



Annual Report 2026

About this report

This report outlines CS Energy's financial and non-financial performance for the year ended 30 June 2026 (FY2026).

Each year we prepare a Statement of Corporate Intent (SCI), which outlines our strategies, objectives and targets for the year ahead. This annual report provides an overview of CS Energy's performance against our FY2026 SCI and has been prepared in accordance with the provisions of the *Government Owned Corporations Act 1993 (Qld)* and the Australian Accounting Standards, incorporating relevant aspects of the *Financial Accountability Act 2009 (Qld)* and the *Corporations Act 2001 (Cth)*.

This report also includes a Sustainability Report, which has been prepared in accordance with the Australian Accounting Standards Board S2 *Climate-related Disclosures*.

Copies of this report and CS Energy's FY2026 SCI are available on CS Energy's website at **www.csenergy.com.au**.

We welcome feedback on this report. Please email us at **energyinfo@csenergy.com.au**

Acknowledgement of country

CS Energy acknowledges the Traditional Owners of the land on which we operate, and the land where we are building new energy assets. We pay our respects to their elders past and present, and recognise their continuing connection to the land, waters and community.

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FY2026 highlights



Achieved our Electricity Maintenance Guarantee key performance indicators across the four categories of personal safety, process safety, maintenance investment and plant performance.



Improved our safety performance, with no significant injuries or process safety events, and **reduced our Total Recordable Injury Frequency Rate** to 3.35.



Sent out **10,544 GWh of electricity** (2025: 9,538 GWh) powering homes and businesses across Queensland and the National Electricity Market.



Delivered **summer availability of 95.7 per cent** from our thermal power stations, and **annual availability of 80.8 per cent**.



Completed two major overhauls of units C3 and C4 at Callide Power Station to ensure they continue to operate safely and reliably.



Signed a joint development agreement with APA Group to progress development of the **Brigalow Peaking Power Plant**, which will deliver fast-start gas-fired power during peak demand periods.



Increased our share of Queensland's **large commercial and industrial retail market to 21 per cent** (2025: 16 per cent).



Provided almost \$820,000 in social investment funding to more than 100 organisations in the communities where we operate.

About CS Energy

Our purpose

Deliver safe, reliable, affordable and sustainable energy for Queensland

CS Energy is a Queensland Government-owned energy company with operations in Central Queensland, the Western Downs and South East Queensland.

Our core business is generating and selling electricity in the National Electricity Market (NEM). We are also a retailer to large commercial and industrial (C&I) businesses in Queensland.

Our diversified portfolio includes thermal power stations, renewable energy, firming and storage assets.



3,552 MW
Thermal generation



300 MW/600 MWh
Batteries



900 MW
Renewable energy portfolio¹



27%
Share of electricity generated
in Queensland (FY2026)



737
Employees



Environmental Management System meets the requirements of
ISO 14001:2015

¹ Owned capacity and offtakes. Includes both operational projects and those under construction.

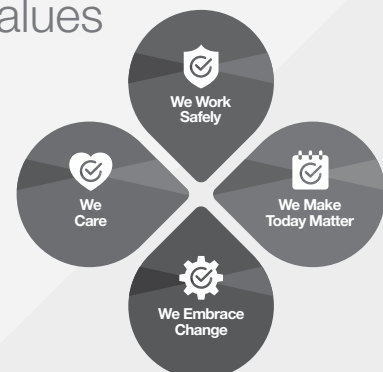
Our customers

Our large C&I retail customers include mines, airports, ports and Queensland Government departments and agencies.

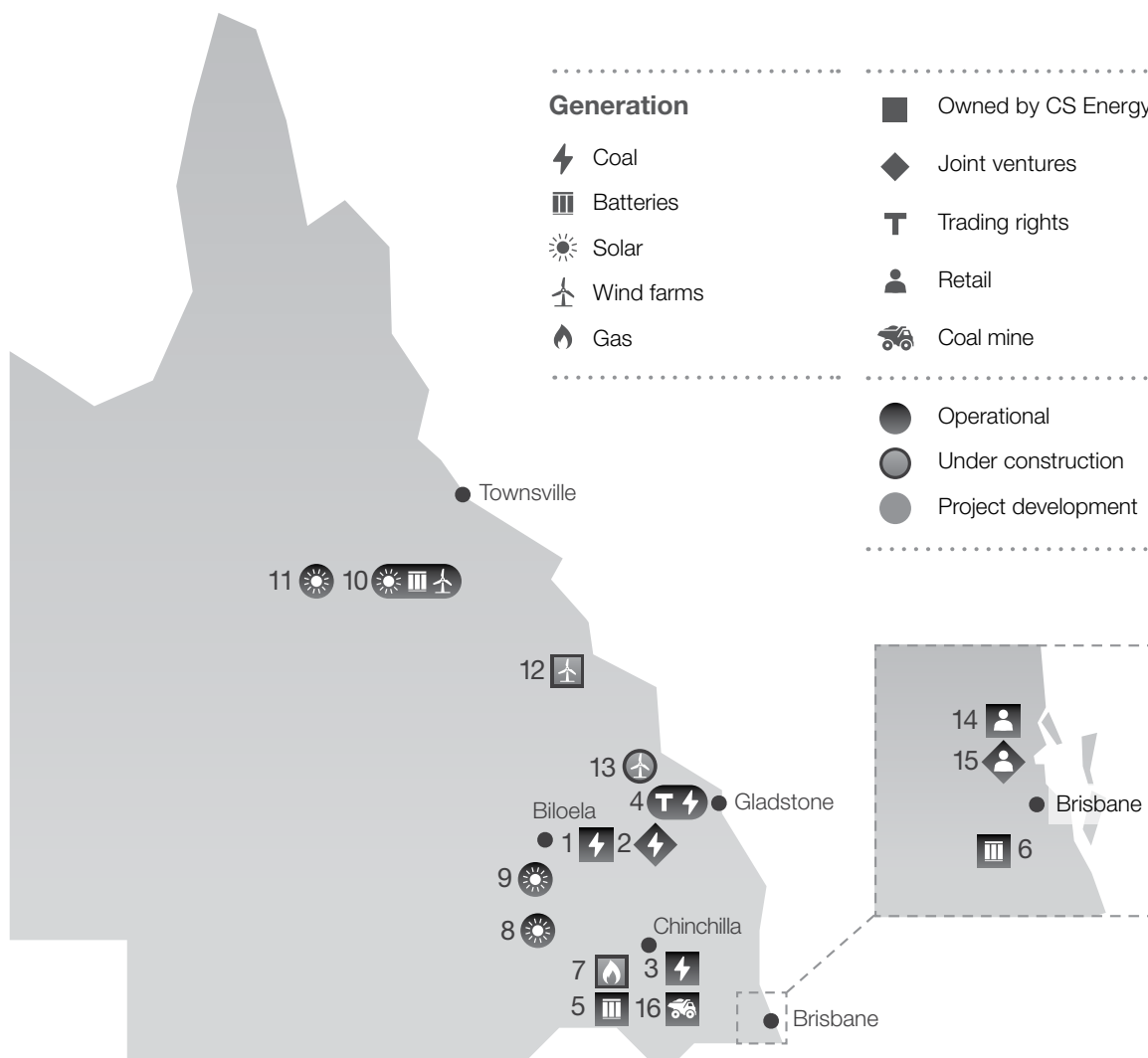
We also have a 50/50 retail joint venture with Alinta Energy to provide electricity to residential and small commercial customers in the Energex Distribution Area in South East Queensland. Under the joint venture, CS Energy generates and supplies wholesale electricity and Alinta Energy manages the retail business.

In the wholesale market, our customers are large businesses that use financial derivatives to manage their exposure to pool price volatility.

Our values



Our portfolio



Coal-fired generation

- Callide B Power Station** – 700 MW
- Callide C Power Station** – 844 MW
(50/50 joint venture with IG Power (Callide) Ltd)
Gangulu country
- Kogan Creek Power Station** – 750 MW
Barunggam country
- Gladstone Power Station** – 1,680 MW, trading rights
Bailai, Gurang, Gooreng Gooreng and Taribelang Bunda country

Renewables and firming

- Chinchilla Battery** – 100 MW/200 MWh
Barunggam country
- Greenbank Battery** – 200 MW/400 MWh
Yuggera Ugarapul country
- Brigalow Peaking Power Plant** – 400 MW
Barunggam country
- Columboola Solar Farm** – 162 MW, Power Purchase Agreement
Iman 4 country

- Moura Solar Farm** – 56 MW, Power Purchase Agreement
Gangulu country
- Kennedy Energy Park** – 60 MW, Offtake Agreement
Yirendali country
- Hughenden Solar Farm** – 15 MW, Power Purchase Agreement
Yirendali country
- Lotus Creek Wind Farm** – 285 MW
Barada Barna and Barada Kabalbara Yetimarala country
- Boulder Creek Wind Farm** – 228 MW, Offtake Agreement
Darumbal and Gangulu country

Retail

- Large commercial and industrial** – Queensland
- Alinta Energy 50/50 joint venture** – South East Queensland

Coal assets

- Kogan Creek Mine** ML 50074 – 211 Mt, MDL 335 – 192 Mt
Barunggam country

Strategy

CS Energy's strategy aligns with the Crisafulli Government's objective to deliver affordable, reliable and sustainable energy for Queenslanders.

Shareholding Ministers have outlined the following strategic performance expectations for CS Energy:

- focus on the financial and operational performance of existing generation assets
- maximise value from existing generation assets
- apply clear investment parameters to renewable energy and storage projects
- deliver renewable energy and storage projects on time and on budget.

Strategic priorities

Our strategic priorities include:

- embed operational excellence by reinforcing our commitment to delivering safer and better outcomes across all aspects of the business
- continue to invest in our existing thermal assets to maximise their value and performance, with a commitment to running the assets reliably consistent with their technical asset lifecycle and to meet market requirements for reliable and affordable energy
- maintain a strong focus on improving our financial position by leveraging partnerships wherever possible to support existing future energy projects
- collaborate with private sector partners to advance other future energy developments, with a focus on firming and storage.

Delivering on the Energy Roadmap

In October 2025, the Queensland Government published the Energy Roadmap, which outlined the government's plan for improving existing energy assets while building for the future needs of the state.

The Energy Roadmap presented a whole of system outlook, with a focus on attracting private sector capital to meet the new infrastructure needs of the state and help grow the economy, supported by enabling actions of government and government owned corporations (GOCs).

The Roadmap confirmed that existing coal assets, such as CS Energy's Kogan Creek and Callide power stations, will continue to play an important role in balancing supply and demand and stabilising the system.

The government's Electricity Maintenance Guarantee is designed to deliver the investment required to maintain state-owned coal assets and ensure they can operate as needed into the future. It also establishes a performance and accountability framework for GOCs in respect of maintenance, personal safety, process safety and plant performance.

The Roadmap outlines how CS Energy must focus on uplifting asset management capability and improving our financial performance. CS Energy significantly improved the operational performance of our thermal fleet in FY2026 and is focussed on operating these assets safely and reliably for as long as they are needed.

For new energy assets, the Energy Roadmap establishes a Queensland Energy Investment Fund and an Investor Gateway managed by QIC to drive private sector investment in new energy generation and firming projects.

CS Energy partnered with QIC to attract private investment to deliver the Boulder Creek Wind Farm. As of 30 June 2026, a transaction had been completed for the Boulder Creek Wind Farm.

The Roadmap forecasts that gas will be a critical technology for system reliability and firming as the generation mix changes over time. CS Energy is leading the way in new gas-fired power for the state through the development of the Brigalow Peaking Power Plant, in partnership with APA Group.

We are also engaging with QIC as we investigate the feasibility of gas power generation at Callide in Central Queensland.

Our performance in FY2026

CS Energy met or exceeded the Electricity Maintenance Guarantee targets set out in our FY2026 Statement of Corporate Intent (SCI).

The SCI is CS Energy's annual performance agreement with our shareholding Ministers and is tabled in the Queensland Parliament with this report. Both documents are available on the company's website at www.csenergy.com.au/who-we-are/reports-and-publications.

Electricity Maintenance Guarantee

The Crisafulli Government's Electricity Maintenance Guarantee is an investment, performance, and accountability framework for asset maintenance on existing publicly owned power plants.

The CS Energy Board is committed to delivering on the Electricity Maintenance Guarantee, to fulfill the Government's objective of affordable, reliable and sustainable energy for Queenslanders.

The Board set key performance indicators for maintenance investment, personal safety, process safety and plant performance, designed to drive operational excellence to achieve the objectives of the Electricity Maintenance Guarantee.

The Guarantee establishes a 'no performance payments' policy for senior executives if key performance indicators are not achieved.

The table below shows CS Energy's audited Electricity Maintenance Guarantee targets and achievements for FY2026. CS Energy's Internal Audit team conducts quarterly sample-based reviews to validate the accuracy and integrity of reported metrics.

Refer to page 117 for definitions of each Electricity Maintenance Guarantee KPI.

Electricity Maintenance Guarantee results

KPI	FY2026 target	FY2026 actual	Status
PERSONAL SAFETY			
Critical control verifications	100%	250%	✓
Significant injury or fatality	0	0	✓
PROCESS SAFETY			
Bowties	100%	217%	✓
Safety critical equipment	100%	128%	✓
Significant process safety event	0	0	✓
MAINTENANCE INVESTMENT			
Statutory maintenance compliance	100%	100%	✓
Capital works delivery	5	5	✓
PLANT PERFORMANCE			
Forced outage factor	≤6.5%	2.9%	✓
Summer availability	>90% (Q3 only measure)	95.7%	✓

CS Energy successfully achieved the FY2026 KPIs across the four categories of personal safety, process safety, maintenance investment and plant performance. This outcome reflects a sustained effort across our sites and by our support teams to improve our operational discipline, risk management and the maturity of our safety systems.

Personal safety

Critical control verification (CCVs) (%) – CS Energy completed 2,501 CCVs, more than double the annual target of 1,000.

Significant injury or fatality (number) – There were zero significant injuries or fatalities.

Process safety

Bowties (diagram based process safety risk controls) (%) – CS Energy deployed 52 process safety bowties across our operations (against a target of 24).

Safety critical equipment SCE (%) – CS Energy developed and operationalised 41 Safety Critical Equipment performance standards, exceeding the target of 32.

Significant process safety event (number) – There were zero significant process safety events.

Maintenance investment

Statutory maintenance compliance (%) – All required statutory maintenance was delivered.

Capital works delivery (number) – CS Energy delivered all five of our identified key capital works programs.

Plant performance

Forced outage factor (%) – CS Energy reduced the rate of forced outages to achieve a 2.9 per cent forced outage factor against the target of 6.5 per cent.

Summer availability (%) – CS Energy exceeded our summer availability target of 90 per cent, achieving availability of 95.7 per cent across our five thermal units during the peak demand period (January to March 2026).

CS Energy successfully achieved the FY2026 KPIs across the four categories of **personal safety, process safety, maintenance investment and plant performance.**

Financial performance indicators

Measure	FY2026 target	FY2026 actual
Distribution yield (%) ¹	0.0	0.0
Distribution cash coverage (times) ¹	0.0	0.0
Funds from operations on net debt (%) ¹	(0.7)	2.77
Return on assets ex. WIP (%) ¹	(2.4)	(2.3)

¹ Financial KPIs exclude insurance proceeds settlement received during FY2026 for the Callide Unit C4 incident and the accounting adjustments relating to the capital restructure

Distribution yield (%)

There was no dividend distribution to shareholders in FY2026.

Distribution cash coverage (times)

As there was no dividend distribution to shareholders in FY2026, the distribution of cash coverage measure did not apply.

Funds from operations on net debt (%)

Funds from operations on net debt was 2.77 per cent in FY2026, exceeding the budgeted (0.7) per cent, primarily due to higher operating cashflows of \$44.7 million (excluding insurance and legal recoveries), and a favourable net debt balance of \$359.7 million. Net debt benefited from favourable variances in cash and cash equivalents of \$106.3 million and borrowings of \$69.0 million, largely due to the Boulder Creek Wind Farm capital restructure proceeds received, which were utilised to refinance the Working Capital Facility overdraft to nil.

Return on assets excluding work in progress (WIP) (%)

For FY2026, return on assets excluding work in progress (WIP) was (2.3) per cent. This was marginally favourable to target of (2.4) per cent, mainly driven by lower underlying earnings for the year associated with higher site operational costs and lower gross margin. Refer to page 118 for definitions of each financial measure.

Message from the Chair and Chief Executive Officer

CS Energy significantly improved its operational performance in FY2026, contributing to the Company's successful achievement of all Electricity Maintenance Guarantee targets.

The cultural and systemic transformation initiated by the Board in FY2025 has led to measurable improvements this year. The Company's generating assets operated more safely and reliably, planned overhauls were delivered on schedule and within budget, and process and personal safety results improved.

CS Energy also operated more efficiently and achieved cost savings in FY2026, consistent with the company's commitment to continuous improvement.

Delivering on the Electricity Maintenance Guarantee

The CS Energy Board and management team are committed to delivering on the Electricity Maintenance Guarantee, to fulfill the Crisafulli Government's objective of affordable, reliable and sustainable energy for Queenslanders.

CS Energy met or exceeded all nine of its Electricity Maintenance Guarantee FY2026 targets across the categories of personal safety, process safety, maintenance investment and plant performance.

For several of the key performance indicators, the Company exceeded its targets, including critical control verifications, process safety bowties and performance standards for safety critical equipment.

These results are an important milestone for the business and demonstrate what can be achieved through teamwork and a shared commitment to operational excellence and proactive risk management.

Improved operational performance

The reset of the process safety program continued this year with the strengthening of critical safety systems, risk management and operator capability.

Personal safety indicators trended positively, with CS Energy recording a Total Recordable Injury Frequency Rate of 3.35 and a High Potential Incident Frequency Rate of 1.26, both below the target of 4.0.

Year-on-year plant availability improved, with the Equivalent Availability Factor for the Company's thermal plant increasing from 72.1 per cent in FY2025 to 80.8 per cent in FY2026. The Company's coal-fired power stations achieved 95.7 per cent availability during the traditional summer peak demand period, with a reduced annual forced outage factor of 2.9 per cent (2025: 6.62 per cent).

Callide B Power Station was a standout performer, maintaining average availability of 93.05 per cent due, in part, to the summer readiness maintenance program undertaken for these units in the December 2025 quarter.

Kogan Creek Power Station was the largest contributor to the energy the Company dispatched to the market in FY2026 and remains one of the most reliable and lowest cost coal-fired power stations in the NEM.

The Callide C Power Station boilers demonstrated improved combustion performance, contributing to improved portfolio availability.

CS Energy's new overhaul management framework has provided a more systematic approach to planning and delivering overhauls, as illustrated by the successful completion of the Callide C3 and C4 overhauls in FY2026.

The overhauls were the largest in the company's history and were completed on schedule and within cost targets. The Unit C4 overhaul was independently assessed as setting a new safety benchmark, with only two first aid treatments and no lost time injuries.

The focus now is to build on this momentum, keep improving and continue delivering safe, reliable, and disciplined performance.

Capital restructure commenced

One of CS Energy's strategic priorities in FY2026 was to improve the Company's financial position by leveraging partnerships wherever possible to support the future energy projects under development.

Market conditions

CS Energy has continued to play an essential role in supporting reliable electricity supply for consumers and industry. In FY2026, CS Energy's generation portfolio produced 27.3 per cent of electricity generated in Queensland and 8.0 per cent in the NEM.

The Company's retail joint venture with Alinta Energy in South-east Queensland has been enormously successful in introducing price competition and offering greater choice to household customers and businesses in that market. Since its inception in 2017, the retail JV with Alinta has increased its customer base to over 235,000 customers.

The Company also independently grew its customer base of large commercial and industrial (C&I) businesses, achieving a 21 per cent market share in Queensland (2025: 16 per cent). CS Energy's large C&I customers typically have large loads and often require bespoke energy solutions, well suited to the Company's diversified portfolio of baseload assets, storage and renewable energy products.

CS Energy met or exceeded all nine of its Electricity Maintenance Guarantee FY2026 targets across the categories of personal safety, process safety, maintenance investment and plant performance

Financial performance

CS Energy delivered an Underlying EBITDA of \$290.9 million (2025: \$28.0 million), including the one-off receipt of insurance proceeds related to the 2021 Callide Unit C4 incident.

CS Energy recorded a net loss after tax of \$27.4 million (2025: \$324.4 million net loss after tax). This outcome was driven by insurance recoveries, reductions in site costs and corporate overheads and lower depreciation (together an improvement of \$308 million) offset by market-related reductions in gross margin, financing costs, loss on disposal and non-cash costs (together a reduction in earnings of \$93 million compared with FY2025).

CS Energy has not provided for a dividend for FY2026.

CEO transition

Chief Executive Officer, Brian Gillespie, tendered his resignation in March 2026. The Board thanks him for his contribution during a period of transformation for the business. The recruitment process for the position has been undertaken by the Board.

Outlook

In FY2027, CS Energy will maintain its focus on safety and on the efficient and reliable operation of its existing assets. It will also maintain its disciplined approach to best practice delivery of its capital program in support of the objectives of the Electricity Maintenance Guarantee to deliver reliable, affordable and sustainable energy to Queensland households and businesses.

CS Energy is developing a long-term portfolio strategy consistent with the principles set out in the Energy Roadmap and ensuring the business remains competitive in a rapidly evolving market. Prudent expenditure, improved productivity and strengthening corporate governance will also be key priorities for the business in the year ahead.

This work supports shareholding Ministers' strategic performance expectations for CS Energy in FY2027, which are to:

- focus on the reliable and safe operation of existing assets
- prioritise productivity, prudence and efficiency in financial and operational performance
- deliver capital projects on time and on budget
- support delivery of the Energy Roadmap, including developing CS Energy's long-term portfolio strategy underpinned by engagement with QIC.

Acknowledgements

We extend our appreciation to our shareholding Ministers, the Honourable David Janetzki MP, Treasurer, Minister for Energy and Minister for Home Ownership, and the Honourable Ros Bates MP, Minister for Finance, Trade, Employment and Training, for their continued support of CS Energy.

We are extremely proud of the way CS Energy has delivered against its targets over the past year. Thank you to the Board and management team for their efforts and determination to make CS Energy a safer and better company. In closing, thank you to CS Energy's employees for your hard work and dedication to delivering safe, reliable and affordable energy to the people and businesses of Queensland.



Jeff Seeney
Acting Chair



Tony Bellas
Acting Chief Executive Officer

Operations and portfolio development

Improved plant performance

Plant performance

	FY2026 target	FY2026 actual	Status
Forced outage factor	≤6.5%	2.9%	✓
Summer availability (Q3 only)	≥90%	95.7%	✓

CS Energy improved the performance of our coal-fired power stations this year through a commitment to disciplined asset management, maintenance execution and delivering reliable electricity supply during critical periods.

We achieved both of our plant performance KPIs under the Electricity Maintenance Guarantee – forced outage factor and summer availability. Year-on-year availability improved, with the Equivalent Availability Factor for our thermal plant increasing from 72.1 per cent in FY2025 to 80.8 per cent in FY2026.

Following completion of summer readiness outages in the second quarter of the reporting period, Callide B Power Station was a standout performer, maintaining average availability of 93.05 per cent and significantly exceeding its annual target of 86.9 per cent.

Operational performance was supported by a 35 per cent reduction in maintenance backlog, improved maintenance planning and execution, and progress under the Work Management Improvement Program. This strengthened our operating framework and delivered measurable efficiency gains, including an 18 per cent reduction in overtime and lower reliance on contract labour.

Embedding disciplined asset management

Maintenance investment

	FY2026 target	FY2026 actual	Status
Capital works delivery	5	5	✓
Statutory maintenance compliance	100%	100%	✓

The Electricity Maintenance Guarantee has driven an increased focus on capital investment priorities for our power stations and the maintenance required to keep these publicly owned assets operating safely and reliably.

CS Energy achieved both of our maintenance investment KPIs under the Guarantee in FY2026 – capital works delivery and statutory maintenance compliance. The capital works carried out to meet the Guarantee this year were:

- the construction of the LB4 and UB6 ash storage cells at the Callide Power Station waste containment facility
- the completion of an overhaul and capital works program for Callide Unit C3 in November 2025, including a major overhaul, replacement of significant boiler components and a generator rewind
- the delivery of a new generator at Kogan Creek Power Station in March 2026 for installation during a major overhaul in FY2027.

CS Energy also completed an overhaul and capital works program for Callide Unit C4 in June 2026, including a major overhaul and replacement of significant boiler components. Both overhauls of the two Callide C generating units were completed within budget and schedule targets.

The Unit C4 overhaul in particular set a new standard for overhauls at CS Energy as it was completed with zero lost time injuries.

CS Energy has embedded a new overhaul management framework, which is providing a structured, repeatable and efficient approach to overhaul delivery. The framework is designed to ensure sustaining capital is deployed effectively to improve plant reliability and provide greater confidence in safety, schedule and cost outcomes.

In parallel, CS Energy strengthened our asset management system in alignment with the ISO 55000 international standard, progressing key improvements across core processes, including:

- enhancements to the Strategic Asset Management Plan and site-based asset management plans, supported by independent third-party assessment
- work management system improvements to increase maintenance efficiency and effectiveness.

These initiatives are lifting asset performance and supporting more reliable, cost-effective operations.

Driving safety improvements

Personal safety performance

	FY2026 target	FY2026 actual	Status
Critical control verifications	100%	250%	✓
Significant injury or fatality	0	0	✓

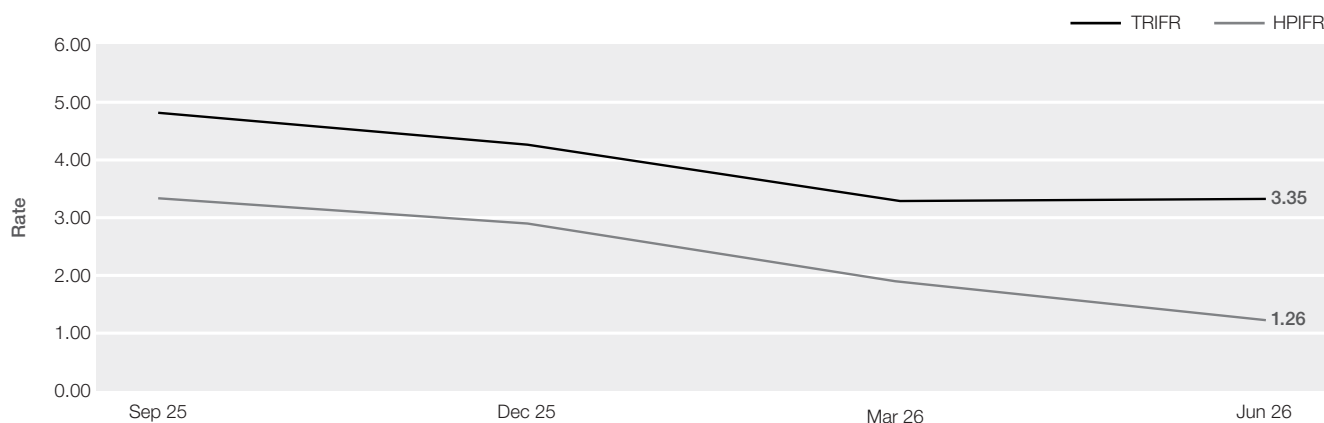
CS Energy met both of our personal safety KPIs under the Electricity Maintenance Guarantee – critical control verifications (CCVs) and zero significant injuries or fatalities.

The improved safety performance was driven by stronger critical risk management, enhanced safety governance and greater visibility of safety performance across the business. Key initiatives included a significant increase in critical control verifications, with 2,501 completed during the year against a target of 1,000, reinforcing controls for high-risk activities.

Governance and oversight of major overhauls was strengthened through enhanced structured safety frameworks and continued integration of process safety controls and operational risk management.

Improved safety reporting, leadership engagement and workforce capability development also contributed to a stronger safety culture and superior performance outcomes.

Safety indicators by quarter



Our health and wellbeing program remained a priority, incorporating the 10,000 Steps Challenge to promote physical activity, alongside flu vaccinations, audiometric testing, moulded hearing protection, skin cancer checks and tailored health programs targeting high stress roles to support both physical and psychological wellbeing.

CS Energy transitioned to TELUS Health as our new Employee Assistance Program (EAP) provider. This followed a comprehensive market assessment of contemporary, fit-for-purpose EAP services. The new service provides a broader range of support, including health and wellbeing, family and relationship guidance, financial wellbeing, assistance with life and work challenges and dedicated resources for leaders.

Operations and portfolio development (continued)

Integrating process safety into our operations

Process safety performance			
	FY2026 target	FY2026 actual	Status
Bowties	100%	217%	✓
Safety critical equipment	100%	128%	✓
Significant process safety event	0	0	✓

CS Energy met or exceeded our three Electricity Maintenance Guarantee KPIs for process safety during the reporting period.

A key contributor to this improved process safety performance was the reset of our Process Safety Improvement Program. We have focussed on strengthening the integrity of higher-order engineering controls, embedding critical safety protections identified through bowties into day-to-day operations, and reducing concurrent work fronts to improve execution and accountability.

We adopted a “safe to run” focus through critical protection assessments. These reviews evaluated the effectiveness of essential plant protection systems such as master fuel trip, turbine trip and generator protection, which act as the final safeguard against high-energy plant hazards. This work has increased visibility of the condition and performance of safety critical protections, addressed gaps, and enabled risk-informed improvements, with growing ownership at site level.

Foundational elements, including bowties, performance standards for safety critical functions, and maintenance and testing routines, have supported the consistent function of safety critical equipment in daily operations.

CS Energy has closed out the remaining actions from the plan ‘A safer, better CS Energy’, which was released in FY2025.

All actions in the plan have been completed, with any actions outstanding as of 1 July 2025 either closed or transitioned into the Electricity Maintenance Guarantee framework.

Specifically, the following process safety actions in the plan were delivered under the Process Safety Improvement Program this year and aligned with Electricity Maintenance Guarantee targets.

- The target to roll out bowtie training to 80 per cent of operators was exceeded, with 91 per cent of operators successfully completing the training program.
- The ongoing refinement of Safety Critical Equipment (SCE) definitions continued through structured annual activities, with performance standards forming a key element of this program.

- An updated Learning from Incidents Procedure ensures bowties are incorporated into risk reviews, audits and incident learning. We have achieved further integration of bowties through risk ranking workshops, the inclusion of bowtie references in multiple risk assessment templates, and the commencement of a formal five-year bowtie review program from FY2027, with progress tracked through Electricity Maintenance Guarantee metrics.
- A Work Management Improvement Program is underway and addressing improvements to SAP master data and Security of Critical Infrastructure system integration alignment to support more effective planning and execution. This work remains on track for completion by December 2026.

This progress provides a strong foundation for ongoing process safety performance improvement. We will work to further strengthen management of our process safety risks, supported by improved data integration, real-time visibility of critical controls and ongoing leadership engagement.

Building new gas-fired generation

The Energy Roadmap highlights the critical role gas will play in maintaining system reliability as Queensland's electricity generation mix changes over time. Gas-fired generation can start quickly to provide back-up power during peak demand periods, outages and periods of low renewables output.

CS Energy achieved several significant milestones in the development of the Brigalow Peaking Power Plant this year. The 400 MW power plant will be built next to Kogan Creek Power Station and will feature an open cycle design with fast-start capability.

On 1 December 2025, CS Energy announced a Joint Development Agreement (JDA) with APA Group to develop the project.

In the second half of the reporting period, CS Energy completed early enabling works, including site access roads and an intersection upgrade, and commenced bulk earthworks to prepare the construction pad. Construction of the power plant is scheduled to begin in FY2027.

Natural gas for the power station will be sourced from Senex Energy's Atlas development in Queensland's Surat Basin. APA is conducting engineering and design activities for a 23-kilometre pipeline that will connect the power station to APA's Roma Brisbane Pipeline.

When operational in 2029, the power plant will be capable of reaching full output within five minutes, delivering reliable energy to more than 150,000 Queensland homes during peak electricity demand periods and providing firming support for non-dispatchable renewable generation.

CS Energy has also undertaken advanced studies into gas generation at Callide in Central Queensland.

The Energy Roadmap highlights the critical role gas will play in maintaining system reliability as Queensland's electricity generation mix changes over time

People

CS Energy employs 737 people across four sites, representing a broad range of technical and professional roles. Our people are based in Biloela, Chinchilla, Greenbank and Brisbane.

Psychological safety, respect and inclusion

CS Energy is committed to maintaining a psychologically safe workplace that supports employee wellbeing, promotes respect, fosters inclusion and diversity, and values the unique skills, experience and contributions of all employees.

This year we strengthened our approach to preventing and responding to inappropriate workplace behaviour. In July 2025, following consultation with employees, we finalised and communicated our *Sexual Harassment and Sex or Gender-Based Harassment Prevention and Response Plan*. In June 2026, we updated procedures relating to bullying, discrimination and sexual harassment.

These updates were supported by a refreshed mandatory online training program to reinforce expected workplace behaviours, increase awareness of reporting pathways, and ensure employees have clear guidance about how to raise concerns or seek support.

Through these initiatives, CS Energy continues to foster a workplace culture where all employees are treated with dignity, respect and can contribute with confidence.

CS Energy is a WORK180 Endorsed Employer for Women. Our annual Equity and Diversity Report and subsequent plan focus on building more diverse leadership pipelines and investing in capability and career pathways. CS Energy's 2026 Equity and Diversity Plan is available on our website at www.csenergy.com.au/careers/inclusion-and-diversity.

Enterprise agreement negotiations

CS Energy has separate enterprise agreements for each of our power stations and the Brisbane Office. More than half of our employees are under enterprise agreements, and the remainder are under Alternative Individual Agreements, which are underpinned by an enterprise agreement. A small number of senior roles are covered by non-enterprise agreement arrangements.

The following enterprise agreement negotiations commenced during the reporting the period and were ongoing as of 30 June 2026:

- The current Professional, Market and Support Services (Corporate) Enterprise Agreement, which nominally expired on 31 May 2026.
- The current Kogan Creek Energy Facility Enterprise Agreement, which nominally expired on 1 July 2026.

CS Energy continues to foster a workplace culture where all employees are treated with dignity, respect and can contribute with confidence

Creating opportunities for the next generation

Apprentices, trainees and graduates play a crucial role in building CS Energy's future workforce capability.

In FY2026, we had 33 apprentices and trainees working in skills areas such as electrical, instrumentation, mechanical, business and warehousing.

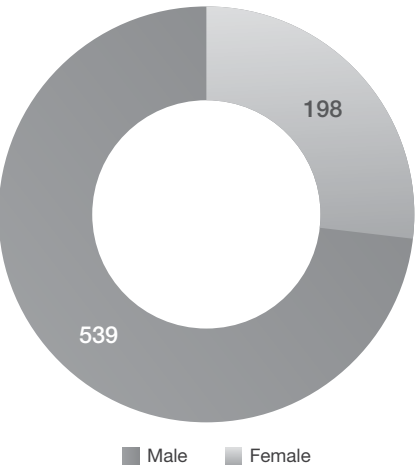
We welcomed new apprentices and trainees at both Kogan Creek and Callide Power Stations and celebrated strong completion outcomes for our existing cohort.

Recruitment commenced for the 2027 intake, with continued growth across core trades and the introduction of new pathways, including boilermaking and laboratory service training at Callide.

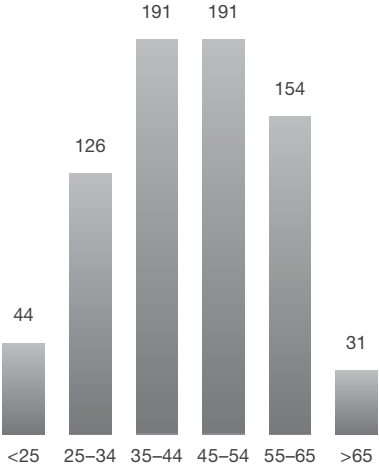
Our program includes an annual apprentice and trainee forum, which brings participants together to build teamwork, wellbeing and resilience. Some of our cohort represented CS Energy in industry initiatives such as WorldSkills, and we are proud to have nominations for both Apprentice and Trainee of the Year in the Queensland Training Awards.

Five university graduates commenced this year in engineering, process safety and trading and analytics roles. The program includes structured development and site rotations, and there are plans to expand the 2027 intake to include roles supporting our Energy Transition team.

Workforce Gender Profile



Workforce Age Profile



Customers and community

Our retail business

CS Energy provides retail electricity services to large commercial and industrial (C&I) customers across Queensland. Our retail customers include:

- large-scale mining and resource operations (coal and gas)
- bulk materials and industrial processing facilities
- ports, transport infrastructure and major road networks
- water utilities and other critical public infrastructure
- property and commercial asset portfolios
- health, aged care and community services providers

Our retail portfolio is characterised by long-term customer relationships and multi-site contracts, with many customers operating across multiple National Metering Identifiers and requiring tailored, structured energy solutions.

