amount (\$)
Capital expenditure Capital expenditure incurred for projects related to energy security in Energy Queensland's isolated networks, battery storage systems and stand-alone power systems which will assist in responding to transition risk and energy transition to renewables		\$78 million
Investment deployed Operating and capital costs incurred for emergency response events, vegetation management, bushfire and flood mitigation programs and capital investment towards renewable energy initiatives closely related to physical risk		\$216 million

⁴ Scope 3 emissions will be reported from financial year 2027

Appendix A: Assumptions and judgements

This appendix outlines the sources of estimation uncertainty, significant assumptions and judgements applied in preparing Energy Queensland's climate related disclosures. These assumptions and judgements relate to the assessment of climate related risks and opportunities, scenario analysis, reporting boundaries and selected metrics.

Area	Significant assumption or judgement	Description	Potential impacts
Materiality	Judgement in determining material climate related risks and opportunities.	Management applied judgement using the ERMF, scenario analysis outputs and risk ratings to determine which risks could reasonably be expected to affect the Group's prospects.	Risk disclosures may over or under represent exposure, influencing user assessment of risk profile and resilience.
Value chain	Judgement in defining value chain scope.	Judgement was applied in determining relevant upstream and downstream value chain activities using reasonable and supportable information.	Accuracy of risk exposure identification and emissions boundary definition.
Reporting boundary	Judgement applied in selecting the organisational and emissions reporting boundary.	Management exercised judgement in adopting the operational control approach to define the reporting boundary for climate related disclosures and greenhouse gas emissions. This required judgement in determining which operations, assets and activities are included within the boundary and in identifying appropriate data sources.	The selection and application of the reporting boundary influence the completeness and comparability of disclosed climate related risks, opportunities and greenhouse gas emissions. Different boundary determinations could result in variations in reported emissions, exposure to climate related risks and the assessment of impacts on the Group's financial position, financial performance and cash flows.
Time horizons	Judgement application of short, medium and long-term horizons	Three time horizons were defined: short term up to 5 years, medium term (25 years) and long term (50+ years). These were aligned to corporate strategy, asset lives, regulatory planning cycles and external guidance (including Queensland Government climate risk guidance). Transition risks were assessed over short to medium term horizons, with no detailed long-term transition analysis beyond 2050 due to high uncertainty and limited data availability.	Short term - transition risks are more immediate and decision-useful, influencing strategy, regulatory planning and operational responses. Medium term - both transition and physical risks become more pronounced, impacting asset lives, infrastructure planning and investment decisions. Long term - physical risks dominate due to increasing climate impacts; results are more conceptual and used for resilience planning rather than detailed financial decisions, reflecting greater uncertainty.
Risk ratings	Judgement applied in assigning future risk ratings under each climate scenario, reflecting expert assessment of risk severity, likelihood and control effectiveness.	Risk ratings incorporate current controls and management responses but recognise increasing uncertainty over longer time horizons. Ratings reflect relative risk under each scenario rather than predicted outcomes.	May influence conclusions regarding materiality, prioritisation of adaptation actions and interpretation of long term climate resilience disclosures.

