Consolidated financial statements

For the year ended 30 June 2026

Australian Energy Market Operator Limited
ABN 94 072 010 327

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Auditor's Independence Declaration

As lead auditor of Australian Energy Market Operator Limited's financial report and lead auditor of the specified sustainability disclosures within the sustainability report for the year ended 30 June 2026, respectively, we each declare that, having regard to our responsibilities in relation to the respective audit of the financial report and review of the specified sustainability disclosures within the sustainability report, to the best of our knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the respective audit of the financial report or the review of the specified sustainability disclosures; and

b) no contraventions of any applicable code of professional conduct in relation to the respective audit of the financial report or the review of the specified sustainability disclosures.

Matthew Probert
Lead auditor (financial report)
Partner
PricewaterhouseCoopers

Scott Thompson
Lead auditor (sustainability report)
Partner
PricewaterhouseCoopers

Melbourne
17 September 2026

Consolidated statement of profit or loss

For the year ended 30 June 2026

	Notes	2026 $m	2025 $m
Continuing operations			
Revenue from contracts with customers	4	716.6	632.2
Other income	5	97.9	63.0
Total income		**814.5**	**695.2**
Operating expenses			
Consulting and contracting	6(a)	90.5	115.5
Employee benefits and related costs	6(b)	358.6	311.8
Impairment expense		0.5	10.6
Information technology	6(c)	88.5	72.3
Insurance		3.9	2.9
Liquefication, storage and related costs		12.1	8.3
Training and conferences		3.2	3.4
Office expenses		5.8	4.4
Other expenses	6(d)	6.4	8.0
Operating costs before depreciation, amortisation and net finance expense		**569.5**	**537.2**
Depreciation and amortisation	6(e)	126.3	108.2
Net finance expense	6(f)	14.5	13.4
Total expenses		**710.3**	**658.8**
Surplus from continuing operations		**104.2**	**36.4**
Surplus from discontinued operations	20(b)	4.2	10.8
Surplus for the year		**108.4**	**47.2**
Surplus for the year:			
Controlling interest		108.0	47.1
Non-controlling interest	25(b)	0.4	0.1
		108.4	**47.2**
Surplus for the year arises from:			
Continuing operations		104.2	36.3
Discontinued operations	20(b)	4.2	10.8
		108.4	**47.1**

The Consolidated statement of profit or loss should be read with the accompanying notes.

Consolidated statement of comprehensive income

For the year ended 30 June 2026

	Notes	2026 $m	2025 $m
Surplus for the year		**108.4**	**47.2**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges	13(b)	3.2	(0.3)
Items that will not be reclassified to profit or loss			
Remeasurement of net defined benefit		0.8	0.1
Other comprehensive income for the year, net of tax		**4.0**	**(0.2)**
Total comprehensive income for the year		**112.4**	**47.0**
Total comprehensive income for the year:			
Controlling interest		112.0	46.9
Non-controlling interest	25(b)	0.4	0.1
		112.4	**47.0**
Total comprehensive income for the year arises from:			
Continuing operations		108.2	36.1
Discontinued operations	20(b)	4.2	10.8
		112.4	**46.9**

The Consolidated statement of comprehensive income should be read with the accompanying notes.

Consolidated statement of financial position

As at 30 June 2026

	Notes	2026 $m	2025 $m
ASSETS			
Current assets			
Cash and cash equivalents	7	463.8	369.7
Receivables	8	99.1	136.6
Inventory		-	4.9
Current assets excluding assets classified as held for sale		**562.9**	**511.2**
Assets classified as held for sale	20(c)	-	189.1
Total current assets		**562.9**	**700.3**
Non-current assets			
Receivables	8	1.0	0.4
Derivative financial instruments	13	3.0	-
Property, plant and equipment	9	112.3	102.5
Intangible assets	10	603.5	477.0
Defined benefit superannuation		4.6	3.7
Total non-current assets		**724.4**	**583.6**
Total assets		**1,287.3**	**1,283.9**
LIABILITIES			
Current liabilities			
Payables	11	397.0	351.9
Borrowings	12	1.0	0.9
Derivative financial instruments	13	-	0.1
Prepaid settlements and deposits	14	31.7	51.2
Lease liabilities	15(a)	9.4	7.2
Employee provisions	16	60.0	49.5
Other provisions		-	0.7
Current liabilities excluding liabilities relating to assets held for sale		**499.1**	**461.5**
Liabilities relating to assets classified as held for sale	20(c)	-	116.1
Total current liabilities		**499.1**	**577.6**
Non-current liabilities			
Borrowings	12	534.7	573.6
Derivative financial instruments	13	0.1	0.2
Lease liabilities	15(a)	19.9	14.6
Employee provisions	16	10.2	8.6
Other provisions		4.4	3.6
Total non-current liabilities		**569.3**	**600.6**
Total liabilities		**1,068.4**	**1,178.2**
Net assets		**218.9**	**105.7**
EQUITY			
Contributed capital	17(a)	7.1	7.1
Accumulated surplus		182.1	73.2
Reserves	17(b)	28.3	24.4
Capital and reserves – controlling interest		**217.5**	**104.7**
Non-controlling interest	25(b)	1.4	1.0
Total equity		**218.9**	**105.7**

The Consolidated statement of financial position should be read with the accompanying notes.

Consolidated statement of changes in equity

As at 30 June 2026

		Controlling interest					
	Note	Contributed Capital $m	Accumulated Surplus $m	Reserves $m	Total $m	Non-controlling interest $m	Total equity $m
Balance at 1 July 2024		**7.1**	**26.6**	**24.2**	**57.9**	**0.9**	**58.8**
Surplus for the year		-	47.1	-	**47.1**	0.1	**47.2**
Other comprehensive income		-	0.1	(0.3)	**(0.2)**	-	**(0.2)**
Total comprehensive income for the year		**-**	**47.1**	**(0.3)**	**46.9**	**0.1**	**47.0**
Transfer to / (from) reserves	17(b)	-	(0.5)	0.5	**-**	-	**-**
Balance at 30 June 2025		**7.1**	**73.2**	**24.4**	**104.7**	**1.0**	**105.7**
Balance at 1 July 2025		**7.1**	**73.2**	**24.4**	**104.7**	**1.0**	**105.7**
Surplus for the year		-	108.0	-	**108.0**	0.4	**108.4**
Other comprehensive income		-	0.8	3.2	**4.0**	-	**4.0**
Total comprehensive income for the year		**-**	**108.8**	**3.2**	**112.0**	**0.4**	**112.4**
Reserve movements	17(b)	-	-	0.7	0.7	-	0.7
Transfer to / (from) reserves	17(b)	-	-	-	**-**	-	**-**
Balance at 30 June 2026		**7.1**	**182.1**	**28.3**	**217.5**	**1.4**	**218.9**

The Consolidated statement of changes in equity should be read with the accompanying notes.

Consolidated statement of cash flows

For the year ended 30 June 2026

	Notes	2026 $m	2025 $m
Cash flows from operating activities			
Receipts from customers		926.1	705.5
Receipts from Electricity Infrastructure Fund		23.7	23.0
Receipts from customers - Victorian TNSP function		351.1	902.0
Receipts from Government grants		325.3	20.5
Payments to suppliers and employees		(757.2)	(586.0)
Payments for network charges		(316.2)	(920.2)
Net (payments) / receipts from prepaid settlements		(175.1)	80.3
Interest received		8.3	11.9
Net cash inflows from operating activities	**7(b)**	**386.0**	**237.0**
Cash flows from investing activities			
Payments for property, plant and equipment		(28.3)	(66.2)
Payments for intangible assets		(208.3)	(87.7)
Net cash (outflows) from investing activities		**(236.6)**	**(153.9)**
Cash flows from financing activities			
Interest paid		(30.7)	(30.4)
Proceeds from borrowings		80.0	38.1
Repayment of borrowings		(119.0)	(40.9)
Payments of lease liabilities (principal)		(10.3)	(8.3)
Net cash (outflows) from financing activities		**(80.0)**	**(41.5)**
Net increase in cash and cash equivalents		**69.4**	**41.6**
Cash and cash equivalents at the beginning of the financial year		394.4	352.8
Cash and cash equivalents at the end of the year	**7(a)**	**463.8**	**394.4**

The Consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

1. Corporate information and key events

The consolidated entity (‘the Group’) consists of the Australian Energy Market Operator Limited (AEMO) and its two subsidiaries, AusEnergy Services Limited (AusEnergy or ASL), and Transmission Company Victoria Pty Ltd up to the date of its transfer to VicGrid (TCV) (ASL and TCV each a Subsidiary and together the Subsidiaries).