In FY2026, the retail business focused on:

- maintaining portfolio stability through renewals and targeted customer retention
- disciplined growth in sectors aligned to capability and risk appetite
- continued engagement with customers on firm renewable supply, emissions considerations and demand management opportunities.

CS Energy's Queensland retail market share increased from 16 per cent to 21 per cent in FY2026, supported by strong customer growth across standard C&I contracts and tailored retail arrangements for large energy users.

The business has continued to support a significant base of Queensland Government departments and agencies and has maintained its position as a trusted supplier to the Queensland Government large site portfolio.

CS Energy's 50/50 retail joint venture (JV) with Alinta Energy provides electricity to residential and small business customers in the Energex distribution area in South East Queensland. Under the JV, CS Energy supplies wholesale electricity, while Alinta Energy manages the retail operations, including customer acquisition, servicing, and billing.

In FY2026, the Alinta JV customer base increased from 229,080 to 235,362 customers, including both electricity and gas.

Engaging with our stakeholders

CS Energy's Stakeholder Advisory Council provides a forum for us to engage directly with customers, industry and community representatives to ensure that their perspectives inform our decision-making.

During the year, the council supported constructive dialogue on key sector issues, including retail strategy, sustainability, emissions reporting, energy policy and system planning. There were also discussions about community priorities such as workforce and regional development, local procurement, energy affordability and maintaining social licence.

This ongoing engagement provides us with insights into stakeholder expectations, provides early identification of emerging issues and informs our approach in a complex operating environment.

CS Energy has continued to build and maintain strong relationships with host communities through regular, transparent engagement and proactive consultation. We maintain positive relationships with local organisations, councils, industry groups and community networks across the communities where we operate.

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Customers and community (continued)

Investing in our communities

CS Energy delivers targeted social investment that is aligned with local priorities and regional needs and supports community resilience, wellbeing and capability.

In FY2026, we provided almost \$820,000 in support to more than 100 organisations in the communities in which we operate.

Since 2018, we have supported the communities that surround Kogan Creek Power Station in the Western Downs and Callide Power Station in Central Queensland through our Community Sponsorship Program. In FY2026, we provided \$300,000 to 46 community organisations including sporting clubs, schools, education providers, and community groups.

Our Regional Transformation Fund also entered its second year, supporting legacy projects that deliver long-term value to regional communities:

- In the Western Downs, we continued to invest in programs that support education, community connection and future capability, such as the Dolly Parton Imagination Library (\$20,000 per year), Chinchilla Chamber of Commerce and Industry (\$15,000 per year), and the Chinchilla Country Universities Centre (\$25,000).
- In Central Queensland, we invested in initiatives that support health, safety and community resilience. This included support for aeromedical rescue services CapRescue and CQ Rescue, and a joint commitment with Squadron Energy and Iberdrola Australia to upgrade an existing Telstra telecommunications tower in the Isaac region.
- Four schools across the Kogan and Callide communities are participating in a one-year trial of The Resilience Project school wellbeing program. This initiative supports students' mental health, social-emotional development and resilience.

Working with First Nations peoples

CS Energy has begun developing our Innovate Reconciliation Action Plan, in partnership with employees, for implementation in FY2027.

We also began co-developing site-specific cultural awareness training with the Barunggam people at Kogan Creek and the Gangulu people at Callide to embed local knowledge and cultural protocols into training that will build cultural capability across the workforce.

CS Energy has continued our commitment to supporting four First Nations students each year through the Queensland University of Technology Oodgeroo Unit Scholarship Program. As well, we grew Indigenous procurement through partnerships with businesses including Mandana Pty Ltd, Ochre Australia Pty Ltd, Kitja Pty Ltd and Copperhead Industrial.

Procurement and local participation

CS Energy's procurement approach is aligned with government policy and ensures full, fair and reasonable opportunity for Queensland suppliers, including local business, small and medium enterprises, and First Nations-owned suppliers.

We strive to work with local businesses wherever possible, and those that are aligned with the values of our business. Our procurement expenditure is predominantly in Australia. In FY2026, more than 61 per cent of CS Energy's procurement expenditure was with Queensland companies.

We are committed to responsible procurement and expect our suppliers to operate in full compliance with all relevant laws and regulations, including modern slavery laws.

CS Energy is a reporting entity under the Australian Government's *Modern Slavery Act 2018*, and we take a proactive stance against modern slavery in our supply chain. In our most recent modern slavery report, our assessment of the modern slavery risks in our group's supply chain remained low. Our modern slavery report is available on our website at www.csenergy.com.au/suppliers.

Environment

Responsibly managing our environmental impact

CS Energy ensures compliance with its environmental obligations, proactively monitoring and managing the impact of the Company's operations on the environment and working to continuously improve environmental performance.

We use an environmental management system (EMS) that meets the international environmental standard ISO 14001:2015. The EMS is a framework that allows us to assess our environmental performance against corporate responsibilities, environmental licenses and other legal requirements. Following assessment by an external auditor this year, CS Energy maintained our ISO 14001: 2015 standard through to May 2028.

Our primary environment target is zero Significant Environmental Incidents, which are incidents that have a significant impact on the environment or result in enforcement action by a regulator. In FY2026, we achieved this target across all operating sites.

Remediating and managing PFAS at Callide

CS Energy continued an ongoing program of work to manage impacts of the historical use of firefighting foams containing per-and poly-fluoroalkyl substances (PFAS) at Callide Power Station. PFAS are a group of manufactured chemicals present in firefighting foams that were historically used at various Australian sites including civil airports, defence bases, ports and large industrial sites.

Callide's use of firefighting foams containing PFAS was infrequent and in small quantities for training, testing and emergency response purposes. Use of these firefighting foams was discontinued in 2019 as part of a Queensland Government policy to phase out their use.

CS Energy worked with Queensland Government agencies to understand how the recently updated Australian Drinking Water Guidelines for PFAS will be applied in Queensland and what they mean for landholders in the Callide area.

We work with impacted landholders to understand their water use requirements. We will continue to support landholders in the Callide PFAS investigation zone whose domestic water source has PFAS levels above the existing guidelines.

We are trialling PFAS filtration systems at four landholder properties and results show a 98 per cent or greater reduction in PFAS concentrations.

We have completed the requirements of the Environmental Enforcement Order (EEO) issued by the Department of the Environment, Tourism, Science and Innovation (DETSI) in FY2025 in relation to the management of PFAS at the site. The EEO contained two key deliverables, a Remediation Action Plan and a PFAS Monitoring Plan. These plans drew on the significant data set available following the investigation of PFAS onsite and offsite.

The Remediation Action Plan sets out the PFAS remediation, investigation, and management actions required at Callide Power Station. The primary goal of the Plan is to reduce onsite PFAS and minimise the migration of this PFAS offsite via surface water and groundwater.

Key activities detailed in the Remediation Action Plan include:

- minimising seepage from site by augmenting the existing seepage bore recovery network
- removing sediment from the northern stormwater pond at the decommissioned Callide A Power Station
- excavating additional PFAS-impacted road base material from the roadway to the fuel oil tank. This will further improve the previous soil stabilisation remediation activities conducted in this known PFAS source area
- removing sediment from other stormwater channels on site
- leveraging learnings from a water treatment trial completed on site during 2025 to design and install suitable surface water and groundwater PFAS water treatment systems
- additional groundwater investigations in key areas onsite to further develop our understanding of groundwater seepage pathways leaving the site

- continuing to monitor the flow of water containing PFAS entering the site from the Callide coal mine.

The remediation activities are expected to take several years to complete. Data collected as part of the Company's PFAS Monitoring Plan will be interpreted and analysed to confirm the effectiveness of remediation activities.

Protecting Indigenous cultural heritage

CS Energy is committed to protecting Indigenous cultural heritage and ensuring our activities respect and preserve cultural values.

Working in partnership with Traditional Owners and other stakeholders, we continued to support the protection and management of cultural heritage across our operations and development projects. Our approach supports compliance with cultural heritage legislation and agreement obligations through the delivery of surveys, clearances, monitoring and other cultural heritage activities.

These actions supported operational and project requirements while helping to safeguard cultural heritage values. Ongoing collaboration with Traditional Owners remained central to our work, fostering respectful relationships, supporting informed decision-making and contributing to positive cultural heritage outcomes.

Financial and market performance

Financial performance

CS Energy invested in our thermal generation fleet in FY2026 to support reliable electricity generation in line with the Crisafulli Government's Electricity Maintenance Guarantee.

We carried out two major overhauls of units C3 and C4 at Callide Power Station, and carried out sustaining maintenance works representing an investment of more than \$80 million (representing CS Energy's 50% interest). Both units were returned to service on schedule, enabling CS Energy to meet its operational targets.

CS Energy's battery assets (Greenbank and Chinchilla) provided a full year's worth of operation during FY2026. We continued to invest in the development of two wind generation projects, the Lotus Creek Wind Farm and Boulder Creek Wind Farm, both in Central Queensland.

Underlying EBITDA for FY2026 was \$290.9 million (2025: \$28.0 million) primarily supported by the one-off receipt of insurance proceeds related to the 2021 Callide Unit C4 incident.

CS Energy recorded a net loss after tax of \$27.4 million (2025: \$324.4 million net loss after tax). This outcome was driven by insurance proceeds, reductions in site costs and corporate overheads, and lower depreciation (together an improvement of \$308 million) offset by market-related reductions in gross margin, financing, loss on disposal and non-cash costs (together a reduction in earnings of \$93 million compared with FY2025). Additionally, income tax expense was \$95 million lower than FY2025 as a result of the above movements.

Cash generated from operations for the year was a net inflow of \$130.5 million (2025: net outflow of \$124.4 million) with insurance recoveries a prominent factor in this result.

There was no dividend distribution for FY2026.

Capital Investment

Cash payments for property, plant and equipment were \$669.7 million for FY2026 (2025: \$845.7 million).

A total of \$187.6 million was spent on the existing thermal generation fleet. An investment of \$505.9 million was made in enterprise, renewable and firming assets including the Chinchilla and Greenbank batteries, the Brigalow Peaking Power Plant and the Lotus Creek and Boulder Creek wind farms.

Key financial performance measures

	2022 \$'000	2023 \$'000	2024 \$'000	2025 \$'000	2026 \$'000
Underlying EBITDA	117,565	26,310	(26,614)	27,988	290,900
EBIT	34,693	(95,392)	(151,871)	(119,613)	93,289
NPAT	95,482	(14,573)	(58,493)	(324,383)	(27,427)
Net cashflow from operations	(298,677)	22,482	275,391	(124,395)	130,511
Net cash payments for property plant and equipment	(95,763)	(277,332)	(396,973)	(845,742)	(669,668)
Net cash flows	(21,341)	43,830	164,841	(172,201)	88,599
Underlying interest cover (times)	1.17	(2.13)	(7.38)	(1.55)	1.90

Market wrap for FY2026

CS Energy sells electricity in the NEM from the power stations we own and operate. We also have the trading rights for the Gladstone Power Station (in excess of what is supplied to the Boyne Island aluminium smelter).

We manage plant and financial risk by balancing our presence in the wholesale spot and contract markets and provide a range of ancillary services to help maintain the stability of the grid.

CS Energy operates in strict accordance with our obligations under the comprehensive rules and regulations associated with the NEM. We are committed to complying with all market, corporation and competition laws and regulations.

CS Energy sent out 10,544 GWh of electricity to the NEM in FY2026, supported by improved thermal generation availability from our portfolio (2025: 9,538 GWh).

Electricity prices were low in Queensland during the period due to improved availability from baseload coal-fired power stations, and generation from several new wind and Battery Energy Storage System (BESS) projects. Queensland's average spot market price in FY2026 was \$65.47/MWh (2025: \$109.54/MWh).

Queensland average electricity demand was at medium to high levels over the year, with the highest demand of 10,717 MW occurring on 12 February 2026. This compares with the record of 11,159 MW set on 22 January 2025.

In the December 2025 quarter, renewable electricity and storage assets supplied more than 50 per cent of on-grid NEM demand for the first time and coal-fired generation contribution fell to an all-time quarterly low.

More than 1,400 MW of new entrant BESS projects were commissioned in Queensland in the past year, which contributed to a significant reduction in the volatility of electricity pool prices, particularly in the morning and evening peak demand periods.

BESS projects totalling a further 900 MW are under development or being commissioned in Queensland. These assets most commonly charge during sunny periods when demand and pool prices are lower and discharge in the morning and evening peaks when demand and prices are higher. In the January 2026 quarter, average quarterly gas-fired generation across the NEM was at its lowest since 1999, due in part to the commissioning of BESS assets.

More than 800 MW of new entrant wind generation commenced operation in Queensland during the year, causing a commensurate reduction in dispatch from coal-fired power stations, especially in the overnight periods when wind is highest in Queensland. A further 1,350 MW of wind projects are under development or being commissioned in Queensland.

**CS Energy
invested in our
thermal generation
fleet in FY2026
to support
reliable electricity
generation in line
with the Crisafulli
Government's
Electricity
Maintenance
Guarantee**

Corporate governance report

CS Energy reports against the *Corporate Governance Guidelines for Government Owned Corporations, Version 2.0, February 2009*, which adopt the approach taken by the *ASX Corporate Governance Principles and Recommendations*.

Our governance structure

CS Energy was established in 1997 under the *Government Owned Corporations Act 1993* (Qld) (GOC Act). CS Energy is also a registered public company incorporated under, and subject to, the *Corporations Act 2001* (Cth).

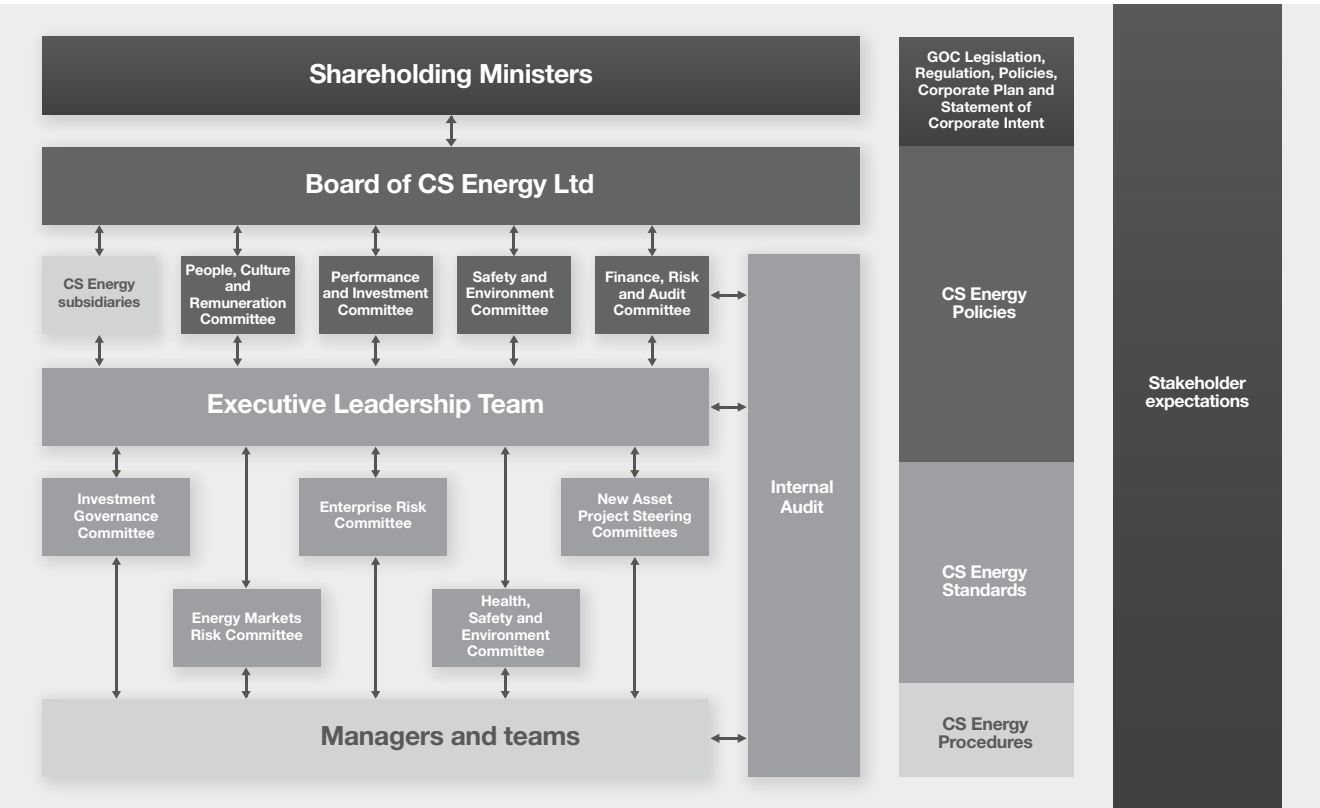
Two Queensland Government Ministers (shareholding Ministers) hold shares in CS Energy on behalf of the people of Queensland. For the FY2026 reporting period, CS Energy's shareholding Ministers were:

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

The Board governs CS Energy on behalf of the shareholding Ministers in accordance with applicable legislation, regulations, GOC policies and CS Energy's annual Statement of Corporate Intent.

The Board delegates day-to-day management of CS Energy to the CEO (and through the CEO to senior executives and other managers) subject to Board-approved policies. Senior executives and other managers approve standards and procedures consistent with these policies.

CS Energy's governance framework



Principle 1: Foundations of management and oversight

Role of the Board

The CS Energy Board is accountable to our shareholding Ministers for CS Energy's performance and corporate governance.

The Board's role and accountabilities are set out in the Board Charter and include:

- setting CS Energy's strategic direction (with the agreement of shareholding Ministers)
- monitoring corporate performance and progress towards achievement of strategic objectives
- risk management oversight
- establishing appropriate standards of behaviour as expressed in CS Energy's Code of Conduct
- stakeholder reporting and communication.

The Board Charter can be accessed on CS Energy's website at www.csenergy.com.au/who-we-are/corporate-governance.

Delegation of authority

The Board delegates day-to-day management of CS Energy's business and implementation of the corporate strategy to the Chief Executive Officer and senior management, as set out in the Delegation of Authority Policy. These delegations are reviewed as considered necessary.

The Delegation of Authority Policy provides the framework for decision-making and identifies the matters reserved for the CS Energy Board and those delegated to the Chair, Board committees or individual directors, and the Chief Executive Office.

Board committees

The Board had four committees in FY2026 to assist it in the execution of its duties and to consider key business issues:

- Finance, Risk and Audit Committee
- People, Culture and Remuneration Committee
- Performance and Investment Committee
- Safety and Environment Committee.

The role, accountabilities and authority of each committee is set out in their respective charters, which are available on CS Energy's website at www.csenergy.com.au/who-we-are/corporate-governance.

Please refer to the Directors' report for information on the membership of each committee in FY2026, including the number of meetings held and the names of attendees.

The Board committees regularly review their performance in conjunction with formal Board evaluations.

Senior executive performance

All CS Energy employees, including senior executives, have role purpose statements and individual achievement plans. Key performance measures are established for each senior executive at the start of the financial year and are included in performance scorecards.

The Board assesses the performance of the CEO and oversees the assessments of senior executives against their divisional performance scorecards on an annual basis.

Principle 2: Structure the Board to add value

As of 30 June 2026, the Board comprised eight independent, non-executive Directors. Details of the skills and experience of each director are included in their biographies in the Directors' report.

CS Energy directors, including the Chair, are appointed by the Governor in Council in accordance with the GOC Act. The term of appointment for directors is determined by the Governor in Council.

Given the process for selection of directors under the GOC Act, CS Energy is not required to establish a Board Nominations Committee.

Director induction and professional development

On appointment, new directors are provided with a Board handbook, an online resource centre and a personal induction to expand their operational and industry knowledge and ensure they are fully aware of their governance responsibilities.

Directors receive regular training sessions and educational updates from internal and external subject matter experts and can attend professional development courses with the approval of the Chair.

Director independence

The Board regularly reviews and assesses the independence of directors and the relationship each director and the director's associates have with CS Energy.

Actual, potential or perceived conflicts of interest are required to be addressed in accordance with CS Energy's Conflict of Interest Procedure.

Directors may seek independent professional advice on matters before the Board, after receiving approval from the Chair. CS Energy bears the cost of this external advice.

Access to management

Each director has access to the Chief Executive Officer and senior executives if the director requires additional information.

Corporate governance report (continued)

Board, committee and director performance

Board is dedicated to the ongoing improvement of the Company's corporate governance processes. The Board undertakes periodic formal Board and Committee performance evaluations against measurable and qualitative indicators in accordance with its Board Charter.

The most recent external Board evaluation was conducted in August 2025, by an independent external governance consultant, who conducted the review using a behavioural governance model to survey directors and senior executives, and reported findings from their feedback to the Board Chair.

Principle 3: Promote ethical and responsible decision-making

CS Energy is instilling a culture where we conduct our business activities with integrity, in line with our values and in compliance with relevant laws and standards.

Our key governance policy is the CS Energy Code of Conduct, and we have various procedures to ensure compliance with the Corporations Act and to manage conflicts of interest.

Code of Conduct

CS Energy's Code of Conduct applies to directors, senior executives, employees, contractors and consultants. The Code of Conduct is the overarching document for all CS Energy policies and procedures and covers safety; respecting others; ethical decision-making; fraud prevention and detection; protecting personal, confidential and commercially sensitive information; and managing conflicts of interest.

All personnel are expected to complete online Code of Conduct training upon appointment, and refresher training every two years, which includes conflict of interest training. The Code of Conduct is available on CS Energy's website at www.csenergy.com.au/who-we-are/corporate-governance.

The Board has also adopted its own Directors' Code of Conduct from the Australian Institute of Company Directors. The conduct of the Board is also governed by the Corporations Act and the GOC Act.

A standing agenda item at monthly Board meetings requires directors to declare any conflicts of interest. Senior executives and other nominated employees are required to make annual and contemporaneous declarations of interests that could give rise to a conflict of interest.

CS Energy's Share Trading Procedure provides guidance to directors, officers and employees in relation to their trading in securities. The procedure informs directors, officers and employees of the prohibitions on insider trading under the Corporations Act and requires them to not engage in share trading when in the possession of price-sensitive information or where they have an actual or perceived conflict of interest.

CS Energy has whistleblower reporting mechanisms in place for directors, employees, contractors and third parties to report activity that they suspect is illegal, unethical or breaches the Code of Conduct.

Principle 4: Safeguard integrity of financial reporting

Finance, Risk and Audit Committee

The Finance, Risk and Audit Committee assists the Board to discharge its duties in relation to CS Energy's finance risk management, and management of internal control systems. This is to provide reasonable assurance that the Company's financial and non-financial objectives are achieved and accurately reported and support external and internal audit functions. In performing its audit and finance reporting function, the committee:

- provides, for Board approval, financial reporting and other disclosures that are 'true and fair' and comply with legislation and accounting standards
- supports an independent and effective internal audit function, to provide reasonable assurance on the effectiveness of CS Energy's internal control framework to the Board
- addresses recommendations arising from external and internal audits.

The committee is also the primary point of reference for CS Energy's external auditor, the Auditor-General of Queensland. The committee accepts reports from representatives and oversees progress on implementing recommendations from those reports, on behalf of the Board. Please refer to the Directors' report for information on the number of meetings of the Finance, Risk and Audit Committee in FY2026 and the names of attendees.

CS Energy's internal audit function provides independent, objective assurance to the Board and brings a systematic and disciplined approach to reviewing, evaluating and continuously improving the effectiveness of the company's governance, risk management, and internal controls. It has an independent reporting line to the Finance, Risk and Audit Committee.

The internal audit function operates within its mandate, as set out in the Internal Audit Charter that is approved annually by the committee. Audit results are reported to the Chief Executive Officer, senior executives and the Finance Risk and Audit Committee, together with the status of action items which are actively monitored. An annual internal audit report is provided to the committee highlighting the key themes and insights.

When presenting financial statements for approval, the Chief Executive Officer and the Chief Financial Officer provide a representation letter to the Board that, among other things, confirms:

- CS Energy's financial report is prepared in accordance with applicable accounting standards and other statutory requirements and gives a true and fair view at the reporting date
- information relevant to the financial report is disclosed to the Queensland Audit Office
- the Company's risk management system and adequate internal controls have been maintained during the reporting period.

Principle 5: Make timely and balanced disclosures

CS Energy has established processes in place to keep our shareholding Ministers informed about our operations, performance, governance and financial position, in accordance with Section 122 of the GOC Act. This includes the formal reports outlined in Principle 6 and regular briefings to shareholding Ministers.

Unplanned outages of generating units

Queensland Government owned generators are required to disclose unplanned outages of generating units in real time on their websites and within one hour to shareholding Ministers, in accordance with the Queensland Government's *Communication Protocol for Unplanned Outages of Electricity Generation Units (April 2025)*.

CS Energy meets this obligation by publishing information on the Outages page of our website at www.csenergy.com.au/what-we-do/wholesale-market/outages and providing written notifications to our shareholders within one hour of any unplanned outage. To the extent possible, we provide key information such as the cause, severity and impacts of an unplanned outage and its estimated return to service.

CS Energy recognises that this reporting obligation reflects our role as a publicly owned energy provider and demonstrates to our shareholders that we are actively managing operational risks as they occur.

Release of information

In accordance with the *Right to Information Act 2009 (Qld)*, a publication scheme is available on CS Energy's website that shows the classes of information available, links to the information and contact details for further information. The publication scheme can be accessed at www.csenergy.com.au/right-to-information.

Principle 6: Respect the rights of shareholders

Shareholder reporting

CS Energy produces four key documents to inform shareholding Ministers about our performance:

- Corporate Plan – outlines key strategies and objectives for the next five years with performance indicators. The plan also provides an industry and economic outlook and potential impact on CS Energy.
- SCI – outlines objectives, initiatives and targets for the next financial year.
- Quarterly Reports – report on progress against the performance targets and measures in the SCI.
- Annual Report – reports on performance for each financial year to meet the requirements of section 120 of the GOC Act.

Briefings to shareholding Ministers and their representatives are also conducted on a regular basis.

Principle 7: Recognise and manage risk

Identifying, assessing and managing risk is a fundamental responsibility of the Board and management and is underpinned by a strong governance, risk and compliance framework. The Board has ultimate accountability for risk management, supported by the Finance, Risk and Audit Committee, which oversees governance, risk and compliance arrangements in accordance with its Charter.

CS Energy's Governance, Risk and Compliance Policy outlines our overarching approach to embedding governance, risk and compliance practices to support the achievement of strategic objectives. This policy is supported by the Enterprise Risk Management Framework, Enterprise Compliance Management Framework and Governance Standard, which together guide the identification, assessment and management of risks and compliance obligations.

The risk function implements these frameworks and standards, ensuring that governance, risk and compliance practices are embedded across the organisation and aligned to the delivery of organisational objectives.

To support robust risk management practices, CS Energy has adopted the Institute of Internal Auditors' Three Lines Model. This model clarifies roles and responsibilities across the organisation and supports effective management and oversight of risk.

CS Energy expects all employees and contractors to understand and fulfill their responsibilities for managing risk. The Three Lines Model enables clear accountability and independent oversight through defined systems, processes and reporting across all lines.

Preventing corruption and fraud

CS Energy is committed to a culture of integrity and compliance in conducting our business activities and this includes the prevention of fraud.

CS Energy mitigates the risk of fraud and corruption through a combination of clear policies and procedures, robust internal controls, and ongoing monitoring and assurance activities. This includes segregation of duties, delegated authorities, periodic risk assessments, internal audit oversight, and established mechanisms for reporting and investigating suspected misconduct.

Cyber security

CS Energy's cyber security improvement program is aligned with the Australian Energy Sector Cyber Security Framework (AESCSF) and legislative instruments (including the *Security of Critical Infrastructure Act 2018*).

In FY2026 we integrated the Greenbank Battery into our technology landscape and continued a range of cyber security risk reduction activities as part of our cyber security improvement program. We collaborate with a range of external partners on an ongoing basis to effectively monitor and respond to emerging cyber threats.

On 31 May 2026, CS Energy achieved an independently verified AESCSF Security Profile maturity consistent with our criticality in the NEM. We are continuing our cyber security improvement journey towards AESCSF Security Profile 2.

Corporate governance report (continued)

Environmental and climate risks

CS Energy operates an Environmental Management System which is certified to ISO 14001:2015 and integrated with our Enterprise Risk Management Framework.

CS Energy's approach for managing climate-related risks is outlined in our Sustainability Report.

Principle 8: Remunerate fairly and responsibly

The People, Culture and Remuneration Committee advises the Board on CS Energy's people policies and its remuneration strategy. CS Energy balances a competitive remuneration package with employee benefits and leave options to attract and retain high calibre employees. This includes providing paid parental leave, study assistance, remote area allowances and relocation assistance.

Please refer to the Directors' report for information on the number of meetings of the People, Culture and Remuneration Committee in FY2026 and the names of attendees.

Director fees are paid to Directors for serving on the Board and Board committees. Fees are determined by the Governor in Council. The Board, in consultation with shareholding Ministers, approves the remuneration levels for the Chief Executive Officer and other senior executives. Details of remuneration paid to directors and senior executives during the year appear in the Financial Report.

CS Energy's Performance Framework ensures employees are supported to achieve optimal performance and career outcomes. Performance of individual employees, including the Chief Executive Officer and senior executives, is managed in an annual cycle which sets performance expectations through role purpose statements and annual individual achievement plans, and provides feedback on performance through mid-year and end-of-year achievement reviews.

Directions and notifications

During the reporting period, shareholding Ministers gave notice that the following policies applied to CS Energy:

- new Chief and Senior Executive Employment Arrangements Policy 2026.
- the Queensland Procurement Policy 2026
- the Government Owned Corporations Wages Policy 2025.

Dividend policy

CS Energy's annual dividend recommendation is based on the current forecast of adjusted net profit or loss after tax for the CS Energy Limited consolidated group. Adjustments include the net after tax impact of material non-cash transactions and exceptional circumstances that are non-recurring in nature.

The timeframe for a dividend payment is governed by Section 131 of the GOC Act. Dividends must be paid within six months after the end of the financial year or any further period that the shareholding Ministers allow.

No dividend was declared or paid in respect of FY2026.

Corporate entertainment and hospitality

CS Energy did not hold any corporate entertainment or hospitality event during FY2026 which cost more than \$5,000.

Financial report

for the year ended 30 June 2026

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General information

CS Energy Limited is a company domiciled in Australia.

Its registered office and principal place of business is Level 12, 31 Duncan Street, Fortitude Valley, Queensland 4006.

CS Energy Limited

Directors' report

30 June 2026

The directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of CS Energy Limited and the entities it controlled at the end of, or during, the year ended 30 June 2026.

Directors

The following persons were directors of CS Energy Limited during the financial year and up to the date of this report, unless otherwise noted:

Jeff Seeney

MBA, GAICD

Acting Non-Executive Chair since 9 April 2026

Director since 19 December 2024

Jeff Seeney is a former Queensland Deputy Premier and Minister for State Development, Infrastructure and Planning (2012–2015). He represented the seat of Callide in the State Parliament for almost 20 years and understands the importance of CS Energy and the Callide power stations to the Biloela community and the wider Central Queensland region.

Jeff held many other positions in the Queensland Parliament including Opposition Leader (2006–2008 and 2011–2012), Shadow Minister for Energy (1999–2006 and 2008–2011) and Shadow Treasurer (2004–2005).

He was responsible for the planning and delivery of many major development projects through the Office of the Coordinator-General and was the Chair of Cabinet Committees involving infrastructure and resources. He was also a member of the Cabinet Budget Review Committee and the Parliamentary Crime and Corruption Committee among many others.

Throughout his Parliamentary career he played a central role in enabling the development of the coal seam gas export industry and was the architect of a significant part of the legislative and regulatory framework that has allowed the industry to attain the social licence to operate successfully in Queensland.

Jeff was appointed as a director of the CS Energy Board on 19 December 2024. He is the Chair of CS Energy's Performance and Investment Committee and is a member of the People, Culture and Remuneration Committee.

In August 2025, he was appointed as Chair of Sunwater.

On 9 April 2026 Jeff was appointed as Acting Chair of CS Energy for the period that CS Energy Chair Tony Bellas is serving as Acting CEO of CS Energy.

Jeff has a Masters Degree in Business Administration from the University of New England and is a Graduate of the Australian Institute of Company Directors.

Stephen Harty

B. Eng (Mech), MBA, GAICD

Non-Executive Director

Director since 1 October 2023

Stephen Harty is an energy executive with more than 25 years of experience. Stephen has worked in a variety of operations, project development and marketing roles across Europe, Asia, Middle East, North America and Australia. With this global perspective Stephen has a keen interest in the development of the Australian east coast energy markets, and has been heavily involved in the development of domestic gas policy.

Stephen was appointed as Chief Executive Officer of Gladstone LNG in 2019, where he has responsibility for the overall management, safety and operation of the GLNG project.

Stephen holds a Bachelor of Engineering (Mechanical) from the University of Ballarat, a Master of Business Administration from Deakin University, and is a graduate member of the Australian Institute of Company Directors.

Stephen is the Chair of CS Energy's Safety and Environment Committee and he is a member of the Performance and Investment Committee.

Wendy Agar

Dip. Teaching (primary), Grad. Dip Human Resources Management, GAICD

Non-Executive Director

Director since 7 August 2025

The Managing Director of Engaged Outcomes and host of the emPOWER podcast, Wendy Agar is a rural engagement expert with more than 20 years' experience securing industry, organisational, and community buy-in for a range of projects that create opportunities for rural, regional and remote Australians. Through her current client engagement and collaboration work, Wendy brings a national perspective on social licence and the energy transition.

Raised on a Central Queensland beef and grain farm, and later a partner in a cattle and sheep enterprise in Western Queensland, Wendy has first-hand knowledge of the challenges and opportunities facing rural communities. She is passionate about building stronger regions where economic and social benefits are shared.

Drawing on her experience as a multi-sector CEO and senior leader across rural, regional, and remote Queensland, Wendy has developed a deep understanding of how people and organisations work. A skilled facilitator and leadership consultant, she unites diverse interests to deliver meaningful outcomes.

She holds qualifications in education and human resources, and accreditations in stakeholder engagement, change management, coaching, and behavioural profiling. Wendy is a Graduate of the Australian Institute of Company Directors.

Wendy is the Chair of CS Energy's People, Culture and Remuneration Committee and is a member of the Finance, Risk and Audit Committee.

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James Versace

B Com, CA, GAICD

Non-Executive Director

Director since 7 August 2025

James Versace is an experienced board-level executive with more than 30 years' experience spanning the retail, hospitality, gaming, investment banking, energy and public sectors. He has held senior leadership roles across ASX-listed companies, large-scale private enterprises and public organisations, with a proven track record in strategic governance, financial stewardship and operational transformation.

With a career foundation in investment banking and chartered accounting, James has served as CFO and Company Secretary for organisations with turnovers exceeding \$300 million, leading teams of over 1,800 staff and managing complex multi-stakeholder environments. His expertise includes financial risk management, commercial contract negotiation, property development, mergers and acquisitions, capital works and profit-maximisation strategies, underpinned by a deep commitment to corporate governance and compliance. His leadership style is strategic, transparent and outcomes-focused, with a track record of guiding organisations through major change while safeguarding long-term value creation.

James currently serves as Chief Financial Officer and Company Secretary of KWB Group, which owns and operates Kitchen Connection. James holds a Bachelor of Commerce (Accounting, Finance & Law), is a Chartered Accountant and a Graduate of the Australian Institute of Company Directors.

James is the Chair of CS Energy's Finance, Risk and Audit Committee and is a member of the Safety and Environment Committee.

Seanna Strong

LLB (Hons)

Non-Executive Director

Director since 1 October 2025

Seanna Strong is a highly experienced commercial litigation lawyer, having spent more than 25 years working at leading national law firms.

Seanna has represented clients from both the public and private sectors in a broad range of disputes with a particular focus on complex, high stakes disputes, including 'bet-the-company' litigation. Seanna's expertise includes contractual disputes, joint venture disputes and regulatory disputes.

Seanna has experience representing clients in a broad range of forums, including the Supreme Court, Federal Court and High Court, as well as in Royal Commissions and Commissions of Inquiry. Seanna has also represented clients in all forms of dispute resolution, including mediation and expert determination.

Seanna has a Bachelor of Laws (Hons) from the University of Queensland and is a member of the Queensland Law Society.

Seanna is member of the CS Energy Finance, Risk and Audit Committee and the Safety and Environment Committee.