Area	Significant assumption or judgement	Description	Potential impacts
Scenario analysis	Judgement in selecting scenarios and assumptions.	Management applied judgement in selecting two climate scenarios representing a range of plausible future conditions with differing emissions trajectories, transition pace and physical climate outcomes. The scenarios are informed by externally referenced climate and energy system pathways and associated assumptions (including IPCC and AEMO ISP (2024) scenarios) and were selected to reflect Energy Queensland's operating context, asset lifespans and planning horizons. Future climate related risk ratings are informed by two climate scenarios and expert judgement, considering current controls and acknowledging uncertainty across climate, economic, technological and policy factors. While current responses are reflected in short and long term assessments, their effectiveness over extended time horizons is inherently uncertain due to evolving external conditions. Enterprise risk processes assess risks over a 12 month horizon, whereas scenario analysis extends to 2030, 2050 and 2090 to explore plausible long term futures rather than forecast outcomes. Accordingly, future risk ratings represent Energy Queensland's 2026 perspective and are subject to increasing uncertainty over time. The scenario analysis and associated risk assessment reflect a point-in-time view based on information available at the time. The current climate risk assessment and scenario analysis commenced prior to the release of the Queensland Government's Energy Roadmap (2025) and the Australian Energy Market Operator's Integrated System Plan (2026). Since then, Energy Queensland has refreshed its strategy to align with the Energy Roadmap. These developments have been considered in assessing the continued appropriateness of Energy Queensland's current climate disclosures. Energy Queensland will reflect relevant policy developments in future climate-related disclosures as part of its commitment to continuous improvement.	Influences assessment of climate resilience, asset planning assumptions and future financial impacts.
Metrics	Judgement in attributing climate-related expenditure.	Climate related capital and operating expenditure was identified from broader programs where climate relevance could be reasonably demonstrated; where the climate-related component of activities is not separately identifiable, it has been excluded from capital deployment metrics. Judgement was applied in determining that the amount and percentage of activities aligned with climate related opportunities could not be reliably estimated for the reporting period. This reflects the level of methodological maturity, limited attribution frameworks for regulated network activities, and insufficient data to distinguish opportunity aligned components from business as usual operations. This judgement underpins the disclosures in Sections 3.6 and 5.4.	Reported climate related investment may understate or overstate actual spend.

Appendix B: Key greenhouse gas methodologies, uncertainties and sources

This appendix sets out the greenhouse gas measurement methodologies, data sources and sources of uncertainty applied in preparing Energy Queensland's climate related disclosures. Significant assumptions and judgements relevant to greenhouse gas reporting are disclosed in Appendix A.

Scope 1 emissions

Emission category	Activity	Data sources	GWP and EF sources	Methodology, data quality and uncertainty	Additional notes
Stationary combustion	Diesel fuel and lubrication oils used for power generation	Invoices, stock of fuel is also used for remote and isolated generation	Emission factors sourced from NGER (Measurement) Determination 2008, s3.76	Methodology aligned to NGER (Measurement) Determination Method 1, i.e. quantity of fuel consumed multiplied by the associated emission factor for each fuel type. High data quality, low uncertainty.	
Mobile combustion	Fuels used for fleet vehicles	Fuel purchase transaction history			
Fugitive emissions	Natural gas pipeline leakage	Pipeline length as per AEMC certificate	Emission factors sourced from NGER (Measurement) Determination 2008, s3.76	There is no variable data to collect for this data point, as the calculation is based on the length of the pipeline, which is constant, and an emissions factor provided in the NGER (Measurement) Determination.	
Process emissions	Sulphur hexafluoride leakage	Kilograms of SF ₆ in load-breaking switching assets	Global Warming Potential (GWP) s2.02, item 4 National Greenhouse and Energy Reporting Regulations 2008.	These assets are numerous and include long lived equipment. As a result, historical data has been migrated from multiple legacy databases into the current system, with some data gaps and loss of detail. Data quality is being progressively improved through an incremental process, with legacy records reviewed, validated and enhanced on an ongoing basis.	As per the National Greenhouse and Energy Reporting Regulations 2008, Division 2.2, section 7 definitions, this approach aligns with the Fifth IPCC Assessment Report.