AEMO is the independent energy market and system operator for the National Electricity Market (NEM) and the Western Australia Wholesale Electricity Market (WEM). It also operates gas markets and systems. AEMO is a not-for-profit public company limited by guarantee, incorporated and domiciled in Australia, with State and Federal Governments holding 60% of voting rights, and energy industry members holding 40% of voting rights.

AusEnergy provides advisory services to governments and to AEMO. In 2022, the New South Wales (NSW) Government conferred the role of the NSW Consumer Trustee on AusEnergy under the *NSW Electricity Infrastructure Investment Act 2020* (EII Act)[1]. In 2023, AEMO was engaged by the Australian Government to support the delivery of the Capacity Investment Scheme (CIS). AEMO is the head contractor to the Commonwealth, with AusEnergy engaged by AEMO to deliver CIS-related services. In October 2025, the South Australian Government appointed AusEnergy to serve as the Scheme Administrator under the *National Electricity (South Australia) (Firm Energy Reliability and Orderly Exit Management) Regulations 2025*. AusEnergy is a not-for-profit company limited by guarantee, with AEMO holding 70% of voting rights and the NSW State Government holding 30% of the voting rights.

TCV was wholly owned by AEMO until its transfer to VicGrid on 1 November 2025 (refer to Notes 2 and 20). TCV is a for-profit company limited by shares. While a Subsidiary, TCV undertook early works for the Victorian segment of the Victoria to NSW Interconnector West (VNI-West) project.

The registered office of the Group is Level 12, 171 Collins Street, Melbourne, VIC 3000. The consolidated financial statements for the year ended 30 June 2026 were authorised for issue by the Directors on 17 September 2026.

2. Significant changes in the current reporting period

The financial position and performance of the Group were materially affected by the following events and transactions during the reporting period:

- Following legislative reforms passed in September 2025, responsibility for planning and related transmission activities for Victoria’s declared shared transmission network transferred from AEMO to VicGrid, a statutory body corporate within the Victorian Department of Energy, Environment and Climate Action, on 1 November 2025. As part of the transfer, the assets and liabilities of AEMO’s Victorian Transmission Network Service Provider (VicTNSP) operating segment, including the share capital of TCV, were transferred to VicGrid. Refer to Note 20 for further information.

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[1] The role of NSW Consumer Trustee supports the delivery of the NSW Electricity Infrastructure Roadmap

3. Segment information

a) Description of segments and principal activities

The Group has identified seven reportable operating segments. For presentation purposes, these segments are grouped into market fee funded and direct fee funded categories, with the VicTNSP operating segment presented separately following the transfer of the planning and related transmission activities functions for Victoria's declared shared transmission network to VicGrid on 1 November 2025. Corporate (head office) and other non-trading activities do not constitute reportable operating segments. The principal activities of each reportable operating segment are set out below:

i. Market fee funded

These segments recover costs primarily through participant fees, tariffs and related market charges.

- **National Electricity Market (NEM) Core** comprises the Group's core electricity market and power system functions in the National Electricity Market, including system operations, market operations and settlements, prudential supervision, wholesale metering, and forecasting and planning services.
- **NEM Functions** comprises broader NEM-related services and reform activities, including national transmission planning, reform program delivery, retail market functions, consumer data initiatives, settlements residue auction activities, and other market development services.
- **East Coast Gas** comprises the Group's east coast gas market and system functions, including operation and administration of the Declared Wholesale Gas Market (DWGM), Short Term Trading Market (STTM) hubs, Gas Supply Hub, capacity trading platform and day-ahead auction, together with gas planning, market development and reliability and supply adequacy functions.
- **Western Australia (WA)** comprises the Group's electricity and gas market and system operation functions in Western Australia, including market operations, settlements, planning and administration for the Wholesale Electricity Market and associated gas information services. These functions include operation of the Reserve Capacity Mechanism and responsibilities relating to the South-West Interconnected System.

ii. Direct fee funded

These segments recover costs primarily through specific contractual, government or jurisdictional funding arrangements rather than through participant fee and tariff mechanisms.

- **NEM Connections** comprises connection, registration and onboarding activities for participants and projects within the NEM, including advisory and assessment services provided through the connection process.
- **Government and contracted programs** comprise activities delivered under specific government, jurisdictional and contractual arrangements, including advisory, trustee and tender delivery services. These activities include services provided in AusEnergy's role as NSW Consumer Trustee, tender delivery and related support under the Capacity Investment Scheme, a multi-year government grant to uplift core digital systems to enhance energy security, and other directly funded or contracted services not recovered through participant fee and tariff arrangements.

iii. VicTNSP

The VicTNSP operating segment comprised the Group's declared network functions in Victoria, including planning of the declared shared transmission network and related transmission activities. The segment also included activities undertaken through TCV in relation to early works for the Victorian section of the Victoria to NSW Interconnector West project. Following legislative reforms enacted in September 2025, responsibility for these functions transferred to VicGrid on 1 November 2025 (refer to Notes 2 and 20).

b) Segment surplus / (deficit)

The table below presents the segment financial information regularly reviewed by the Group's Executive Leadership Team for the purposes of assessing segment performance and allocating resources. The segment information in this note is presented on the basis used in the consolidated financial statements and may therefore differ from other performance information presented elsewhere in the annual report.

	Market fee funded				Direct fee funded		
2026 $m	**NEM Core**	**NEM Functions**	**East Coast Gas**	**WA**	**NEM Connections**	**Government & contracted programs**	**Total segment result**
Continuing operations							
Income	231.2	195.1	61.4	110.3	61.9	152.0	**811.9**
Operating expenses	(208.7)	(173.4)	(74.3)	(108.0)	(58.5)	(76.0)	**(698.9)**
Surplus / (deficit) for continuing operations	**22.5**	**21.7**	**(12.9)**	**2.3**	**3.4**	**76.0**	**113.0**
2025 $m							
Continuing operations							
Income	228.8	175.6	64.4	102.3	42.4	74.3	**687.8**
Operating expenses	(182.7)	(154.3)	(57.2)	(91.9)	(39.6)	(80.7)	**(606.4)**
Surplus / (deficit) for continuing operations	**46.1**	**21.3**	**7.2**	**10.4**	**2.8**	**(6.4)**	**81.4**

c) Reconciliation to the consolidated statement of profit or loss

The table below reconciles the measure of segment surplus / (deficit) reviewed by the Group's Executive Leadership Team to the amounts presented in the consolidated statement of profit or loss.

	2026			2025		
$m	**Total segment result**	**Adjustments / eliminations**	**Consolidated statement of profit or loss**	**Total segment result**	**Adjustments / eliminations**	**Consolidated statement of profit or loss**
Continuing operations						
Income	811.9	2.6	**814.5**	687.8	7.4	**695.2**
Operating expenses	(698.9)	(11.4)	**(710.3)**	(606.4)	(52.4)	**(658.8)**
Surplus / (deficit) for continuing operations	**113.0**	**(8.8)**	**104.2**	**81.4**	**(45.0)**	**36.4**
Discontinued operations (Note 20)	-	4.2	**4.2**	-	10.8	**10.8**
Surplus / (deficit)	**113.0**	**(4.6)**	**108.4**	**81.4**	**(34.2)**	**47.2**

Inter-segment transactions are eliminated on consolidation and reflected in the "adjustments / eliminations" column. That column also includes Corporate (head office) and other non-trading activities that do not constitute separate operating segments.