Joanna Glynn

B Laws, Grad Dip IR

Non-Executive Director

Director since 18 December 2025

Joanna Glynn is a senior executive and employment law specialist with more than 27 years' experience advising boards and executive leadership teams of large, complex and highly regulated organisations across Australia, the United Kingdom, Europe, Asia and the United States. She currently serves as General Manager, Group Workplace Relations at Virgin Australia Group, where she is a member of the senior leadership team and acts as a trusted adviser to the Executive on governance, senior and complex employment and safety law matters, industrial relations strategy, workforce transformation and organisational risk.

Joanna brings deep expertise in ethics, compliance, safety and employment law, having established and led global employee relations and governance frameworks for several large multinational organisations overseas, and as a partner in two Australian national law firms. Her experience includes oversight of whistleblowing systems, executive and board-level investigations, major enterprise bargaining and consultation processes, and the governance of large-scale organisational change and greenfield projects. She has also advised the boards and executive leadership teams of government-owned corporations, including CS Energy, on executive, industrial relations and safety matters.

Joanna is a qualified lawyer, with a Bachelor of Laws and postgraduate qualifications in industrial relations. Joanna is recognised as a leading practitioner in employment, industrial relations, safety and workplace governance. She brings to the CS Energy Board a strong focus on people, culture, ethical leadership and risk management, supporting safe, compliant and high-performance workplaces aligned with long-term organisational and public sector objectives.

Joanna is a member of CS Energy's Safety and Environment Committee and People, Culture and Remuneration Committee.

David Stevens

BCom, GAICD, CTA, FCPA

Non-Executive Director

Director since 18 December 2025

David has had a highly accomplished career in international tax, finance and strategy spanning 30 years across Australia, Asia and the Middle East. He has leadership, investment, senior management, taxation, government relations, regulatory, governance and professional company director experience.

David brings international executive and board level experience having been a non-executive director of Powerlink Queensland and the specialist arts training institution owned by Swinburne University - the National Institute of Circus Arts. In addition he was an inaugural member of PwC Middle East's Board of Partners and is founder and Executive Director of private companies in consulting and property.

He has a Bachelor of Commerce from the University of Melbourne, with majors in Economics and Accounting, and minors in Commercial Law and Statistics.

David is a member of CS Energy's Finance, Risk and Audit Committee and the Performance and Investment Committee.

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Directors' report

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Officers of the Group

The following persons were officers of the Group during the financial year and up to the date of this report, unless otherwise noted:

- Tony Bellas, Acting Chief Executive Officer.
- Andrew Buswell, Chief Operating Officer.
- Cameron Collins, Chief Financial Officer.
- Mark Powell, Chief Corporate Services Officer.
- Sophie Sangster, Chief Commercial Officer.
- Katie Whittle, Chief Energy Transition Officer.
- Tara Hogan, Company Secretary.
- Jane Fitzpatrick, Alternate Company Secretary.
- Krystal Gordon, Alternate Company Secretary.
- Brian Gillespie, Chief Executive Officer, to 27 March 2026.
- Michael Lynch, Acting Chief Energy Transition Officer, to 5 January 2026.
- Emma Roberts, Acting Chief Executive Officer & Executive General Manager Customer and Growth, to 29 August 2025.
- Barry Millar, Executive General Manager People, Safety and Transformation, to 8 August 2025.

Tony Bellas

Acting Chief Executive Officer since 27 March 2026

B Econ, Dip Ed, MBA, FCPA, FAICD, FGS (London)

Tony Bellas is a company director on a number of listed and unlisted companies, and has more than 30 years of experience across the public, private, and not-for-profit sectors. He currently serves as a director of three ASX-listed companies: NOVONIX Ltd, a battery materials company with operations in Queensland and overseas, State Gas Ltd, a gas exploration and development company with operations in central Queensland and Green and Gold Minerals Pty Ltd, a gold and rare minerals exploration company with operations in North Queensland.

He has previously served as chairman of ASX-listed companies: ERM Power, Corporate Travel Management, Shine Justice and intelliHR. He was previously a non-executive director on the boards of Healthcare Logic Pty Ltd and Axon Graphite Pty Ltd.

In his executive career, Tony served as CEO of CS Energy, Ergon Energy, and Seymour Group. Prior to entering the electricity industry, he had a long career in the Queensland Treasury, rising to the rank of Deputy Under Treasurer. In 2012 he was appointed as Chair of the Independent Review Panel on Network Costs in Queensland, which provided a report to the Queensland Government on options to address the impact of network costs on electricity prices.

In 2020, Tony retired as a Director of Endeavour Foundation, one of Australia's largest not-for-profit organisations supporting people with a disability. His 10-year service on the Board included four years as Chairman (2015 to 2019). Since 2001, Tony has served as a Director of the Brisbane State High School Foundation.

Tony was awarded the Centenary Medal in 2001 in recognition of his distinguished career in public service.

Tony was appointed as Chair of CS Energy in December 2024 and is a member of CS Energy's Performance and Investment Committee and the People, Culture and Remuneration Committee.

On 27 March 2026 he was appointed as Acting CEO of CS Energy on a temporary basis while recruitment was carried out for a new Chief Executive Officer. On 9 April 2026, Tony took a temporary Leave of Absence from the CS Energy Board (and Board committees of which he is a member) for the period he is acting in the CEO role.

Andrew Buswell

Chief Operating Officer

BSc (Hon), MBA

Andrew Buswell joined CS Energy as Chief Operating Officer on 31 March 2025 to lead our operations across the company's generation fleet, aligning asset management and operational responsibilities with process safety. He leads CS Energy's key plant operations functions including operations and maintenance, engineering services and governance, overhauls, process safety, performance reliability and analytics, and health, safety and environment.

With more than 30 years' of global experience in the resources and mining sectors, Andrew has consistently delivered results in operational excellence, capital projects, and asset management through leadership roles at organisations including Rio Tinto, BHP, Orica, and Xenco Mining Services.

Andrew's ability to drive innovation and operational improvements across complex industries makes him a key contributor in maximising CS Energy's assets.

Cameron Collins

Chief Financial Officer

B Bus, CA, GAICD

Cameron Collins was appointed as Chief Financial Officer in 2024 after acting in the role for 12 months. Leading the CFO division Cameron is responsible for the Finance, Enterprise Planning, Reporting and Analysis, Procurement and Digital and Technology functions.

Prior to this, Cameron was CS Energy's Head of Finance, where he was responsible for financial reporting and management accounting, budgeting and forecasting, treasury, taxation, investment governance, and finance shared services.

Cameron joined CS Energy in 2009, during which time he has developed a thorough knowledge of the energy sector and demonstrated strong commercial and financial acumen and leadership capability, which has resulted in Cameron also holding other senior leadership and executive leadership roles including Head of Risk and Compliance and Acting Chief Financial Officer.

Prior to joining CS Energy, Cameron held several senior finance roles working in industry across both business advisory, and audit and assurance disciplines.

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Mark Powell**Chief Corporate Services Officer**

LLB, B Bus, MCPRA, MAICD

Mark Powell is a senior executive and enterprise leader who connects Board direction, government expectations and enterprise risk to the decisions that shape CS Energy's performance, licence to operate and shareholder confidence.

As Chief Corporate Services Officer and member of the Executive Leadership Team, Mark leads CS Energy's Corporate Affairs, Risk, Internal Audit, and Legal and Company Secretariat functions. He is accountable for the governance, risk, compliance and assurance frameworks that underpin disciplined decision-making across the company, and maintains CS Energy's structured engagement with government and shareholding stakeholders on material risks, strategic priorities and the company's capital and portfolio transition agenda.

Mark brings more than 20 years of cross-sector experience in enterprise governance, risk, stakeholder leadership and strategy across energy, government, financial services, professional services and consumer goods, in Australia and internationally.

At MLC Life Insurance, he led sustainability and corporate affairs, served on the steering committee for a \$13 billion merger, and delivered a crisis communications response during regulatory enforcement that achieved materially lower negative sentiment than industry comparators. At PMI, he was a member of the regional Executive Leadership Team and led integrated advocacy campaigns that secured passage of national legislation and Commonwealth Budget funding for a multi-agency enforcement taskforce. At PwC in Dubai, he directed multi-year government strategy engagements for sovereign clients, including a five-year foreign investment attraction strategy for a G20 economy and ongoing advisory to the Executive Office of a Prime Minister.

A lawyer and former management consultant, Mark holds a Bachelor of Laws and a Bachelor of Business from the Queensland University of Technology and a Graduate Diploma of Legal Practice from the College of Law. He is a member of the Australian Institute of Company Directors and Communication and Public Relations Australia.

Sophie Sangster**Chief Commercial Officer**

LLB, GradDipLegPrac, LLM

Sophie Sangster joined CS Energy as General Counsel in 2024 and was appointed to the position of Chief Commercial Officer in October 2025, having acted in the role for two months. She is responsible for CS Energy's trading team, retail business, commercial partnerships, joint ventures, and resources supply and plays a key leadership role in the development of our business strategy.

Sophie has 20 years' experience in both private practice and in-house legal and commercial teams. Prior to joining CS Energy, she was Head of Commercial and Risk at an ASX-listed infrastructure contractor and has extensive experience across sectors such as government, energy, facilities services, defence, utilities, roads, transport, and major infrastructure projects.

Katie Whittle**Chief Energy Transition Officer since 6 January 2026**

MEng (Oxon)

Katie Whittle joined CS Energy as Chief Energy Transition Officer in January 2026. In this role she leads the teams responsible for developing new energy generation and storage projects, and CS Energy's corporate strategy and sustainability plan. Katie is motivated by the opportunity to strengthen CS Energy's financial resilience and advance our future asset portfolio to support the realisation of a sustainable energy transition.

Katie joined CS Energy from Shell where she held senior executive roles with Shell and Shell joint ventures in the offshore wind, oil and gas sectors in a career that has covered roles in the UK, Europe, Africa and Australia. Her most recent role prior to joining CS Energy was General Manager, Engineering and Execution, for Shell's Global Offshore Wind business, where she was responsible for the full lifecycle of Shell's offshore wind capital project portfolio.

Throughout her career, Katie has led the development and delivery of major energy assets, including natural gas, offshore wind, and emerging low-carbon technologies. She is widely recognised for building inclusive, high-performing teams and cultures of trust, accountability, and collaboration. She has a strong track record in delivering complex infrastructure and energy transition initiatives and is well positioned to lead CS Energy's transformation and contribute to our long-term growth strategy.

Tara Hogan**Company Secretary**

LLB, B. Bus (Accy), MAICD

Tara Hogan was appointed to the position of Company Secretary in September 2025, having acted in the role from March 2025. Tara has 30 years' experience as a lawyer, and risk and governance professional. Tara has worked extensively in private legal practice as well as in-house legal and executive leadership roles. Prior to joining CS Energy, Tara was General Counsel and Company Secretary at an ASX-listed gas producer and has broad experience across financial services, energy, property and facility management, defence, maritime, infrastructure and staffing sectors.

Krystal Gordon (Assistant Company Secretary) GIA (Affiliated) is appointed as an alternate Company Secretary for the Group. Krystal has 7 years' governance experience.

Jane Fitzpatrick (Special Counsel) BA, LLB is appointed as an alternate Company Secretary for the Group. Jane has over 30 years' experience as a lawyer and governance professional.

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Principal activities

During the year, the principal activity of the Group was the generation and sale of electricity to wholesale and retail customers.

Dividends

There were no dividends paid or declared in respect of the current financial year (2025: \$ nil).

Review of operations

Health and safety

The Group maintained its commitment to safety throughout FY2026, with a focus on ensuring all employees and contractors return home safely each day and strengthening critical risk management and governance across operations.

CS Energy safety performance achieved significant improvements over the reporting period. Reductions in both Total Recordable Injury Frequency Rate and High Potential Injury Frequency Rate, the latter halving since mid-2025 and remaining below target, reflected improved control effectiveness and greater focus on high-potential risk prevention.

In response to the April 2025 Callide C3 event, the Group progressed its Process Safety Improvement Program to strengthen critical safety systems and risk management. Key initiatives included the Hazardous Areas Rectification Project and implementation of an enhanced Overhaul Safety Framework to improve governance and management of critical risks during major outages.

Health and wellbeing remained a priority, with the program continuing as a cornerstone initiative incorporating the 10,000 Steps Challenge alongside flu vaccinations, audiometric testing, moulded hearing protection, skin checks and tailored programs for high stress roles.

Regulatory performance improved significantly, with no notices issued to Callide during the annual WHSQ audit, representing a marked improvement on the previous year.

Performance

CS Energy delivered an Underlying EBITDA of \$290.9 million (2025: \$28.0 million), including the one-off receipt of insurance proceeds related to the 2021 Callide Unit C4 incident. The Group recorded a net loss after tax of \$27.4 million (2025: \$324.4 million net loss after tax). This outcome was driven by insurance proceeds, reductions in site costs and corporate overheads and lower depreciation (together an improvement of \$308 million) offset by market-related reductions in gross margin, financing, loss on disposal and non-cash costs (together a reduction in earnings of \$93 million compared with FY2025).

During the year the Group recorded sales (including wholesale, retail and realised fair value through profit or loss) of \$1,857 million which were lower compared to the prior year (2025: \$1,904 million). CS Energy sent out 10,544 GWh of electricity to the NEM in FY2026, supported by improved thermal generation availability from our portfolio (2025: 9,538 GWh). The impact of higher generation was offset by lower electricity prices in Queensland during the period due

to improved availability from baseload coal-fired power stations, and generation from several new wind and Battery Energy Storage System (BESS) projects. Queensland's average spot market price in FY2026 was \$65.47/MWh (2025: \$109.54/MWh).

CS Energy invested in its thermal generation fleet in FY2026 to support reliable electricity generation in line with the Crisafulli Government's Electricity Maintenance Guarantee. The Group completed two major overhauls of units C3 and C4 at Callide Power Station, and carried out sustaining maintenance works representing an investment of more than \$80 million (representing CS Energy's 50% interest). Both units were returned to service on schedule, enabling CS Energy to meet its operational targets.

Cash generated from operations for the year was a net inflow of \$130.5 million (2025: net outflow of \$124.4 million) which includes the receipt of insurance proceeds. CS Energy has not provided for a dividend for FY2026 and has retained the insurance proceeds to manage the operational priorities of the business.

Queensland Energy Roadmap

On 10 October 2025, the Crisafulli Government announced the Queensland Energy Roadmap 2025 giving direction to Government owned generators to remain focused on existing assets and core business to supply affordable and reliable energy and build a sustainable longer-term portfolio. Aligned with the Queensland Energy Roadmap, Government owned generators will also partner with the private sector on new investment opportunities that meet portfolio need and deliver commercial value. During the year ended 30 June 2026, CS Energy progressed several key transactions delivering on this initiative. Refer to notes 14 and 15 in the Notes to the Consolidated Financial Statements.

Policy and regulatory developments

Policy and regulatory reform in the Australian electricity and gas markets continued at pace in FY2026 with governments maintaining a strong role through actions at the national and jurisdictional levels.

At the national level, the Expert Panel appointed by the Federal Government to undertake a review of the National Electricity Market wholesale settings to ensure the market is fit-for-purpose delivered its final recommendations. Governments are now working through the implementation process of these recommendations including the potential introduction of an Electricity Services Entry Mechanism. The Federal Government also progressed its Gas Market Review, proposing a domestic reservation policy that will apply to exporters of liquified natural gas. The Group is proactive in these reform processes, maintaining a voice in policy and regulatory developments by participating in relevant consultation processes and working groups, and through its membership of various industry bodies including the Australian Energy Council, the Queensland Renewable Energy Council and the Australian Financial Markets Association.

At the jurisdictional level, governments have continued support for the energy transformation through state-based schemes. In Queensland, the Government is supportive of a transformation that delivers affordable, reliable and sustainable energy through the launch of its five-year Energy Roadmap. The Group was engaged in this process.

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Throughout the year, significant market design issues were also brought forward for consultation and implementation as part of the reform agenda including a range of measures to ensure the security of the power system. This included the Australian Energy Market Operator's Transition Plan for System Security' and consideration of whether current frameworks for essential system services are fit for purpose. The Reliability Panel performed its National Electricity Market Reliability Standard and Settings Review, and reforms were made to facilitate the visibility and participation of Consumer Energy Resources into the market. Each of these reforms has the potential to significantly change the markets in which the Group operates and accordingly, the Group has been, and will remain, involved in all consultations and industry forums relevant to those design issues.

Other matters

In FY2026 the appeal of the successful defence by CS Energy Limited of a class action in relation to electricity prices was heard by the Full Court of the Federal Court.

As at 30 June 2026, the Court had not yet handed down its judgment.

Indemnity and insurance of officers

In accordance with its constitution, CS Energy indemnifies all officers of the Company and its controlled entities, including directors and officers of each of the Group entities, against certain liabilities. The Company has entered into Deeds of Indemnity, Access and Insurance with current directors, senior executives and certain other officers indemnifying them to the maximum extent permitted by law against liabilities that may arise from their position as directors and officers of the Company and its controlled entities, or acting as an authorised representative of the Company and its controlled entities including as a director of a company in which a Group entity holds shares or a company associated with a Group entity, except where the liability arises out of conduct attributable to a lack of good faith or is a liability owed to the Company or a related body corporate. The senior executives and officers are the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Commercial Officer, Chief Corporate Services Officer, Chief Energy Transition Officer, and Company Secretaries of each of the Group entities. The indemnity includes legal costs and expenses incurred in connection with certain claims or proceedings, excluding criminal proceedings where the director or officer is found guilty or proceedings for liabilities not covered by the indemnity.

The Company maintains Directors and Officers liability insurance to insure all officers of the Company and its controlled entities, including directors and officers of each of the Group entities. The indemnity, access and insurance cover continues for seven years following cessation of the role.

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*.

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Directors' meetings

The number of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2026, and the number of meetings attended by each director were:

Board and Committee meeting attendance

Director	Board [#]		Performance and Investment Committee		Safety and Environment Committee		Finance Risk and Audit Committee		People, Culture and Remuneration Committee	
	H	A	H	A	H	A	H	A	H	A
Adam Aspinall ⁽¹⁾	4	2	N/A	N/A	1	1	2	2	N/A	N/A
Tony Bellas ⁽²⁾	13	13	4	4	N/A	N/A	N/A	N/A	2	2
Jeff Seeney ⁽³⁾	18	18	6	6	N/A	N/A	N/A	N/A	5	5
Stephen Harty ⁽⁴⁾	18	14	4	3	4	4	4	4	N/A	N/A
Kimberley Swords ⁽⁵⁾	6	6	2	2	1	1	N/A	N/A	1	1
Mark Carkeet ⁽⁶⁾	2	2	N/A	N/A	N/A	N/A	0	0	0	0
Kellie Charlesworth ⁽⁷⁾	2	1	0	0	N/A	N/A	0	0	N/A	N/A
James Versace ⁽⁸⁾	16	16	N/A	N/A	3	3	7	7	N/A	N/A
Wendy Agar ⁽⁹⁾	16	12	N/A	N/A	N/A	N/A	5	5	5	5
Seanna Strong ⁽¹⁰⁾	12	10	N/A	N/A	3	3	4	4	N/A	N/A
Joanna Glynn ⁽¹¹⁾	12	11	N/A	N/A	2	2	N/A	N/A	4	4
David Stevens ⁽¹²⁾	12	12	4	4	N/A	N/A	3	3	N/A	N/A
Alison Smith ⁽¹³⁾	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

H – number of meetings held during the time the director was a member of the board or committee during the year, and not on leave of absence. Some meetings (9 Board meetings; 2 Finance, Audit and Risk Committee meetings; 3 Performance and Investment Committee meetings; and 2 People Culture and Remuneration Committee meetings) were called at short notice and not all members were able to attend.

A – number of meetings attended as a member.

N/A – not a member of the committee during the year. This table does not record the attendance of directors at committee meetings of which they were not a member.

– Location of board meetings included: Fortitude Valley (15 meetings), Callide Power Station (1 meeting), Chinchilla (1 meeting), Kogan Creek Power Station (1 meeting).

Notes:

(1) Adam Aspinall's term expired on 30 September 2025.

(2) Tony Bellas took a leave of absence from the Board on 9 April 2026.

(3) Jeff Seeney was appointed as Acting Chair of the Board on 9 April 2026.

(4) Stephen Harty was appointed as Chair of the Finance, Risk and Audit Committee until 25 September 2025 when he was appointed as Chair of the Safety and Environment Committee.

(5) Kimberley Swords was appointed as Chair of the People, Culture and Remuneration Committee on 12 August 2025 and ceased being a Director on 18 December 2025.

(6) Mark Carkeet ceased being a Director on 7 August 2025.

(7) Kellie Charlesworth ceased being a Director on 7 August 2025.

(8) James Versace was appointed to the Board on 7 August 2025 and appointed as Chair of the Finance, Risk and Audit Committee on 25 September 2025.

(9) Wendy Agar was appointed to the Board on 7 August 2025 and appointed as Chair of the People, Culture and Remuneration Committee on 5 February 2026.

(10) Seanna Strong was appointed to the Board on 1 October 2025.

(11) Joanna Glynn was appointed to the Board on 18 December 2025.

(12) David Stevens was appointed to the Board on 18 December 2025.

(13) Alison Smith resigned from the Board on 7 July 2025.

CS Energy Limited

Directors' report

30 June 2026

Auditor

The Queensland Audit Office continues in office in accordance with section 327 of the *Corporations Act 2001*.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 34.

Rounding of amounts to the nearest thousand dollars

The company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2026/183*, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' report and financial report.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



Jeff Seeney
Acting Chair



James Versace
Director

27 August 2026
Brisbane

CS Energy Limited

Auditor's independence declaration

To the Directors of CS Energy 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 CS Energy Limited's financial report for the year ended 30 June 2026, and lead auditor of CS Energy Limited's sustainability report 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.
- (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.

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

Irshaad Asim

Irshaad Asim
as delegate of the Auditor-General

27 August 2026

Queensland Audit Office
Brisbane

CS Energy Limited

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2026

	Note	2026 \$'000	2025 \$'000
Revenue	2	1,856,656	1,904,008
Loss on disposed assets		(33,188)	(260)
Interest income		20,866	37,466
Other income ⁽¹⁾		236,097	4,858
Expenses			
Fuel		(211,428)	(172,456)
Electricity and energy services expense		(751,653)	(875,361)
Services and consultants		(304,841)	(337,736)
Finance costs	3	(103,865)	(99,336)
Employee benefit expense		(218,087)	(202,071)
Raw materials and consumables		(90,546)	(61,976)
Capacity payments and operating leases		(51,379)	(49,973)
Other expenses	3	(151,784)	(115,080)
Fair value through profit/(loss)	6	(63,561)	(123,781)
Depreciation and amortisation		(120,268)	(147,341)
Impairment (losses)	16	(11,311)	(82,906)
Provision remeasurements		(12,284)	109,861
Loss before income tax expense		(10,576)	(212,084)
Income tax expense	18	(16,851)	(112,299)
Loss after income tax expense for the year		(27,427)	(324,383)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial (loss) on defined benefit plan, net of tax		2,271	(3,086)
Items that may be reclassified to profit or loss			
Changes in fair value of cash flow hedges, net of tax	21	107,215	92,983
Other comprehensive income for the year, net of tax		109,486	89,897
Total comprehensive income/(loss) for the year		82,059	(234,486)

(1) Other income includes insurance and legal recoveries in relation to material damage and business interruption losses arising from the Callide C4 incident that occurred in May 2021 and the successful defence of a class action.

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Year in review

Corporate Governance

Financial Report

Sustainability Report

Definitions and acronyms

CS Energy Limited

Consolidated statement of financial position

As at 30 June 2026

	Note	2026 \$'000	2025 \$'000
Assets			
Current assets			
Cash and cash equivalents	4	144,004	55,405
Trade and other receivables	5	593,630	662,264
Prepayments	11	778	220,337
Inventories	12	189,984	169,268
Derivative financial instruments	6	307,671	98,919
Assets classified as held for sale	15	1,001,016	-
Total current assets		2,237,083	1,206,193
Non-current assets			
Property, plant and equipment	16	1,527,822	1,999,296
Intangible assets		9	472
Net deferred tax assets	18	26,010	91,534
Retirement benefit net assets	13	20,675	18,026
Prepayments	11	64,707	61,338
Derivative financial instruments	6	149,720	91,169
Total non-current assets		1,788,943	2,261,835
Total assets		4,026,026	3,468,028
Liabilities			
Current liabilities			
Trade and other payables	7	476,727	349,355
Provisions	17	93,491	87,872
Borrowings	8	667,695	242,053
Liabilities classified as held for sale	15	93,854	-
Derivative financial instruments	6	200,338	125,031
Total current liabilities		1,532,105	804,311
Non-current liabilities			
Trade and other payables	7	13,553	14,071
Provisions	17	306,887	354,217
Borrowings	8	887,355	1,269,491
Derivative financial instruments	6	119,546	55,517
Total non-current liabilities		1,327,341	1,693,296
Total liabilities		2,859,446	2,497,607
Net assets		1,166,580	970,421
Equity			
Share capital	19	2,506,070	2,391,970
Cash flow hedge reserves	21	64,351	(42,864)
Accumulated losses		(1,403,841)	(1,378,685)
Total equity		1,166,580	970,421

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

CS Energy Limited

Consolidated statement of changes in equity

For the year ended 30 June 2026

	Issued capital	Cash flow hedge reserve	Accumulated losses	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2025	2,391,970	(42,864)	(1,378,685)	970,421
Loss after income tax expense for the year	-	-	(27,427)	(27,427)
Other comprehensive income for the year, net of tax (note 21)	-	107,215	2,271	109,486
Total comprehensive income/(loss) for the year	-	107,215	(25,156)	82,059
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 19)	114,100	-	-	114,100
Balance at 30 June 2026	2,506,070	64,351	(1,403,841)	1,166,580

	Issued capital	Cash flow hedge reserve	Accumulated losses	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2024	1,347,570	(135,847)	(1,051,216)	160,507
Loss after income tax expense for the year	-	-	(324,383)	(324,383)
Other comprehensive income/(loss) for the year, net of tax (note 21)	-	92,983	(3,086)	89,897
Total comprehensive income/(loss) for the year	-	92,983	(327,469)	(234,486)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 19)	1,044,400	-	-	1,044,400
Balance at 30 June 2025	2,391,970	(42,864)	(1,378,685)	970,421

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

CS Energy Limited

Consolidated statement of cash flows

For the year ended 30 June 2026

		2026	2025
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash receipts from customers		2,340,321	2,101,139
Cash payments to suppliers and employees		(2,117,795)	(2,154,962)
Cash margining contributions		(9,582)	(12,503)
Interest received		488	19,910
Operating borrowing costs paid		(82,921)	(77,979)
Net cash inflow/(outflow) from operating activities	4	130,511	(124,395)
Cash flows from investing activities ⁽¹⁾			
Payments for property, plant and equipment		(669,668)	(845,742)
Proceeds from sale of property, plant and equipment		255,153	294
Payments for other financial assets		(32,530)	(271,401)
Receipts from other financial liabilities		180,197	-
Payments for deposits and loan receivables		(497,650)	(1,024,711)
Proceeds from deposits and loan receivables		529,157	889,183
Net cash outflow from investing activities		(235,341)	(1,252,377)
Cash flows from financing activities ⁽¹⁾			
Proceeds from equity contributions		114,100	1,044,400
Proceeds from borrowings	4	329,532	111,411
Repayment of borrowings	4	(35,383)	(162,385)
Net (repayment)/proceeds from short-terms borrowings	4	(212,906)	212,906
Principal payment of lease liabilities	4	(1,914)	(1,761)
Net cash inflow from financing activities		193,429	1,204,571
Net increase/(decrease) in cash and cash equivalents		88,599	(172,201)
Cash and cash equivalents at the beginning of the financial year		55,405	227,603
Effects of exchange rate changes on cash and cash equivalents		-	3
Cash and cash equivalents at the end of the financial year	4	144,004	55,405

(1) Cash flows from investing and financing activities include respectively net cash outflows of \$191.5 million and net cash inflows of \$160.2 million relating to assets held for sale. Refer note 15.

Notes to the consolidated financial statements

30 June 2026

Note 1. Basis of preparation

These consolidated financial statements are general purpose financial statements for the year ended 30 June 2026 and were authorised for issue by the Board of Directors on 27 August 2026. The Consolidated Statement of Profit or Loss and Other Comprehensive Income has been prepared using the nature of the revenues and expenses.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Group's consolidated financial statements:

- Has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB), the *Government Owned Corporations Act 1993* and related regulations and the *Corporations Act 2001*. CS Energy Limited is a for-profit entity for the purpose of preparing the consolidated financial statements.
- Has been prepared using the historical cost convention with the exception of derivative financial instruments measured at fair value and the superannuation defined benefit plan.
- Are presented in Australian dollars. The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183*, issued by the Australian Securities and Investments Commission, relating to the 'round off' of amounts in the consolidated financial statements. Amounts in the consolidated financial statements has been rounded off in accordance with that Instrument to the nearest thousand dollars, except as otherwise stated.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of CS Energy Limited ('Company' or 'Parent entity') as at 30 June 2026 and the results of all subsidiaries for the year then ended. CS Energy Limited and its subsidiaries together are referred to in these consolidated financial statements as the Group.

All intra-group transactions and balances are eliminated in full on consolidation.

Investment and interests in subsidiaries are set out in note 27.

Critical accounting estimates and judgements

The preparation of consolidated 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.

The accounting policy and key judgements and estimates are presented in their respective note disclosures.

Judgements and estimates that are material to the consolidated financial statements are disclosed in the relevant notes as follows:

Area	Note Number
Derivative financial instruments	note 6
Impairment of property, plant and equipment	note 16
Provision for onerous contracts	note 17
Provision for rehabilitation and site closure	note 17
Deferred tax	note 18

CS Energy Limited

Notes to the consolidated financial statements

30 June 2026

Note 1. Basis of preparation (continued)

Going concern

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

For the year ended 30 June 2026, the consolidated entity incurred a net loss after tax of \$27.4 million (2025: net loss after tax of \$324.4 million) and generated positive operating cash flows of \$130.5 million (2025: negative operating cash flows of \$124.4 million). The current year result includes the one-off receipt of insurance proceeds related to the Callide C4 incident in May 2021.

The Group's borrowings have increased since 2021 following the Callide C4 generator failure and partial collapse of the Callide C cooling tower which resulted in significant lost earnings and investment into capital rebuild. As at 30 June 2026, the Group was in breach of 2 out of 3 lending covenants due to the increased borrowings, with the gearing ratio the only metric achieved. The covenants in breach were EBITDA Interest Cover and Total Debt to EBITDA.

During the year ended 30 June 2026, CS Energy undertook initiatives to reduce debt levels through a balance sheet restructure. The following transactions during the year have contributed to an improved financial position as at 30 June 2026:

- The Group finalised negotiations with its insurers in relation to the Callide Unit C4 incident that occurred in May 2021.
- On 30 June 2026, the Group completed a transaction to transfer its 50 per cent equity stake in the Boulder Creek Wind Farm.
- Through the QIC Investor Gateway, CS Energy is undertaking a transaction to secure equity investment in the Group's 100 per cent interest in the Lotus Creek Wind Farm project.
- On 1 December 2025, CS Energy entered into a Joint Development Agreement with APA Group to progress development of the Brigalow Peaking Power Plant.

CS Energy forecasts a voluntary partial repayment of borrowings of \$660 million with proceeds mainly from the abovementioned wind farm transactions. The Group continues to work with its financier to develop a pathway to comply with debt covenants.

In assessing the appropriateness of preparing the consolidated financial statements on a going concern basis, the Directors have considered the following:

- A waiver letter received by the Group from Queensland Treasury Corporation dated 1 June 2026, relating to the breach of loan covenants, which remains effective until 1 October 2028.
- A letter from Queensland Treasury Corporation dated 12 June 2026 confirming that there are currently no amounts repayable on demand, nor any circumstances that would give rise to amounts becoming payable by the Group other than on specified dates.
- Cash flow forecasts and revenue projections covering a period of at least thirteen months from the date of this report.

In addition to the considerations above, the Group's ability to continue as a going concern is dependent upon the continued support of the Queensland Government.

Based on the information available, the Directors believe there are reasonable grounds to conclude that the Group will be able to pay its debts as and when they fall due. The Directors remain confident in the Group's ability to generate operating cash flows and secure sufficient funding to meet its obligations.

New and amended accounting standards adopted by the Group

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Notes to the consolidated financial statements

30 June 2026

Note 2. Revenue

Accounting Policy

The Group derives its revenue through the selling of energy into the National Electricity Market (NEM). To reduce the volatility of cash flow earnings, a portion of the Group's physical energy is hedged through the use of various financial contracts such as swaps and options. The value of open positions as at the reporting date can be found in note 6.

Sale of electricity - wholesale

The majority of the Group's revenue is earned from the sale of electricity into the NEM. Revenue from the sale of electricity is recognised at the point in time when the electrons are dispatched into the NEM. The settlement amount for effective cash flow hedges are recognised in electricity revenue in the period to which the contract settlement relates.

Sale of electricity - retail

Revenue is recognised separately for retail contracts. Retail contract revenue is calculated based on the terms of the individual contracts. Revenue from the sale of electricity to customers is recognised at the point in time the performance obligation is satisfied, and the energy has been dispatched to the customer.

Revenue from operation and maintenance services

Revenue is earned for the provision of operation and maintenance services directly attributable to the delivery of electricity to customers and services performed for other entities. The Group has assessed this arrangement to represent a series of goods and services which recognises the revenue over time using the input method. These obligations are generally aligned with the maintenance work performed during the month or when the energy services are delivered.

	2026	2025
	\$'000	\$'000
Sale of electricity to the NEM	760,062	1,163,664
Net realised (losses)/gains on electricity contracts designated as cashflow hedges	127,120	(107,107)
Total sales of electricity - wholesale	887,182	1,056,557
Sales of electricity - retail	859,853	787,156
Total sales of electricity - retail	859,853	787,156
Operation and maintenance services	109,621	60,295
Revenue from operation and maintenance services	109,621	60,295
Total revenue	1,856,656	1,904,008

Note 3. Expenses

	2026	2025
	\$'000	\$'000
Finance Costs		
Interest on borrowings ⁽¹⁾	84,676	74,904
Interest expense on lease liabilities ⁽²⁾	2,545	2,314
Unwinding of discount on provisions and liabilities ⁽³⁾	15,393	21,253
Other finance costs	1,251	865
Total finance costs	103,865	99,336

(1) This includes a competitive neutrality fee which is paid to remove 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.

(2) Refer to note 8 for the Group's accounting policy for the unwinding of discount on lease liabilities.

(3) Refer to note 17 for the Group's accounting policy for the unwinding of discount on provisions.

CS Energy Limited

Notes to the consolidated financial statements

30 June 2026

Note 3. Expenses (continued)

	2026	2025
	\$'000	\$'000
Other expenses		
Insurance	31,435	32,992
Retail services	15,737	15,015
Technology	23,033	23,549
General and administration expenses ⁽¹⁾	74,693	34,671
Loss allowance on trade receivables	6,886	8,853
Total other expenses	151,784	115,080

(1) General and administration expenses during the year ended 30 June 2026 include a \$38.0 million write-off for a financial asset relating to acquisition rights to an energy infrastructure project.

Note 4. Cash and cash equivalents

	2026	2025
	\$'000	\$'000
Cash at bank	144,004	55,405
Total cash and cash equivalents ⁽¹⁾	144,004	55,405

(1) Cash and cash equivalents comprise of Australian dollars and American dollars amounting to \$138.1 million and \$5.9 million (2025: \$54.4 million and \$1.0 million) respectively.

	2026	2025
	\$'000	\$'000
Reconciliation of Profit before Income Tax to Net Cashflow from Operating Activities		
Loss before income tax	(10,576)	(212,084)
Income tax expense	(16,851)	(112,299)
Depreciation and amortisation	120,268	147,341
Impairment losses	11,311	82,906
Fair value adjustment to derivatives	23,881	109,091
Provisions change in value	(17,069)	(163,324)
Interest expense	17,938	23,566
Interest and other income	(20,108)	(16,815)
Net loss on sale of non-current assets	33,188	260
Retirement benefits adjustment	595	190
Change in operating assets and liabilities:		
(Increase)/decrease in receivables	246,304	(8,049)
(Increase)/decrease in inventories	(16,369)	(15,376)
(Decrease)/increase in trade and other payables	(258,851)	(72,101)
(Increase)/decrease in deferred tax assets	16,850	112,299
Net cash inflow/(outflow) from operating activities	130,511	(124,395)

	2026	2025
	\$'000	\$'000
Reconciliation of changes in Liabilities arising from Financing Activities		
Opening balance	1,511,544	1,312,489
Proceeds from borrowings	329,532	324,317
Repayment of borrowings	(248,289)	(162,385)
Payment of lease liabilities	(1,914)	(1,761)
Additions / (disposals) of leases	(35,823)	38,884
Closing Balance	1,555,050	1,511,544

Notes to the consolidated financial statements

30 June 2026

Note 5. Trade and other receivables

	2026	2025
Current Assets	\$'000	\$'000
Trade Receivables	265,528	293,922
Collateral ⁽¹⁾	4,005	21,450
Deposits and Loans Receivable ⁽²⁾	298,532	309,930
Other Receivables	36,444	46,592
Allowance for expected credit losses	(10,879)	(9,630)
Total current trade and receivables	593,630	662,264

(1) The Group has entered into derivative contracts on the Australian Securities Exchange (ASX). Collateral is provided to support the margin requirements to cover these positions.