Scope 2 emissions

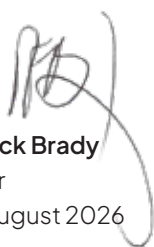
Emission category	Activity	Data sources	GWP and EF sources	Methodology, data quality and uncertainty	Additional notes
Purchased electricity	Building/ property electricity consumption	Invoices	Emission factors sourced from the NGER (Measurement) Determination	Location based method. High data quality, moderate to high confidence due to high degree of manual handling of data	NGER (Measurement) Determination 2008, Compilation No. 18
Purchased electricity	Streetlighting	Streetlights are unmetered, calculated by dark hours multiplied by billable wattage of lights	Emission factors sourced from the NGER (Measurement) Determination	Location based method. Moderate to high confidence, as data is well managed in corporate databases and maintained in spreadsheets by a single technician.	Dark hours are calculated using the existing Geoscience Australia source. NGER (Measurement) Determination 2008, Compilation No. 18
Lost (in a distribution network) electricity	Network systems losses	Meter data stored in multiple databases	Emission factors sourced from the NGER (Measurement) Determination	Location based method. Moderate data quality as data is from multiple data sources, with multiple queries or spreadsheets and technicians. Line losses are based on actual data together with estimated data for the last incomplete billing cycle of the financial year. Backflow and non-billed energy flows require estimation.	NGER (Measurement) Determination 2008, Compilation No. 18

Directors' declaration

In the Directors' opinion:

1. Energy Queensland Limited has taken reasonable steps to ensure the substantive provisions of the sustainability report (Climate Statement) for the financial year ended 30 June 2026, set out in pages 103 to 122, are in accordance with the *Corporations Act* (Cth), including;
 - a) Section 296C of the Act (compliance with Australian Sustainability Reporting Standard AASB S2 Climate-related Disclosures) and
 - b) Section 296D of the Act (Climate Statement disclosures).

Made in accordance with a resolution by the Directors.



Patrick Brady
Chair
20 August 2026

Independent auditor's review report on specified sustainability disclosures

To the Members of Energy Queensland Limited

Review conclusion

I have conducted a review of the following specified Sustainability Disclosures in the Sustainability Report (Climate Statement) of Energy Queensland Limited (the company) and its controlled entities (the group) for the year ended 30 June 2026 as required by Australian Standards on Sustainability Assurance ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* issued by the Auditing and Assurance Standards Board (AUASB):

Sustainability disclosures	Reporting requirement of Australian Sustainability Reporting Standard AASB S2 <i>Climate-related Disclosures</i> (AASB S2) (including related general disclosures required by Appendix D)	Location in Sustainability Report (Climate Statement)
Governance	Paragraph 6	Sections 2 to 2.5 on pages 105 to 106
Strategy (risk and opportunities)	Subparagraphs 9(a), 10(a) and 10(b)	Sections 3.2, 3.3, 3.5 and 3.6 on pages 108, 109 to 110
Scope 1 and 2 emissions	Subparagraphs 29(a)(i)(1) to (2) and 29(a)(ii) to (v)	Sections 5.2 and 5.4 on pages 118 to 119

The requirements of AASB S2 identified in the table above form the criteria relevant to the specified Sustainability Disclosures and apply under Division 1 of Part 2M.3 of the *Corporations Act 2001*.

I have not become aware of any matter in the course of my review that makes me believe that the Sustainability Disclosures specified in the table above do not comply with Division 1 of Part 2M.3 of the *Corporations Act 2001*.

Basis for conclusion

I conducted my review in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Standard on Sustainability Assurance ASSA 5000 *General Requirements for Sustainability Assurance Engagements* (ASSA 5000) issued by the AUASB. My review includes obtaining limited assurance about whether the specified Sustainability Disclosures are free from material misstatement.

In applying the relevant criteria, I note that subsection 296C(1) of the *Corporations Act 2001* includes a requirement to comply with AASB S2. My conclusion is based on the procedures I have performed and the evidence I have obtained in accordance with ASSA 5000. The procedures in a review vary in nature and timing from, and are less in extent than for, an audit. Consequently, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an audit been performed. See the 'Summary of the Work Performed' section of my report below.

My responsibilities under ASSA 5000 are further described in the *Auditor's responsibilities* section of my report.

I am independent of the group in accordance with the applicable ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) together with the ethical requirements in the *Corporations Act 2001*, that are relevant to my review of the specified Sustainability Disclosures.

I have also fulfilled my other ethical responsibilities in accordance with these requirements, the Code and the *Auditor-General Auditing Standards*.