4. Revenue from contracts with customers

Revenue from contracts with customers comprises the following material revenue streams:

	2026 $m	2025 $m
Fees and tariffs	601.2	537.0
Connections revenue	54.2	32.2
Managed services revenue	11.0	8.7
Cost recoveries from Government	34.2	31.4
Capacity certificate auction revenue	12.1	18.4
Other revenue	3.9	4.5
Total revenue from contracts with customers	**716.6**	**632.2**

The Group generates revenue primarily from the operation and support of electricity and gas markets, including participant fees and tariffs charged on a cost-recovery basis, connection and registration services, contracted advisory and managed services, and other market-related activities, including capacity certificate auctions. Revenue associated with the discontinued operation is disclosed in Note 20. Of the Group's total revenue from contracts with customers, revenue recognised over time is $601.2 million (2025: $537.0 million) and revenue recognised at a point in time is $115.4 million (2025: $95.2 million).

Significant judgement – revenue recognition

The Group generates revenue from participant fees and tariffs, connection and registration services, managed services, cost recoveries from government and capacity certificate auction revenue. Management applies judgement in determining the appropriate timing of revenue recognition for its material revenue streams, including participant fees and tariffs, connection and registration services, managed services, cost recoveries from government and capacity certificate auction revenue. This includes assessing whether performance obligations are satisfied over time or at a point in time, having regard to the nature of the service provided, the underlying contractual or regulatory arrangement and when the customer receives and consumes the benefit of the service. Management also applies judgement in presenting amounts arising from cost-recovery arrangements, including over- and under-recoveries, consistently with the substance of the relevant fee, tariff or contractual mechanism.

The following summarises the Group's material revenue streams and the related timing of revenue recognition:

Fees and tariffs relate to electricity and gas market operation and support services provided to market participants. These services are provided continuously over the relevant period and market participants simultaneously receive and consume the benefits of those services as the services are performed. Revenue is therefore recognised over time. Fees are established on a cost-recovery basis to recover the cost of providing the relevant services. Over- or under-recoveries in a particular year are addressed prospectively through subsequent fee determinations. Registration fees are recognised at a point in time when the relevant registration service has been completed.

Connections revenue relates to assessment and related services provided to new market entrants under the Group's connection and registration processes. Revenue is recognised at a point in time when the relevant assessment or service has been completed.

Managed services revenue relates to contracted services provided under enforceable service arrangements. Revenue is recognised at a point in time when the relevant service or deliverable is completed.

Other revenue includes ad hoc service-related payments and other miscellaneous service revenue. Revenue is recognised at a point in time when the relevant service has been provided.

Cost recoveries from Government relate to contracted advisory and related services provided to government entities under enforceable service arrangements. Revenue is recognised at a point in time when the relevant contracted service or deliverable has been completed.

Capacity certificate auction revenue relates to the Group's administration of capacity certificate auctions under the National Gas Rules. A capacity certificate provides the holder with priority shipping rights where there is congestion in gas pipelines. Revenue is recognised at a point in time when the auction is completed and the certificate is allocated to the successful bidder.

5. Other income

Other income comprises the following items recognised in the consolidated statement of profit or loss:

	Note	2026 $m	2025 $m
Government grant income		74.5	37.6
Other income		-	2.8
Electricity Infrastructure Fund income		21.5	20.9
Rental income	15(b)	1.9	1.7
Total other income		**97.9**	**63.0**

The following summarises the Group's material other income streams and the basis on which they are recognised:

Government grant income relates to funding received under grant agreements with government departments, government agencies and other funding bodies for specified projects.

Other income in the prior reporting period represents the difference between the proceeds received and the fair value of concessional loan funding on initial recognition. No such income was recognised in the current reporting period following repayment of the loan. Refer to Note 12 for further information.

Electricity Infrastructure Fund income relates to funding received by AusEnergy for performing the NSW Consumer Trustee function under the EII Act.

Rental income represents sublease income from one of the Group's State offices. Lease contracts include rental increases linked to the consumer price index and do not include other variable lease payments. Rental income is recognised on a straight-line basis over the lease term.

6. Expenses

This note provides further information about the Group's significant expense categories. Refer to Note 20 for expenses associated with the discontinued operation.

a) Consulting and contracting

	2026 $m	2025 $m
Contractors	34.2	65.8
Consulting	45.9	41.2
Audit fees	3.1	1.7
Legal fees	7.3	6.8
Total consulting and contracting	**90.5**	**115.5**

Consulting and contracting represents external specialist costs incurred to support the Group's programs, operations and corporate functions.

b) Employee benefits and related costs

	2026 $m	2025 $m
Wages and salaries	304.8	279.1
Other employee benefits and entitlements expense	84.2	65.4
Less: labour capitalised	(38.5)	(40.7)
Other employee related costs	8.1	8.0
Total employee benefits and related costs	**358.6**	**311.8**

These costs include salaries and wages, performance incentives, payroll taxes, leave entitlements and workers compensation premiums.

c) Information technology

	2026 $m	2025 $m
Infrastructure maintenance and software support	58.4	47.9
Cloud services	27.2	21.5
Telecommunications	2.9	2.9
Total information technology	**88.5**	**72.3**

d) Other expenses

	2026 $m	2025 $m
Governance and board costs	2.3	2.3
Repairs and maintenance	-	1.3
Subscriptions	1.9	3.1
Release of makegood provision	(0.6)	-
Other	2.8	1.3
Total other expenses	**6.4**	**8.0**

Other expenses comprise operating costs not separately disclosed elsewhere, including governance and board costs, repairs and maintenance, subscriptions and other administrative costs.

e) Depreciation and amortisation

	Note	2026 $m	2025 $m
Depreciation	9	28.8	26.2
Amortisation	10	97.5	82.0
Total depreciation and amortisation		**126.3**	**108.2**

Depreciation and amortisation comprise the depreciation of property, plant and equipment and the amortisation of intangible assets recognised in the current reporting period.

f) Net finance expense

	Note	2026 $m	2025 $m
Interest income		(8.0)	(11.3)
Total finance income		**(8.0)**	**(11.3)**
Borrowing costs		28.7	30.2
Lease interest expense	15(b)	1.0	0.9
Less: interest capitalised		(7.2)	(6.4)
Total finance expense		**22.5**	**24.7**
Total net finance expense		**14.5**	**13.4**

Net finance expense comprises interest income and finance costs, including borrowing costs and lease interest expense. The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's general borrowings during the year, being 4.74% (2025 – 5.14%).

7. Cash and cash equivalents

Current assets	2026 $m	2025 $m
Unrestricted cash and cash equivalents		
Cash at bank	91.1	35.5
Restricted cash and cash equivalents		
Cash at bank	8.6	7.8
Grant funding	259.5	-
Security deposits and early settlement proceeds	92.3	314.5
Participant Compensation Funds (PCFs)	12.3	11.9
Total cash and cash equivalents	**463.8**	**369.7**

Cash and cash equivalents include unrestricted cash held for the Group's general operating activities and restricted cash held for specific purposes. Restricted cash includes amounts held for grant funded projects, security deposits and early settlement proceeds received from market participants under the relevant market rules, and PCFs collected under the NEM, DWGM and STTM to compensate affected participants for scheduling errors.

a) Reconciliation to the consolidated statement of financial position

	Note	2026 $m	2025 $m
Cash and cash equivalents at the end of the financial year from continuing operations		463.8	369.7
Cash and cash equivalents relating to the disposal group	20	-	24.7
Cash and cash equivalents at the end of the financial year		**463.8**	**394.4**

a) Reconciliation of surplus to net cash flows from operating activities

	Notes	2026 $m	2025 $m
Surplus for the year		108.4	47.2
Impairment expense		0.5	10.6
Depreciation and amortisation	6(e)	126.3	108.2
Interest expense	6(f)	22.5	24.7
Non-cash defined benefit expense		0.8	0.1
Change in operating assets and liabilities			
Decrease / (increase) in receivables		132.4	(82.6)
Decrease / (increase) in inventory		4.9	(0.1)
(Increase) in defined benefit superannuation asset		(1.6)	(0.2)
Increase in payables		155.3	162.8
(Decrease) in prepaid settlements and deposits		(175.2)	(42.3)
Increase in employee provisions		11.7	8.6
Net cash inflows from operating activities		**386.0**	**237.0**

Refer to Note 20 for further information on cash flows associated with discontinued operations.