(2) Includes funds deposited in the Queensland Treasury Corporation advances facility.

Accounting policy

Trade receivables are generally due for settlement within 30 days.

Trade and other receivables are initially measured at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method, less impairment allowance using the simplified approach.

Due to the nature of over-the-counter electricity contracts (OTC), the settlement is performed on a net basis with the respective counterparty.

In considering lifetime expected credit losses the Group has segmented trade receivables into the following categories:

Wholesale operations

Wholesale operations includes net electricity settlements with the Australian Energy Market Operator (AEMO) and wholesale derivative settlements with OTC counterparties. As at the reporting date, 71 per cent of the wholesale receivables are held with highly rated counterparties and AEMO. For the financial assets held with non-rated counterparties, CS Energy Limited generally requires credit support via a bank guarantee or cash deposits which are considered when assessing the lifetime expected credit loss.

The lifetime expected credit loss on wholesale receivables is \$ nil as at 30 June 2026 (2025: \$ nil).

Commercial and industrial (C&I) retail

The Group has entered into retail contracts with large commercial and industrial customers. These customers have ongoing credit reviews on their financial conditions to ensure credit exposures remain within approved levels. As at the reporting date, 88 per cent of the C&I retail receivables were either held with Queensland Government entities or highly rated counterparties. The Group does not recognise an impairment loss on balances owed by Queensland Government entities.

The lifetime expected credit loss on wholesale receivables is \$ nil as at 30 June 2026 (2025: \$ nil).

Residential and small to medium enterprise retail

Through joint operations, the Group has credit exposure to the residential retail market. For trade receivables, accrued and unbilled revenue, the joint operation applies the simplified approach. This is assessed based on customer segment, credit risk characteristics and days past due. The joint operations uses an allowance matrix to measure expected credit losses of trade receivables and unbilled revenue from customers. This considers historic experience, analysis of trends and underlying macro-economic conditions.

The lifetime expected credit loss on trade and other receivables has increased to \$6.88 million as at 30 June 2026 (2025: \$5.6 million).

CS Energy Limited

Notes to the consolidated financial statements

30 June 2026

Note 5. Trade and other receivables (continued)

Other receivables

The Group has other receivables primarily relating to construction retention, GST receivables and liquidated damages. Other receivables were assessed for impairment using the simplified approach based on their credit risk characteristics and days past due.

The lifetime expected credit loss on other receivables is \$4.0 million as at 30 June 2026 (2025: \$4.0 million).

Queensland Treasury Corporation advances facility

Credit risk of the advances facility is considered low due to low risk of default and the counterparty's strong capacity to meet contractual cash flow obligations. The funds are deposited with Queensland Treasury Corporation and held on behalf of Queensland Treasury. The funds are 100 per cent guaranteed by Queensland Treasury Corporation.

Refer to note 9 for further details of the Group's credit risk management strategy.

Note 6. Derivative financial instruments

	2026	2025
Derivative financial instrument assets	\$'000	\$'000
Current assets		
Electricity derivative contracts - cash flow hedges	47,014	1,406
Electricity derivative contracts - fair value through profit or (loss)	260,657	97,513
Total current derivative financial instrument assets	307,671	98,919
Non-current assets		
Electricity derivative contracts - cash flow hedges	28,344	2,927
Electricity derivative contracts - fair value through profit or (loss)	121,376	88,242
Total non-current derivative financial instrument assets	149,720	91,169
Derivative financial instrument liabilities	2026	2025
	\$'000	\$'000
Current liabilities		
Electricity derivative contracts - cash flow hedges	707	53,638
Electricity derivative contracts - fair value through profit or (loss)	185,102	70,378
Foreign exchange contracts - fair value through profit or (loss)	14,529	1,015
Total current derivative financial instrument liabilities	200,338	125,031
Non-current liabilities		
Electricity derivative contracts - cash flow hedges	210	10,187
Electricity derivative contracts - fair value through profit or (loss)	119,336	45,330
Total non-current derivative financial instrument liabilities	119,546	55,517

Critical accounting estimates and assumptions

The Group enters into financial derivative transactions including swaps and options to manage exposure to commodity and financial market risk. The fair value of these transactions is generally determined using observable market prices. The above valuations were influenced by assumptions made in the following areas:

- Forward prices and generation output.
- Financial deltas to account for option volatility.
- Discount rates.

Refer to note 10 for additional detail in relation to fair value techniques and assumptions.

Notes to the consolidated financial statements

30 June 2026

Note 6. Derivative financial instruments (continued)

Hedge Accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into. Derivatives are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Cash flow hedges

The Group applies hedge accounting on eligible electricity OTC swaps and futures contracts and performs ongoing assessment of effectiveness. The economic relationship is determined by matching the critical terms, such as volume, time period and region, between the hedging instrument and the hedged item. The hedge ratio is 100 per cent which reflects the economic relationship. Potential sources of ineffectiveness include the following:

- The volume of the hedging instruments in excess of the forecast volume of electricity sales to the NEM.
- Changes in counterparty credit risk.

The following table summarises the derivative financial instruments that have been designated in cash flow hedge relationships:

	Asset carrying value ⁽¹⁾		Liabilities carrying value ⁽¹⁾		Nominal hedge volume ⁽²⁾	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000	2026 GWh	2025 GWh
Derivatives designated as hedging instruments						
12 months or less	47,014	1,406	707	53,638	3,363	4,489
1 – 5 years	28,344	2,927	210	10,187	3,496	2,616
Total	75,358	4,333	917	63,825	6,859	7,105

(1) This amount is included in the Derivative Financial Instruments line items in the Consolidated Statement of Financial Position.

(2) Nominal hedge volume excludes volumes for other instruments that are economic hedges but not eligible for hedge accounting such as load following hedges.

The average strike rates for these instruments varies by product type and time period and ranges from \$65 to \$121 per MWh (2025: \$73 to \$139 per MWh).

	2026 \$'000	2025 \$'000
Hedging instrument		
Changes in fair value (used for calculating hedge ineffectiveness)	(133,252)	(125,162)
Hedged item		
Changes in value (used for calculating hedge ineffectiveness)	(133,208)	(125,113)
Hedge ineffectiveness		
Hedge ineffectiveness recognised in profit/(loss) ⁽¹⁾	2,171	3,778
Cash flow hedge reserve (before tax)		
Balance in cash flow hedge reserve related to continuing hedges	(73,815)	57,265
Balance in cash flow reserve for which hedge accounting is no longer applied	(18,115)	3,969
Cash flow hedge reserve (before tax)	(91,930)	61,234

(1) Ineffectiveness is included in the fair value gain/(loss) through profit/(loss) line in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Derivatives which do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. The main categories of non-qualifying instruments for the Group are options, load following hedges and instruments which were not designated as hedges. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

CS Energy Limited

Notes to the consolidated financial statements

30 June 2026

Note 6. Derivative financial instruments (continued)

		2026	2025
		\$'000	\$'000
Net realised (losses)/gains	Fair value through profit/(loss)	(36,840)	(14,690)
Net unrealised (losses)/gains	Fair value through profit/(loss)	(26,721)	(109,091)
Total changes in fair value of non-hedged accounted derivatives recognised in profit/(loss)		(63,561)	(123,781)

Master netting arrangement

Agreements with derivative counterparties are based on the International Swap and Derivative Association (ISDA) Master Agreement. Under the terms of these arrangements, where certain credit events occur (such as default), the net position owing or receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Group does not presently have a legally enforceable right of set-off, these amounts have not been offset in the Consolidated Statement of Financial Position.

Note 7. Trade and other payables

	2026	2025
	\$'000	\$'000
Current liabilities		
Trade payables	236,684	253,307
Other payables ⁽¹⁾	50,269	79,126
Environmental surrender obligation	9,577	16,922
Unearned revenue ⁽²⁾	180,197	-
Total current trade and other payables	476,727	349,355
Non-current liabilities		
Trade and other payables	13,553	14,071
Total non-current trade and other payables	13,553	14,071

(1) Balance includes \$2.7 million (2025: \$29.5 million) payable to counterparties relating to contract for difference settlements.

(2) Balance includes \$180.1 million received under a Joint Development Agreement. Refer to note 15.

Note 8. Borrowings

	2026	2025
	\$'000	\$'000
Current borrowings		
Queensland Treasury Corporation Loans – Unsecured	665,035	237,611
Lease liabilities	2,660	4,442
Total current borrowings	667,695	242,053

The fair value of Queensland Treasury Corporation loans as at 30 June 2026 was \$673.2 million (2025: \$239.2 million).

The fair value is the price that the notional underlying debt instruments funding the loan could be realised at balance date as advised by Queensland Treasury Corporation.

Capital restructure proceeds resulting from the transactions described in Notes 14 and 15 will be utilised to repay variable rate debt within 12 months.

Notes to the consolidated financial statements

30 June 2026

Note 8. Borrowings (continued)

	2026	2025
Non-current borrowings	\$'000	\$'000
Queensland Treasury Corporation Loans - Unsecured	875,254	1,221,434
Lease liabilities	12,101	48,057
Total non-current borrowings	887,355	1,269,491

The fair value of Queensland Treasury Corporation loans as at 30 June 2026 was \$855.3 million (2025: \$1,214.5 million).

The fair value is the price that the notional underlying debt instruments funding the loan could be realised at balance date as advised by Queensland Treasury Corporation.

Queensland Treasury Corporation must provide at least 24 months' notice to terminate the portfolio linked loan facility. Upon termination the fair value of the loans becomes immediately due and payable.

Queensland Treasury Corporation has structured the debt in accordance with directions specified by the Group and manages the portfolio linked loan facility such that the target duration maintains an evenly spaced maturity profile out to 11-12 years.

Variable rate loan facilities to fund the construction of renewable assets will be repaid over a 15-year term post commissioning of the assets. All other variable rate loan facilities are to be repaid upon expiry.

	2026	2025
Lease Payments	\$'000	\$'000
Principal	1,914	1,761
Interest	2,545	2,314
Other lease payments	10,599	8,754
Total cash outflow for leases	15,058	12,829

Accounting Policy

Interest bearing liabilities are stated at amortised cost.

Leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Group. The lease payments are discounted using the Group's incremental borrowing rate. Lease liabilities are subsequently measured using the effective interest method. Information on right-of-use asset is presented in note 16.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets, including computers, tablets, mobile phones, printers and small items of office furniture.

Note 9. Financial risk management

Financial risk management objective

The Group's overall risk management program focuses mainly on the unpredictability of the electricity and financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed.

1. Liquidity risk

The Group is exposed to liquidity risk through the volatility of its operating cash flows. The Group manages its exposure to liquidity risk by maintaining sufficient committed credit facilities to cater for unexpected volatility in cash flows. Funding approval is sought in advance for expenditure commitments that extend beyond the current financial year, pursuant to the Queensland Government's State Borrowing Program.

CS Energy Limited

Notes to the consolidated financial statements

30 June 2026

Note 9. Financial risk management (continued)

The tables below summarise:

- Available lines of funding.
- Contractual maturities of financial liabilities, including estimated interest payments, excluding the impact of netting agreements.
- Maturity profiles for derivative financial liabilities. The anticipated time at which cash flows from hedges are expected to impact profit or loss is consistent with maturity profiles.

	Carrying amount \$'000	Total contractual cash flows \$'000	Less than one year \$'000	1-5 years \$'000	More than 5 years \$'000
30 June 2026					
Non-derivative financial liabilities					
Loans from Queensland Treasury Corporation	1,540,289	1,816,457	724,389	289,485	802,583
Trade and other payables	310,083	317,314	297,688	7,587	12,039
Unearned revenue	180,197	180,197	180,197	-	-
Lease liabilities	14,761	20,015	3,442	14,140	2,433
Derivative financial liabilities					
Electricity contracts	305,355	311,143	185,102	126,041	-
Foreign exchange contracts	14,529	14,529	10,386	4,143	-
Total	2,365,214	2,659,655	1,401,204	441,396	817,055

30 June 2025					
Non-derivative financial liabilities					
Loans from Queensland Treasury Corporation	1,459,045	1,625,751	76,526	746,021	803,204
Trade and other payables	363,426	369,707	354,490	3,152	12,065
Lease liabilities	52,499	79,089	3,493	19,547	56,049
Derivative financial liabilities					
Electricity contracts	179,533	182,948	125,219	56,428	1,301
Foreign exchange contracts	1,015	1,015	1,015	-	-
Total	2,055,518	2,258,510	560,743	825,148	872,619

	2026 \$'000	2025 \$'000
Queensland Treasury Corporation and ANZ Facilities		

Facilities used at balance date

Queensland Treasury Corporation Facilities	1,540,289	1,459,045
Total	1,540,289	1,459,045

Queensland Treasury Corporation facility unused at balance date

Working Capital Facility ⁽¹⁾	225,000	162,094
Eligible Undertaking ⁽²⁾	5,000	5,000
Variable Rate Loan Facility ⁽³⁾	137,969	226,118
Working Capital Facility (wind farms) ⁽⁴⁾	78,244	-
Total	446,213	393,212

ANZ Facilities unused at balance date

Liquidity Facility ⁽⁵⁾	200,000	-
Total	200,000	-

Total facilities available	2,186,502	1,852,257
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Notes to the consolidated financial statements

30 June 2026

Note 9. Financial risk management (continued)

- (1) The Group has access to working capital facility to manage day to day cash flow requirements.
- (2) The Eligible Undertaking is utilised to manage compliance with CS Energy Financial Services Pty Ltd's Australian Financial Services Licence and is not available as cash.
- (3) The Group has access to multiple variable rate loan facilities with Queensland Treasury Corporation ranging in term from 15 months to 15 years for the construction of various renewable energy assets.
- (4) The Group has access to a Working Capital Facility to support short-term liquidity requirements requested for wind farm projects.
- (5) The ANZ liquidity facility is a short term back up liquidity facility that can be accessed in an emergency with approval from Queensland Treasury Corporation.

2. Credit risk exposures

A material exposure arises from OTC swap contracts and the Group is exposed to loss in the event that counterparties fail to settle the contracted amounts. The Group also has a concentration of credit exposure to the NEM, operated by the AEMO.

To manage credit risk appropriately, the Group has policies in place to ensure transactions, which may result in credit risk, either involve counterparties of appropriate credit quality, or that sufficient security is obtained. Overall credit risk is maintained within parameters specified by the Board so that a material loss on account of credit risk is relatively low. Financial derivative counterparties are limited to those that are at least investment grade (as determined by recognised providers of credit rating information) or alternatively provide credit enhancement. The Group also uses ISDA agreements with all derivative counterparties in order to limit exposure to credit risk through the netting of amounts payable to and receivable from individual counterparties. Cash investments are limited to high quality counterparties.

The carrying amount of the Group's financial assets (as disclosed in sub-points 4, 5, and 6) represents the maximum exposure to credit risk at reporting date.

A summary of the credit quality of financial asset is assessed by reference to publicly available external credit ratings as reflected in the following table:

	2026	2025
	\$'000	\$'000
Cash and cash equivalents		
A+ to A-	144,004	55,405
Total	144,004	55,405
Trade and other receivables and prepayments		
AAA+ to AA-	24,545	15,183
AA+ to AA-	323,196	329,382
A+ to A-	5,395	48,203
BBB+ to BBB-	30,420	218,041
BB to BB-	149	-
AEMO ⁽¹⁾	32,101	130,600
Other non-rated ⁽²⁾	243,309	202,530
Total	659,115	943,939
Derivative financial assets		
AA+ to AA-	33,820	9,041
A+ to A-	253,499	91,391
BBB+ to BBB-	119,890	29,546
Non-rated	50,182	60,110
Total	457,391	190,088

(1) Transactions with AEMO are settled on a net consolidated basis.

(2) The other non-rated receivables relate to amounts provided for but not invoiced as at 30 June 2026. Balances primarily represent receivables due from Gladstone Power Station participants in relation to the Interconnection and Power Pooling Agreement (IPPA) and the Power Purchase Agreement (Boyne Smelter Additional Load); receivables from non-rated retail customers including the Alinta joint operation and other deposits and loan receivables.

3. Interest rate risk

The Group is exposed to changes in interest rates via its borrowings, cash and cash equivalents and the General Government Sector Advances Facility.

CS Energy Limited

Notes to the consolidated financial statements

30 June 2026

Note 9. Financial risk management (continued)

The Group's borrowings with Queensland Treasury Corporation have been classified as loans with a fixed and floating interest rate exposure whilst cash and cash equivalents and the Advances Facility exposes the Group to floating interest rate exposures. The Group borrows exclusively from Queensland Treasury Corporation and has access to funds via portfolio linked loan facilities, which have an interest only in perpetuity repayment profile. The Group's short term ANZ liquidity facility which can be accessed in an emergency with approval from Queensland Treasury Corporation, has a floating interest rate exposure.

Debt funding for the construction of renewable assets is provided via dedicated variable rate loan facilities, which have an interest only repayment profile during the period of construction. Post commissioning of the assets, the intention is for the facilities to convert to a principal and interest repayment structure aligned with the asset's useful life, with Group cashflow forecasts used to inform the commencement date for principal and interest repayments.

The Group also has access to a variable rate loan facility to fund its collateral requirements for futures trades executed on the ASX, with amounts repaid able to be withdrawn up to the approved facility limit. The facility has an interest only repayment profile, however the group makes voluntary repayments to closely align the debt facility balance with the variation margin receivable asset balance.

The duration of debt is set to reduce exposures to adverse interest rate movements, match underlying business cash flows and reduce the overall cost of funding. The Group's cost of debt comprises of a book interest rate, administration fee and a competitive neutrality fee.

Sensitivity analysis

A change of 1 per cent in interest rates at the reporting date would have increased/(decreased) profit or loss for the year by the amounts shown in the following table. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis as 2025.

	1% increase		1% decrease	
	\$'000		\$'000	
Cash and cash equivalents	1,440		(1,440)	
Deposits and Loans Receivable	2,985		(2,985)	
Borrowings	(10,030)		10,085	

	2026	2026	2026	2025	2025	2025
	Floating	Fixed	Weighted	Floating	Fixed	Weighted
	Interest Rate	Interest Rate	average	Interest Rate	Interest Rate	average
	(1)	(1)	Interest	(1)	(1)	Interest
	\$'000	\$'000	Rate %	\$'000	\$'000	Rate %
Financial assets						
Cash and cash equivalents	144,004	-	2.24	55,405	-	3.91
Deposits and Loans Receivable	298,532	-	4.35	309,930	-	6.50
Total financial assets	442,536	-	4.23	365,335	-	6.21
			-			-
Financial liabilities						
Queensland Treasury Corporation loans - Non-current	317,901	557,353	5.40	664,081	557,353	5.41
Queensland Treasury Corporation loans - Current	665,035	-	5.29	237,611	-	4.84
Total financial liabilities	982,936	557,353	5.35	901,692	557,353	5.31

(1) Values represent closing balances of the facilities.

Notes to the consolidated financial statements

30 June 2026

Note 9. Financial risk management (continued)**4. Foreign currency risk**

The Group is exposed to foreign currency risk on the procurement of certain equipment from offshore suppliers. The Group manages its exposure to changes in foreign exchange rates through forward foreign exchange contracts. Significant foreign-denominated transactions undertaken in the normal course of operations are managed on a case-by-case basis.

5. Commodity price risk

The Group has policies and procedures in place to manage the financial risks associated with its operating activities. Derivative financial instruments are used to manage certain exposures to fluctuations in electricity prices.

The Group is exposed to commodity price risk on electricity and coal arising from the purchase and/or sale of these commodities. The Group does not use derivative financial instruments for risk management in relation to purchases of coal, but rather enters into long term fixed price supply agreements.

The Group is exposed to commodity price risk on electricity sales via the NEM. This risk arises from fluctuations in the wholesale price of electricity. Electricity swaps and futures contracts are used to manage this electricity price risk. The majority of these types of financial instruments have a time to maturity of between three months and three years.

The Group's risk management policy is to hedge a proportion of the production that is highly likely to occur. The policy prescribes a maximum hedge level for discrete time periods based on a number of operational, technical and market parameters.

Over-the-counter electricity contracts

The Group has entered into a number of OTC electricity contracts, which are mostly swap contracts. The majority of these swap contracts are such that the Group receives a fixed rate per megawatt hour from counterparties (predominantly retailers) in exchange for payment of the pool price per megawatt hour for the contract period.

Exchange traded electricity futures contracts

The Group has entered into a number of exchange traded electricity futures contracts. The majority of these contracts are such that the Group receives a fixed rate per megawatt hour in exchange for payment of the average pool price for the contract period. The contracts are settled on a daily basis by margin payments and receipts prior to and throughout the course of the contract period, based on the market price of the contract at the time.

Sensitivity analysis on the electricity derivative portfolio

The following table summarises the increase/(decrease) on the Group's profit or loss for the year and on equity, that would result from a 10 per cent increase/(decrease) in electricity forward prices on the electricity derivatives portfolio. The sensitivity analysis is based on reasonably possible changes, over a financial year, in the electricity price applicable to each financial instrument. All variables other than electricity prices are held constant in the analysis.

	Equity \$'000	Impact on pre-tax profit or (loss) \$'000
30 June 2026		
Electricity price - increase 10%	(213,099)	383,782
Electricity price - decrease 10%	(89,592)	(75,544)
30 June 2025		
Electricity price - increase 10%	(48,981)	8,129
Electricity price - decrease 10%	83,204	(43,552)

6. Capital management

The Group borrows exclusively from Queensland Treasury Corporation for all portfolio linked loan facilities and variable rate loan facilities. Queensland Treasury Corporation manages new debt raising and re-financing of existing borrowings on behalf

CS Energy Limited

Notes to the consolidated financial statements

30 June 2026

Note 9. Financial risk management (continued)

of the Group in accordance with agreed benchmarks.

The Group monitors capital with reference to the agreed financial covenants (EBITDA interest cover, total debt to EBITDA and total debt to total capital ratio). As at 30 June 2026, the Group was in breach of the EBITDA interest cover and total debt to EBITDA covenants. Queensland Treasury Corporation has extended the limited waiver for these financial covenants until 1 October 2028. The Group has agreed to new financial covenants with the Queensland Treasury Corporation which will commence from 1 July 2026 (EBITDA interest cover, EBITDA debt serviceability and total debt to total capital ratio).

Note 10. Fair values

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

30 June 2026	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Derivative financial assets				
Electricity contracts	253,099	80,861	123,432	457,392
Total	253,099	80,861	123,432	457,392
Derivative financial liabilities				
Electricity contracts	(258,750)	(32,914)	(13,690)	(305,354)
Foreign exchange contracts	-	(14,529)	-	(14,529)
Total	(258,750)	(47,443)	(13,690)	(319,883)
30 June 2025	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Derivative financial assets				
Electricity contracts	89,378	12,814	87,896	190,088
Total	89,378	12,814	87,896	190,088
Derivative financial liabilities				
Electricity contracts	(104,008)	(70,489)	(5,044)	(179,541)
Foreign exchange contracts	-	(1,015)	-	(1,015)
Total	(104,008)	(71,504)	(5,044)	(180,556)

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

	Recurring fair value measurement \$'000
Balance at 1 July 2024	141,419
Change in fair value through profit or loss ⁽¹⁾	(24,082)
Transfer from level 2 to level 3	-
Settlement	(34,485)
Balance at 30 June 2025	82,852
Balance at 1 July 2025	82,852
Change in fair value through profit or loss ⁽¹⁾	59,028
Transfer from level 2 to level 3	-
Settlement	(32,138)
Balance at 30 June 2026	109,742

(1) Change in fair value is included in the fair value (loss)/gain through profit/(loss) line in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Notes to the consolidated financial statements

30 June 2026

Note 10. Fair values (continued)

Valuation techniques used to determine fair values

The Group uses internal valuation models to value electricity financial instruments that are not traded in an active market. These models use inputs that are sourced, wherever possible, from observable market data. However, there are elements of estimation involved where market data is not available for certain time periods, certain instruments are not actively traded or instruments embody unusual conditions.

Quoted market price is used for similar financial instruments. These instruments are included in level 1.

The fair value of over-the-counter derivatives is calculated as the present value of the estimated cash flows based on observable forward curves. If all significant inputs required to fair value an instrument are observable, the instruments are included in level 2. The following inputs are used in level 2 valuations:

- Published forward prices for over the counter transactions.
- Historic settled prices are used to construct the forward curve to value non-standard transactions.
- Sydney Futures Exchange trade prices.
- Credit risks factors.
- Historic market volatilities.
- Extrapolation rates.

The fair value of the remaining instruments is determined using discounted cash flow analysis. These instruments are included in level 3.

During the year the Group entered into transactions that are valued using level 3 valuation techniques. These transactions are classified as level 3 as management inputs are required to determine the fair value. These include estimation of forward market prices and forecast volumes for load following arrangements.

For long term renewable power purchasing agreements, the Group has determined a market price based on publicly available information, internal expertise and external advisors. Specific assumptions incorporated in market modelling include:

- Long term market assumptions determined with reference to publicly available information from AEMO and other industry sources.
- Emerging technologies and their impacts on demand projections.
- Queensland Government's energy policy direction including the long-term investment and maintenance of government owned assets.

For load following transactions the Group derived forecast volumes based on meter estimates provided by the counterparty which are validated internally.

The below table shows the pre-tax sensitivities relating to key management inputs for level 3 valuations.

	Electricity price 2026 \$'000	Electricity price 2025 \$'000	Forecast volume 2026 \$'000	Forecast volume 2025 \$'000
10% increase	9,695	482	14,523	1,612
10% decrease	(9,696)	(521)	(8,586)	(13,745)

The fair value of loans from Queensland Treasury Corporation together with the carrying amount shown in the Consolidated Statement of Financial Position of the Group, are as follows:

	2026 \$'000	2025 \$'000
Carrying amount	1,540,289	1,459,045
Fair Value (level 2)	1,528,530	1,453,697

CS Energy Limited

Notes to the consolidated financial statements

30 June 2026

Note 10. Fair values (continued)

The fair value of loans from Queensland Treasury Corporation is inclusive of costs which would be incurred on settlement of the liability. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt.

For all other financial assets and financial liabilities not measured at fair value, the carrying amount is a reasonable approximation of fair value.

Note 11. Prepayments

	2026	2025
	\$'000	\$'000
Current assets		
Prepayments ⁽¹⁾	778	220,337
Non-current assets		
Prepayments	64,707	61,338

(1) Comparative prepayment balance includes a payment related to the Lotus Creek Wind Farm amounting to \$217.1 million.

Accounting policy

Prepayments are recognised when payments are made in advance of the receipts of goods and services. These amounts are recorded as assets in the reporting period in which the payment is made and expensed when economic benefits are realised in subsequent periods.

Note 12. Inventories

	2026	2025
	\$'000	\$'000
Stores	132,320	106,495
Fuel at weighted average cost (finished goods)	33,115	34,527
Fuel at weighted average cost (work in progress)	43,323	40,878
Environmental certificates ⁽¹⁾	2,482	4,277
Provision for obsolescence	(21,256)	(16,909)
Total	189,984	169,268

(1) Includes Large-Scale Generation Certificates and Small-Scale Technology certificates held for surrender in accordance with the Clean Energy Legislation (Carbon Tax Repeal) Act 2014.

Inventories expensed relating to the generation of electricity during the year ended 30 June 2026 were \$376.4 million (2025: \$278.6 million).

Accounting policy

Inventories comprise stores, fuel and environmental certificates, which are stated at the lower of cost and net realisable value.

Fuel inventory is recognised as finished goods once coal has been extracted and delivered to the coal stockpile at the power stations. Overburden that is removed in advance at the Aberdare coal mine is recognised as work in progress and unwound once the coal is extracted.

Notes to the consolidated financial statements

30 June 2026

Note 13. Retirement benefit net assets

Defined benefit obligation

Some employees of the Group are entitled to benefits from the industry multiple employer superannuation plans, the Brighter Super Fund, on retirement, disability or death. The Group has a defined benefit plan and a defined contribution plan. The defined benefit plan provides lump sum benefits based on years of service and final average salary. The defined contribution plan receives fixed contributions from Group companies, on behalf of employees and the Group's legal or constructive obligation is limited to these contributions. If Brighter Super Fund were wound up, there would be no legal obligation on the Company to make good any shortfall.

The plan typically exposes the Company to actuarial risks such as:

Investment risk	The risk that investment returns will be lower than assumed and the Company will need to increase contributions to offset this shortfall. The assets are diversified within the Defined Benefit investment option and therefore has no significant concentration of investment risk.
Salary growth risk	The risk that wages or salaries (on which future benefit amounts will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
Legislative risk	The risk that legislative changes could be made which increase the cost of providing the defined benefit.

The total fair value of the plan assets were greater than the present value of the future obligations in FY2026 resulting in a defined benefit asset being recognised at 30 June 2026 (30 June 2025).

The amounts recognised in the Consolidated Statement of Financial Position are determined as follows:

	2026	2025
	\$'000	\$'000
Reconciliation of the Net Defined Benefit Asset/(Liability)		
Defined benefit obligation	(45,912)	(52,527)
Fair value fund assets	63,486	67,849
Surplus/(Deficit)	17,574	15,322
Provision for contributions tax	3,101	2,704
Net Defined Benefit Asset/(Liability)	20,675	18,026
	2026	2025
	\$'000	\$'000

Reconciliation of defined benefit obligation:

Reconciliation of the defined benefit obligations at the beginning of the year	49,823	48,711
Current service cost	1,275	1,199
Interest cost	1,975	2,323
Actuarial losses/(gains)	(2,289)	5,026
Benefits paid	(8,469)	(8,013)
Contributions by Fund participants	496	577
Present value of defined benefit obligations at the end of the year	42,811	49,823

Reconciliation of the fair value of plan assets:

Fair value of Fund assets at beginning of the year	67,849	71,335
Interest income	2,655	3,332
Actual return on Fund assets less interest income	955	618
Benefits paid including taxes, premiums & expenses	(8,469)	(8,013)
Contributions by Fund participants	496	577
Fair value of Fund assets at the end of the year	63,486	67,849

CS Energy Limited

Notes to the consolidated financial statements

30 June 2026

Note 13. Retirement benefit net assets (continued)**Actuarial Assumptions and Sensitivity**

The main assumptions for the valuations of the plans under AASB 119 *Employee Benefits* are set out below:

	2026	2025
Significant Actuarial Assumptions at reporting date	%	%
Discount rate	5.2	4.4
Future salary increases - long term	3.0	3.5

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increases. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	Change in assumption	Increase in assumption	Decrease in assumption
Impact on defined benefit obligation	%	\$'000	\$'000
Discount rate	0.5	41	43
Salary growth rate	0.5	43	41

Accounting policy**Employee retirements benefits**

The Group's defined benefit plan provides lump sum benefits based on years of service and final average salary. The present value of the defined benefit obligation is based on expected future payments that arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using rates based on high quality corporate bond yields with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Future taxes, such as taxes on investment income and employer contributions, are taken into account in the actuarial assumptions used to determine the relevant components of the employer's defined benefit liability or asset.

Note 14. Disposal of Assets

On 30 June 2026, the Group completed a transaction to transfer its 50 per cent equity stake in the Boulder Creek Wind Farm to Aula Energy. The transaction also included completion of a long-dated Power Purchase Agreement with Aula Energy where CS Energy secured a 100 per cent offtake of the Boulder Creek Wind Farm. The Group has derecognised its investment in Boulder Creek Wind Farm for \$255 million net of transaction costs.

Earnings have not been restated as the entity was not income generating in the current or prior financial periods.

	2026
Reconciliation of loss on disposal	\$'000
Consideration net of transaction costs	255,153
Net assets disposed	288,140
Loss on disposal	(32,987)

Notes to the consolidated financial statements

30 June 2026

Note 14. Disposal of Assets (continued)

	2026 \$'000
Carrying value of net assets disposed	
Property, Plant & Equipment	296,581
Right-of-use asset	14,549
Deferred tax asset	681
Lease liability	(14,517)
Rehabilitation provision	(9,154)
Net assets disposed	288,140

Note 15. Assets and Liabilities Classified as held for sale

Lotus Creek Wind Farm

Through the QIC Investor Gateway, CS Energy is undertaking a transaction to secure equity investment in the Group's 100 per cent interest in the Lotus Creek Wind Farm project. The transaction aligns with the Queensland Energy Roadmap 2025 to drive private sector investment in new energy generation and firming projects.

On 30 June 2026, the Lotus Creek Wind Farm project met the criteria under AASB 5 Non-current assets held for sale and discontinued operations to be classified as a disposal group held for sale. The sale was assessed as highly probable at the reporting date with completion expected within 12 months of the reporting date. The assets and liabilities related to the project have been classified as held for sale and presented separately in the statement of financial position.

The recoverable amount of the disposal group is determined using fair value less costs to sell. No impairment loss has been recognised as the recoverable amount is above the carrying amount of the disposal group.

The project is not income generating in its current construction stage and does not meet the requirements for presentation as a discontinued operation. Investing and financing cash flows relating to the project have been shown separately in the Statement of Cash Flows.

Brigalow Peaking Power Plant

On 1 December 2025, CS Energy entered into a Joint Development Agreement with APA Group to progress development of the Brigalow Peaking Power Plant. As of 30 June 2026, CS Energy was continuing discussions with APA regarding potential funding and ownership arrangements for the Brigalow project.

On 30 June 2026, the project included \$284.6 million Property, Plant and Equipment that has been classified as a non-current asset held for sale. No impairment loss relating to the asset held for sale has been recognised for the year ended 30 June 2026.

Investing and Financing cash flows relating to the project have been disclosed separately in the Statement of Cash Flows.

Total assets classified as held for sale as at 30 June 2026 are as follows:

	2026 \$'000
<i>Current assets</i>	
Non-current asset classified as held for sale	284,630
Assets of disposal group classified as held for sale	716,386
Total assets classified as held for sale	1,001,016

CS Energy Limited

Notes to the consolidated financial statements

30 June 2026

Note 15. Assets and Liabilities Classified as held for sale (continued)

The major classes of assets and liabilities of the disposal group classified as held for sale as at 30 June 2026 are as follows:

	2026
	\$'000
Trade and other receivables	97,000
Property, plant and equipment	598,594
Right-of-use asset	19,497
Deferred tax asset	1,295
Total assets of disposal group	716,386
Trade and other payables	42,708
Lease liability	21,581
Rehabilitation provision	29,565
Total liabilities associated with disposal group	93,854
Net assets of disposal group	622,532

Note 16. Property, plant and equipment

At cost	Infrastructure \$'000	Other property, plant and equipment \$'000	Capital work in progress \$'000	Mining assets \$'000	Land & buildings \$'000	Right-of- use asset \$'000	Total \$'000
Movements for the year ended 30 June 2026							
Opening net book amount	1,240,520	17,791	646,476	11,752	32,703	50,054	1,999,296
Additions	66,162	2,063	790,591	16,435	34	227	875,512
Transfers	73,359	8,806	(86,602)	4,137	300	-	-
Disposals at carrying amount	(7,727)	-	(286,646)	-	(2,483)	(14,549)	(311,405)
Impairment expense	(10,081)	(139)	-	-	(1,091)	-	(11,311)
Transferred to held for sale	(28,637)	-	(854,588)	-	-	(19,497)	(902,722)
Depreciation	(110,438)	(3,007)	-	(3,058)	(1,465)	(3,580)	(121,548)
Closing net book value	1,223,158	25,514	209,231	29,266	27,998	12,655	1,527,822
At 30 June 2026							
Cost	2,992,676	68,886	209,231	67,997	69,235	21,263	3,429,288
Accumulated depreciation	(1,769,518)	(43,372)	-	(38,731)	(41,237)	(8,608)	(1,901,466)
Net book value	1,223,158	25,514	209,231	29,266	27,998	12,655	1,527,822

At cost	Infrastructure \$'000	Other property, plant and equipment \$'000	Capital work in progress \$'000	Mining assets \$'000	Land & buildings \$'000	Right-of- use asset \$'000	Total \$'000
Movements for the year ended 30 June 2025							
Opening net book amount	639,516	19,076	615,429	14,729	32,512	14,321	1,335,583
Additions	163,899	349	688,623	-	2,505	38,884	894,260
Transfers	637,989	1,641	(639,672)	-	42	-	-
Disposals	(536)	-	-	-	(17)	-	(553)
Impairment (loss)	(64,392)	(319)	(17,904)	-	(291)	-	(82,906)
Depreciation	(135,956)	(2,956)	-	(2,977)	(2,048)	(3,151)	(147,088)
Closing net book value	1,240,520	17,791	646,476	11,752	32,703	50,054	1,999,296

Notes to the consolidated financial statements

30 June 2026

Note 16. Property, plant and equipment (continued)

At 30 June 2025

Cost	2,889,520	58,018	646,476	47,425	71,383	55,080	3,767,902
Accumulated depreciation	(1,649,000)	(40,227)	-	(35,673)	(38,680)	(5,026)	(1,768,606)
Net book value	1,240,520	17,791	646,476	11,752	32,703	50,054	1,999,296

Accounting policy

All property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

In general, non-current physical assets with a value greater than \$5,000 are capitalised. Land is not depreciated. Depreciation on other assets is recognised in profit or loss on a straight-line method to allocate their net book amount, net of their residual values, over their estimated effective useful lives, as follows:

Asset Category	Useful Life (Years)
Infrastructure	2 – 39 years
Mining assets	9 – 35 years
Buildings	1 – 40 years
Other property plant and equipment	1 – 5 years

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Major spares purchased specifically for particular plant are capitalised and depreciated on the same basis as the plant to which they relate.