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

The *Auditor-General Auditing Standards* incorporates a system of quality management, guided by the Australian Auditing Standards on quality management. This includes implementing and operating policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

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

Other information

The directors of the Company are responsible for the other information.

The other information comprises the group's annual report for the year ended 30 June 2026.

At the date of this auditor's report, the available other information in the group's annual report for the year ended 30 June 2026 was the general-purpose financial statements, the directors report, and the Sustainability Report (Climate Statement) but does not include specified Sustainability Disclosures and my review report thereon.

My conclusion on the specified Sustainability Disclosures does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. However as required by the *Auditor-General Act 2009* and the *Corporations Act 2001*, I have formed a separate opinion on the general-purpose financial report.

In connection with my review of the specified Sustainability Disclosures, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the specified Sustainability Disclosures, or my knowledge obtained when conducting the review, 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.

Preparation of the Sustainability Report (Climate Statement)

Responsibilities of the directors for the specified Sustainability Disclosures

The directors of the Company are responsible for:

- the preparation of the specified Sustainability Disclosures in accordance with the *Corporations Act 2001*; and
- designing, implementing and maintaining such internal control necessary to enable the preparation of the specified Sustainability Disclosures, in accordance with the *Corporations Act 2001* that are free from material misstatement, whether due to fraud or error.

The directors' inherent limitations in preparing the Sustainability Report (Climate Statement)

The following matters describe inherent limitations associated with certain sustainability disclosures included in the Sustainability Report (Climate Statement). These limitations arise from the nature of the reporting framework and the methods, assumptions, estimates and judgements used by the directors in preparing that information.

The Sustainability Report (Climate Statement) contains forward looking information relating to future events and conditions. These are inherently uncertain and may not occur as anticipated, or at all. We do not provide assurance on the extent to which this prospective information will be achieved.

The Sustainability Report (Climate Statement) outlines that greenhouse gas emissions quantification is subject to significant measurement uncertainty, which arises because of the estimation and complexity to calculate, including application of activity data and emissions factors. The comparability of sustainability information between entities and over time may be affected by inconsistencies to estimate the measurement of those emissions, due to different, but acceptable, methods applied.

Auditor's responsibilities

My objectives are to plan and perform the review to obtain limited assurance about whether the specified Sustainability Disclosures are free from material misstatement, whether due to fraud or error, and to issue a review report that includes my conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the specified Sustainability Disclosures.

As part of the review in accordance with ASSA 5000, I exercise professional judgement and maintain professional scepticism throughout the engagement. I also:

- perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatements, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control
- design and perform procedures responsive to assessed risks of material misstatement at the disclosure level. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

A further description of my responsibilities under the Auditor-General Act 2009 and Auditor-General Auditing Standards is located at the Queensland Audit Office website at:

www.qao.qld.gov.au/audit-program/audit-standards

These descriptions form part of my auditor's report.

Summary of the work performed

A review is a limited assurance engagement and involves performing procedures to obtain evidence about the specified Sustainability Disclosures. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosure level, whether due to fraud or error.

The procedures I performed included, but were not limited to, the following:

- Enquired with relevant management personnel to understand management's materiality assessment process, the internal controls, governance structure, methodologies, assumptions, judgements, and reporting process for the presentation of the specified Sustainability Disclosures.
- Obtained an understanding of the processes and information flows related to the specified Sustainability Disclosures.
- Reviewed internal documentation including, charters, minutes of board and committee meetings, risk management frameworks, relevant technical papers, and records supporting the specified Sustainability Disclosures.
- Assessed the appropriateness of the reporting boundaries applied by obtaining an understanding of the group's activities and organisational structure.
- Assessed the appropriateness of management's process for identifying and assessing climate-related risks and opportunities, including through inquiries of relevant personnel and inspection of supporting documentation.
- Performed analytical procedures to evaluate the reasonableness of Scope 1 and 2 emissions.
- Considered the presentation and disclosure of selected information in the specified Sustainability Disclosures against the requirements of AASB S2 *Climate-related Disclosures*.