8. Receivables

Current assets	Note	2026 $m	2026 $m	2025 $m	2025 $m
Trade receivables from contracts with customers	18(c)	20.2		13.1	
Allowance for expected credit loss	18(c)	(0.7)		(1.2)	
Net trade receivables after expected credit loss			**19.5**		**11.9**
GST receivable			-		22.5
Accrued revenue			50.5		56.1
Prepayments and other receivables			29.1		46.1
Total current receivables			**99.1**		**136.6**
Non-current assets					
Other receivables			1.0		0.4
Total non-current receivables			**1.0**		**0.4**
Total receivables			**100.1**		**137.0**

Trade receivables principally represent amounts billed to market participants and other counterparties for statutory, contractual and advisory services that remain unpaid at the reporting date. These balances are generally due for settlement within 30 to 90 days and are therefore classified as current. The allowance for expected credit losses is measured in accordance with Note 18(c). Accrued revenue represents revenue recognised but not yet billed at the reporting date. Prepayments and other receivables include prepaid amounts, Commonwealth grant funding receivable and other amounts recoverable in the ordinary course of business.

9. Property, plant and equipment

Non-current assets $m	Technology infrastructure	Leasehold improvements	Land and buildings	Assets under construction	Right-of-use assets	Total
At 1 July 2024						
Cost	59.1	32.0	23.1	33.8	63.4	**211.4**
Accumulated depreciation and impairment	(18.8)	(22.9)	(8.5)	-	(38.0)	**(88.2)**
Net book amount	**40.3**	**9.1**	**14.6**	**33.8**	**25.4**	**123.2**
Year ended 30 June 2025						
Opening net book amount	40.3	9.1	14.6	33.8	25.4	**123.2**
Additions	-	-	-	66.8	2.8	**69.6**
Assets classified as held for sale (Note 20)	-	-	(2.6)	(61.5)	-	**(64.1)**
Transfers	22.9	3.1	-	(26.0)	-	**-**
Depreciation (Note 6(e))	(14.3)	(2.5)	(0.5)	-	(8.9)	**(26.2)**
Closing net book amount	**48.9**	**9.7**	**11.5**	**13.1**	**19.3**	**102.5**
At 30 June 2025						
Cost[1]	82.0	35.1	20.5	13.1	66.2	**216.9**
Accumulated depreciation and impairment[1]	(33.1)	(25.4)	(9.0)	-	(46.9)	**(114.4)**
Net book amount	**48.9**	**9.7**	**11.5**	**13.1**	**19.3**	**102.5**
Year ended 30 June 2026						
Opening net book amount	48.9	9.7	11.5	13.1	19.3	**102.5**
Additions	-	-	-	28.1	10.5	**38.6**
Transfers	11.1	9.4	-	(20.5)	-	**-**
Depreciation (Note 6(e))	(17.4)	(2.9)	(0.8)	-	(7.7)	**(28.8)**
Closing net book amount	**42.6**	**16.2**	**10.7**	**20.7**	**22.1**	**112.3**
At 30 June 2026						
Cost[2]	93.1	44.5	20.5	20.7	76.7	**255.5**
Accumulated depreciation and impairment[2]	(50.5)	(28.3)	(9.8)	-	(54.6)	**(143.2)**
Net book amount	**42.6**	**16.2**	**10.7**	**20.7**	**22.1**	**112.3**

[1] During the previous reporting period, assets with a nil net book amount were written off as they were no longer in use.
[2] During the current reporting period, assets with a nil net book amount were written off as they were no longer in use.

This note includes technology infrastructure, land and buildings, leasehold improvements, assets under construction and right-of-use assets. Technology infrastructure includes servers, storage and network equipment that support the Group's wholesale, retail and corporate systems. Land and buildings comprise the Group's owned property assets, while leasehold improvements represent fit-out costs associated with leased offices. Assets under construction represent capital projects not yet available for use at the reporting date and are transferred to the relevant asset class when they are available for use. Right-of-use assets principally relate to leased office premises.

Key estimate – useful lives of property, plant and equipment

The Group depreciates property, plant and equipment over their estimated useful lives. Management estimates useful lives by considering the expected period of use, asset condition, planned replacement or decommissioning dates, technology changes and operational requirements. Useful lives are reviewed at each reporting date and revised where appropriate. Changes in useful lives are accounted for prospectively and may result in a material adjustment to depreciation expense in current and future reporting periods.

10. Intangible assets

Non-current assets ($m)	Market systems software	Business and infrastructure software	Assets under construction	Total
At 1 July 2024				
Cost	180.3	389.2	84.7	654.2
Accumulated amortisation and impairment	(49.1)	(131.3)	-	(180.4)
Net book amount	**131.2**	**257.9**	**84.7**	**473.8**
Year ended 30 June 2025				
Opening net book amount	131.2	257.9	84.7	473.8
Additions	-	-	94.6	94.6
Transfers	21.1	25.4	(46.6)	-
Impairment	(2.5)	(7.2)	-	(9.7)
Amortisation (Note 6(e))	(25.5)	(56.2)	-	(81.7)
Closing net book amount	**124.3**	**219.9**	**132.8**	**477.0**
At 30 June 2025				
Cost[1]	201.4	414.6	132.8	748.8
Accumulated amortisation and impairment[1]	(77.1)	(194.7)	-	(271.8)
Net book amount	**124.3**	**219.9**	**132.8**	**477.0**
Year ended 30 June 2026				
Opening net book amount	124.3	219.9	132.8	477.0
Additions	-	-	224.9	224.9
Transfers	132.5	9.6	(142.1)	-
Impairment	-	(0.9)	-	(0.9)
Amortisation (Note 6(e))	(77.0)	(20.5)	-	(97.5)
Closing net book amount	**179.8**	**208.1**	**215.6**	**603.5**
At 30 June 2026				
Cost	333.9	424.2	215.6	973.7
Accumulated amortisation and impairment	(154.1)	(216.1)	-	(370.2)
Net book amount	**179.8**	**208.1**	**215.6**	**603.5**

1 During the previous reporting period, assets with a nil net book amount were written off as they were no longer in use.

Delivery of the Group's core functions requires significant investment in internally generated intangible assets, which the Group classifies as internally developed software assets. The main areas of investment in the current year include modernisation of technology platforms supporting gas and electricity systems and databases, enhancement of critical market systems and operational capabilities, and the development and implementation of regulatory rule changes associated with energy market reform, including Gas Reform, the WEM Reform Program, WEM Distributed Energy Resources and NEM 2025. Assets under construction represent internally generated software projects not yet available for use at the reporting date and are transferred to the relevant software asset class when available for use.

Significant judgement – capitalisation of development costs

The Group undertakes significant internally generated software projects to support electricity and gas market operations, regulatory reform programs and corporate systems. Management assesses whether costs incurred on these projects meet the recognition criteria in AASB 138 *Intangible Assets*, including whether the costs are directly attributable to the development phase of the project and whether the resulting software is expected to generate future economic benefits. Costs incurred during research, preliminary assessment, maintenance and support activities are expensed as incurred. Management applies judgement in determining which project costs are capitalised as intangible assets and which are recognised in the consolidated statement of profit or loss.

Key estimate – useful lives of intangible assets

The Group holds significant internally generated software assets supporting electricity and gas market operations, regulatory reform programs and corporate systems. Management estimates the useful lives of these assets by considering expected use, planned replacement or decommissioning dates, technology changes, regulatory developments and the nature of the systems supported. Useful lives are reviewed at each reporting date and revised where appropriate. Changes in useful lives are accounted for prospectively and may result in a material adjustment to amortisation expense in current and future reporting periods.