The assets' residual values, useful lives and depreciation methods are reviewed at each reporting date and adjusted if appropriate.

In accordance with *AASB 116 Property, Plant and Equipment*, the Group reviews the useful lives of its assets at least annually, and adjusts them when there is evidence of changes in expected consumption of economic benefits. During the year the Group reassessed the useful lives of its thermal assets following the State Government's revised policy direction.

Changes in useful lives are treated as changes in accounting estimates under *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors*, and are applied prospectively to current and future periods only.

Estimated depreciation impact based on the reassessed useful lives of the Power Stations

	2027 \$'000	2028 \$'000	2029 \$'000	2030 \$'000	2031 Onwards \$'000
Increase/(decrease) in depreciation expense	(3,938)	(3,938)	(3,938)	(3,938)	15,752

CS Energy Limited

Notes to the consolidated financial statements

30 June 2026

Note 16. Property, plant and equipment (continued)

Mining assets

Mining assets costs include mining development licences and mining leases, are carried in property, plant and equipment. The mining leases are depreciated over the life of the mine.

Right-of-use asset

The Group may lease assets including buildings for office space and land for the development of renewable assets. The lease term is a non-cancellable period of a lease.

The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Critical estimates and judgments

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money, the industry risk profile adjusted for risks specific to the asset, which have not been included in cash flow.

The Group assesses impairment annually by evaluating conditions that might indicate an impairment of assets exists. The recoverable amounts of assets, or Cash Generating Unit (CGU), have been determined on a value in use or fair value less cost of disposal basis.

The thermal CGUs are assessed on a value-in-use basis. The value used is based on financial forecasts covering the remaining asset lives of the assets up to 16 years.

The Group has relied on external fundamental electricity market modelling to simulate the operating environment considering the outlook for market drivers, including those summarised below.

Discount rate

Determination of the weighted average cost of capital (WACC) is based on separate analysis of debt and equity costs, utilising publicly available information.

A change in discount rate would have the following impact on the value in use valuation of thermal CGUs.

		+1%	-1%
Pre-tax Nominal Discount rate sensitivity (+/-1%)	\$ million	(174)	195

Market factors

The fundamental electricity market modelling considers market factors including the following:

- Demand projections are based on publicly available information from AEMO and other sources.
- Supply projections and the forecast generation mix are primarily determined with reference to publicly available information from AEMO and other industry sources. This includes emerging technologies and their impacts on demand projections.
- Fuel price assumptions (coal, gas and foreign currency) are based on publicly available commodity price forecasts where available and internally modelled values reflective of broader market consensus are used beyond the observable period.

The modelling considers the Queensland Government's energy policy direction as outlined in the Queensland Energy Roadmap.

Valuation approach

The table on the next page outlines the interaction of these key drivers and value in use cash flows that extend beyond the next 3-year period.

Notes to the consolidated financial statements

30 June 2026

Note 16. Property, plant and equipment (continued)

Key driver	Impact on value-in-use cash flows
Variable renewable energy capacity	Higher amounts of variable renewable capacity will (all else equal) displace coal-fired generation (including reducing the utilisation of available coal capacity), reducing value in use cash flows from our existing cash generating units.
Firming and System	Thermal units currently provide firming and system security services into the market on a competitive basis, as more diversified generation sources begin to provide these services through technology advances, the interchangeability of these sources will increase. This has the potential to reduce reliance on thermal units therefore reducing the capacity factor of these assets.
Revenue cash flows	The cash flow projections are based on a range of input assumptions into fundamental market modelling. A higher electricity generation or an increase in the electricity prices through increased demand or decreased supply of electricity would increase the value in use.
Operating expenditure	Operating expenditures for the electricity generation have been determined based on the most recent management forecasts available at the time of the valuation. A lower operating expenditure increases the value in use.
Capital expenditure	Future capital expenditure required to ensure the security and reliability of electricity generation has been determined based on the most recent management forecasts available at the time of the valuation. As thermal assets age, in addition to the statutory inspections and overhaul requirements, sustaining expenditure to maintain an operable state increase. A lower future capital expenditure increases the value in use.
Weighted average cost of capital (WACC) discount rate	A nominal pre-tax WACC rate of 7.8%-11.5% (2025: 7.6-12.6%) has been employed in the valuation depending on the remaining useful life of each thermal asset. The WACC is based on a long-term view of the market costs of capital. The higher the nominal WACC, the lower the value in use.

A change in electricity price outcomes would result in the following adjustment to the value in use valuation of the thermal CGUs.

		+10%	-10%
Electricity price sensitivity (+/-10% pre-tax)	\$million	793	793

A positive value in this table represents an improvement in value to the Group.

Forecast fuel and water pricing and supply

The fuel price forecasts are based on current contractual arrangements for either the supply of coal and, where applicable, the cost of extraction and processing from owned coal resources.

The supply of fuel may be negatively impacted by the performance of suppliers/contractors or the impacts of extreme weather events including floods (mine impacts) and drought (water supply). These result in generation constraints and accelerated wear of equipment which may impair performance over the life of the asset.

Plant reliability and forecast operating and capital expenditure

The projected reliability is based on approved asset management plans and estimated future operating and capital cash flows to maintain the plant within a determined operational capacity and performance range. These estimations are reliant upon specification provided by the original manufacturer adjusted for known or expected wear rates or operational constraints which have a reasonable probability of occurring.

Future regulatory environment

Future cash flows are based on current enacted regulatory and legislative frameworks. Significant amendments to the legislation may have a material impact on the fair value of the Groups assets. During the reporting period, Governments at both the Federal and State levels have provided further certainty in relation to the affordability, reliability and reasonable timeframes for the energy transition.

The Federal Government reiterated its commitment to achieving 82 per cent renewable energy generation by 2030 and net zero emissions reduction by 2050. Its cornerstone policy, the Capacity Investment Scheme was significantly expanded,

CS Energy Limited

Notes to the consolidated financial statements

30 June 2026

Note 16. Property, plant and equipment (continued)

providing a revenue underwriting mechanism to unlock investment in renewable energy and dispatchable power. The Safeguard Mechanism is the Australian Government's flagship policy for reducing emissions at the country's largest industrial facilities. The Department of Climate Change, Energy, the Environment and Water is currently leading a review of the Safeguard Mechanism to assess whether it remains appropriately calibrated to achieve national targets, including the 2035 national emissions reduction targets.

In its role as one of Queensland's electricity generators, the Group is actively supporting delivery of the Queensland Energy Roadmap, which provides overarching direction for the transformation of the State's evolving energy system. This includes maintaining and optimising existing infrastructure, improving system resilience, supporting customer connections, and facilitating private sector investment and participation in new generation, storage and energy solutions. The Group has aligned its investment priorities, operational focus and cost management initiatives with these objectives and its approved strategic priorities. Among the factors underpinning the roadmap, is the Electricity Maintenance Guarantee which guarantees maintenance expenditure for the thermal fleet owned by Government-owned Corporations. The Roadmap also incorporates a private sector Investor Gateway led by Queensland Investment Corporation in relation to investment in transition technologies.

Fair value less cost of disposal basis

The Battery CGU assets are assessed on a fair value less cost of disposal basis. The Group undertook a market transaction analysis exercise to compare battery transactions both in the National Electricity Market and internationally. The transactions demonstrated the purchase consideration that market participants are willing to pay to enter the market.

The Group's market transaction analysis considered battery assets of various capacities for a 2-hour and 4-hour duration at various stages of construction, commissioning and operations (to have regard to the level of risk premium expected at each stage).

Impairment

During the financial year, the Group recognised an impairment of \$11.3 million for the Callide B CGU (2025: \$80.8 million Callide B CGU, \$2.1 million Hydrogen Demonstration Plant).

Note 17. Provisions

	2026	2025
	\$'000	\$'000
Current liabilities		
Employee benefits	59,146	56,204
Rehabilitation and site closure costs	7,586	2,865
Onerous contracts	26,759	28,803
Total current provisions	93,491	87,872
Non-current liabilities		
Employee benefits	3,212	2,235
Rehabilitation and site closure costs	255,947	292,040
Onerous contracts	47,728	59,942
Total non-current provisions	306,887	354,217

Notes to the consolidated financial statements

30 June 2026

Note 17. Provisions (continued)

Key provision movements 2026	Rehabilitation and site closure costs \$'000	Onerous contracts \$'000	Total \$'000
Carrying amount at the start of the year	294,905	88,745	383,650
Additional provision	29,210	-	29,210
Provision used during the year ⁽¹⁾	(1,822)	(29,209)	(31,031)
Changes to estimated provision ⁽¹⁾	(30,643)	11,949	(18,694)
Transferred to assets held for sale	(29,979)	-	(29,979)
Transferred on disposal of assets	(8,645)	-	(8,645)
Unwinding of discount on provisions	10,507	3,001	13,508
Carrying amount at the end of the year	263,533	74,486	338,019

(1) Total onerous contract remeasurement including provision used during the year is a decrease of \$17.2 million (2025: decrease of \$163.3 million)

Accounting policy and critical estimates

Provisions are recognised by the Group in accordance with the requirements of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

Employee benefits

Employee benefits includes annual leave, vesting sick leave, long service leave and employee performance payments.

The current portion of employees benefits provisions for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances.

The non-current portion of employees benefits includes liabilities for long service leave that are not expected to be settled wholly within twelve months of the reporting date.

The obligation is calculated using expected future increases in wage and salary rates, experience of employee departures and periods of service. Expected future payments are discounted using rates based on risk free government bond rates yields with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Onerous contracts

The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on any assets associated with that contract.

An onerous contract provision is recognised for unavoidable costs related to the Group obligations under the Gladstone IPPA. Significant estimates that are made include:

- Future wholesale prices, generation, supply of electricity and unavoidable costs related to the contract.
- Determination of an appropriate discount rate.

A re-measurement of the Gladstone IPPA onerous contract has been completed to establish an appropriate value for inclusion in the financial statements at 30 June 2026, resulting in a decrease in the provision to \$74.5 million. The decrease in the onerous contract provision is due to a change in market price and generation dispatch outcomes associated with the market forecasts discussed in the critical estimates and market factors sections of note 16 and the impact these outcomes have on specific terms within the contract.

CS Energy Limited

Notes to the consolidated financial statements

30 June 2026

Note 17. Provisions (continued)

Rehabilitation and site closure costs

Provision is made for the estimated site rehabilitation and closure costs at the end of the producing life of each power station and renewable asset on a present value basis. Provision is also made, for the estimated cost of rehabilitation and closure costs relating to areas disturbed during mining operations up to reporting date but not yet rehabilitated.

External and internal consultants with industry specific experience are used to evaluate and update rehabilitation assumptions.

Significant estimates made with respect to this provision are the costs to fulfil the Group's obligation, including assumptions in relation to technology and techniques applied, determination of an appropriate CPI and discount rate including timing of rehabilitation.

Note 18. Taxation

	2026	2025
	\$'000	\$'000
Deferred tax	18,398	112,026
Adjustments for current tax of prior periods	(1,547)	272
Income tax expense	16,851	112,298

	2026	2025
	\$'000	\$'000
Deferred income tax (benefit)/expense included in income tax expense comprises:		
Decrease in deferred tax assets	(1,038)	66,527
(Decrease)/increase in deferred tax liabilities	19,436	45,499
Deferred income tax benefit attributable to profit from continuing operations	18,398	112,026

	2026	2025
	\$'000	\$'000
Reconciliation of income tax expense to prima facie tax calculated at Australian statutory rate		
Loss from operations before income tax expense	(10,576)	(212,084)
Tax at the Australian tax rate of 30.0% (2025: 30.0%)	(3,173)	(63,625)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible provided expenditure	12,480	1,226
Derecognition of deferred tax balances	11,400	-
Non-taxable income	(380)	(1,120)
Change in unrecognised deferred tax assets	(183)	-
Derecognition / (Re-recognition) of unused tax losses ⁽¹⁾	(1,747)	175,545
	18,397	112,026
Adjustments for current tax of prior periods	(1,547)	272
Income tax (benefit)/expense	16,850	112,298

(1) The Group continues to assess and recognise unused tax losses only if it is probable that future taxable amounts will be available to utilise those losses.

	2026	2025
	\$'000	\$'000
Amounts recognised in other comprehensive income		
Aggregate current and deferred tax expense/(benefit) arising in the reporting period and not recognised in net profit or loss but directly recognised in other comprehensive income:		
Changes in fair value of cash flow hedges	45,949	39,850
Actuarial (loss)/gain on defined benefit plan	973	(1,322)
Total	46,922	38,528

Notes to the consolidated financial statements

30 June 2026

Note 18. Taxation (continued)

	2026	2025
Tax losses	\$'000	\$'000
Unused tax losses and offsets for which no deferred tax asset has been recognised	572,724	585,150
Unused capital losses for which no deferred tax asset has been recognised	138,131	70,491
Potential tax benefit @ 30%	213,256	196,692

Accounting policy

CS Energy Limited and its wholly owned subsidiaries are exempt from Commonwealth Government income tax but are subject to the National Tax Equivalents Regime. Under this regime, CS Energy Limited and its 100 per cent owned Australian subsidiaries must ascertain their income tax liability each year in a manner substantially similar to Commonwealth income tax laws, and any tax resulting is to be paid to Queensland Treasury.

Tax consolidation legislation

CS Energy Limited and its wholly owned subsidiaries have implemented the tax consolidation legislation as at 1 July 2002, forming a single tax Group.

CS Energy Limited has adopted the stand-alone taxpayer method for measuring the current and deferred tax amounts.

In addition to its own current and deferred tax amounts, the head entity, CS Energy Limited, also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from the members of the tax Group.

Assets or liabilities arising under tax funding agreements with the tax Group are recognised as amounts receivable from or payable to other members of the Group.

The amounts receivable/payable under the tax funding agreement is due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of the financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as inter-company receivables or payables.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) group members.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability are recognised by CS Energy Limited only.

	Balance at 30 June 2025	Credited/ (charged) to profit or loss	Under provision prior year	(Charged) directly to equity	Recognition/ (Utilisation) of losses	Balance at 30 June 2026
Net deferred tax assets/(liabilities)	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Temporary differences</i>						
Derivative financial instruments	(3,164)	3,505	(2)	(45,949)	-	(45,610)
Provisions	52,117	(1,672)	249	-	-	50,694
Provision for rehabilitation	88,471	(9,412)	-	-	-	79,059
Defined benefit asset	(5,408)	179	-	(973)	-	(6,202)
Property, plant and equipment	(25,578)	(6,948)	(490)	-	-	(33,016)
Other	(14,904)	(5,801)	1,790	-	-	(18,915)
Net deferred tax asset/(liability)	91,534	(20,149)	1,547	(46,922)	-	26,010

CS Energy Limited

Notes to the consolidated financial statements

30 June 2026

Note 18. Taxation (continued)

	Balance at 30 June 2024	Credited/ (charged) to profit or loss	Under provision prior year	(Charged) directly to equity	Recognition/ (Utilisation) of losses	Balance at 30 June 2025
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net deferred tax assets/(liabilities)						
<i>Temporary differences</i>						
Derivative financial instruments	4,840	31,845	-	(39,849)	-	(3,164)
Provisions	96,307	(44,190)	-	-	-	52,117
Provision for rehabilitation	71,463	17,008	-	-	-	88,471
Defined benefit asset	(6,787)	57	-	1,322	-	(5,408)
Property, plant and equipment	(36,978)	17,063	(5,663)	-	-	(25,578)
Other	(9,886)	(10,971)	5,953	-	-	(14,904)
Tax losses	123,401	-	(562)	-	(122,839)	-
Net deferred tax asset/(liability)	242,360	10,812	(272)	(38,527)	(122,839)	91,534

	Deferred tax asset	Deferred tax liability	Net deferred tax asset
	\$'000	\$'000	\$'000
At 30 June 2024	304,435	(62,075)	242,360
Movement during the year	(155,113)	4,287	(150,826)
At 30 June 2025	149,322	(57,788)	91,534
At 30 June 2025	149,322	(57,788)	91,534
Movement during the year	(1,886)	(63,638)	(65,524)
At 30 June 2026	147,436	(121,426)	26,010

Accounting policy and critical estimates

The Group will continue to assess the recoverability of unrecognised deferred tax assets at each reporting date.

Should the Group cease to be a Government Owned Corporation (GOC) and hence an exempt entity, in accordance with the *Income Tax Assessment Act 1936*, the carried forward tax losses from the exempt period will not be available under the federal tax regime.

Note 19. Share capital

	2026	2025	2026	2025
	No. of shares	No. of shares	\$'000	\$'000
Ordinary shares-fully paid				
A Class (voting)	291,910,252	291,910,252	291,910	291,910
B Class (non-voting)	822,503,917	822,503,917	2,214,160	2,100,060
Total	1,114,414,169	1,114,414,169	2,506,070	2,391,970
	Shares	Shares	\$'000	\$'000
Movements in ordinary share capital				
Opening balance	1,114,414,169	1,114,414,169	2,391,970	1,347,570
Contributed equity	-	-	114,100	1,044,400
Closing balance	1,114,414,169	1,114,414,169	2,506,070	2,391,970

Notes to the consolidated financial statements

30 June 2026

Note 19. Share capital (continued)

Ordinary shares A and B class entitles the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. The Group does not have authorised capital or par value in respect of its issued shares.

Note 20. Dividends

Provision is made for the amount of any dividend declared on or before the end of the reporting period but not distributed at the end of the reporting period. Recommendation on the dividend to be paid is determined after consultation with the shareholding Ministers in accordance with the *Government Owned Corporations Act 1993*. The dividends are not franked.

No dividends were declared in FY2026 (2025: \$ nil).

Note 21. Cash flow hedge reserves

	2026	2025
	\$'000	\$'000
Opening balance at 1 July	(42,864)	(135,847)
Effective portion of gains/(losses) on electricity derivatives designated as cash flow hedges	258,200	14,278
Losses/(gains) on electricity hedges transferred to revenue	(127,120)	107,107
Gains reclassified from cash flow hedge reserve to profit and loss on discontinued hedges	22,084	11,448
Net deferred tax	(45,949)	(39,850)
Changes in fair value of cash flow hedges net of tax	107,215	92,983
Closing balance at 30 June	64,351	(42,864)

Note 22. Key management personnel disclosures**Shareholding Ministers**

CS Energy was established in 1997 under the *Government Owned Corporations Act 1993* (Qld) (GOC Act). CS Energy is also a registered public company incorporated under, and subject to, the *Corporations Act 2001* (Cth).

Two Queensland Government Ministers (shareholding Ministers) hold shares in CS Energy on behalf of the people of Queensland. For the FY2026 reporting period, CS Energy's shareholding Ministers were:

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

CS Energy Limited

Notes to the consolidated financial statements

30 June 2026

Note 22. Key management personnel disclosures (continued)

Current Executive employment contract details

Executives

The following executive management positions (which constitute “key management personnel”) had the authority and responsibility for planning, directing and controlling the activities of the Group during the financial year, all of whom, unless indicated, were employed by CS Energy Limited during the financial year. All remuneration is reviewed annually.

Executive ^(vi)	Position	Contract Start	Contract Term	Contract Termination Notice	Contract Termination benefit
Tony Bellas	Chief Executive Officer (acting)	27/03/2026	Open tenure ^(viii)	not less than 7 days written notice ^(vii)	yes ⁽ⁱ⁾
Brian Gillespie	Chief Executive Officer	24/06/2025	27/03/2026	not less than 3 months written notice ^(iv)	yes ^(v)
Emma Roberts	Chief Executive Officer (acting)	14/04/2025	29/08/2025	not less than 1 months written notice ⁽ⁱⁱ⁾	yes ⁽ⁱⁱⁱ⁾
Emma Roberts	Executive General Manager Customer and Growth	27/09/2021	29/08/2025	not less than 1 months written notice ⁽ⁱⁱ⁾	yes ⁽ⁱⁱⁱ⁾
Cameron Collins	Chief Financial Officer	15/04/2024	Open tenure	not less than 1 months written notice ⁽ⁱⁱ⁾	yes ⁽ⁱⁱⁱ⁾
Andrew Buswell	Chief Operating Officer	31/03/2025	Open tenure	not less than 1 months written notice ⁽ⁱⁱ⁾	yes ⁽ⁱⁱⁱ⁾
Mark Powell	Executive General Manager Stakeholder Relations and Corporate Governance	31/03/2025	03/08/2025	not less than 1 months written notice ⁽ⁱⁱ⁾	yes ⁽ⁱⁱⁱ⁾
Mark Powell	Chief Corporate Services Officer	04/08/2025	Open tenure	not less than 1 months written notice ⁽ⁱⁱ⁾	yes ⁽ⁱⁱⁱ⁾
Barry Millar	Executive General Manager People, Safety and Transformation	31/03/2025	08/08/2025	not less than 1 months written notice ⁽ⁱⁱ⁾	yes ⁽ⁱⁱⁱ⁾
Sophie Sangster	Chief Commercial Officer (acting)	04/08/2025	03/11/2025	N/A - Acting	N/A - Acting
Sophie Sangster	Chief Commercial Officer	04/11/2025	Open tenure	not less than 1 months written notice ⁽ⁱⁱ⁾	yes ⁽ⁱⁱⁱ⁾
Michael Lynch	Chief Energy Transition Officer (acting)	04/08/2025	05/01/2026	N/A - Acting	N/A - Acting
Katie Whittle	Chief Energy Transition Officer	06/01/2026	Open tenure	not less than 1 months written notice ⁽ⁱⁱ⁾	yes ⁽ⁱⁱⁱ⁾

Notes to the consolidated financial statements

30 June 2026

Note 22. Key management personnel disclosures (continued)

(i) No termination benefit payments on termination, other than 1 month's notice for capacity reasons.

(ii) Termination notice (without cause) of not less than one month's written notice by either party, with an additional one week provided by CS Energy if at the time of the termination the Executive is aged over 45 years and has completed at least 2 years continuous service with CS Energy.

(iii) Payment of a termination benefit on termination without cause by CS Energy, equivalent to 3 months of base salary.

(iv) Termination notice of not less than three months' written notice by either party (other than for disciplinary or capacity reasons).

(v) Payment of a termination payment equal to six months of base salary.

(vi) During the reporting period, certain individuals served as KMP for more than one entity within the consolidated group. The overlapping tenure has been considered in the aggregate KMP compensation disclosures. Where applicable, transactions and balances with these individuals have been disclosed in accordance with AASB 124 *Related Party Disclosures*. The entities involved have assessed that the overlapping tenure did not result in any material related party transactions outside the ordinary course of business.

(vii) Termination notice (without clause) of not less than seven days written notice by either party.

(viii) Maximum tenure for a temporary appointment is in accordance with the Government Owned Corporations Chief and Senior Executive Employment Arrangements Policy.

Details of the remuneration of each executive of CS Energy Limited, including their executive-related entities, are set out in the following table:

2026 Executive	Salary and fees ⁽¹⁾ \$'000	Cash bonus ⁽²⁾ \$'000	Non-monetary benefits ⁽³⁾ \$'000	Post-employment benefits ⁽⁴⁾ \$'000	Other long-term benefits ⁽⁵⁾ \$'000	Termination benefits ⁽⁶⁾ \$'000	Total \$'000
Tony Bellas (acting) ⁽¹²⁾	159	-	1	23	1	-	184
Brian Gillespie ⁽¹³⁾	544	-	3	89	-	184	820
Emma Roberts	272	-	1	9	-	150	432
Sophie Sangster	410	-	4	55	4	-	473
Cameron Collins	449	-	5	30	20	-	504
Katie Whittle	205	-	2	26	1	-	234
Barry Millar	81	-	-	11	-	146	238
Michael Lynch (acting) ⁽¹¹⁾	184	-	2	27	-	-	213
Andrew Buswell	461	-	5	59	3	-	528
Mark Powell	355	-	5	45	2	-	407
Total	3,120	-	28	374	31	480	4,033

2025 Executive	Salary and fees ⁽¹⁾ \$'000	Cash bonus ⁽²⁾ \$'000	Non-monetary benefits ⁽³⁾ \$'000	Post-employment benefits ⁽⁴⁾ \$'000	Other long-term benefits ⁽⁵⁾ \$'000	Termination benefits ⁽⁶⁾ \$'000	Total \$'000
Brian Gillespie	25	-	-	3	-	-	28
Darren Busine ⁽⁹⁾	892	-	5	30	167	267	1,361
Andrew Varvari ⁽¹⁰⁾	339	-	1	9	-	492	841
Cameron Collins	430	-	5	30	65	-	530
Leigh Amos	274	-	3	17	-	137	431
Barry Millar	415	-	5	53	8	-	481
Emma Roberts	516	-	5	30	32	-	583
Andrew Buswell	124	-	1	16	-	-	141
Mark Powell	82	-	1	10	-	-	93
Pauline Elliott ⁽⁷⁾	79	-	1	10	-	-	90
Phil Matha ⁽⁸⁾	23	-	-	2	-	-	25
Total	3,199	-	27	210	272	896	4,604

CS Energy Limited

Notes to the consolidated financial statements

30 June 2026

Note 22. Key management personnel disclosures (continued)

- (1) Salary and fees represent all payments made to the executive (total fixed remuneration excluding superannuation), including annual leave paid on termination.
- (2) Cash bonus represents individual at-risk performance payments made to the executive September each year.
- (3) Non-monetary benefits represent the value of car parking provided and relocation costs to the executive and the associated fringe benefits tax.
- (4) Post-employment benefits represent superannuation contributions made by the employer to the superannuation fund at the rates prescribed in the executives' employment contracts.
- (5) Other long-term benefits represent long service leave benefits accrued during the year and paid out on termination.
- (6) Termination benefits represent all payments made to the executive on termination of employment excluding any entitlements relating to annual leave or long service leave (as these are included in short-term benefits or other long-term benefits where applicable).
- (7) Acting Executive General Manager for Customer and Growth from 14 April 2025 to 30 June 2025.
- (8) Acting Executive General Manager Plant Operations from 30 September 2024 to 18 October 2024.
- (9) Darren Busine discontinued office in the role of Chief Executive Officer effective 23 June 2025. The termination benefits disclosed include the entitlements under the senior executive employment contract and an additional ex gratia amount as approved by the Board.
- (10) Andrew Varvari discontinued office in the role of Executive General Manager Transformation effective 19 October 2024. The termination benefits disclosed include the entitlements under the senior executive employment contract and an additional ex gratia amount as approved by the Board.
- (11) Acting Chief Energy Transition Officer from 4 August 2025 to 5 January 2026.
- (12) Acting Chief Executive Officer from 27 March 2026 until recruitment of CEO.
- (13) Brian Gillespie discontinued office in the role of Chief Executive Officer effective 27 March 2026. The termination benefits disclosed include the entitlements under the senior executive employment contract.

Principles used to determine the nature and amount of remuneration

Executives receive a base salary (incorporating cash, allowances and non-monetary benefits), superannuation, other benefits and a performance payment. Executive remuneration is established by using external independent quantitative benchmarks to compare the position requirements with similar positions across a broad cross section of the labour market. The performance payment is up to a maximum of 10 per cent of total fixed remuneration for executives and up to a maximum of 15 per cent of base salary for non-executive positions.

Executive remuneration (and any change to executive remuneration) requires approval of the Board of Directors, in accordance with the policy for Government Owned Corporations Chief and Senior Executives Employment Arrangements. For non-executive positions remuneration is in accordance with the CS Energy Limited procedure.

Relationship between remuneration and entity's performance

The remuneration for executives is designed to attract and retain executives with the calibre necessary to ensure the organisation's success. The performance payment is conditional upon attainment of specified and measurable performance outcomes outlined in Individual Achievement Plans (IAPs). The IAPs are directly related to measures the Board of Directors considers to be indicators of good corporate performance.

Service Contracts

All executive appointments are approved by the CS Energy Limited Board of Directors in accordance with the Policy for Government Owned Corporations Chief and Senior Executives Employment Arrangements.

The remuneration and other terms of employment for each executive is specified in individual employment agreements. Annual adjustments to the remuneration are made in accordance with the Policy for Government Owned Corporations Chief and Senior Executives Employment Arrangements. The agreement provides a total remuneration package that enables each executive to receive a range of benefits.

Impact of remuneration contracts on future periods

No specific contract terms of any executive affect remuneration of future periods, other than as disclosed in this report and the right to receive annual adjustments based on labour market escalation in the Industry and Services market.

Directors

Principles used to determine the nature and amount of remuneration

Director remuneration is determined periodically by the Governor in Council under the *Government Owned Corporations Act 1993*.

Notes to the consolidated financial statements

30 June 2026

Note 22. Key management personnel disclosures (continued)

Superannuation

Directors receiving personal payments are also entitled to superannuation contributions.

Relationship between remuneration and entity's performance

Directors receive Director fees and committee fees only. No performance payments are made to Directors.

KMP remuneration policies

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's *Members' Remuneration Handbook*. CS Energy 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 is 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.

Remuneration

Details of the remuneration of each Director of CS Energy Limited are set out in the following table:

Name 2026	Position	Salary & Fees (1) \$'000	Post Employment Benefits (2) \$'000	Total \$'000
Jeff Seeney	Acting Chairman	80	10	90
Tony Bellas ⁽³⁾	Chairman	86	11	97
David Stevens	Non-Executive Director	34	4	38
Jo Glynn	Non-Executive Director	34	4	38
Seanna Strong	Non-Executive Director	48	6	54
James Versace	Non-Executive Director	60	7	67
Wendy Agar	Non-Executive Director	59	7	66
Adam Aspinall	Non-Executive Director	16	2	18
Stephen Harty	Non-Executive Director	66	8	74
Kellie Charlesworth	Non-Executive Director	6	1	7
Kimberley Swords	Non-Executive Director	31	4	35
Mark Carkeet	Non-Executive Director	6	1	7
Total		526	65	591

CS Energy Limited

Notes to the consolidated financial statements

30 June 2026

Note 22. Key management personnel disclosures (continued)

Name 2025	Position	Salary & Fees (1) \$'000	Post Employment Benefits (2) \$'000	Total \$'000
Tony Bellas	Chairman	63	8	71
Adam Aspinall	Chairman/Non-Executive Director	91	12	103
Maurie Brennan	Non-Executive Director	30	4	34
Stephen Harty	Non-Executive Director	66	8	74
Jacqueline King	Non-Executive Director	33	4	37
Kellie Charlesworth	Non-Executive Director	64	8	72
Alison Smith	Non-Executive Director	61	8	69
Kimberley Swords	Non-Executive Director	64	8	72
Jeff Seeney	Non-Executive Director	34	4	38
Mark Carkeet	Non-Executive Director	70	9	79
Total		576	73	649

(1) Salary and fees represent all payments made to the director (total fixed remuneration excluding superannuation). Payments are based on positions held and the number of Committees each Director is appointed to.

(2) Post-employment benefits represent superannuation contributions made by the Group to a superannuation fund.

(3) On 9 April 2026, Tony Bellas took a temporary Leave of Absence from the CS Energy Board (and Board committees of which he is a member) for the period he is acting in the CEO role.

Note 23. Remuneration of auditors

	2026 \$'000	2025 \$'000
Auditor-General of Queensland ⁽¹⁾	880	714
Other Auditors		
<i>Audit and review of controlled entities and joint operations financial reports</i>		
Crowe ^{(2),(4)}	8	10
PricewaterhouseCoopers ^{(3),(4)}	53	46
KPMG ^{(5),(6)}	25	23
Total audit and other assurance service fees	966	793

(1) The audit of the 2026 financial statements of the Consolidated Group was conducted by the Auditor-General of Queensland.

(2) Crowe Horwath audits Callide Power Trading.

(3) PricewaterhouseCoopers audits Callide Power Management.

(4) Callide Power Trading and Callide Power Management fees represent 50% of CS Energy's share in the joint operations.

(5) Figure is representative of CS Energy's share of audit fees for the Alinta joint venture as advised.

(6) KPMG completed the 2026 Alinta joint venture financial statements audit.

Note 24. Commitments

Capital commitments

Commitments are for the acquisition of plant and equipment contracted for at the reporting date.

	2026 \$'000	2025 \$'000
Within one year ⁽¹⁾	722,034	754,915
Later than one year, but no later than five years ⁽¹⁾	846,577	552,457
Total capital commitments	1,568,611	1,307,372

(1) Capital Commitments include construction of the Lotus Creek Wind Farm and the Brigalow Peaking Power Plant.

CS Energy Limited

Notes to the consolidated financial statements

30 June 2026

Note 24. Commitments (continued)

Joint venture commitments

Commitments relating to joint venture arrangement contracted for at the reporting date but not recognised as liabilities.

	2026	2025
	\$'000	\$'000
Within one year ⁽²⁾	2,614	208,088
Later than one year, but no later than five years ⁽²⁾	-	61,158
Total joint venture commitments	2,614	269,246

(2) Capital Commitments as at 30 June 2025 included commitments relating to the Boulder Creek Wind Farm project and overhaul capital expenditure for Callide C that was completed in FY2026.

Note 25. Related party transactions

Directors and executives

A number of Directors, or their related parties, hold or have held positions in other entities that may result in them having control or significant influence over the financial or operating policies of those entities. The terms and conditions of the transactions were no more favourable than those available, or which might reasonably be expected to be available, or similar transactions to non-related entities on arm's length basis. These directors were also at no stage involved in the engagement of the relevant entities.

	2026	2025
	\$'000	\$'000
Department of Environment, Tourism, Science and Innovation (Queensland)	299	-
Department of Natural Resources and Mines	329	-
Sunwater	6,892	-
The Energy Charter	35	-
University of Queensland	980	1,010
Western Downs Regional Council	1,082	-
Total	9,617	1,010

Investments in controlled entities

Details of investments in controlled entities are set out in note 27.

Joint operations

Interests in joint operations are set out in note 30.

CS Energy Limited

Notes to the consolidated financial statements

30 June 2026

Note 25. Related party transactions (continued)**Transactions with related parties and State controlled entities**

Transactions between the Group and other state-controlled entities during the financial year and balances at year-end are classified in the following categories:

	2026	2025
	\$'000	\$'000
Revenue		
Revenue from State of Queensland controlled entities for the sale of electricity	436,321	564,961
Operations and maintenance received from Joint operations	61,632	59,449
Interest received on deposits from Queensland Treasury Corporation	20,213	17,230
Total	518,166	641,640
Expenses		
Competitive neutrality fee paid to Queensland Treasury	(15,445)	(13,207)
Interest on Queensland Treasury Corporation borrowings	(69,947)	(63,191)
Costs paid to State of Queensland controlled entities	(305,542)	(307,717)
Total	(390,934)	(384,115)
Assets		
Trade receivables due from State of Queensland controlled entities	16,318	26,105
Advances facility held with Queensland Treasury	298,532	309,930
Total	314,850	336,035
Liabilities		
Trade payables to State of Queensland controlled entities	41,567	52,981
Borrowings from Queensland Treasury Corporation	1,540,288	1,459,045
Total	1,581,855	1,512,026

CS Energy Limited enters into transactions with parties who are ultimately controlled by the State of Queensland as part of its normal operations on terms equivalent to those that prevail in arm's length transactions.

All other transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of the loans between the CS Energy and its subsidiaries. There was no interest charged on loans during FY2026 (2025: \$ nil).

The terms and conditions of the tax funding agreement are set out in note 18.

Outstanding balances are unsecured and are repayable in cash.

Note 26. Contingencies

The Group had contingent liabilities at 30 June 2026 in respect of:

Guarantees

Guarantees are issued to third parties to support trading, environmental financial assurance obligations, infrastructure construction and maintenance works. All guarantees are provided in the form of unconditional undertakings provided by QTC. The total value of guarantees issued to third parties was \$249.2 million (2025: \$199.2 million). The fair value of these guarantees is \$ nil (2025: \$ nil).