Rachel Vagg
Auditor-General

21 August 2026

Queensland Audit Office
Brisbane

Glossary

AASB	Australian Accounting Standards Board
AASB S2	Australian Sustainability Reporting Standard S2 Climate-related Disclosures
ACS	Alternative Control Services
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
ARC	Audit and Risk Committee
ARENA	Australian Renewable Energy Agency
ASX	Australian Securities Exchange
CER	Consumer Energy Resources
CEO	Chief Executive Officer
CSAT	Customer Satisfaction
CSO	Community Service Obligation
DERMS	Distributed Energy Resource Management System
DUOS	Distribution Use of System
ELT	Executive Leadership Team
EQL	Energy Queensland Limited
GHG	Greenhouse Gas
GOC	Government Owned Corporation
IMS	Integrated Management System
KPI	Key Performance Indicator
LGC	Large-scale Generation Certificate
LTIFR	Lost Time Injury Frequency Rate
NEM	National Electricity Market
NER	National Electricity Rules
NGER	National Greenhouse and Energy Reporting
NUOS	Network Use of System
OTC	Over-the-Counter
PSEC	People, Safety and Environment Committee
QCA	Queensland Competition Authority
QTC	Queensland Treasury Corporation
RAB	Regulated Asset Base
RAP	Reconciliation Action Plan
RIC	Regulatory and Investment Committee
SCI	Statement of Corporate Intent
SCS	Standard Control Services
SF ₆	Sulphur Hexafluoride
STC	Small-scale Technology Certificate
STPIS	Service Target Performance Incentive Scheme
SWER	Single Wire Earth Return
tCO ₂ -e	Tonnes of carbon dioxide equivalent
TUOS	Transmission Use of System

Common measures

Reliability service standards

SAIDI	System Average interruption Duration Index. Network reliability performance index, indicating the total minutes, on average, that customers are without electricity during the relevant period (minutes).
SAIFI	System Average Interruption Frequency Index. Network reliability performance index, indicating the average number of occasions each customer is interrupted during the relevant period (interruptions).
Customer Minutes	Customer Minutes is a measure of the number of customers interrupted multiplied by the duration of a power outage or outages, incorporating any staged restoration.

Workplace safety performance

TRIFR	Total Recordable Injury Frequency Rate reports a frequency rate of the number of total recordable injuries per million hours worked on a rolling twelve month basis. 'Total Recordable Injuries' is made up of Fatalities (F), Lost Time Injuries (LTIs), Medical Treatment Injuries (MTIs) and Medical Treatment Injuries – Suitable Duties (MTI-SDs) for EQL employees.
LTIFR	Lost Time Injury Frequency Rate reports a frequency rate of the number of Lost Time Injuries per million hours worked on a rolling twelve month basis.
SIFR	Significant Incident Frequency Rate. Significant HSE Incident Frequency rate measure includes the number of significant injuries which include class 1 (actual or potential) incidents, work related SEIs and DEEs, expressed as a rate per million hours worked.
TRI	Total recordable injuries. 'Total Recordable Injuries' is made up of Fatalities (F), Lost Time Injuries (LTIs), Medical Treatment Injuries (MTIs) and Medical Treatment Injuries – Suitable Duties (MTI-SDs) for EQL employees.

Electricity-related

kVA	kilovolt-Ampere
MVA	megavolt-ampere: one MVA equals 1,000kVA
kW	kilowatt: one kW equals 1,000 watts
MW	megawatt: one MW equals 1,000 kilowatts
kWh	kilowatt hour: the standard 'unit' of electricity which represents the consumption of electrical energy at the rate of one kilowatt over a period of one hour
MWh	megawatt hour: one MWh equals 1,000 kilowatt hours
GWh	gigawatt hour: one GWh equals 1,000 megawatt hours or one million kilowatt hours



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