11. Payables

Current liabilities	2026 $m	2025 $m
Trade payables	21.7	15.2
Participant prepayments	54.6	252.9
Revenue received in advance	203.2	4.4
GST payable	14.7	-
Employee benefit and related accruals	51.9	44.6
Goods received not invoiced accruals	8.8	-
External labour accruals	10.3	12.0
Other creditors and accruals	31.8	22.8
Total payables	**397.0**	**351.9**

Payables comprise trade payables, other creditors and accruals, participant prepayments which relate to prepaid security deposits and settlements arising from the NEM weekly settlement process, and other short-term operating liabilities. Trade payables represent amounts due for invoiced goods and services received before the end of the reporting period that remained unpaid at that date. Other creditors and accruals represent obligations for goods and services received but not yet invoiced, together with other short-term amounts payable. Participant security deposits represent credit support provided by NEM and Gas Supply Hub participants and are refundable or callable in accordance with the relevant market rules. Settlement prepayments represent early receipts from NEM market participants under the weekly settlement process. The carrying amounts of payables are considered to be the same as their fair values, due to their short-term nature.

12. Borrowings

	2026				2025			
Unsecured liabilities ($m)	**Current**		**Non-current**	**Total**	**Current**		**Non-current**	**Total**
Federal Treasury loan	1.0		2.0	3.0	0.9		3.0	3.9
Syndicated bank loan	-		233.2	233.2	-		233.2	233.2
CEFC loan	-		-	-	-		38.1	38.1
A$MTN:								
Drawn		300.0				300.0		
Less: transaction costs		(0.5)				(0.7)		
			299.5	299.5			299.3	299.3
Total borrowings	**1.0**		**534.7**	**535.7**	**0.9**		**573.6**	**574.5**

The Group's borrowings comprise concessional loans obtained to support specific strategic projects, together with debt facilities used to support liquidity and general corporate funding requirements. These facilities include the Group's Syndicated Facility Agreement (SFA) and Australian Dollar Medium Term Note (A$MTN) program. The SFA is a revolving facility comprising multiple tranches with varying maturities. During the current reporting period, the Clean Energy Finance Corporation (CEFC) concessional loan was repaid in full following the transfer of the VicTNSP operating segment to VicGrid on 1 November 2025 (refer to Note 2).

The Federal Treasury loan is a concessional loan provided by the Department of Treasury and Finance to support the development of the Consumer Data Right portal. The CEFC loan was a concessional loan provided through the Rewiring the Nation Fund to support early works for the VNI West project. The Group also has access to the SFA and A$MTN program for general corporate funding purposes.

Fair value of borrowings – The fair values of borrowings are not materially different from their carrying amounts because the borrowings are either short term in nature or bear interest rates that approximate current market rates. Where applicable, the fair value for concessional loans is determined using discounted cash flow techniques based on a current market rate for a similar borrowing. Carrying value for concessional loans reflects the amount recognised in the statement of financial position following initial recognition at fair value and subsequent measurement at amortised cost, and may therefore differ from fair value.

Risk exposure – Details of the Group's exposure to risks arising from current and non-current borrowings are set out in Note 18.

13. Derivative financial instruments

This note sets out the Group's interest rate swaps designated as cash flow hedges and the related movements recognised in the hedging reserve during the year.

b) Amounts recognised in the consolidated statement of financial position

2026 **$m**	**Current assets**	**Non-current assets**	**Current liabilities**	**Non-current liabilities**	**Net assets**
Interest rate swaps – cash flow hedges	-	3.0	-	0.1	**2.9**
Total derivative financial instruments	**-**	**3.0**	**-**	**0.1**	**2.9**

2025 **$m**	**Current assets**	**Non-current assets**	**Current liabilities**	**Non-current liabilities**	**Net liabilities**
Interest rate swaps – cash flow hedges	-	-	0.1	0.2	**0.3**
Total derivative financial instruments	**-**	**-**	**0.1**	**0.2**	**0.3**

c) Cash flow hedge reserve

The movement in the cash flow hedge reserve during the year reflects changes in the fair value of derivatives designated in qualifying hedge relationships:

	Hedging reserve $m
Closing balance at 30 June 2025	**(0.3)**
Add: change in fair value of hedging instrument recognised in Other comprehensive income	4.6
Less: reclassified from Other comprehensive income to profit or loss	(1.4)
Balance at 30 June 2026	**2.9**

d) Amounts recognised in the consolidated statement of profit or loss

In addition to the amounts disclosed in the cash flow hedge reserve reconciliation, the following amounts were recognised in the consolidated statement of profit or loss in relation to derivatives:

	2026 $m	2025 $m
Hedge ineffectiveness of interest rate swaps – amount recognised in other gains / (losses)	-	-

e) Effects of hedge accounting on the consolidated financial position and performance

The effects of the hedging instruments on the Group's financial position and performance are disclosed in Note 18(b).

14. Prepaid settlements and deposits

Current liabilities	2026 $m	2025 $m
Declared Wholesale Gas Market (DWGM)	10.1	23.2
Short Term Trading Market (STTM)	11.5	26.0
Western Australia Wholesale Electricity Market (WEM)	10.1	2.0
Total prepaid settlements and deposits	**31.7**	**51.2**

Prepaid settlements and deposits represent voluntary prepayments received in advance from participants in the DWGM, STTM and WEM to support continued trading and mitigate the risk of breaching credit limits under the relevant market rules. These amounts may be applied against future settlement obligations or rolled forward to subsequent settlement periods. Once cash is received, a corresponding liability is recognised in the consolidated statement of financial position.

15. Lease liabilities

a) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position includes the following amounts relating to lease liabilities:

Lease liabilities	2026 $m	2025 $m
Current	9.4	7.2
Non-current	19.9	14.6
Total lease liabilities	**29.3**	**21.8**

The total cash outflows for leases in 2026 were $10.3 million (2025: $8.3 million). Refer to Note 9 for information on right-of-use assets.

b) Amounts recognised in the consolidated statement of profit or loss

The consolidated statement of profit or loss includes the following amounts relating to leases:

	Notes	2026 $m	2025 $m
Rental income from the subleasing of right-of-use assets	5	1.9	1.7
Interest expense (included in net finance expense)	6(f)	(1.0)	(0.9)

Significant judgement – lease term

Where lease arrangements contain options to extend or terminate the lease, management assesses whether it is reasonably certain that those options will be exercised. This assessment considers the terms of the lease, related contractual arrangements and the economic incentives relevant to the leased asset. The lease term determined on this basis affects the measurement of lease liabilities and right-of-use assets.

Key estimate – lease discount rates

In calculating the present value of lease payments, management uses its incremental borrowing rate at the lease commencement date where the interest rate implicit in the lease is not readily determinable. The discount rate is established at lease commencement and is not subsequently revised unless there is a modification to the lease that changes the remaining lease payments.

16. Employee provisions

Current liabilities	2026 $m	2025 $m
Annual leave	29.4	24.1
Long service leave	30.6	25.4
Total current employee provisions	**60.0**	**49.5**
Non-current liabilities		
Long service leave	10.2	8.6
Total non-current employee provisions	**10.2**	**8.6**
Total employee provisions	**70.2**	**58.1**

Key estimate – long service leave

The Group measures long service leave provisions using assumptions about employee tenure, expected patterns of leave taken or paid out, future salary growth and discount rates. Management reassesses these assumptions at each reporting date.

17. Capital and reserves

a) Capital contributions

The Company was incorporated on 10 May 1996 as National Electricity Market Management Company Limited (NEMMCO) to operate the NEM. On 1 July 2009, as part of the establishment of a single, industry-funded national energy market operator, NEMMCO was renamed Australian Energy Market Operator Limited (AEMO) and functions previously performed by the Victorian Energy Networks Corporation (VENCorp), the Electricity Supply Industry Planning Council, the Gas Market Company, the Gas Retail Market Operator and AEMO (Transitional) were transferred to AEMO under legislation. Amendments to AEMO's Constitution also took effect on 1 July 2009, resulting in Governments holding 60% of voting rights and eligible industry members holding 40%.

b) Reserves

$m	PCF reserve	Land reserve	Business combination reserve	Cash flow hedge reserve	Total
At 1 July 2024	**11.5**	**4.0**	**8.7**	**-**	**24.2**
Revaluation	-	-	-	0.2	**0.2**
Reclassification to profit or loss	-	-	-	(0.5)	**(0.5)**
Other comprehensive income	**-**	**-**	**-**	**(0.3)**	**(0.3)**
Transfer from accumulated surplus	0.3	0.2	-	-	**0.5**
As at 30 June 2025	**11.8**	**4.2**	**8.7**	**(0.3)**	**24.4**
Revaluation	-	-	-	4.6	4.6
Reclassification to profit or loss	-	-	-	(1.4)	**(1.4)**
Other comprehensive income	**-**	**-**	**-**	**3.2**	**3.2**
Interest credited to PCF reserve	0.4	-	-	-	**0.4**
NEM Fees attributable to Land reserve	-	0.3	-	-	**0.3**
As at 30 June 2026	**12.2**	**4.5**	**8.7**	**2.9**	**28.3**

The Group's reserves comprise amounts recognised in equity for specific purposes, as described below:

PCF reserve – Under the NER, the Group is required to pay compensation to market participants for scheduling errors. The funds received from market participants each year are segregated within a PCF reserve. The balances for all PCFs, except the NEM PCF, have reached the funding requirements under the relevant rules. No further PCF fees will be charged for these markets unless there is a claim against the funds, however interest will continue to be earned on these funds.