Notes to the consolidated financial statements

30 June 2026

Note 26. Contingencies (continued)*IG Power (Callide) Pty Ltd (IGPC)*

On 19 June 2026, IG Power (Callide) Ltd commenced proceedings in the Federal Court of Australia against CS Energy and Callide Energy Pty Ltd (CEPL) (CS Energy's wholly owned subsidiary) for, variously, breach of contract, negligence, and contraventions of the Australian Consumer Law. CS Energy and CEPL are defending the claims. At the reporting date, it is not possible to determine the likely outcome of the matter or reliably estimate the potential financial effect. Accordingly, no provision has been recognised.

Note 27. Investment and interests in subsidiaries

The Group has an interest in the following entities:

Name of Entity	Country of incorporation	Class of Shares	2026	2025
			Interest % ⁽¹⁾	Interest % ⁽¹⁾
Callide Energy Pty Ltd	Australia	Ordinary	100	100
Kogan Creek Power Station Pty Ltd	Australia	Ordinary	100	100
Aberdare Collieries Pty Ltd	Australia	Ordinary	100	100
CS Energy Kogan Creek Pty Ltd	Australia	Ordinary	100	100
Kogan Creek Power Pty Ltd	Australia	Ordinary	100	100
CS Kogan (Australia) Pty Ltd	Australia	Ordinary	100	100
T75 Segregated Cell	Bermuda	Non-voting, redeemable preference	100	100
CSE BESS Pty Ltd	Australia	Ordinary	100	100
CS Energy Financial Services Pty Ltd	Australia	Ordinary	100	100
CSE H2 Operations Pty Ltd	Australia	Ordinary	100	100
CSE H2 Pty Ltd	Australia	Ordinary	100	100
CS Energy Group Holdings Pty Ltd	Australia	Ordinary	100	100
Queensland Wind 2 Holdings Pty Ltd	Australia	Ordinary	100	100
Lotus Creek Wind Farm Pty Ltd	Australia	Ordinary	100	100
BCWF 2 Pty Ltd ⁽²⁾	Australia	Ordinary	-	100

(1) The proportion of ownership interest is equal to the proportion of voting power held.

(2) Refer to note 14 Disposal of Assets.

CS Energy has entered into an arrangement to self-insure risks in relation to certain property damages and business interruptions to CS Energy and its subsidiaries. The self-insurance arrangement was entered into between CS Energy and White Rock Insurance (SAC) Limited for itself and acting in respect of its segregated account designation as T75 CS Energy (T75 Segregated Cell), to cover the costs, up to \$58 million, of certain property damages and business interruptions.

White Rock Insurance (SAC) Ltd (WRI) is a company incorporated in Bermuda.

The T75 Segregated Cell is not a separate legal entity from White Rock Insurance (SAC), however it has been assessed to be a deemed separate entity controlled by CS Energy under the contractual arrangement entered into between CS Energy and WRI. CS Energy has funded the initial set-up of the T75 Segregated Cell.

To support initial and ongoing self-insurance activities, CS Energy has provided a parent company guarantee totalling \$150 million as at 30 June 2026 (2025: \$133.1 million).

In addition, Callide Energy Pty Ltd had 50 per cent (2025: 50 per cent) ordinary equity holding in Callide Power Management Pty Ltd and Callide Power Trading Pty Ltd, respectively. Both these companies were incorporated in Australia.

CS Energy Limited

Notes to the consolidated financial statements

30 June 2026

Note 28. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements except for the investments in subsidiaries which are accounted for at cost.

	2026	2025
	\$'000	\$'000
Financial position		
Assets		
Current assets	1,034,596	697,807
Non-current assets ⁽¹⁾	1,741,471	1,896,690
Total assets	2,776,067	2,594,497
Liabilities		
Current liabilities	(1,109,942)	(671,560)
Non-current liabilities	(1,233,035)	(1,501,675)
Total liabilities	(2,342,977)	(2,173,235)
Net Asset/(liability)	433,090	421,262
Equity		
Share capital	2,506,070	2,391,970
Cash flow hedge reserve	64,351	(42,864)
Accumulated losses	(1,925,573)	(1,468,454)
Total equity	644,848	880,652
(Loss)/profit for the financial year	(211,757)	(459,390)
Total comprehensive (loss)/income for the financial year	(106,813)	(369,493)

(1) Loans to subsidiaries amounting to \$800.5 million (2025: \$977.2 million).

Guarantees entered into by Parent entity

The parent entity has entered into a Deed of Cross Guarantee with its subsidiaries under which each company guarantees the debts of the other.

Information regarding the Deed of Cross Guarantee is set out in note 29.

Contingent liabilities of the Parent entity*Guarantees*

Guarantees are issued to third parties to support trading, environmental financial assurance obligations and infrastructure construction and maintenance works. All guarantees are provided in the form of unconditional undertakings provided by QTC. The total value of guarantees issued to third parties was \$249.2 million (2025: \$199.2 million). The fair value of these guarantees is \$ nil (2025: \$ nil).

Capital commitments

Capital commitments are for the acquisition of plant and equipment contracted for at the reporting date. These are not recognised as liabilities, payable as follows:

	2026	2025
	\$'000	\$'000
Within one year	15,253	3,636

Notes to the consolidated financial statements

30 June 2026

Note 29. Deed of cross guarantee

Pursuant to ASIC Instrument 2016/785 dated 17 December 2016, the wholly owned subsidiaries listed in note 27, except for T75 Segregated Cell, are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports, and Directors' report.

It is a condition of the Class Order that CS Energy Limited and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The financial position of the Group as at 30 June 2026, is equal to the financial position of the entities subject to the Deed of Cross Guarantee. It should be noted that the closed group is covered under the deed except for T75 Segregated Cell.

Note 30. Interests in joint operations

The Group holds interests in joint arrangements classified as joint operations under *AASB 11 Joint arrangements*. The Group has rights to the assets and obligations for the liabilities relating to its share of the joint operations.

Under the relevant joint operating agreements, decisions regarding relevant activities require unanimous consent from all joint operators.

Information relating to joint operations that are material to the Group are set out below:

Name	Principal place of business	2026	2025
		Joint Venture interest %	Joint Venture interest %
Callide Power Management Pty Ltd	Australia	50	50
Callide Power Trading Pty Ltd	Australia	50	50
Alinta Energy Queensland Mass Market (Unincorporated Joint Venture)	Australia	50	50
Boulder Creek Wind Farm (Unincorporated Joint Venture) ⁽¹⁾	Australia	-	50

(1) Refer to note 14 Disposal of Assets.

Note 31. Subsequent events

No matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

CS Energy Limited

Consolidated entity disclosure statement

As at 30 June 2026

Basis of preparation

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

The ownership interest percentage disclosed for bodies corporate in the statement represents the voting interest controlled by CS Energy Limited either directly or indirectly.

In developing the disclosures in the statement, the directors have applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR2018/5.

Entity name ⁽¹⁾	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Callide Energy Pty Ltd	Body corporate	Australia	100%	Australia
Kogan Creek Power Station Pty Ltd	Body corporate	Australia	100%	Australia
Aberdare Collieries Pty Ltd	Body corporate	Australia	100%	Australia
CS Energy Kogan Creek Pt Ltd	Body corporate	Australia	100%	Australia
Kogan Creek Power Pty Ltd	Body corporate	Australia	100%	Australia
CS Kogan (Australia) Pty Ltd	Body corporate	Australia	100%	Australia
CSE BESS Pty Ltd	Body corporate	Australia	100%	Australia
CS Energy Financial Services Pty Ltd	Body corporate	Australia	100%	Australia
CSE H2 Operations Pty Ltd	Body corporate	Australia	100%	Australia
CSE H2 Pty Ltd	Body corporate	Australia	100%	Australia
Callide Power Management Pty Ltd ⁽²⁾	Body corporate	Australia	50%	Australia
Callide Power Trading Pty Ltd ⁽²⁾	Body corporate	Australia	50%	Australia
CS Energy Group Holdings Pty Ltd	Body corporate	Australia	100%	Australia
Queensland Wind 2 Holdings Pty Ltd	Body corporate	Australia	100%	Australia
Lotus Creek Wind Farm Pty Ltd	Body corporate	Australia	100%	Australia

(1) CS Energy Limited entered into an arrangement to self-insure risks in relation to certain property damages and business interruptions to CS Energy and its subsidiaries. The self-insurance arrangement was entered into between CS Energy and White Rock Insurance (SAC) Limited (WRI) for itself and acting in respect of its segregated account designation as T75 CS Energy (T75 Segregated Cell). WRI is a company incorporated in Bermuda. The T75 Segregated Cell is not a separate legal entity from WRI, however it has been assessed to be a deemed separate entity controlled by CS Energy under the contractual arrangement entered into between CS Energy and WRI.

(2) CS Energy Limited, through its subsidiary, Callide Energy Pty Ltd, had 50 per cent (2025: 50 per cent) ordinary equity holding in Callide Power Management Pty Ltd and Callide Power Trading Pty Ltd, respectively. Both these entities are consolidated in the consolidated financial statements.

CS Energy Limited

Directors' declaration

30 June 2026

In the directors' opinion:

- The consolidated financial statements and notes set out on pages 35 to 78 are in accordance with the *Corporations Act 2001*, including:
 - (i) Complying with Australian Accounting Standards including the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) Giving a true and fair view of the Company's and Group entity's financial position as at 30 June 2026 and of their performance the year ended on that date.
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- At the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 27 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 described in note 29.
- The information disclosed in the consolidated entity disclosure statement is true and correct.

This declaration is made in accordance with a resolution of the directors.



Jeff Seeney
Acting Chair



James Versace
Director

27 August 2026
Brisbane



INDEPENDENT AUDITOR'S REPORT

To the Members of CS Energy Limited

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of CS Energy Limited 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 and other 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.



Impairment of Property, Plant and Equipment

Refer to note 16 in the financial report.

Key audit matter	How my audit addressed the key audit matter
The group held property, plant and equipment totalling \$1,527.8 million which includes generation assets. Total impairment for the year was \$11.3 million. As disclosed in Note 16, the recoverable amount of these assets is estimated using a discounted cash flow model that required management to exercise significant judgement in determining the key assumptions supporting the expected future cash flows of the business and the utilisation of the relevant assets. These assumptions include: • selection of the scenario for forecasting future cash flows and determining it is the most appropriate in comparison to other possible scenarios • estimating future cashflows based on: ○ forecasted electricity demand and available generation ○ wholesale electricity prices ○ renewable energy targets ○ fuel costs ○ timing of overhaul and sustaining capital expenditure ○ planned plant retirements ○ discount rate.	My procedures included, but were not limited to: • assessing the reasonableness of the cash flow forecast relative to corporate plans, revised useful lives and in comparison, to AEMO published data and other relevant supporting information • assessing the design, integrity and appropriateness of the discounted cash flow model used to assess the recoverable amount of the group's power station assets • evaluating the scope, competency, and objectivity of management's internal experts used to provide the key assumption adopted by management. These assumptions included forecast electricity prices, demand and generation • testing the mathematical accuracy of the discounted cash flow model • assessing the scenario selected by the group in estimating the recoverable amount of each CGU • assessing the competence, capability and objectivity of management's internal and external experts to provide assumptions adopted by the group for forecast wholesale electricity prices • assessing the reasonableness of management's adopted methodology and assumptions in constructing the forward electricity price curve and discount rate and inflation rates applied with the assistance of the valuation and derivative valuation specialists • evaluating whether forecasted generation was reasonable, with reference to available market data • reviewing the appropriateness of the impairment to the group assets • assessing the appropriateness of the disclosures included in Note 16 of the financial statements. 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 completed for appropriateness • evaluating the findings and conclusions for relevance, reasonableness and consistency with other audit evidence obtained.



Estimation of the onerous contract provision relating to the Gladstone Interconnection and Power Pooling Agreement (IPPA) and rehabilitation and site closure provisions

Refer to note 17 in the financial report.

Key audit matter	How my audit addressed the key audit matter
Onerous contract provision The Gladstone IPPA contract is an onerous contract in the group's financial statements. The provision of \$74.5 million is estimated using a discounted cash flow model, which required the exercise of significant judgement in determining the key assumptions supporting the model, including: • forecasted electricity demand • wholesale electricity prices • generation • unavoidable costs related to the contract • discount rate.	My procedures related to the provision for the Gladstone IPPA onerous contract included, but were not limited to: • assessing the design, integrity and appropriateness of the discounted cash flow model used to measure the provision • testing the consistency of assumptions used in the discounted cash flow model to the assumptions used in the model for the carrying value of generation assets (above) • assessing the competence, capability and objectivity of management's internal and external experts used in measuring the provisions • assessing the reasonableness of management's adopted methodology and assumptions in constructing the forward electricity price curve and discount rate applied with the assistance of the valuation and derivative valuation specialists. 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 completed for appropriateness • evaluating the findings and conclusions for relevance, reasonableness and consistency with other audit evidence obtained.
Rehabilitation and site closure provisions The \$263.5 million provision for rehabilitation and site closures relates to the group's power station sites, mine sites, ash dams and renewable assets. The measurement required significant judgements for: • identifying locations where a present obligation for future restoration, rehabilitation, and decommissioning exists as a result of past events • forecasting the cost of the required restoration, rehabilitation, and decommissioning in today's dollars • estimating the timing of the required restoration, rehabilitation, and decommissioning activities • inflation rate used to escalate the cash flows • discount rate applied.	My procedures related to the provision for rehabilitation and site closures included, but were not limited to: • assessing the design, integrity and appropriateness of the discounted cash flow model used to measure the provision • evaluating the scope, competency and objectivity of the group's external expert used to provide the estimated costs of rehabilitation • evaluating the timing used in the calculations of the provision for consistency with the proposed site closures disclosed in: ○ the annual assessment of estimated useful lives ○ management reports and board reports ○ correspondence between CS Energy Limited and its external stakeholders • assessing the completeness of the provision by reviewing relevant environmental and regulatory requirements



Key audit matter	How my audit addressed the key audit matter
	- assessing the reasonableness of discount rate applied and evaluating whether the inflation rate applied was within a reasonable range, with reference to market data and industry research with the assistance of the valuation specialists. 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 completed for appropriateness - evaluating the findings and conclusions for relevance, reasonableness and consistency with other audit evidence obtained.

Measurement of derivative financial instruments and designation of hedging instruments

Refer to note 6 in the financial report.

Key audit matter	How my audit addressed the key audit matter
Derivative financial instruments CS Energy Limited measured some of its derivative financial instruments at fair value using complex valuation models. The models include the following key inputs that involved significant judgement due to an absence of observable market data: - market risk and option volatilities - scaling factors - credit default probabilities	My procedures included engaging a derivative valuation specialist to assist me in: - obtaining an understanding of the valuation methodologies and assessing their appropriateness with reference to accounting standards and common industry practices - challenging management assumptions used in the valuation process and assessing the reasonableness of the key inputs by comparison to independently sourced external market data, market conditions at year end, CS Energy's generation activities and energy trading policy and - for a sample of derivatives, testing the reasonableness of the valuation calculations by agreeing key terms to supporting documents (including contracts) and counter-party confirmations and recalculating the fair values for comparison to those calculated by the group based on our understanding of generally accepted derivative valuation practices. 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 completed for appropriateness - evaluating the findings and conclusions for relevance, reasonableness.

Key audit matter	How my audit addressed the key audit matter
Designation of hedging instruments The accounting standards for hedge accounting are complex, and their application involved significant judgements about CS Energy Limited's forecast generation profile to determine whether each derivative financial instrument fulfilled the conditions for classification as an effective hedge. Hedge accounting involves recording unrealised gains or losses on derivatives against equity if the derivatives are designated as effective hedges, or otherwise against profit or loss.	With the assistance of a derivative valuation specialist, my procedures included, but were not limited to: • assessing the group's hedge accounting process for compliance with accounting standards. This included reviewing hedge accounting documentation and testing the methodology for calculating hedge effectiveness • assessing the appropriateness of the designation for a sample of derivatives by inspecting the hedge documentation, key terms of the hedging instrument and nature of the hedge relationship • for cash flow hedges, assessing the reasonableness of forecast information used to support that hedged transactions are considered highly probable of occurring • testing reconciliations of the cash flow hedge reserve and assessing the appropriateness of the presentation of gains and losses in the income statement. 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 completed for appropriateness • evaluating the findings and conclusions for relevance, reasonableness

Disposal of assets, and assets and liabilities held for sale

Refer to note 14 and 15 in the financial report

Key audit matter	How my audit addressed the key audit matter
During the year, CS Energy sold its interest in Boulder Creek Wind Farm which resulted in a loss of \$33m in the profit and loss statement. It has also classified Lotus Creek Wind Farm and Brigalow Peaking Power Plant as held for sale. The value of the assets held for sale is \$1,001 million. Determining whether the Lotus Creek Wind Farm and Brigalow Peaking Power Plant met the provisions for being held for sale under AASB 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> required significant management judgement. These transactions were a key audit matter due to their significance to the financial statements, the complexity of the sale agreements, and their importance in enabling CS Energy to support the Queensland Energy Roadmap.	My procedures in this area included, among others: • reviewing the sale agreements and related transaction documentation to understand the key terms of the disposal • assessing whether the accounting treatment for assets held for sale was consistent with the requirements of the applicable accounting standards • verifying the sales proceeds for Boulder Creek Wind Farm to the bank statements • verifying whether the loss on sale of assets was accurately calculated • verifying relevant approvals and documentation to support the classification of held-for-sale • evaluating management's key assumptions for the fair value of the assets held for sale. • assessing whether the financial statements appropriately disclose the transactions in accordance with accounting standards.



Other information

The directors of the Company are responsible for the other information.

The other information comprises the information included in the company's annual report for the year ended 30 June 2026 but does not include the financial report and my auditor's report thereon.

The other information comprises the director's report and sustainability report which we obtained prior to the date of this auditor's report and the Annual report, which is expected to be made available to us after that date.

My opinion on the financial report 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 Corporations Act 2001, I have formed a separate review conclusion on specified Sustainability Disclosures.

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.

Irshaad

28 August 2026

Irshaad Asim
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Sustainability report

for the year ended 30 June 2026

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Sustainability report (continued)

1. Basis of preparation

1.1 Reporting Entity

This Sustainability Report represents a complete set of climate-related financial disclosures for CS Energy Limited (**Company**) and its subsidiaries (collectively, **Group**) for the year ended 30 June 2026.

1.2 Statement of compliance

The Group's climate-related financial disclosures have been prepared in accordance with AASB S2 *Climate-related Disclosures*, which is the mandatory Australian Sustainability Reporting Standard (ASRS) that has been issued by the Australian Accounting Standards Board (AASB).

1.3 Connectivity

This report has been prepared for the same consolidated reporting entity and reporting period as the Group's Consolidated Financial Report (**Financial Statements**) (refer to Note 1 *Basis of Preparation* in the Financial Statements) and has incorporated climate-related information of the parent company and all of its subsidiaries. This report makes connections with the Director's report and the Financial Statements, to present a cohesive view of how relevant climate-related risk and opportunities could impact the Group's financial position, performance and cash flow over the short, medium and long term.

1.4 Functional and presentation currency

Climate-related financial information is presented in Australian dollars (**AUD**), which is also the presentation currency of the financial statements, and all amounts disclosed are rounded to the nearest thousand dollars unless otherwise stated.

1.5 Transition reliefs

In preparing this report, the Group has applied the following first-year relief from the requirement to disclose:

- comparative information; and
- Scope 3 greenhouse gas (GHG) emissions information.

In preparing its climate-related financial disclosures, the Group has assessed its own operations and its value chain which includes, amongst others, the joint ventures of the Group (Note 30). Refer to 1.7 for information on the value chains.

1.6 Overview of the Group

CS Energy is a Queensland Government Owned Corporation (GOC) established under the *Government Owned Corporations Act 1993* (Qld). CS Energy's primary activities are to generate and sell electricity to wholesale and retail customers within Australia. Two Queensland Government Ministers (shareholding Ministers) hold shares in CS Energy on behalf of the people of Queensland. The Group operates within a governance and accountability framework aligned with Queensland Government policy direction and shareholding Ministers' expectations as articulated through the Statement of Corporate Intent (SCI) and Corporate Plan.

As a GOC, CS Energy's approach is undertaken in alignment with Queensland Government policy, including the Queensland Energy Roadmap 2025. This framework guides the delivery of affordable, reliable and sustainable energy, with a focus on optimising existing assets, maintaining system reliability and enabling investment in new generation, storage and energy solutions, including through investment mechanisms such as the Investor Gateway and the Queensland Energy Investment Fund, managed by Queensland Investment Corporation (QIC).

The Group's core business is generating and selling electricity, supported by a portfolio of 3,552 MW of thermal generation and 300 MW/600 MWh of batteries. Operations are primarily located in Central Queensland, the Western Downs and South-East Queensland, supported by a workforce of 737 employees living and working in these communities.

The Group generates electricity for sale into the National Electricity Market (NEM) and provides retail electricity services to large commercial and industrial customers in Queensland, including mines, airports, ports and Queensland Government departments and agencies (hereby referred to collectively as "Customers").

Through a retail joint venture with Alinta Energy, the Group also supplies electricity to residential and small business customers in South-East Queensland (Energen distribution area), leveraging the Group's generation assets while Alinta manages the customer retail operations.

The Group's portfolio spans thermal, renewable, storage and firming assets, aimed at maintaining system reliability while progressively diversifying its generation mix in line with Government policy settings and market transition. This includes a mix of owned assets, joint ventures, power purchase agreements (PPAs) and development projects.

The Group's major coal-fired generation assets include:

- Kogan Creek Power Station in the Western Downs – one of Australia's most efficient and technically advanced coal plants – along with the adjacent Kogan Creek coal mine that fuels it;
- In Central Queensland, the Group owns Callide B Power Station and has a 50 per cent interest in Callide C Power Station (operated via a joint venture with IG Power (Callide) Ltd); and
- Trading surplus energy from the Gladstone Power Station that exceeds the requirements of the Boyne Island aluminium smelter.

In parallel, the Group has expanded into renewable energy and firming asset projects as well as offtake arrangements including:

- The 100 MW/200 MWh Chinchilla Battery located next to Kogan Creek Power Station;
- The 200 MW/400 MWh Greenbank Battery located in the Logan City Council area in South-East Queensland;
- Agreement for 100 per cent offtake from the Boulder Creek Wind Farm (228 MW) following construction;
- The Lotus Creek Wind Farm (285 MW) which is currently under construction (noting that through the QIC Investor Gateway, CS Energy is undertaking a transaction to secure equity investment in the Group's 100 per cent interest in the Lotus Creek Wind Farm project);
- Development of firming capacity through gas generation with the Brigalow Peaking Power Plant (400 MW) to support system reliability and peak demand; and
- Renewable offtake agreements (388 MW) with third-party solar and wind providers to supply its large commercial and industrial customers with clean power.

The Group's asset portfolio (as per net book value – refer Note 16) is summarised in the table below:

Property, plant and equipment	% of book value
Generation and storage infrastructure	78
Capital generation projects in progress	16
Mining assets	2
Other non-current assets (including land and buildings)	4

1.7 Value chain

The Group's value chain is aligned with its operating structure and principal activities as described in section 1.6, with its primary revenue generating activity being generation and sale of electricity and ancillary services to wholesale and retail customers within Australia.

Outlined below are the key value chains of the Group that are relevant to this climate-related risk and opportunity assessment. All physical assets, including upstream and downstream components, have been evaluated for climate-related risks and opportunities.

- Thermal electricity generation
- Mining
- Renewable electricity generation
- Battery energy storage systems
- Retail and commercial
- Corporate office.

1.8 Reporting boundary for GHG emissions

1.8.1 Organisational boundary

The Group applies the operational control approach to establish its organisational boundary for the reporting of GHG emissions. The Group believes that the use of the operational control approach is the most appropriate method to measure the Group's GHG emissions, considering there are entities and assets within the Group's financial reporting Group over which it does not have operational control.

A summary of the operational control position across the entities, assets, and operations of the Group is provided below:

Reporting Boundary – emissions		Note in financial statements
Parent and consolidated subsidiaries	The Company has operational control across all of its subsidiaries, as it has full authority to introduce and implement operational policies across them. Arrangements, assets, operations and/or projects within the Group are separately assessed for operational control particularly due to the complex structures and arrangements in place. Below are the particular arrangements, assets, operations and/or projects to which it is important to clearly identify as to whether the Group has operational control or not.	Note 28
Joint Ventures	The Group has operational control over the operations at the Callide C power station through the Operation and Maintenance Agreement. The Group holds this investment and activities within the Callide Power Management Pty Ltd (JV). The Group does not have operational control of the electricity trading of Callide C generation. These activities are performed within the Callide Power Trading Pty Ltd (JV). The Group does not have operational control over electricity sales/trading within the Alinta Energy Queensland Mass Market (Unincorporated Joint Venture).	Note 28
Operations	The Group does not have operational control of the Kogan Creek Mine.	
Infrastructure Projects	Following the main construction contract award, the Group does not have operational control of the Brigalow Peaking Power Plant construction.	Note 15
	The Group does not have operational control of the Boulder Creek Wind Farm construction. On 30 June 2026, the Group completed a transaction to transfer its 50 per cent equity stake in the Boulder Creek Wind Farm.	Note 14
	The Group does not have operational control of the Lotus Creek Wind Farm construction.	Note 15

Sustainability report (continued)

Direct GHG emissions from sources that are owned or controlled by businesses and operations within the Group's organisational boundaries are reported as scope 1 GHG emissions of the Group. GHG emissions from the generation of purchased electricity consumed by these businesses and operations are reported as scope 2 GHG emissions of the Group. The Group's relevant portion of other indirect emissions arising from its activities will be reported as the Group's scope 3 emissions in future reporting periods.

The table below summarises the key judgements applied in preparing this Sustainability Report, together with the principal sources of significant measurement and estimation uncertainty. Further detail on accounting judgements and estimates relevant to the financial statements, some of which directly influence these climate-related disclosures is provided in Note 1.

1.9 Significant judgements and uncertainties

In preparing this Sustainability Report, the Group has exercised judgement in determining which climate-related information is relevant and appropriate to disclose. This includes interpreting reporting requirements, evaluating data availability, and selecting methodologies in areas where the standards allow flexibility. Measurement uncertainty arises where information depends on estimates, incomplete data, or forward-looking assumptions. These uncertainties are expected to evolve as data quality improves and external conditions change.

Key judgements and sources of uncertainty

Topic	Description
Materiality	Judgement is applied in identifying climate-related risks, opportunities and information reasonably expected to influence the Group's strategy, business model, financial position or performance. This includes determining appropriate materiality thresholds, relevant time horizons, and assessing value chain dependencies. Measurement uncertainty arises because different assumptions or thresholds may lead to different outcomes.
Scenario Selection (see section 3.5)	Selecting scenarios for climate-related analysis requires judgement in choosing pathways, input datasets and transition variables reasonably expected to capture the uncertainties most relevant to the Group. Scenarios incorporate assumptions about temperature outcomes, technological developments and policy evolution. Measurement uncertainty arises as no scenario can accurately model or predict climate change impacts.
GHG Emissions (see section 5)	The Group prioritises data that reflects its actual GHG emissions based on operational activities or activities within its value chain. Where this data does not exist or is not practically available, the Group exercises judgement in selecting estimates using proxy information such as published emission factors, supplier reported data, and other relevant indicators combined with information reasonably expected to represent the Group's or its value chain partners' activities. Measurement uncertainty arises due to data gaps, variability in reporting practices across the value chain, and changes in emission factor methodologies over time.
Use of value chain information	Certain disclosures rely on third party or proxy information where value chain data is incomplete or unavailable. Judgement is exercised to determine estimation approaches reasonably expected to provide a representative view of upstream and downstream impacts. Uncertainty results from variability in supplier reporting maturity and data quality.
Resilience Assessment (see section 3.6)	Judgement is applied in determining which climate hazards, time horizons and impact channels are reasonably expected to affect resilience. Estimation uncertainty arises from assumptions regarding future policy settings, market conditions, emissions trajectories and technology adoption, each of which may influence the magnitude of potential impacts.

2. Governance

2.1 Business governance

The Board is accountable to shareholding Ministers for the Group's performance and strategic direction, including oversight of climate-related risks and opportunities.

CS Energy 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.

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

2.2 Roles and responsibilities for governance

Board oversight

The Board is responsible for the oversight of climate-related risks and opportunities that are reasonably expected to impact on the Group's strategy, operations, and financial performance. With extensive expertise spanning multiple industries and topics, the Board sets (meeting at least eight times per year) the Group's strategy taking climate resilience and long-term sustainability into account.

The Board reports formally to shareholding Ministers via its Annual and Quarterly Reports. The Board also advises shareholding Ministers of any material matters as required.

The Board's responsibilities, along with those delegated to Management, are outlined in the Group's Board Charter. These responsibilities were updated in May 2026 to include (amongst other non-climate-related responsibilities):

- Oversight of climate-related risk management practices and their integration into enterprise frameworks, including the establishment and monitoring of relevant metrics, targets and performance as well as climate-related mandatory reporting
- Setting the Risk Appetite of the Group and ensuring appropriate oversight of risk, primarily by setting risk policies and through the activity of the Board and Board's Committees

The Board recognises the nature of operations and the ongoing impact of climate-related matters on performance. As such, climate-related matters are integrated into strategic planning, risk management, major investments and overarching performance monitoring and forecasts. Climate-related matters are escalated to the Board in-line with the existing enterprise risk management framework and other reporting processes via Board Committees.

Board committees

The relevant Board Committees (identified below) support the Boards oversight of climate-related matters through specific governance, risks and performance focuses. Climate-related risk and opportunity oversight is embedded within each Committee's remit rather than managed through a single dedicated committee.

Each Committee meets at a minimum of three times per year, with the Committee Chair's then reporting to the Board on matters relevant to the discharge of the Committee's responsibilities, including recommendations on any specific decisions or actions the Board should consider. Committees have access to internal and external resources to seek advice or assistance if and as required to fulfill their roles, including the commissioning of special investigations.

Each of the Committees' charters were reviewed during the current financial year and where relevant, updated to enhance climate-related responsibilities. The effects of these charter updates are expected to be realised in meetings and associated minutes in the following financial year.

a) Finance, Risk and Audit Committee

Supports the Board in overseeing the Group's sustainability strategy, policies, risks, and reporting. This includes oversight of climate-related risks and opportunities, scenarios (and related resilience assessments) and financial impacts. This committee also has oversight of the external climate-related disclosures. The Committee comprises at least three non-executive directors.

b) Performance and Investment Committee

Supports the Board with oversight of how climate-related risks and opportunities are considered in operational performance, asset management and capital allocation decisions. The Committee comprises at least three non-executive directors.

c) People, Culture and Remuneration Committee

Supports the Board with the oversight of workforce capability, leadership, culture and remuneration frameworks that enable delivery of the Group's strategy inclusive of longer-term sustainability priorities. The Committee comprises at least three non-executive directors.

Management responsibilities

The Board has delegated its power and authority to manage and supervise the management of the day-to-day operations of the Group and its wholly owned subsidiaries to the Chief Executive Officer (CEO). The overarching delegation of authority framework is approved by the Group's Board. The Board specifically approves the authorities which will be delegated to the CEO. The CEO can sub-delegate certain authorities to lower levels within the organisation, in accordance with the Authorities and Delegations Policy approved by the Board.

Sustainability report (continued)

The management of climate-related risks and opportunities exists across multiple management roles, reflecting the nature of the Group's assets, operations and risk management practices. Specific responsibility for the establishment of climate-related management practices, including those supporting disclosure requirements, has been delegated to the Chief Energy Transition Officer and the Head of Sustainability. These roles were supported during the current reporting period by an AASB S2 Project Working Group, established as a cross-functional forum with representation from across key business divisions. This group included the Head of Enterprise Planning, Reporting and Analysis, Head of Finance, Head of Risk, Head of Asset Management, Workforce Strategy Manager, and Head of Resource and Commercial.

Following the initial work undertaken to establish climate-related management practices, the Group is reviewing management roles, accountabilities and governance forums. This is intended to support the ongoing oversight, coordination and integration of climate-related matters into business-as-usual processes.

2.3 Strategy and targets

The Board recognises that, as a GOC, the Group's strategic direction and priorities are shaped by the Queensland Government's public policy objectives and stated expectations, and are reflected in the SCI and Corporate Plan. This includes responding to government initiatives such as the Electricity Maintenance Guarantee and broader energy policy settings, including the Queensland Energy Roadmap, as well as considering communications issued by shareholding Ministers outlining expectations for performance, strategic priorities, and value delivery.

Consistent with these expectations, the Group's strategy focuses on maintaining the reliability and safety of its existing assets, improving operational and financial performance, and delivering disciplined and efficient capital investment to support affordable, reliable and sustainable energy for Queenslanders.

In its role as one of Queensland's electricity generators, the Group is actively supporting delivery of the Queensland Energy Roadmap, which provides overarching direction for the transformation of the State's evolving energy system. This includes maintaining and optimising existing infrastructure, improving system resilience, supporting customer connections, and facilitating private sector investment and participation in new generation, storage and energy solutions. The Group has aligned its investment priorities, operational focus and cost management initiatives with these objectives and its approved strategic priorities.

As a GOC, the Group's approach is undertaken within this broader whole-of-government policy and planning framework, which provides the context for transition planning. Accordingly, the Group does not currently maintain a standalone climate transition plan. Instead, climate-related considerations are embedded within existing strategic planning, asset management and investment processes, supported by scenario analysis to inform strategic decision making, capability development and longer-term planning. The development of a formal transition plan will be considered as the Group's strategic maturity, data availability and regulatory clarity develop.

The Group's existing strategic planning and regulatory review cycles provide mechanisms to periodically reassess strategic priorities and investment assumptions as market conditions, policy settings, system needs and shareholding Ministers' expectations evolve.

Management has a responsibility, delegated by the Board, to monitor progress against any climate-related targets that are voluntarily adopted or mandated by law or regulation, such as those under the Australian Safeguard Mechanism. Any targets and associated metrics are reviewed periodically by the relevant Board Committee(s) and reported to the Board. These processes support the integration of climate-related considerations into strategic planning, investment decision-making, and operational performance.

2.4 Skills and experience

The Board and Finance, Risk and Audit Committee recognise the importance of appropriate skills and experience to effectively oversee climate-related risks and opportunities. Alongside all Finance, Risk and Audit Committee members being required to have familiarity with general finance and accounting practices, the Group is developing capabilities to ensure upskilling in relation to climate-related financial disclosure expertise. This has been supported by a climate-related skills/capability self-assessment undertaken by the Board and the ELT, the outcomes of which will inform ongoing capability development activities. External subject matter experts are engaged as needed to provide technical advice and ensure that the Board and Committee remain informed of developments in climate-related standards and practices.

2.5 Remuneration systems

The Group does not link executive remuneration directly to climate-related performance metrics.

3. Strategy

Australia's electricity market is undergoing a period of transition, driven by the growth of renewable generation, technological change and changes in how electricity is produced, consumed and managed across the network. In this environment, the Group's strategy is focused on maintaining reliable and secure electricity supply in Queensland while the generation mix continues to evolve. Dispatchable thermal generation currently contributes to system stability during periods of high demand and renewable variability, alongside other sources of firming and network support, with new technologies progressively being deployed to assume these functions over time. The Group's strategic response is to maintain the safe and reliable operation of its existing assets while progressively evolving its portfolio through a combination of ownership, partnerships and contracting arrangements, including engagement with QIC to identify developers and investors to support delivery of new generation and infrastructure projects.

As a GOC, the Group is committed to delivering on the expectations of shareholding Ministers, the Queensland Energy Roadmap and associated initiatives such as the Electricity Maintenance Guarantee. To achieve this, the Group's strategic priorities are:

- Focusing on the reliability and safety of existing assets;
- Focusing on productivity, prudence and efficiency in financial and operational performance;
- Strategically prioritising and delivering projects on time and on budget; and
- Supporting delivery of the Energy Roadmap.

The Group's strategy and business planning are informed by external market, policy and regulatory developments, including Queensland Energy Roadmap and shareholding Ministers' expectations. This ensures alignment with government priorities relating to energy transition, system reliability and asset performance.

Within this context, the Group has undertaken climate resilience assessments under a lower and higher-emissions scenario and will continue to engage with the Queensland Government and shareholding Ministers regarding long-term system outcomes and the States commitment to Net Zero by 2050.

When considering climate-related risks and opportunities, Management has used the following time horizons:

- **Short-term:** 0 to 4 years aligning with internal planning and reporting periods (to 2030)
- **Medium-term:** 5 to 10 years aligning with long-term forecasts and planning horizons (2036)
- **Long-term:** 11–24 years aligning to the Queensland Energy Roadmap and the State's Net Zero 2050 target (2050).