Land reserve – The land reserve has been established to recover the cost of the purchase of the Norwest land from participants over a 30-year period.

Business combination reserve – The assets and liabilities of VENCorp, which managed the main Victorian gas network and gas market, were transferred to AEMO for no consideration. This reserve cannot be distributed and is therefore held within a business combination reserve.

Cash flow hedge reserve – The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives designated and qualifying as cash flow hedges, as described in Note 13.

18. Financial risk management

The Group's financial risk management is governed by Board-approved policies that identify, assess and manage the financial risks arising from the Group's operations. These policies address market risk, credit risk, liquidity risk, and the use of derivative and non-derivative financial instruments.

Risk	Exposure arising from	Measurement	Management of Risk
Market risk	• Long-term borrowings at variable rates	• Sensitivity analysis	• Forecast debt requirements • Refinancing strategy • Renewal of borrowing facilities • Mix of fixed and floating interest rates • Interest rate swaps
Credit risk	• Cash and cash equivalents • Derivative financial instruments • Trade receivables • Accrued revenue • Debt instruments	• Aging analysis • Credit ratings	• Cash investments held only with major Australian banks • Counterparty credit limits • Treasury policy governing derivative instruments
Liquidity risk	• Borrowings • Payables	• Rolling cash flow forecasts	• Availability of committed credit lines and borrowing facilities

a) Derivatives

Refer to Note 13 for further information on derivative financial instruments.

b) Market risk

The Group's market risk is limited primarily from interest rate risk on variable rate borrowings from its syndicated bank debt facilities and, to a lesser extent, variability in interest income on cash and cash equivalents. These facilities are denominated in Australian dollars and have been entered into with major Australian financial institutions. At 30 June 2026, 44% of the Group's borrowings were at floating rates (2025: 41%). The Group manages this exposure through interest rate swaps, which convert a portion of floating rate borrowings to fixed rates. The composition of the Group's borrowings between variable and fixed interest rates is set out below:

		2026		2025	
	Note	$m	Total %	$m	Total %
Variable rate borrowings		233.2	44%	233.2	41%
Fixed rate borrowings – maturity dates					
Less than 1 year		1.0	-%	0.9	-%
1 to 5 years		301.5	56%	340.4	59%
Borrowings	**12**	**535.7**	**100%**	**574.5**	**100%**

Instruments used by the Group – At 30 June 2026, interest rate swaps covered all the Group's variable rate borrowings (2025: 100%). These swaps fixed 100% of the exposure maturing within one year and 82% of the exposure maturing in two to three years. The swap contracts require settlement of net interest receivable or payable every 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

Effects of hedge accounting on the financial position and performance – The effects of the Group's interest rate swaps on the consolidated statement of financial position and consolidated statement of profit or loss are set out below:

	2026 $m	2025 $m
Carrying amount (net asset/(net liability))	2.9	(0.4)
Notional amount:		
Less than 1 year	233.2	233.2
1 to 2 years	137.5	100.0
2 to 3 years	99.9	100.0
Hedge ratio	100%	100%
Change in fair value of outstanding hedging instruments since 1 July (gain/(loss))	2.9	(0.4)
Change in value of hedged item used to assess hedge effectiveness (gain/(loss))	2.9	(0.3)

Sensitivity – The Group is exposed to variability in interest income on cash and cash equivalents and in finance costs on variable rate borrowings due to changes in interest rates. Other components of equity are sensitive to increases or decreases in the fair value of interest rate swaps designated in qualifying cash flow hedge relationships, with the effective portion of such movements recognised in the cash flow hedge reserve.

The sensitivity analyses below show the effect of a reasonably possible 100 basis point increase or decrease in interest rates at the reporting date, with all other variables held constant, on the Group's surplus and equity:

		Carrying amount		Impact on surplus after income tax *			
$m	**Note**	**2026**	**2025**	**+ 100 bps 2026**	**- 100 bps 2026**	**+ 100 bps 2025**	**- 100 bps 2025**
Cash and cash equivalents	7	463.8	369.7	4.6	(4.6)	3.7	(3.7)
Variable-rate borrowings	12	(233.2)	(233.2)	(2.3)	2.3	(2.3)	2.3
Net exposure		**230.6**	**136.5**	**2.3**	**(2.3)**	**1.4**	**(1.4)**

		Carrying amount		Impact on equity after income tax *			
$m	**Note**	**2026**	**2025**	**+ 100 bps 2026**	**- 100 bps 2026**	**+ 100 bps 2025**	**- 100 bps 2025**
Interest rate swaps	13	2.9	(0.4)	2.7	(2.7)	2.5	(2.5)
Net exposure		**2.9**	**(0.4)**	**2.7**	**(2.7)**	**2.5**	**(2.5)**

* Holding all other variables constant

c) Credit risk

Credit risk arises from the Group's financial assets, including cash and cash equivalents, trade receivables, accrued revenue and debt instruments carried at amortised cost. The Group manages credit risk on a Group basis through counterparty credit policies, participant prudential arrangements and where appropriate, collateral or bank guarantees to mitigate the risk of loss. For treasury investments and other financial instrument activities, the Group only transacts with counterparties that have a minimum long-term credit rating of AA- (Standard & Poor's) or Aa3 (Moody's), or equivalent. Credit exposures are monitored on an ongoing basis and an allowance for expected credit losses is recognised where required. The Group does not consider itself to have a significant concentration of credit risk in respect of receivables, having regard to the nature of its counterparties, prudential arrangements and collateral held.

Security and guarantees – For market participants, the Group obtains security in the form of bank guarantees or cash collateral held in term deposits on the participant's behalf. This security may be called upon where a market participant defaults under the relevant market rules or contractual arrangements.

Impairment of financial assets – The Group's financial assets subject to the expected credit loss requirements of AASB 9 *Financial Instruments* (AASB 9) comprise trade receivables, accrued revenue and debt instruments carried at amortised cost. Cash and cash equivalents are also subject to the impairment requirements of AASB 9; however, no loss allowance was recognised at 30 June 2026 or 30 June 2025.

The Group applies the AASB 9 simplified approach to measuring expected credit losses for applicable trade receivables, using a lifetime expected credit loss allowance. Trade receivables are grouped based on shared credit risk characteristics and days past due. Expected loss rates are based on historical payment patterns and observed credit losses, adjusted where relevant to reflect current and forward-looking information affecting the ability of counterparties to settle outstanding balances. Credit risk on energy market transactions is limited because the Group holds bank guarantees or cash collateral that may be called upon if a market participant defaults. On this basis, the loss allowance for trade receivables at 30 June 2026 and 30 June 2025 was determined as follows:

			Past due:				
2026 $m	**Note**	**Not past due**	**0 to 30 days**	**31 to 60 days**	**61 to 90 days**	**Past 90 days**	**Total**
Expected loss rate		-	-	-	-	100%	
Gross carrying amount – trade receivables	8	17.3	0.3	1.8	0.1	0.7	**20.2**
Loss allowance	**8**					0.7	**0.7**

			Past due:				
2025 $m	**Note**	**Not past due**	**0 to 30 days**	**31 to 60 days**	**61 to 90 days**	**Past 90 days**	**Total**
Expected loss rate		-	-	-	-	100%	
Gross carrying amount – trade receivables	8	11.1	0.6	0.1	0.1	1.2	**13.1**
Loss allowance	**8**	**-**	**-**	**-**	**-**	**1.2**	**1.2**

The movement in the loss allowance for trade receivables for the year was as follows:

	Note	**2026 ($m)**		**2025 ($m)**	
Opening loss allowance at 1 July			**1.2**		**0.8**
Increase in loss allowance recognised in profit or loss		-		1.2	
Reversal of previously recognised loss allowance		(0.5)		(0.3)	
Loss allowance before write-offs			(0.5)		0.9
Receivables written off as uncollectible			-		(0.5)
Closing loss allowance at 30 June	**8**		**0.7**		**1.2**

Debt instruments – All debt instruments carried at amortised cost are assessed as low credit risk at the reporting date. Accordingly, any loss allowance recognised is limited to 12-month expected credit losses. An instrument is considered to be low credit risk where the risk of default is low, and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Key estimate – expected credit losses on trade receivables

The Group applies the simplified approach under AASB 9 to measure expected credit losses for trade receivables, using a lifetime expected credit loss allowance. Expected loss rates are based on historical payment patterns and credit loss experience for market participants and proponents, adjusted where relevant for current and forward-looking information. Management estimates the loss allowance by assessing credit risk by customer segment and the effect of macroeconomic conditions on the recoverability of outstanding receivables.

d) Liquidity risk

Liquidity risk is managed by maintaining adequate cash reserves and committed borrowing facilities, monitoring and forecasting cash flows, structuring liabilities with appropriate maturities, and investing surplus funds in highly liquid investments. Given the nature of the Group's operations, flexibility in funding is maintained through access to committed credit facilities.

The Group monitors rolling forecasts of liquidity, including available undrawn borrowing facilities and cash and cash equivalents (Note 7), based on expected cash flows. These forecasts consider the level of liquid assets required to meet operational and capital requirements throughout the reporting period. The Group also monitors compliance with its debt financing arrangements.

Available borrowing facilities – the table below sets out the Group's committed borrowing facilities and drawdowns at the reporting date. Amounts disclosed differ from the carrying amounts of borrowings recognised in the statement of financial position:

	Facility Limit $m	Maturity	Drawn 2026 $m	Undrawn 2026 $m	Drawn 2025 $m	Undrawn 2025 $m
Floating rate						
Syndicated loans						
Facility A[1]	50.0	18/05/2027	-	50.0	-	50.0
Facility A1[1,2]	42.5	18/05/2027	-	42.5	-	40.0
Facility C[3]	242.5	18/11/2029	233.2	9.3	233.2	9.3
Facility D[3]	210.0	18/11/2030	-	210.0	-	210.0
Cash Call Facility[4]	35.0	14/04/2027	-	35.0	-	-
Fixed rate						
Federal Treasury loan[5]	6.2	30/06/2029	3.0	-	3.9	-
A$MTN	300.0	06/12/2028	300.0	-	300.0	-
CEFC loan[6]	-	-	-	-	38.7	81.3
Total			**536.2**	**346.8**	**575.8**	**390.6**

1 Facilities A and A1 were refinanced in May 2026.

2 Facility A1 is required under the National Gas Law to enable trading in natural gas and to maintain, or improve, the reliability or adequacy of gas supply in the East Coast Gas system. The facility limit is subject to annual CPI indexation and increased from $40.0m to $42.5m during FY26.

3 Facilities C and D were refinanced in April 2026.

4 During FY26, a $35.0m bilateral cash call facility was established to support short-term liquidity and cash management. The facility remains undrawn at 30 June 2026.

5 $0.9 million was repaid in June 2026.

6 The CEFC loan was repaid in full following the transfer of the VicTNSP operating segment to VicGrid on 1 November 2025 (refer to Note 2).

Maturities of financial liabilities – The table below summarises the contractual undiscounted cash flows of the Group's non-derivative financial liabilities. Amounts due within 12 months for payables approximate their carrying amounts because the effect of discounting is not significant.

Contractual maturities of financial liabilities	Note	Less than 1 year $m	1 to 5 years $m	More than 5 years $m	Total contractual cash flows $m	Carrying amount of liabilities $m
At 30 June 2026						
Non-derivatives						
Payables	11	397.0	-	-	397.0	397.0
Borrowings	12	29.5	588.9	-	618.4	535.7
Lease liabilities		8.1	12.5	7.7	28.3	29.8
Total non-derivatives		**434.6**	**601.4**	**7.7**	**1,043.7**	**962.5**
At 30 June 2025						
Non-derivatives						
Payables	11	351.9	-	-	351.9	351.9
Borrowings	12	76.6	578.8	-	655.4	574.5
Lease liabilities		8.0	10.3	0.3	18.6	21.8
Total non-derivatives		**436.5**	**589.1**	**0.3**	**1,025.9**	**948.2**

19. Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, maintain sufficient liquidity and funding capacity to support its operations, and manage its capital structure efficiently. The Group manages capital with reference to cash balances and available borrowing facilities.

Under the terms of the syndicated loan facilities, the Group is required to report a liquidity ratio of greater than 0.5 at each annual reporting date. The Group complied with this requirement at 30 June 2026, with a liquidity ratio of 1.13 (2025: 1.21).

20. Discontinued operations

This note sets out the financial effects of the transfer of the functions for planning and related transmission activities for Victoria's declared shared transmission network from AEMO to VicGrid (including the transfer of the VicTNSP operating segment), and the related classification of the associated assets and liabilities as held for sale, as described in Note 2. On 1 November 2025, the assets and liabilities of the VicTNSP operating segment, including the shares in TCV, were transferred to VicGrid. The VicTNSP operating segment is presented as a discontinued operation in the current year.

a) Description

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and represents a separate major line of business or geographical area of operations, or forms part of a single co-ordinated plan to dispose of such a component. The results of discontinued operations are presented separately in the consolidated statement of profit or loss.

b) Financial performance and cash flow information

The table below summarises the financial performance and cash flows of the Victorian TNSP discontinued operation from the beginning of the reporting period to the date of transfer to VicGrid.

The financial performance and cash flow information presented below are for the four months ended 31 October 2025:

	2026 $m	2025 $m
Revenue	338.9	889.7
Network charges	(287.4)	(850.1)
Net revenue	**51.5**	**39.6**
Other income	-	0.1
Total income	**51.5**	**39.7**
Operating expenses	45.8	28.8
Operating surplus	**5.7**	**10.9**
Depreciation and amortisation	-	(0.2)
Net finance expense	(1.5)	0.2
Surplus before income tax	**4.2**	**10.9**
Income tax expense	-	(0.1)
Surplus after income tax of discontinued operation	**4.2**	**10.8**
Other comprehensive income from discontinued operations	**-**	**-**
Net cash outflows from operating activities	(6.6)	(44.7)
Net cash outflows from investing activities	(16.0)	(60.8)
Net cash outflows from financing activities	(1.5)	(0.5)
Net decrease in cash and cash equivalents from discontinued operations	**(24.1)**	**(106.0)**

c) Assets and liabilities classified as held for sale

The following assets and liabilities were transferred to VicGrid at 31 October 2025:

	Note	2026 $m	2025 $m
Assets classified as held for sale			
Cash and cash equivalents		0.6	24.7
Receivables		82.2	100.3
Property, plant and equipment		86.8	64.1
Total assets of disposal group held for sale		**169.6**	**189.1**
Liabilities associated with assets classified as held for sale			
Payables		221.7	114.7
Employee provisions		1.5	1.4
Total liabilities of disposal group held for sale		**223.2**	**116.1**

d) Details of the transfer of the VicTNSP operating segment

	Note	2026 $m
Cash received/(paid)		(63.3)
Completion receivable/(payable)		(5.7)
Total consideration		**(69.0)**
Assets transferred		169.6
Liabilities transferred		(223.2)
Accumulated surplus transferred		(15.4)
Total transferred		**(69.0)**
Gain/(loss) on transfer		**-**

The amount recognised in profit or loss on transfer does not represent an economic gain arising from the disposal of the VicTNSP operations. Rather, it reflects the accounting effect of the transfer mechanics, including cash settlements between VicGrid and AEMO and amounts recognised in connection with the transfer of the accumulated surplus associated with the transferred operations. Consistent with AEMO's cost recovery framework, the transfer was not intended to generate a net profit outcome for the Group.