3.1 Climate risks and opportunities impacting the business

Climate change and the transition towards a net-zero emissions economy are expected to impact areas of the Group's business and value chain to varying degrees. Climate change presents both discrete risks and opportunities and may also influence broader strategic and operational risks, including regulatory settings, access to capital, input costs, health and safety. It is also recognised that the Group's activities contribute to greenhouse gas emissions that impact on the climate.

The Group has conducted an assessment to identify, assess and understand the current and anticipated effects of climate-related risks and opportunities on its business model and value chain. Through this process, the Group identified specific areas within its business model and value chain where climate-related risks and opportunities are concentrated, including physical risks to infrastructure from extreme weather events.

Climate-related risks and opportunities that are considered material and reasonably expected to affect the Group's prospects are outlined below. These risks and opportunities require ongoing monitoring and active management as part of the Group's risk management and strategic planning processes.

- Increases in the likelihood and frequency of severe/extreme weather and weather-related events (including bushfires, flooding, storm activity) impacting business continuity (e.g. operations, asset damage, personnel safety and the release of contaminants into the environment) [Physical Risk]
- Disruptions and outages of electricity generation due to weather events [Physical Risk]
- Ongoing and long-term changes to climate patterns (including droughts, rainfall days and totals, temperature maximums) resulting in long-term impacts to Group's assets performance and useful lives [Physical Risk]
- Changes to the energy market (policies, regulatory reforms) may increase operating and compliance costs, reducing returns from the Group's existing asset portfolio [Transition Risk]
- Changes in Queensland Government policy and shareholding Ministers' expectations may require changes to the Group's strategy, capital and/or operational allocation, and delivery model across its portfolio [Transition Risk].
- Changing interactions of weather events and energy supply mix may lead to output volatilities, increased system balancing requirements and potential reputational impacts [Transition Risk]
- The opportunity to leverage and further diversify the generation and energy portfolio through ownership, partnerships and contracting arrangements [Opportunity].

Sustainability report (continued)

3.1.1 Resourcing requirements

Climate-related activities are currently resourced through the Group's existing governance, management and operational structures, with responsibilities embedded within established roles across relevant functions, including operations, asset management, projects, finance, risk, legal, company secretariat and environmental management teams. Oversight and delivery are supported by established environmental management systems and the enterprise risk management frameworks under the supervision of the Board and executive leadership. This approach reflects a proportionate initial approach, leveraging existing capability and organisational structures the Group expects to progressively enhance resourcing, systems and internal capability over time as regulatory requirements, portfolio transition activities and climate-related data maturity continue to evolve.

3.2 Effect of identified risks and opportunities on business model

For each of the identified risks and opportunities, the Group has considered the potential effects on the Group's strategy and business model. By integrating these insights into strategic planning, the Group aims to manage the financial, operational and reputational implications of climate change. The table below identifies, for each climate-related risk and opportunity, their impact on the business model and value chain as well as mitigation activities in place to manage those risks.

Material risk / opportunity identified	Nature of the risk / opportunity	Potential impact on business model	Mitigation or adaptation efforts
A. Impact to business continuity following severe and/or extreme weather events (Physical Risk) - Time horizon: Short, Medium and Long Term - Status¹: Increasing - Business Model / Value Chain Concentration: Operations, assets, personnel safety	Acute physical climate risk arising from the increased frequency and severity of extreme weather events (including bushfires, flooding, and storms), which may disrupt operations, damage assets, impact personnel safety and risk environmental damages.	- Potential damage to generation and supporting infrastructure, reduced asset availability and constraints on workforce safety and site access as well as disruptions to generation capacities. - The Group's operations are dependent on reliable water supply for cooling and generation processes. Extreme weather events (including drought, flooding and contamination risks) may constrain water availability. - Potential increased cost structures across asset design and maintenance. This includes additional requirements to retain operational flexibility across upstream (infrastructure and water inputs), core (generation, storage, mining) and downstream (customer delivery and reliability) value chain components. - Potential increased operational and capital replacement costs from increased maintenance, inspections, event recovery and resilience upgrades. This may also affect generation capacities due to potentially increased non-generating periods.	- Climate resilient asset design and retrofitting (including fire, flood and heat rated infrastructure), enhanced water security and dam safety management, and comprehensive environmental controls to prevent uncontrolled releases. - Operational resilience is supported by weather monitoring, Trigger Action Response Plans, Emergency Response, Crisis Management and Business Continuity Plans, together with post event inspection and recovery procedures. - Workforce health and safety risks are managed through severe weather protocols, access controls, Personal Protective Equipment (PPE) and training. - Ongoing governance is maintained through regular physical risk assessments and Insurance coverage for asset damage and business interruption. - Bushfire controls (vegetation clearance, non-combustible surrounds, restricted access during warnings, shielding/fire resistant enclosures for hydrogen cylinders/piping, emergency shutdown protocols).
B. Disruptions and outages of electricity generation due to weather events (Physical Risk) - Time horizon: Short, Medium and Long Term - Status¹: Increasing - Business Model / Value Chain Concentration: Operations, assets, personnel safety	Acute physical climate risk where extreme weather events (such as storms, flooding and bushfires) disrupt generation and broader network interfaces, resulting in outages and interruptions to Customer energy services.		

¹ Status

Increasing: The potential risk/opportunity is growing in significance (likelihood and/or impact), or the organisation's exposure is increasing.

Developing: The potential risk/opportunity is emerging or evolving, with information and trajectory still being assessed.

Unconfirmed: There is insufficient evidence/data to determine whether the potential risk/opportunity is increasing, stable, or decreasing, or even whether it will crystallise in a meaningful way.

Decreasing: The potential risk/opportunity is reducing in significance, or the organisation has successfully reduced exposure and/or improved resilience such that likelihood/impact is lower.

Material risk / opportunity identified	Nature of the risk / opportunity	Potential impact on business model	Mitigation or adaptation efforts
C. Long term climate pattern changes impacting asset performance and useful lives (Physical Risk) - Time horizon: Medium and Long Term - Status¹: Increasing - Business Model / Value Chain Concentration: Operations, assets	Chronic physical climate risk arising from long term changes in climate patterns (including drought, altered rainfall and higher temperature extremes) that may degrade asset performance, increase maintenance requirements and shorten the useful lives of Group's assets.	- Potentially degrade the performance, efficiency and useful lives of Group's generation, storage and supporting infrastructure assets. - Possibly increase maintenance intensity, accelerate asset wear, constrain water dependent operations, and reduce thermal efficiency and dispatch capability, particularly for ageing thermal generation assets. - Repeated exposure to extreme conditions potentially leads to accelerated asset degradation, reduced efficiency and shortening of useful lives, possibly affecting long-term asset economics and investment decisions.	- Long-term asset and resilience planning, including climate informed asset management strategies, enhanced maintenance and inspection regimes, and incorporation of climate projections into capital planning and useful life assessments. - Governance and oversight are maintained through periodic physical risk assessments, supported by continuous monitoring and reporting, to enable timely adaptation and investment decisions.
D. Energy market changes impacting asset costs and returns (Transition Risk) - Time horizon: Medium and Long Term - Status¹: Increasing - Business Model / Value Chain Concentration: Revenues and margins, asset values	Changes to energy market policies and regulatory reforms that may increase operating and compliance costs and reduce returns from Group's existing asset portfolio.	- Potential energy market reforms (e.g. dispatch rule changes, capacity mechanisms, reliability obligations and carbon related pricing signals) may reduce utilisation and margins of Group's thermal generation assets, increase compliance and operating costs, and accelerate economic obsolescence. - This potentially impacts the generation and wholesale trading segments of the value chain and may reduce the ability of legacy assets to recover fixed costs, possibly affecting portfolio returns and long term asset viability.	- Active monitoring of policy and market reform developments, targeted engagement with relevant stakeholders, and portfolio level scenario and sensitivity modelling to assess impacts on utilisation, margins and asset viability under alternative market design outcomes. - Application of portfolio optimisation measures (including contracting/hedging approaches and operational flexibility initiatives) to manage revenue volatility and reduce reliance on any single revenue stream as market settings change.
E. Shareholder policy driven changes to Group strategy and delivery (Transition Risk) - Time horizon: Short, Medium and Long Term - Status¹: Increasing - Business Model / Value Chain Concentration: Assets	Transition risk arising from changes to state or federal policy that may require changes to the Group's strategy, capital and/or operational allocations and delivery model across its portfolio.	- Potential changes in government policy and expectations, may require the Group to adjust the timing, sequencing and/or nature of investments that may include the acceleration, deferral and/or reconfiguration of its generation portfolio. - This could possibly result (for the Group), in suboptimal capital allocation outcomes relative to market conditions, increased delivery complexity and potential impacts to financial performance, asset utilisation and portfolio returns, these allocations could also support the Group's role in delivering whole of system outcomes in line with the Government's energy transition objectives.	- Ongoing engagement with shareholding Ministers and central agencies, supported by integrated strategic and capital planning processes to ensure policy developments are considered in investment and portfolio decisions. - Application of scenario planning, portfolio optimisation and investment governance to support the Groups capital allocations, partnership models and delivery pathways. These activities and decision-making processes are integrated into the Corporate Plan and SCI and aligned with State energy policies.

¹ Status

Increasing: The potential risk/opportunity is growing in significance (likelihood and/or impact), or the organisation's exposure is increasing.

Developing: The potential risk/opportunity is emerging or evolving, with information and trajectory still being assessed.

Unconfirmed: There is insufficient evidence/data to determine whether the potential risk/opportunity is increasing, stable, or decreasing, or even whether it will crystallise in a meaningful way.

Decreasing: The potential risk/opportunity is reducing in significance, or the organisation has successfully reduced exposure and/or improved resilience such that likelihood/impact is lower.

Sustainability report (continued)

Material risk / opportunity identified	Nature of the risk / opportunity	Potential impact on business model	Mitigation or adaptation efforts
F. Asset generation and distribution risks leading to output volatilities and reputational impacts (Transition Risk) - Time horizon: Medium and Long Term - Status¹: Increasing - Business Model / Value Chain Concentration: Operations	Increased generation and distribution risks—arising from the interaction of weather events and supply mix—leads to output volatility (including pricing [spot and futures] as well as reliable supply volumes), increased system balancing requirements and potential reputational impacts.	- The increasing penetration of variable renewable energy, combined with climate driven weather variability and ageing thermal assets, may possibly increase the risk of forced outages, fluctuating output and higher system balancing requirements. - This could potentially lead to reduced reliability, reputational impacts, higher operating costs and potential non delivery against market or reliability obligations, affecting the generation, dispatch and system support components of the value chain.	- Combination of asset reliability and resilience measures (preventative and predictive maintenance, condition monitoring, and outage coordination), and portfolio measures that increase flexibility—such as diversification across generation types and the integration of storage and firming capacity to support dispatch performance and manage supply variability. - The Group also maintains operational contingency planning and engagement with relevant stakeholders to manage reliability and reputational impacts arising from generation volatility or outages.
G. Portfolio diversification (Opportunity) - Time horizon: Short to Medium Term - Status¹: Developing - Concentration in Business model and value chain: Capital investments, revenue diversification	Strategic opportunity to diversify the Group's generation and energy portfolio through a combination of ownership, strategic partnerships and contracting arrangements, supporting the transition to a more flexible, reliable and lower-emissions energy system in alignment with Queensland Energy Roadmap direction and shareholding Ministers' expectations.	- Diversification of the portfolio toward renewables, storage and other firming solutions provides an opportunity to improve resilience to market and policy changes. - This may enhance revenue diversification, improve alignment with evolving customer demands for lower-emission products and strengthen long-term portfolio resilience and financial performance.	- The Group works with the Queensland Government and shareholding Ministers to inform portfolio development in line with system needs and policy settings. - Integrated strategic and capital planning processes (including the Corporate Plan and SCI) are used to prioritise investment and delivery models that balance flexibility, affordability and reliability outcomes. - In line with Queensland Energy Roadmap priorities, the Group is progressively evolving its portfolio to complement its existing thermal generation assets with renewable, storage and firming capacity.

¹ Status

Increasing: The potential risk/opportunity is growing in significance (likelihood and/or impact), or the organisation's exposure is increasing.

Developing: The potential risk/opportunity is emerging or evolving, with information and trajectory still being assessed.

Unconfirmed: There is insufficient evidence/data to determine whether the potential risk/opportunity is increasing, stable, or decreasing, or even whether it will crystallise in a meaningful way.

Decreasing: The potential risk/opportunity is reducing in significance, or the organisation has successfully reduced exposure and/or improved resilience such that likelihood/impact is lower.

3.3 Overview of current and anticipated financial effects of risks and opportunities

The effects that the Group's climate-related risks and opportunities may have on its financial position, financial performance and cash flows for the current reporting period and the anticipated financial effects that those climate-related risks and opportunities are expected to have over the short, medium and long-term are detailed in the following table. Due to the inherent measurement uncertainty associated with estimating the financial effects of climate-related risks and opportunities over the medium and long term, quantitative information has not been disclosed where information would not be sufficiently reliable or useful.

Risk / opportunity	Financial year ended 30 June 2026	Significant risk of material adjustment in 2027	Anticipated financial effects over, short, medium and long term
A. Impact to business continuity following severe and/or extreme weather events <i>(Physical Risk)</i>	The Group experienced a number of weather events during the year that resulted in the activation of Trigger Action Response Plans to ensure business continuity, electricity generation, the safety of employees and protection of assets. Ex-tropical cyclone Koji caused damage to road infrastructure at the Lotus Creek Wind Farm site. The financial impacts of these events were immaterial.	No significant risk of material adjustment.	Increasing frequency and severity of extreme weather events may result below potential financial impacts, including: • incremental capital expenditure for asset replacement for damaged infrastructure, resilience upgrades • Increase in operating expenditure from maintenance, inspections, employee health and safety, insurance and adaptation costs • revenue variability due to reduced generation availability during outage events.
B. Disruptions and outages of electricity generation due to weather events <i>(Physical Risk)</i>	Whilst there were periods where certain sites experienced nil or low productivity, inventories (coal) as well as the diversified asset portfolio allowed the Group to mitigate negative financial impacts through increased market spot pricing during these periods.	No significant risk of material adjustment.	Financial impacts may be offset by wholesale electricity price increases during supply disruptions. Financial effects of disruptions and outages of electricity generation due to extreme weather events are highly uncertain, due to dependence on climate variability (including the frequency and severity of events), asset performance and condition, electricity market pricing dynamics, and the timing and effectiveness of resilience and adaptation measures.
C. Long term climate pattern changes impacting asset performance and useful lives <i>(Physical Risk)</i>	Increased intensity of rainfall events have given rise to a review of the Kogan Creek mine water management network and release to better manage impact of outlier high rainfall events. The financial impact in relation to these matters were immaterial.	Rainfall patterns and associated operational impacts continue to be monitored across sites. No significant risk of material adjustment anticipated for FY27.	Chronic changes in climatic conditions (including higher average temperatures and more frequent heatwaves) may gradually reduce the operating efficiency and generation output of assets. This may possibly reduce revenue from electricity generation and increase operating costs (including maintenance and operating interventions). Where reduced output requires additional firming, this may potentially increase costs of meeting contracting and reliability commitments. These impacts could also possibly affect the carrying value of related property, plant and equipment (including depreciation and impairment assessments) and cash flows through lower operating receipts and potential higher operating cash outflows.

Sustainability report (continued)

Risk / opportunity	Financial year ended 30 June 2026	Significant risk of material adjustment in 2027	Anticipated financial effects over, short, medium and long term
D. Energy market changes impacting asset costs and returns <i>(Transition Risk)</i>	The Group models for the potential climate-related impacts on energy markets demand and pricing informed by historical data and probability ranges. In establishing budgets and forecasts, the Group models, a range of probabilistic outcomes with respect to generation, pricing and financial performance. Given the inherent unpredictability of the variables, precise outcomes cannot be forecast. Accordingly the Group plans and sets expectations within defined performance ranges, recognising that outcomes within these ranges remain acceptable under varying market conditions. During the financial year, a combination of direct and indirect climate-related factors, together with other market influences, affected demand and pricing with impact not separately attributable. Actual financial performance for the period was within the modelled range of outcomes established through the Group's budgeting and forecasting processes. The Group recognised an impairment of \$8.6 million in the current financial year relating to the forecast cash flows of the Callide B CGU. Refer to Note 16 of the Financial Statements.	Increasing supply - particularly from renewable generation - continues to place downward pressures on energy prices, including a higher frequency of negative pricing events. This is reflected in forecast outcomes for the Group's generation portfolio and associate margins. These conditions may give rise to a significant risk of material adjustment to asset valuations. The Group continues to monitor market development for any impairment indicators, particularly in relation to its thermal generation asset portfolio.	Ongoing changes in energy market conditions, including shifts in the generation mix such as increasing renewable energy penetration, are expected to influence the role and financial performance of the Group's thermal generation assets over time, including potential impacts on revenues, margins and cash flows. In response and in alignment with the expectations of shareholding Ministers, the Group is focused on maintaining the performance and reliability of its existing assets, while progressively evolving its portfolio through a mix of ownership, partnerships and contracting arrangements to support system needs. This includes balancing affordability, reliability and flexibility as the energy system continues to transition.
E. Shareholder policy driven changes to Group strategy and delivery <i>(Transition Risk)</i>	The Queensland Energy Roadmap has resulted in updates to the Groups strategy, including increasing the operational lives of the thermal generation portfolio and partnerships with industry and the private sector through the QIC Investor Gateway. These initiatives reflect a shift in ownership and capital structure, alongside offtake arrangements that are intended to support delivery of the Group's objectives. During the year, the Group secured additional private sector investment in the Boulder Creek Wind. As part of the arrangement, CS Energy transferred its 50 per cent equity stake in the project and entered into a new agreement to offtake 100 per cent of the renewable energy produced by the wind farm. Refer Note 14 of the Financial Statements. The Group also entered into a Joint Development Agreement with APA to progress development of the Brigalow Peaking Power Plant. The agreement is the first stage in a public-private sector partnership under the Queensland Government's Energy Roadmap, designed to meet Queensland energy's requirements. Refer to Note 15 of the Financial Statements.	The Group has been working with QIC's Investor Gateway to explore private investment opportunities for Lotus Creek Wind Farm. Refer to Note 15 of the Financial Statements.	It is expected that Queensland Government policies will be continuously monitored and updated to support delivery of the Queensland Energy Roadmap. The Group anticipates that capital investment will reflect a prioritisation of existing assets, including selective investment in asset development as well as partnerships with industry and the private sector to support access to and delivery of safe, reliable and low/no-emission energy supply. There may also be impacts on operations and operational cost profiles. Strategic investment prioritisation will continue to be informed by Queensland Government policy settings and shareholding Ministers' expectations (including through coordination with Queensland Investment Corporation), in determining portfolio allocation and energy delivery pathways.

Risk / opportunity	Financial year ended 30 June 2026	Significant risk of material adjustment in 2027	Anticipated financial effects over, short, medium and long term
F. Asset generation failure risk leading to output volatility and reputational impacts <i>(Transition Risk)</i>	Generation failures that occurred during the year that were due (or related) to weather events were managed to mitigate any material reputational impacts. Financial impacts from these events were also immaterial.	No significant risk of material adjustment.	Over the medium to long term, increasing renewable energy penetration is expected to place downward pressure on the utilisation and pricing of thermal generation assets, potentially impacting revenues and cash flows. Consistent with policy direction, the Group continues to invest in the performance, reliability and safety of its thermal assets to support their role in maintaining system security during the energy transition. Targeted capital investment in resilience measures, such as upgrades, retrofits and climate-adaptation initiatives, to maintain operational integrity and mitigate physical climate risks and/or impact. All capital allocation decisions are undertaken in alignment with State Government policy objectives such as the Electricity Maintenance Guarantee, and are subject to ongoing assessment to ensure they remain consistent with the evolving energy transition pathway and shareholder expectations.
G. Portfolio diversification to mitigate ageing thermal exposure <i>(Opportunity)</i>	During the year, the Group appointed the major construction contractor to carry out the Balance of Plant works for the Brigalow Peaking Power Plant. The gas-fired peaker will be located next to the Kogan Creek Power Station and will provide fast-start capability during periods of high demand to support power system reliability. Refer Note 15.	No significant risk of material adjustment is noted at the date of this report.	In line with the Group's Corporate Plan, the Group is progressing portfolio diversification through the development of firming and other market-led energy solutions, including through a combination of ownership, partnerships and contracting arrangements. Consistent with Shareholding Ministers expectations, this approach supports the development of a more flexible portfolio over time, while maintaining a focus on affordability, reliability and disciplined capital deployment. Portfolio diversification is expected to increase near-term transition costs but is expected to reduce long-term cost exposures, stabilise revenue and lower asset impairment risk while strengthening strategic positioning in the energy transition.

Sustainability report (continued)

3.4 Climate resilience

As outlined in section 3.5, the Group uses scenario analysis to help understand the impacts of climate-related risks and opportunities on the Group's operations, strategy, and financial planning, and the Group has incorporated this understanding into strategy and business planning.

This approach empowers the implementation of effective measures that mitigate risks while maximising opportunities. Outlined in section 3.2 are the mitigation and adaptation efforts underway for the material risks which have been identified.

During the year, the Group progressed its renewable and firming capital projects, including engagement with QIC to progress partnerships with the private sector, in line with the Energy Roadmap. These projects will provide the Group with access to renewable energy supply whilst managing capital risks.

3.5 Climate-related scenario analysis

There is a high degree of uncertainty in both the scale and timing of global action to reduce GHG emissions. The Group's strategy, and business planning has been undertaken based on a defined set of assumptions regarding future global emissions pathway as noted above.

The significant areas of uncertainty considered are:

- 1) The quantified financial effect on revenue, expenses, assets and liabilities as developing reliable estimates of anticipated costs and changes to operations over the medium to long-term is highly uncertain.
- 2) The impact of climate-related physical risks, such as severe weather or drought, on the Group's operations. While the scenarios contemplate differing increases in global average temperatures, the effect of changing weather patterns and natural hazards on specific assets and operations remains inherently uncertain.
- 3) Potential future changes in State and Federal Government policy and the associated effect on the Group's operations. Government policy will evolve over time and it is challenging to estimate the nature and timing of future policy settings and their effect on the Group's business model and strategy.

Climate-related scenario analysis (section 3.6) has been undertaken for the 30 June 2026 reporting period to assess the resilience of the Group's business strategy, assess the implications for the Group's risk exposure and evaluate the potential scale of opportunities under two scenarios.

The two scenarios selected have been developed to meet the requirements of the Climate Change Act 2022 and the disclosure expectations of AASB S2, while aligning with the Queensland Government's prescribed approach to support consistency in whole-of-government reporting.

The scenarios are designed to capture the physical and transition risks and opportunities most relevant to the Group's business model, geographic locations and value chain and draw on publicly available information and frameworks established by the Intergovernmental Panel on Climate Change (IPCC), including the Shared Socio-economic Pathways (SSPs) and Representative Concentration Pathways (RCPs).

Consistent with the prescribed Queensland climate data inputs, SSP2-4.5 was adopted as the basis for the high warming scenario (global mean temperature increase of approximately 2.7°C above pre-industrial levels by 2100). Due to limitations in relevant publicly available information and modelling of a global warming limited to 1.5°C by 2100, SSP1-2.6 was adopted as the basis for the low warming scenario (this scenario closely aligns with SSP1-1.9 which limits global warming to 1.5°C by 2100). SSP1-2.6 is expected to provide materially comparable indication of physical risk impacts in most circumstances for the modelled time horizons.

The analysis is based on the following key assumptions for each scenario:

3.5.1 Low Emissions Scenario (SSP1-2.6)

Represents a credible low emissions pathway consistent with strong global mitigation efforts, with global mean temperature increases materially comparable to 1.5°C across the Groups time horizons.

Relevant assumptions for this scenario include information and climate data projections sourced from the Queensland Governments Long Paddock State Environment Report 2024 as well as the Australian Energy Market Operator (AEMO) draft 2026 Integrated System Plan consultation:

- Climate efforts aim to reduce frequency and intensity of extreme weather over time and to keep global warming to low levels relative to pre-industrial (1850–1900) conditions by the end of the century;
- Sea level rise median projections indicating an increase relative to the 1995–2014 baseline;
- In the medium-term, the intensity of heavy rainfall is projected to rise;
- In the medium-term, heatwaves and heat extremes are anticipated to become more frequent;
- Carbon pricing is widely adopted;
- Job markets remain steady or improve as clean energy and tech sectors expand;
- Renewable energy (solar, wind and hydro) replaces fossil fuels;
- Electrification expands across sectors and energy systems become decentralised;
- The Australian electricity reliability is maintained via batteries, pumped hydro, demand response and firm renewables.

3.5.2 High Emissions Scenario (SSP2-4.5)

Represents an intermediate emissions pathway broadly aligned with currently implemented policies, with global mean temperature increase of approximately 2.7°C above pre industrial levels by the end of the century.

Relevant assumptions for this scenario include information and climate data projections sourced from the Queensland Governments Long Paddock State Environment Report 2024 as well as the Australian Energy Market Operator (AEMO) draft 2026 Integrated System Plan consultation:

- More frequent and intense extreme weather events including more widespread heatwaves, stronger storms, prolonged droughts, and rising sea levels;
- Sea level rise median projections indicating an increase relative to the 1995–2014 baseline;
- Heavy rainfall and storm intensity is projected to increase whilst cyclone frequency is expected to decline;
- In the medium-term, heatwaves and severe heat events becoming more frequent;
- Current and announced policies fall short of achieving net-zero by 2050, with limited carbon pricing and continued fossil fuel reliance;
- Reliance on fossil fuels remain high;
- Electrification is limited and energy systems remain centralized;
- Innovation in climate and decarbonisation technologies is slow and fragmented.

3.6 Scenario analysis - business response to the effects identified

The “potential impacts” outlined below are based on scenario-based assumptions applied as part of the Group’s climate-related scenario analysis and are subject to inherent limitations and variability arising from known and unknown factors, including the nature and timing of climate outcomes. These impacts are not intended to represent guarantees or predictions of future performance or anticipate or reflect Queensland Government policy and decision-making. Rather, they are used to assess the resilience of the Group’s strategy under the defined climate scenarios. The Group will continue to work strategically alongside the Queensland Government, and in alignment with the Queensland Energy Roadmap, to coordinate and manage potential impacts.

The forecast scenarios, as well as potential impacts to the Group’s strategy and business model, have been considered in the tables below, including the Group’s response to the effects identified.

3.6.1 Estimated impact of global average temperature increase of the low emissions scenario SSP1-2.6

Risk	Short-term (to 2030) under SSP1-2.6	Medium-term (2031–2036) under SSP1-2.6	Long-term (2037–2050) under SSP1-2.6
	<i>Physical exposure: Moderate Transition exposure: High Opportunities exposure: High</i>	<i>Physical exposure: Moderate Transition exposure: High Opportunities exposure: Moderate</i>	<i>Physical exposure: Moderate Transition exposure: High Opportunities exposure: Low</i>
A. Impact to business continuity following severe and/or extreme weather events (Physical Risk)	Early and coordinated decarbonisation efforts supported by strengthened climate policy, results in less severe climate change impacts. Extreme weather events remain consistent with historical patterns with some potential for increase. Potential impacts Severe and/or extreme weather events continue but remain largely seasonal, resulting in limited asset damage and minor operational disruptions. Impacts on revenue and operations are manageable, with only modest increases in maintenance and repair costs.	Ongoing emissions reduction and system adaptation pathways, with some moderation in the frequency and severity of extreme weather events under transition pathways. Potential impacts Severe and extreme weather events persist, but with reduced likelihood of major asset damage and operational disruptions, supporting lower volatility in operating costs and asset repair requirements.	Sustained decarbonisation limits the severity of long-term climate conditions, reducing likelihood of non seasonal extreme weather events. Potential impacts Less severe and more predictable weather events reduce asset damage and operational disruptions, supporting stable revenue performance, lower maintenance costs and reduced pressure on asset replacement capital.

Sustainability report (continued)

Risk	Short-term (to 2030) under SSP1-2.6	Medium-term (2031–2036) under SSP1-2.6	Long-term (2037–2050) under SSP1-2.6
	<i>Physical exposure: Moderate Transition exposure: High Opportunities exposure: High</i>	<i>Physical exposure: Moderate Transition exposure: High Opportunities exposure: Moderate</i>	<i>Physical exposure: Moderate Transition exposure: High Opportunities exposure: Low</i>
B. Disruptions and outages of electricity generation due to weather events (Physical Risk)	Early and coordinated decarbonisation efforts supported by strengthened climate policy, results in less severe climate change impacts. Extreme weather events remain consistent with historical patterns with some potential for increase. Potential impacts Seasonal outages are occasional, resulting in manageable disruptions to generation and revenue. Variability in electricity production remains limited, with minor impacts to revenue and a generally stable operational cost base.	With continued emissions reduction and adaptation across the energy system, extreme weather events persist at broadly similar severity, with some potential moderation in frequency. Potential impacts Weather-related events and outages continue, with some reduction in disruption frequency. Generation variability remains, however impacts on revenue and costs are generally manageable within expected operating ranges.	Extreme weather events do not materially increase in frequency or severity under sustained decarbonisation, with improved climate stability. Potential impacts Fewer outages and improved generation availability support more consistent electricity production and revenue outcomes, with reduced maintenance and recovery costs. Variability in generation remains, but disruptions are less pronounced.
C. Long term climate pattern changes impacting asset performance and useful lives (Physical Risk)	Some minimal changes in climate conditions, including higher temperatures and changes in rainfall patterns, may begin to have an incremental impact on asset performance and efficiency. Potential impacts Minor reductions in asset efficiency and dispatch capability, leading to slightly lower revenue generation efficiency, higher maintenance and operating costs, and some variability in asset availability during extreme weather events and curtailment periods.	Gradual climate effects incrementally increase Operating variability and stress on assets over time. Potential impacts Reduced efficiency and increased wear across generation assets lead to lower performance (revenues) from thermal assets, higher maintenance and operating costs, and revised asset life assumptions reflected through accelerated depreciation profiles and increased curtailment-related downtime.	Sustained decarbonisation reduces the severity of long-term climate impacts, lowering cumulative stress on assets over time. Potential impacts More stable and predictable revenue generation, moderation in operational costs with greater likelihood of assets performing as required for their entire useful lives, reducing pressure on depreciation and replacement capital expenditure.
D. Energy market changes impacting asset costs and returns (Transition Risk)	Growth in decentralised renewable generation and storage (incl. rooftop solar) begins to reshape demand profiles, with improved coordination across the system and clearer market signals emerging. Potential impacts Early shifts in demand reduce thermal generation volumes and utilisation during off-peak periods, placing initial downward pressure on prices and margins. Revenue variability increases modestly, with limited impact on asset values. Incremental changes to capital allocation begin to align with evolving market conditions. Whilst thermal energy demands and utilisation are expected to be impacted in this timeframe with pricing becoming more “shape driven” (lower daytime, higher peaks), revenue volatility will be managed through existing hedging and portfolio management measures.	Continued expansion of renewable generation, storage and demand-side participation results in more coordinated market dynamics, with increasing alignment between supply, demand and pricing outcomes. Potential impacts Changing market conditions may impact revenue and cash flows from thermal assets over time; however, these impacts are expected to be actively managed through portfolio optimisation and operational flexibility, including the provision of dispatchable capacity to support system reliability. Capital allocation is expected to progressively incorporate investment in system flexibility and lower-emissions technologies, while continuing to support the safe and reliable operation of existing thermal assets in line with Queensland Energy Roadmap and shareholding Ministers’ expectations.	A mature, highly coordinated energy market is established, characterised by high renewable generation, integrated storage, and improved system balancing, resulting in stable and predictable market conditions. Potential impacts Thermal generation plays a limited role in the energy mix, with materially reduced utilisation and revenue contribution. Margin compression and reduced operating relevance contribute to the accelerated retirement of thermal assets in line with transition pathways. Capital is largely reallocated toward renewable generation and system support assets, with residual impacts on asset values managed through planned transition. System demand and reliability requirements are expected to remain key drivers of system planning, with demand patterns managed through coordinated investment in renewable generation, storage and dispatchable capacity to support a stable and secure electricity supply.

Risk	Short-term (to 2030) under SSP1-2.6	Medium-term (2031–2036) under SSP1-2.6	Long-term (2037–2050) under SSP1-2.6
	<i>Physical exposure: Moderate Transition exposure: High Opportunities exposure: High</i>	<i>Physical exposure: Moderate Transition exposure: High Opportunities exposure: Moderate</i>	<i>Physical exposure: Moderate Transition exposure: High Opportunities exposure: Low</i>
E. Shareholder policy driven changes to Group strategy and delivery (Transition Risk)	Queensland Government policy settings reflect an evolving transition pathway influenced by emissions commitments and stakeholder expectations, with staged implementation and consultation processes. Potential impacts Increased compliance and engagement requirements may raise operating costs and potentially reduce operational flexibility, including enhanced regulatory reporting, stakeholder engagement and alignment with evolving energy policy requirements. Capital allocation progressively shifts towards lower emissions investments, including power purchase agreements (PPAs), renewables and system firming solutions, while existing thermal assets continue to operate in line with Queensland Energy Roadmap and Shareholding Ministers' expectations.	Social license considerations become embedded in Queensland Government policy and regulatory decision-making, resulting in more direct intervention in thermal generation operations and investment planning, including greater scrutiny of asset emissions and continued operation. Potential impacts Sustained policy and shareholding Ministers' expectations are expected to inform portfolio rebalancing over time, with progressive investment in storage, grid flexibility and energy efficiency initiatives to support system reliability and energy security. Thermal asset utilisation and returns may become more variable under changing market conditions; however, existing assets are expected to continue to operate in line with Queensland Government policy settings.	A comprehensive policy framework supports a fully coordinated decarbonisation pathway, with aligned transition mechanisms. Policy settings support long-term planning and investment confidence. Potential impacts Under a sustained lower-emissions transition pathway, the contribution of thermal generation to the portfolio is expected to reduce over time, with assets operating in line with the Queensland Energy Roadmap and system reliability requirements. Investment in new generation, storage and energy solutions is progressively reallocated toward renewable generation, energy storage and system support assets. This capital investment is achieved through whole-of-government investment mechanisms and likely includes partnerships with industry and the private sector through the QIC Investor Gateway to support a more diversified and resilient earnings profile while maintaining the ability to provide dispatchable capacity where required.
F. Asset generation failure risk leading to output volatility and potential reputational impacts (Transition Risk)	Thermal generation continues to provide system stability and backup during renewable intermittency while grid infrastructure is progressively upgraded to support increasing renewable penetration. Thermal assets continue to provide substantial capacity for system stability and backup, while grid infrastructure undergoes gradual upgrades to support increased renewable integration while maintaining reliability standards. Potential impacts Lower thermal utilisation and increasing renewable supply may place downward pressure on wholesale prices and asset margins. Output variability increases due to weather-dependent generation, contributing to potential earnings volatility.	Renewables supply a growing share of generation, with thermal assets transitioning to peak demand and system reliability roles. Potential impacts Reduced utilisation of thermal assets continues to weaken asset economics, with revenue increasingly linked to capacity and reliability services. Output variability persists, and reputational risk may arise during periods of system stress, requiring strengthened contingency planning and stakeholder communication. Lower thermal utilisation places continued pressure on wholesale pricing and asset economics, while increasing reliance on intermittent supply drives greater variability in thermal generation demand. There is an increased risk of asset stranding as the transition progresses, with reduced operational flexibility and ongoing pressure on returns.	Advanced storage and grid management enable a highly renewable, weather-dependent generation mix, with residual thermal capacity retained for strategic backup and system security. Mature storage technologies and advanced grid management systems would create a predominantly weather-dependent generation profile. Remaining thermal capacity serves as strategic backup and system stability. Potential impacts Improved system balancing reduces output volatility and supports more stable pricing outcomes. Thermal assets play a limited, targeted role, with reduced exposure to market volatility. Reputational risks are mitigated through demonstrated system reliability and mature transition outcomes. Advanced storage and grid technologies support more predictable output and pricing patterns, reducing reputational risks through proven system reliability.

Sustainability report (continued)

Risk	Short-term (to 2030) under SSP1-2.6	Medium-term (2031–2036) under SSP1-2.6	Long-term (2037–2050) under SSP1-2.6
	<i>Physical exposure: Moderate Transition exposure: High Opportunities exposure: High</i>	<i>Physical exposure: Moderate Transition exposure: High Opportunities exposure: Moderate</i>	<i>Physical exposure: Moderate Transition exposure: High Opportunities exposure: Low</i>
G. Portfolio diversification to mitigate ageing thermal exposure (Opportunity)	Queensland Government policy and support mechanisms, including capacity and investments schemes, facilitate the progressive development of renewable generation and firming capacity supported by private sector investments, partnerships and contracting arrangements. Potential impacts Early-stage investments and partnership arrangements support emissions reduction and position the portfolio for transition. Thermal generation continues to play an important role in supporting dispatchable capacity and system stability during the early stages of transition.	Government capacity and investment continue to accelerate deployment of renewable generation, firming technologies, and enabling infrastructure, supporting a coordinated transition consistent with Queensland Energy Roadmap. Potential impacts Expansion of firming and renewable capacity enables partial displacement of thermal generation while maintaining system reliability through a mix of owned assets, partnerships and contracting arrangements. Existing assets, site, and grid connections are increasingly repurposed, supporting portfolio diversification and reducing emissions intensity. Thermal generation utilisation becomes more variable; however, assets continue to operate in line with Queensland Government policy, providing critical dispatchable capacity during periods of system need.	A mature, diversified energy system is underpinned by renewable generation, storage and advanced grid infrastructure, supported by coordinated system planning aligned to Queensland Energy Roadmap and energy security objectives. Potential impacts The portfolio evolves toward a predominantly lower-emissions generation mix, supported by renewable generation, storage and system support assets, while retaining dispatchable capacity where required to ensure reliability. Diversification supports a more stable and resilient earnings profile over time, with reduced exposure to transition risks and improved alignment to long-term market and policy expectations.

3.6.2 Estimated impact of global average temperature increase of the high emissions scenario

Risk	Short-term (to 2030) under SSP2-4.5	Medium-term (2031–2036) under SSP2-4.5	Long-term (2037–2050) under SSP1-2.6
	<i>Physical exposure: Moderate Transition exposure: Low Opportunities exposure: Low</i>	<i>Physical exposure: High Transition exposure: Moderate Opportunities exposure: Moderate</i>	<i>Physical exposure: High Transition exposure: Moderate Opportunities exposure: Moderate</i>
A. Impact to business continuity following severe and/or extreme weather events (Physical Risk)	Severe and/or extreme weather events increase in frequency and intensity due to slower progress in global emissions reduction, increasing exposure of generation assets and supporting infrastructure to physical damage. Potential impacts Intermittent severe and/or extreme weather events may result in increasing asset damage and degradation, leading to higher repair and restoration expenditure and greater variability in asset availability. Potential accelerated depreciation and revenue impact due to reduced generation capacity during repair periods, with localised and temporary disruption to supply continuity. Potential impacts to the ability to meet energy demand may arise during prolonged or widespread events.	Severe and/or Extreme weather events become more frequent and less predictable, with increased severity across multiple climate hazards under high emissions pathways. Potential impacts More frequent severe and/or extreme weather events lead to higher levels of asset damage and accelerated degradation across generation and supporting infrastructure, resulting in increased capital expenditure for repair and restoration, a higher likelihood of accelerated depreciation assessments or asset impairment indicators, and more sustained revenue impacts due to extended recovery periods and reduced generation availability. This may also contribute to periodic operational disruptions and reduced supply flexibility. As a result, the Group's physical assets may experience more frequent and prolonged shutdowns.	Extreme weather events occur at sustained high frequency and severity, resulting in physical damage to generation assets and supporting infrastructure increasingly constraining operational performance over time. Potential impacts Sustained exposure to severe and/or extreme weather results in increased and recurring asset damage across the generation fleet, leading to higher capital expenditure for repair and replacement activities, ongoing asset performance deterioration and accelerated depreciation considerations, and sustained revenue impacts due to longer recovery periods and reduced effective generation availability. More frequent operational constraints and structural impacts on long-term asset operability, asset values and resilience under higher physical risk conditions.

Risk	Short-term (to 2030) under SSP2-4.5	Medium-term (2031–2036) under SSP2-4.5	Long-term (2037–2050) under SSP1-2.6
	<i>Physical exposure: Moderate Transition exposure: Low Opportunities exposure: Low</i>	<i>Physical exposure: High Transition exposure: Moderate Opportunities exposure: Moderate</i>	<i>Physical exposure: High Transition exposure: Moderate Opportunities exposure: Moderate</i>
B. Disruptions and outages of electricity generation due to weather events (Physical Risk)	Extreme weather events, including storms, flooding, and bushfires, intermittently disrupt generation and network infrastructure. Increasing temperature extremes contribute to increased electricity demand, placing additional stress on asset availability during extreme conditions. Potential impacts Modest reductions in thermal efficiency and dispatch capability, potentially leading to lower revenue generation efficiency, higher maintenance and operating costs, and temporary disruption to asset availability during extreme weather events periods.	More persistent climate shifts continue to affect generation reliability and increase exposure to extreme weather conditions across the asset base. Potential impacts Reduced efficiency and increased wear across generation assets lead to lower revenue performance from generation assets, higher maintenance and operating costs, and revised asset life assumptions reflected through accelerated depreciation profiles and more frequent curtailment-related downtime.	Severe and sustained climate changes, including extended droughts, rainfall variability, and higher temperature extremes, place ongoing pressure on asset performance throughout the year. Potential impacts Reduced asset reliability and efficiency result in lower long-term generation output and revenue potential, increased capital and maintenance expenditure, and continued pressure on asset life assumptions and operating cost base, driven by more frequent climate-related constraints.
C. Long term climate pattern changes impacting asset performance and useful lives (Physical Risk)	Gradual changes in long-term climate patterns, including increased drought frequency, shifts in rainfall, and higher temperature extremes, may begin to impact asset efficiency and performance. Potential impacts Reductions in asset efficiency and dispatch capability may begin to emerge, leading to marginally lower revenue generation efficiency, broadly stable to slightly higher maintenance and operating costs, and occasional disruption to asset availability during isolated extreme weather events and curtailment periods. Early indicators of increasing climate-related stress potentially introduce gradual upward pressure on outage frequency and maintenance variability over time. Potential modest decline in the thermal efficiency and dispatch capability of its aging thermal generation assets. Potential higher operating and maintenance costs driven by asset stress, reactive damage response and outage management activities, possibly leading to incremental shortening of useful lives.	Climate-related pattern changes intensify with more frequent and sustained periods of extreme heat and variable hydrological conditions increasing stress across generation assets and supporting infrastructure. Potential impacts Increasing reductions in asset efficiency and increased wear across generation assets lead to lower revenue performance from thermal assets, higher maintenance and operating costs, and revised asset life assumptions reflected through accelerated depreciation profiles and increased curtailment-related downtime. More significant reductions in the efficiency and dispatch capability of its thermal generation fleet, while also contending with increased maintenance costs and accelerated asset wear across its generation, storage, and supporting infrastructure. Asset life assumptions require periodic revision to reflect sustained climate-related stresses.	Severe and persistent climate impacts, including long-term shifts in rainfall patterns, drought frequency and temperature extremes, create sustained operating stress across generations and support infrastructure. Potential impacts Significant reduction in asset efficiency and wear across generation assets lead to volatility in revenue generation and operational cost growth. Potential impairment of asset useful lives, increased pressure on depreciation and replacement capital expenditure. Generation, storage, and supporting infrastructure suffer from degraded performance, efficiency, and reliability due to climate-driven stresses. Maintenance requirements and costs escalate dramatically, while asset useful lives are significantly shortened, necessitating earlier and more frequent refurbishment or replacement.

Sustainability report (continued)

Risk	Short-term (to 2030) under SSP2-4.5	Medium-term (2031–2036) under SSP2-4.5	Long-term (2037–2050) under SSP1-2.6
	Physical exposure: Moderate Transition exposure: Low Opportunities exposure: Low	Physical exposure: High Transition exposure: Moderate Opportunities exposure: Moderate	Physical exposure: High Transition exposure: Moderate Opportunities exposure: Moderate
D. Energy market changes impacting asset costs and returns <i>(Transition Risk)</i>	Decentralised energy resources continue to grow, with limited system coordination, while Queensland Government policy maintains a focus on energy security and reliability, resulting in continued reliance on thermal generation to support system stability. Potential impacts Thermal generation maintains high utilisation and market share, with broadly stable demand patterns and limited displacement from alternative supply sources. Revenue and margin outcomes remain relatively stable, with only modest increases in price variability. Investment signals for alternative generation remain limited, supporting continued operation of existing thermal assets in line with Government policy and shareholder expectations.	Continued expansion of decentralised energy resources occurs alongside delayed and uneven policy responses, resulting in partial but uncoordinated changes to market dynamics and evolving market structure. Potential impacts Increasing variability in demand profiles and more frequent periods of supply-demand imbalance place downward pressure on thermal utilisation and returns. Revenue stability decreases, with moderate margin compression, partly offset by periods of favorable pricing during supply constraints. Increased exposure to policy refinement and system transition requirements introduces uncertainty in capital allocation and asset investment planning, while thermal assets continue to play a reliability role.	The energy system evolves in a less coordinated manner, with delays in investment, policy implementation and system planning resulting in prolonged reliance on thermal generation to meet demand and maintain system reliability. Renewable and storage deployment continues but remains insufficiently coordinated to fully displace thermal generation, resulting in an ongoing mixed generation profile and increasing operational complexity. Potential impacts Thermal assets continue to operate at material utilisation levels, supporting system reliability and energy security in the absence of fully developed alternative capacity. Asset performance is impacted by aging infrastructure and operating intensity, resulting in higher maintenance costs, increased outage risk and pressure on asset efficiency.
E. Shareholder policy driven changes to Group strategy and delivery <i>(Transition Risk)</i>	Queensland Government policies and climate commitments evolve, balancing emissions reduction objectives with energy security and affordability considerations, supported by stakeholder consultation and staged implementation. Potential impacts Incremental adjustments to strategy, including early-stage investments/commitments to renewable energy generation projects in accordance with the Queensland Energy Roadmap. Strategic planning and capital allocation are progressively refined to align with Government policy and SCI commitments.	Policy settings continue to evolve, with potential periodic updates reflecting emissions targets, system planning requirements and economic conditions. As a GOC, the Group is required to balance commercial outcomes with policy delivery objectives, including system reliability and orderly transition planning. Potential impacts Greater uncertainty in transition pathways contributes to variability in investment planning, compliance requirements, and asset valuation outcomes. Ongoing stakeholder expectations may influence the role of thermal assets, with potential impacts on asset strategy and capital allocation. Additional investments in accordance with Queensland Energy Roadmap may be to support system reliability, including investment in grid infrastructure and renewable capacity.	Policy settings continue to evolve in response to delays in achieving emissions targets, with increasing Government intervention to address system reliability, supply constraints and affordability challenges. The Energy Roadmap is adapted over time to reflect system conditions, stakeholder expectations and practical delivery constraints. As a GOC, the Group remains subject to shareholder expectations, requiring alignment to evolving Government priorities while maintaining financial sustainability and operational capability. Potential impacts Thermal generation continues to play a critical and extended role in supporting system reliability and energy security, consistent with Government policy and shareholder expectations. Potential increased policy intervention, compliance requirements and stakeholder expectations result in higher operating and capital costs and increased complexity in long-term planning.

Risk	Short-term (to 2030) under SSP2-4.5	Medium-term (2031–2036) under SSP2-4.5	Long-term (2037–2050) under SSP1-2.6
	<i>Physical exposure: Moderate Transition exposure: Low Opportunities exposure: Low</i>	<i>Physical exposure: High Transition exposure: Moderate Opportunities exposure: Moderate</i>	<i>Physical exposure: High Transition exposure: Moderate Opportunities exposure: Moderate</i>
F. Asset generation failure risk leading to output volatility and potential reputational impacts (Transition Risk)	Thermal generation remains a key dispatchable source of supply, with limited decarbonisation progress, supporting continued high utilisation of existing assets. While system reliability is broadly maintained, early signs of asset ageing and increasing demand variability (including temperature-driven peaks and growing distributed generation) may begin to place incremental pressure on performance and system stability. The Group may face growing challenges in maintaining the reliability and performance of its aging thermal generation assets, while also contending with continued variability in the broader energy system. Potential impacts Stable revenues are supported by continued thermal generation, but potential rising maintenance costs and intermittent outages may reduce margins. Modest price and output volatility potentially increases variability, with limited but increasing impacts to customer costs and reputation.	Continued reliance on thermal generation as a firming and dispatchable source of supply results in thermal generation assets operating more intermittently with more frequent cycling increasing equipment stress and outage likelihood. Growing demand variability and higher penetration of distributed energy resources contribute to system balancing challenges and increased operational complexity. Potential impacts Revenue remains supported but may experience increased variability, reflecting changes in dispatch conditions and system balancing requirements. Periodic fluctuations in output may contribute to earnings variability, while reliability performance continues to be closely monitored by customers and stakeholders. Forced outages and generation failures across both its thermal and broader system generation sources, leading to frequent and unpredictable supply disruptions, impacting the ability to meet demand during periods of system stress. Transmission constraints may emerge more frequently, increasing reliance on system coordination and planning.	Thermal and renewable assets operate within a more complex and variable energy system, characterised by high renewable penetration, ageing thermal infrastructure, and tighter supply-demand balancing conditions. These factors contribute to more frequent operational disruptions and increased variability in generation performance across the portfolio. Potential impacts Revenue may become more variable over time, reflecting changes in generation availability and dispatch conditions. Periods of reduced output associated with outages or system constraints may contribute to heightened earnings variability and reduced reliability of supply outcomes. These conditions may also lead to increased customer focus on reliability performance, with a corresponding increase in reputational sensitivity. Thermal assets may experience higher failure rates due to sustained operating stress and intermittent cycling, leading to reduced reliability and greater maintenance requirements.
G. Portfolio diversification to mitigate ageing thermal exposure (Opportunity)	Delays in sector wide low/no-emissions generation investment decisions affect the timing of commitments and development. Queensland Government policy continues to prioritise energy security and system reliability, with transition initiatives progressing on a staged basis in line with system planning frameworks. Potential impacts Early supply chain constraints and project delays limit the pace of portfolio diversification. Higher system costs and reduced flexibility in responding to emerging risks may reinforce the strategic importance of diversification, including the use of partnerships with industry and the private sector through the QIC Investor Gateway aligned to SCl objectives.	Delayed and uneven investment in renewable generation, storage and transmission continues, requiring continued reliance on ageing thermal assets to support system reliability. Government policy continues to evolve under the Energy Roadmap, with increasing focus on coordinated system transition and infrastructure development. Potential impacts Continued supply chain constraints and delayed infrastructure delivery increase costs and system complexity, limiting the ability to respond efficiently to physical and transition risks. Prolonged reliance on ageing thermal assets increases operational and maintenance pressure, reinforcing the need to accelerate diversification. Capital allocation decisions increasingly reflect a balance between sustaining thermal operations for energy security, and progressing diversification aligned to Government policy and SCl commitments.	Sustained underinvestment in renewable generation, storage, and transmission infrastructure continues, leading to structural capacity shortfalls and heightened exposure associated with ageing thermal assets. Policy settings continue to adapt to system needs and delivery constraints. Potential impacts Chronic infrastructure constraints exacerbate exposure to physical and transition risks. System resilience deteriorates, leading to higher costs, reduced reliability and limited capacity to decarbonise efficiently, demonstrating the long term value of portfolio diversification and a reduced reliance on ageing thermal generation. As a GOC, strategic decisions continue to balance financial sustainability with delivery of reliable and secure energy supply.

Sustainability report (continued)

3.7 Significant areas of uncertainty considered in the assessment of climate resilience

The Group's climate resilience assessment is subject to inherent uncertainty arising from the use of climate-related scenario analysis. The scenarios applied rely on assumptions regarding the evolution of climate-related physical and transition risks, including policy, technology, market dynamics and environmental change, and therefore do not represent predictions of future states but structured analyses of possible pathways. Actual outcomes may differ materially from those assumed in the scenarios assessed.

Uncertainty is present in relation to physical risks, particularly regarding the magnitude, timing and geographic distribution of climate impacts such as extreme heat, rainfall and flooding. These impacts may vary across locations and time horizons, and abrupt or non linear climate effects may not be fully captured in current modelling approaches.

Uncertainty also exists in relation to transition risks, including the timing and stringency of climate-related policy and regulatory developments, changes in market and customer behaviour, and the pace, cost and availability of low emissions technologies relevant to energy generation and storage. Broader financial market responses to climate risk, including impacts on insurance availability, cost of capital and supply chains, may further influence outcomes over time.

The analysis relies on publicly available data and qualitative judgement, reflecting the Group's current data availability and analytical maturity. As a result, there may be limitations in the precision and comparability of results across scenarios and time horizons.

After completing the scenario analysis, the Group reassessed the climate-related risks and opportunities outlined in Section 3.1 and concluded that no additional material risks or opportunities were identified.

3.8 Capacity to adjust/adapt the Group's strategy and business model to climate change

The Group's strategy and business model are designed to adapt over time in response to evolving policy, market and system conditions associated with the energy transition. The Board oversees strategic direction and risk management, supported by executive leadership, enabling timely adjustments to strategic priorities, capital allocation and investment decisions as policy, market and system conditions evolve.

In the short to medium term, the Group focuses on maintaining system reliability and operational performance while delivering portfolio changes required to support the energy transition. This includes disciplined capital allocation, delivery of new storage and other enabling infrastructure, and ongoing monitoring of developments in energy policy, regulatory frameworks and market dynamics. Portfolio management and investment decisions are structured to support emissions reduction objectives while delivering reliable supply and managing transition-related risks.

Over the longer term, the Group expects its business model to continue to evolve as the generation mix changes and new technologies become commercially and technically viable.

Consideration is given to the long term asset operability, future investment pathways and the potential impacts of environmental and climate variability on operations. Physical risk considerations are integrated into asset planning, project development and environmental management processes to support operational resilience across existing and future assets.

3.9 Redeployment, repurposing, upgrading, or decommissioning of assets

The Group considers the upgrading, maintenance and longer-term evolution of its assets as part of ongoing portfolio management and strategic planning in the context of the energy transition. Asset decisions are informed by safety, system reliability, policy and regulatory settings, market conditions and assessments of the long-term operability.

In the short to medium term, the focus remains on the safe and reliable operation of the existing portfolio, supported by targeted upgrades, refurbishment programs and investments to enhance operational flexibility and efficiency. These activities support continued alignment with system and market requirements while enabling delivery of portfolio changes associated with the energy transition.

Over time, the Group expects its asset portfolio to evolve in response to changes in technologies, system requirements and emissions pathways. Options for potential repurposing, upgrading or staged retirement of assets are assessed through established governance and investment frameworks, including consideration of system reliability, future market conditions and long-term operability. This may be supported by investment in enabling infrastructure, where required, to maintain security of supply across generation and distribution.

3.10 Current and planned investments in mitigation, adaptation, and climate resilience

The Group's current and planned investments are designed to support the progressive transition of its generation portfolio while maintaining system reliability, consistent with Queensland Government policy direction and shareholding Ministers' expectations. Mitigation investments include development of large-scale renewable energy projects, battery storage and other enabling infrastructure to support emissions reduction and system flexibility.

To meet the requirements of the Electricity Maintenance Guarantee, the Group continues to prioritise investment in safety, reliability and performance of its thermal assets, ensuring it supports compliance with these requirements through maintenance and operational practices that are robust. Adaptation considerations are incorporated into asset planning and environmental management processes to support the resilience of operations and assets to climate variability and changing environmental conditions over time.

During the year, the Group continued to progress investment in generation, firming and renewable energy infrastructure. This included the development of the 400 MW Brigalow Peaking Power Plant to support system reliability and firming capacity, and progression of the Lotus Creek Wind Farm project. The Group also secured private sector investment in the Boulder Creek Wind Farm through the QIC Investor Gateway, transferring its 50 per cent equity interest while retaining access to the renewable energy generated through a long-term offtake arrangement.

4. Risk management

As described in section 2.2, the Finance, Risk and Audit Committee holds responsibility for integrating climate-related risks into enterprise risk management and major decision-making processes.

In the first year of compliance, the Group has engaged external specialists to support with the identification of climate-related risks and opportunities along with the establishment of an appropriate methodology for ongoing monitoring by the Committee. This work was supported by Management with subject-matter expertise across the Group's portfolio of assets, operations and existing risk management practices.

4.1 Identification of climate-related risks and opportunities

Climate-related risks and opportunities were identified through a dedicated risk and opportunity assessment. Management and subject matter experts considered climate-related forecast information as well as climate-related policies (likely and/or possible) to identify individual risks and opportunities against the activities, assets and operations as performed by the Group. This process incorporated inputs from site-based operational teams, asset management, trading, policy, risk, compliance and sustainability personnel, supported by facilitation and technical guidance from external specialists.

4.2 Assessment and prioritisation of climate-related risks and opportunities

Climate-related risks were assessed and prioritised in line with the enterprise risk management framework. As part of this process, management evaluated both inherent risk and residual risk. Consideration of inherent risk was undertaken to ensure that the full extent and severity of potential climate-related risks and opportunities were identified, rather than relying solely on residual risk assessments, which reflect mitigated risk levels after controls are applied. Inherent risk ratings, application of current controls and subsequent residual risk ratings were validated with management personnel familiar with the respective assets and operations.

Prioritisation is based on residual risk ratings, reflecting the effectiveness of existing controls, operational practices and insurance arrangements. Accordingly, climate-related risks are elevated where their net exposure is comparable to, or exceeds thresholds set out in the Group's Enterprise Risk Management Framework. Overlapping risks are not duplicated in the risk register.

4.3 Climate-related scenario analysis

Climate-related scenario analysis is used to assess how a range of plausible future climate conditions and transition pathways may affect the Group's asset performance, operations, supply chain and market environment across the short, medium and long term horizons considered in the CRRO assessment. Scenario assumptions are developed with reference to Queensland Government policy direction and are consistent with scenarios prescribed by the Queensland Government. The analysis supports the identification and assessment of climate-related risks and opportunities, including potential impacts on the Group's strategy, financial performance, asset base, customer demand, system reliability requirements and technology deployment pathways under different emissions pathways.

4.4 Integration with Enterprise Risk Management

Climate-related risks and opportunities will be managed in line with the Group's Enterprise Risk Management Framework. The Group is currently progressing activities to embed climate-related risks and opportunities into operational and enterprise risk registers, consistent with existing risk management policies and procedures.

These matters are prioritised and monitored based on residual risk and enterprise-level benefit through existing governance processes.

5. Metrics and targets

5.1 Greenhouse gases: 2026 results

As outlined in section 1.8.1, for all its GHG emissions, the Group applies an operational control approach.

The Group's total greenhouse gas emissions, measured in alignment with Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard and Queensland Government whole-of-government emission reporting framework for the year are as follows:

GHG Emissions (metric tonnes of CO ₂ -e)	Unit	2026
Scope 1 emissions	mtCO ₂ -e	11,315,840
Scope 2 emissions (location based)	mtCO ₂ -e	77,658
Total Scope 1 + 2 emissions	mtCO₂-e	11,393,499

Sustainability report (continued)

Scope 1 emissions GHG emissions refer to the direct GHG emissions that occur from sources under operational control of the Group.

Scope 2 emissions GHG emissions refer to indirect GHG emissions from the generation of electricity acquired and consumed by the Group. The Group's Scope 2 GHG emissions are measured using the location-based method, which reflects the average emissions factors of the electricity grids on which the Group consumes electricity. The Group consumes energy generated from:

Location	Unit	2026
Callide	mtCO ₂ -e	52,666
Kogan Creek	mtCO ₂ -e	2,861
Greenbank	mtCO ₂ -e	14,494
Chinchilla	mtCO ₂ -e	7,306
Corporate office and residential accommodation	mtCO ₂ -e	331

The Group does not have any contractual instruments in place that affect the calculation of Scope 2 emissions, such as renewable energy purchase agreements, Greenpower arrangements, or large-scale generation certificates. Electricity consumed by the Group is sourced through standard grid supply agreements only.

5.2 Methodology for the calculation of GHG emissions

For all its GHG emissions, the Group applies the Operational Control approach to define its organisational boundary.

5.2.1 Measurement of Scope 1 emissions

The Group measures its Scope 1 emissions using internal and external data sources. Key assumptions include:

Category	Emission source	Measurement methodology	Activity data	Emissions factor source
Stationary combustion	Gaseous fossil fuel (Acetylene C ₂ H ₂)	Fuel-based	Fuel usage	Aus NGA ¹
	Combustion of diesel oil in equipment	Fuel-based	Fuel usage	Aus NGA ¹
	Combustion of LPG	Fuel-based	Fuel usage	Aus NGA ¹
	Thermal generation (coal)	Fuel-based	Fuel usage	Aus NGA ¹
	Combustion of diesel oil for electricity generation	Fuel-based	Fuel usage	Aus NGA ¹
	Combustion of LPG for electricity generation	Fuel-based	Fuel usage	Aus NGA ¹
Mobile combustion	Combustion of diesel	Fuel-based	Fuel usage	Aus NGA ¹
	Combustion of gasoline	Fuel-based	Fuel usage	Aus NGA ¹
	Combustion of petroleum based oil and grease	Fuel-based	Estimation	Aus NGA ¹
Fugitive emissions	Coal seam (coal inventory)	Estimation	Coal stockpile	IPCC GWP updated with AR6
	Refrigerant	Average-data	Asset listing	IPCC AR6 WGI
	Fire suppression gases	Screening	Asset listing	IPCC AR6 Working Group I, Chapter 7 (GWP)

¹ Australian National Greenhouse Accounts

5.2.2 Measurement of Scope 2 emissions

The Group measures its Scope 2 greenhouse gas emissions using a location-based method. Key assumptions include:

Category	Emission source	Measurement methodology	Activity data	Emissions factor source
Purchased electricity	Electricity consumption	Utility bills/invoices	Electricity consumption	Aus NGA ¹

¹ Australian National Greenhouse Accounts

5.3 Cross-industry metrics

5.3.1 Climate-related risks

As outlined in Section 1.6, the Group's assets operate across multiple sites nationally. The Group considers 94 per cent of the carrying value of Property, Plant and Equipment including capital work-in-progress (refer to Note 16 in the Financial Statements for amounts) is vulnerable to climate-related physical risks.

5.3.2 Climate-related opportunities

Group considers its renewable assets and offtake arrangements are aligned to climate-related opportunities. The Group has not quantified the amount of capital expenditure or investment amounts that are specifically allocated to climate-related risk or opportunities.

5.3.3 Capital deployment

Group's capital is directed primarily toward sustaining project investment and overhauls of existing power infrastructure plus renewable electricity generation and storage which demonstrates its awareness of transition opportunities. During the reporting periods capital was committed to a range of energy investment including wind farms and gas-peaking power.

5.3.4 Internal Carbon Prices

Carbon pricing has not been implemented in investment appraisal, transfer pricing or scenario analysis and is not used as a formal decision-making tool. No shadow carbon price per ton has been disclosed for assessing the cost of GHG emissions.

5.4 Climate-related targets

As at 30 June 2026, the Group has not adopted any formal climate-related transition plan, greenhouse gas emissions reduction target, or interim milestones.

The Group is a responsible emitter under the Safeguard Mechanism, which establishes facility-level emissions baselines that decline over time. These baselines operate as a regulatory constraint on emissions rather than a voluntary target and require the Group to monitor and report emissions and ensure covered facilities remain within their allocated limits. The Group is subject to both Standard baselines (for its coal production) and Sectoral baselines (grid-connected electricity generators).

The Group's emissions are currently below its applicable baselines, meaning it is able to comply with Safeguard obligations without the need for abatement or the use of carbon credits at this time. As a result the Group has not established separate internal emissions reduction targets, with the Safeguard Mechanism effectively defining the emissions trajectory applicable to its operations.

The Group continues to meet its reporting obligations under the National Greenhouse and Energy Reporting Scheme and monitors changes to the Safeguard Mechanism and broader policy settings, including potential future tightening of baselines. The Group's approach to emissions management and portfolio evolution is informed by the Queensland Energy Roadmap and aligned with shareholder expectations.

In the absence of formal climate-related targets or a transition plan, there is no disclosure in relation to target-setting processes, performance against targets, or the planned use of carbon credits.

6. Events after the reporting period

No transactions, other events or conditions occurring after the end of the reporting period and before the date of authorisation of issue of this document have taken place that need to be disclosed in this climate-related financial disclosures report.

CS Energy Limited

Directors' declaration

30 June 2026

The directors of CS Energy Limited declare that, in their opinion, CS Energy Limited has taken reasonable steps to ensure that the substantive provisions of the CS Energy Limited's Climate-related financial disclosures for the financial year ended 30 June 2026 are in accordance with the *Corporations Act 2001* (Cth) including section 296C (compliance with applicable sustainability standards such as the Australian Sustainability Reporting Standard AASB S2 Climate-related Disclosures) and section 296D (climate statement disclosures).

This declaration is made in accordance with a resolution of the board of directors of CS Energy Limited, and is signed for and on behalf of the board of directors by:



Jeff Seeney

Acting Chair



James Versace

Director

27 August 2026

Brisbane



INDEPENDENT AUDITOR'S REVIEW REPORT ON SPECIFIED SUSTAINABILITY DISCLOSURES

To the Members of CS Energy Limited

Review Conclusion

I have conducted a review of the following specified Sustainability Disclosures in the Sustainability Report of CS Energy 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
Governance	Paragraph 6	Sections 2.1 to 2. 2, 2.4 to 2.5
Strategy (risk and opportunities)	Subparagraphs 9(a), 10(a) and 10(b)	Sections 3.1 and 3.2
Scope 1 and 2 emissions	Subparagraphs 29(a)(i)(1) to (2) and 29(a)(ii) to (v)	Sections 5.1 to 5.2.2

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 specified Sustainability Disclosures 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 Company 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 Company, 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 information included in the company's annual report for the year ended 30 June 2026 but does not include the specified Sustainability Disclosures and my auditor's report thereon.

The other information comprises the director's report and general-purpose financial statements which we obtained prior to the date of this auditor's report and the Annual report, which is expected to be made available to us after that date.

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 statements.

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

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

The following matters describe inherent limitations associated with certain sustainability disclosures included in the Sustainability Report. 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 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 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*.

Irshaad

28 August 2026

Irshaad Asim
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Electricity Maintenance Guarantee KPI definitions

Personal safety

Critical control verifications

This metric measures the completion of on-the-job verifications to confirm that key personal safety critical controls are in place to ensure activities can be performed safely.

This is measured by the total number of critical control verifications (CCVs) completed in CS Energy's risk, compliance and audit system CGR Insight. It incorporates all CCVs completed, whether passed or failed.

For FY2026, completion of 1,000 CCVs was required by the end of the financial year.

Significant injury or fatality

This metric measures an incident classed as an actual Category 4 Health and Safety incident under CS Energy's Incident Category Matrix, which is defined by Workplace Health and Safety Queensland as:

- a fatality or multiple fatalities or
- a serious injury or illness.

Process safety

Bowties

This metric measures the number of process safety bowties operationalised.

Bowties are a risk assessment method that visually display hazards, causes, consequences, and critical controls in a single diagram, helping to identify and manage preventative and mitigative risk management controls.

For FY2026, the target was 100 per cent of 24 bowties delivered and operationalised.

Operationalised bowties means critical protection functions are:

- risk tracked in CS Energy's CGR Insight system and
- have bowties incorporated into operator training modules.

Safety critical equipment

The metric measures performance standard operationalisation to support the improvement of Safety Critical Equipment / critical control management.

For FY2026, we set a target of 32 performance standards to be developed and operationalised for critical safety protection function. Operationalised performance standards mean safety critical equipment will have:

- performance criteria
- work instructions
- SAP preventative maintenance routines in service.

Significant process safety event

This metric measures an incident classed as an actual Category 4 Process Safety incident under CS Energy's Incident Category Matrix.

Maintenance investment

Capital works delivery

This metric shows the completion of key work programs, as identified in CS Energy's Strategic Asset Management Plan. The completion of key works programs demonstrates our commitment to investment in our plants.

The identified projects for FY2026 were:

- LB4 ash cells constructed at the Callide Power Station Waste Containment Facility
- UB6 ash cells constructed at the Callide Power Station Waste Containment Facility
- Callide Unit C3 overhaul completed
- Callide Unit C3 generator rewind completed
- Kogan Creek generator delivered to site.

Statutory maintenance compliance

Statutory work refers to a set of pre-defined rules and regulations CS Energy must follow within the legal and regulatory framework set by government and industry. This is a set list of work to meet the required standards for a safe and reliable power station, that is to be completed within the required date or timeframe.

Compliance with statutory work obligations is demonstrated by completing any of the following actions:

- completing (technical completion) statutory work by the nominated deadline
- undertaking a risk assessment and confirming a unit can safely continue to operate while the statutory work is completed (where the date has been set by CS Energy Management rather than legislation) or
- removing the unit or equipment from service.

Plant performance

Forced outage factor

This metric measures the percentage of a given period in which a generating unit is not available due to a forced outage.

A forced outage is an outage that could not have been reasonably delayed by 48 hours from identification of the problem.

Summer availability

This metric measures the combined availability factor across all five of CS Energy's thermal units, for the period 1 January to 31 March 2026 (Q3). Availability factor is expressed as a percentage and is measured by the number of days that a unit is online and generating electricity in Q3, compared to total days in the quarter.

A unit is online if it meets the following criteria:

- generator circuit breaker is closed for a period of more than 30 minutes; and
- the unit was generating more than 50 MW.

Financial measures definitions

Measure	Definition	Calculation
Distribution yield (%)	Measures cash returns to equity as a proportion of equity funded assets.	<u>Shareholder Distribution</u> (Property Plant and Equipment (excl WIP) + Specific Inclusions – Net Debt (excl QTC cash advances))
Distribution cash coverage (times)	Measures business capacity to pay dividends from ongoing business cash flows.	<u>Net Operating Cashflows – Net Investing Cashflows (excl externally funded, QTC cash allowances)</u> Shareholder Distribution
Funds from operations on net debt (%)	Measures business capacity to service debt.	<u>Net Operating Cashflows</u> Net Debt (excl QTC cash advances)
Return on assets ex. WIP (%)	Earnings before interest and tax as per Statement of Financial Performance.	<u>Earnings before Interest and Tax</u> Property Plant and Equipment (excl. work in progress (WIP) + specific inclusions)

Acronyms

Acronym/abbreviation	Meaning
AASB	Australian Accounting Standards Board
ABN	Australian Business Number
AEMO	Australian Energy Market Operator
AESCSF	Australian Energy Sector Cyber Security Framework
AER	Australian Energy Regulator
APA	APA Group
ASRS	Australian Sustainability Reporting Standard
ASX	Australian Securities Exchange
BESS	Battery Energy Storage System
C&I	Commercial and industrial
CCV / CCVs	Critical control verification / verifications
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGR	CGR Insight risk, compliance and audit system
CGU	Cash-generating unit
Cth	Commonwealth
CO ₂	Carbon dioxide
DETSI	Department of the Environment, Tourism, Science and Innovation
EAP	Employee Assistance Program
EBITDA	Earnings before interest, tax, depreciation and amortisation
EEO / EEOs	Environmental Enforcement Order / Orders; also Equal Employment Opportunity, depending on context
EMG	Electricity Maintenance Guarantee
EMS	Environmental Management System
ESG	Environmental, social and governance
FTE / FTEs	Full-time equivalent / equivalents
FY	Financial year
FY2026	Financial year 2025–26
GHG	Greenhouse gas
GOC / GOCs	Government Owned Corporation / Corporations
GRI	Global Reporting Initiative
GW	Gigawatt

Acronyms (continued)

Acronym/abbreviation	Meaning
GWh	Gigawatt hour
HPIFR	High Potential Incident Frequency Rate
IPCC	Intergovernmental Panel on Climate Change
ISDA	International Swap and Derivative Association
ISO	International Organization for Standardization
JDA	Joint Development Agreement
JV	Joint venture
KMI	Key management personnel
KPI / KPIs	Key performance indicator / indicators
MP	Member of Parliament
MW	Megawatt
MWh	Megawatt hour
NEM	National Electricity Market
NER	National Electricity Rules
NGER	National Greenhouse and Energy Reporting
NHMRC	National Health and Medical Research Council
NPAT	Net profit after tax
PFAS	Per- and poly-fluoroalkyl substances
PPA	Power Purchase Agreement
QAO	Queensland Audit Office
QIC	Queensland Investment Corporation
QNI	Queensland / New South Wales Interconnector
QUT	Queensland University of Technology
RAP	Reconciliation Action Plan
SAC	Stakeholder Advisory Council
SAP	Systems, Applications and Products software
SCE	Safety critical equipment
SCI	Statement of Corporate Intent
SSP	Shared Socio-economic Pathway
TRIFR	Total Recordable Injury Frequency Rate
WACC	Weighted average cost of capital

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Contact

Brisbane office and registered office

CS Energy Limited

Level 12

31 Duncan Street
Fortitude Valley QLD 4006

PO Box 2227
Fortitude Valley BC Qld 4006

P: +61 7 3854 7777

E: energyinfo@csenergy.com.au

W: www.csenergy.com.au

ABN 54 078 848 745