21. Related party transactions

a) Subsidiaries

Interests in Subsidiaries are set out in Note 25.

b) Key management personnel compensation

Key management personnel (KMP) comprise all Directors, the Managing Director and Chief Executive Officer, and Executive General Managers with authority and responsibility for planning, directing and controlling the activities of the Group, consistent with the prior year. Refer to the Directors' Report for details of the KMP of the Group during the financial year ended 30 June 2026.

	2026 $	2025 $
Short-term employee benefits	8,663,887	8,347,760
Post-employment benefits	364,932	315,149
Long-term benefits	163,320	344,081
Total key management personnel compensation	**9,129,139**	**9,006,990**

Short-term employee benefits disclosed above include $2,574,180 (2025: $2,278,174) payable under the short-term incentive scheme that remained unpaid at year end and is included in payables and accruals. The leave obligations disclosed in Note 16 include obligations payable to KMP of $1,062,907 (2025: $1,000,569). Detailed remuneration disclosures are provided in the Remuneration section of the Directors' Report.

22. Commitments

Commitments at 30 June represent contracted but not recognised obligations of the Group relating to major investment programs, operational arrangements entered into to support gas market and system functions under the NGR, strategic energy security and system reliability initiatives and other contracted operational commitments.

At 30 June, the Group had the following commitments:

	2026 $m	2025 $m
Not later than one year	273.6	105.0
Later than one year but not later than five years	362.0	11.0
Later than five years	-	2.6
Total commitments	**635.6**	**118.6**

23. Contingent assets and liabilities

The Group has no contingent assets and liabilities as at 30 June 2026 (2025: nil).

24. Parent company financial information

a) Summary financial information

The individual financial statements for AEMO show the following summarised financial information:

Summarised statement of financial position	2026 $m	2025 $m
Assets		
Current assets	551.0	695.2
Non-current assets	724.4	583.7
Total assets	**1,275.4**	**1,278.9**
Liabilities		
Current liabilities	492.7	576.8
Non-current liabilities	568.6	600.3
Total liabilities	**1,061.3**	**1,177.1**
Net assets	**214.1**	**101.8**
Equity		
Contributed capital	7.1	7.1
Reserves	28.2	24.4
Accumulated surplus	178.8	70.3
Total equity	**214.1**	**101.8**
Surplus / (deficit) for the year	**108.2**	**46.8**
Total comprehensive income for the year	**112.2**	**46.6**

b) Contingent assets and liabilities of AEMO

AEMO has no contingent assets and liabilities as at 30 June 2026 (2025: nil).

c) Contractual commitments of AEMO

Commitments at 30 June represent contracted but not recognised obligations of AEMO relating to major investment programs, operational arrangements entered into to support gas market and system functions under the NGR, strategic energy security and system reliability initiatives and other contracted operational commitments.

At 30 June, AEMO had the following commitments:

	2026 $m	2025 $m
Not later than one year	273.6	96.3
Later than one year but not later than five years	362.0	11.1
Later than five years	-	2.6
Total commitments	**635.6**	**110.0**

d) Determining the parent company financial information

The parent company financial information for AEMO has been prepared on the same basis as the consolidated financial statements, except that investments in Subsidiaries are accounted for at cost in the parent company financial statements.

25. Investment in Subsidiaries

a) Subsidiaries

The Group's principal Subsidiaries at 30 June 2026 are set out below. Their principal activities are described in Note 1. The country of incorporation is also the principal place of business for each Subsidiary:

		Controlling interest and voting power held (%)		Controlling interest held by non-controlling interests (%)	
Name	**Country of Incorporation**	**2026**	**2025**	**2026**	**2025**
AusEnergy Services Limited	Australia	70	70	30	30
Transmission Company Victoria Pty Ltd[1]	Australia	-	100	-	-

1 Refer to Note 20 regarding discontinued operations

b) Non-controlling interest

Set out below is summarised financial information for AusEnergy, the only Subsidiary with a material non-controlling interest. The amounts disclosed are before intercompany eliminations.

Summarised statement of financial position	2026 $m	2025 $m
Current assets	14.3	11.6
Current liabilities	(9.0)	(7.8)
Current net assets	**5.3**	**3.8**
Non-current assets	0.2	0.4
Non-current liabilities	(0.7)	(0.7)
Non-current net liabilities	**(0.5)**	**(0.3)**

Net assets	**4.8**	**3.5**
Carrying amount of non-controlling interest	**1.4**	**1.0**

Summarised statement of profit or loss and other comprehensive income	**2026 $m**	**2025 $m**
Income	59.8	48.8
Expenses	(58.5)	(48.3)
(Deficit) / surplus for the year	**1.3**	**0.5**
Other comprehensive income	-	-
Total comprehensive income	**1.3**	**0.5**
(Deficit) / surplus allocated to non-controlling interest	**0.4**	**0.1**

Summarised statement of cash flows	**2026 $m**	**2025 $m**
Net cash inflows / (outflows) from operating activities	2.3	0.2
Net cash inflows / (outflows) from investing activities	-	-
Net cash inflows / (outflows) from financing activities	(0.4)	-
Net increase / (decrease) in cash and cash equivalents	**1.9**	**0.2**

26. Remuneration of auditors

During the year, the following fees were paid or payable to the Group's auditor, PricewaterhouseCoopers Australia (PwC).

	2026 $	**2025 $**
Audit of financial reports	514,623	427,005
Other assurance services	1,384,446	1,315,000
Other non-audit services	-	15,000
Total services provided by PwC	**1,899,069**	**1,757,005**

Other assurance services include the statutory energy market audit, which commenced prior to PwC's appointment as Group auditor.

27. Events occurring after balance date

In December 2025, the Energy and Climate Change Ministerial Council (ECMC) commissioned a review of AEMO's governance to ensure AEMO's governance arrangements remain fit for purpose currently and in a future market design. The AEMO Governance Review's final report was released on 7 August 2026 and made 14 recommendations which included that AEMO, in consultation with governments, divest itself of ASL, that AEMO's current structure as a Corporations Act entity be retained, but with a change to AEMO's membership to clearly define AEMO as a multi-jurisdictional corporation, accountable to governments on behalf of consumers.

As the final report was released after 30 June 2026 and no implementation decisions or binding changes had been made at balance date, Management does not consider the Review to affect FY26 recognition, measurement or disclosure conclusions, or the basis on which the FY26 financial statements have been prepared.

AEMO will continue to constructively engage with the ECMC and industry stakeholders on the timing and detail to progress implementation of the recommendations.

No other matter or circumstance has arisen between the end of the financial year and the date of this report 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.

28. Summary of material accounting policies

This note sets out the potentially material accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in other notes. The policies have been applied consistently to all periods presented, unless otherwise stated. Comparatives have been restated, where applicable, to align with the current year presentation.

a) Basis of preparation

These general purpose consolidated financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* (Cth). The principal accounting policies are set out below.

Historical cost convention – the consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities, including derivative instruments, and the defined benefit superannuation plan, which are measured at fair value.

Accruals basis – assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Transparency – AEMO has voluntarily included additional disclosures where appropriate to support transparency and provide external stakeholders with sufficient information to assess the Group's financial position and performance. In doing so, AEMO has had regard to the nature of its operations and the information needs of users of the financial statements, which differ from those commonly associated with more traditional not-for-profit entities.

Critical accounting estimates – the preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions in applying the Group's accounting policies. These are based on the best information available at the reporting date and are reassessed on an ongoing basis. Actual results may differ from those estimates. Significant judgements, assumptions and key estimates are disclosed in the relevant notes and highlighted where relevant.

New and amended standards adopted by the Group – the Group adopted the following new standards and amendments for its annual reporting period commencing 1 July 2025. Their adoption did not have a material impact on the Group's financial statements:

- AASB 2023-5 *Amendments to Australian Accounting Standards – Lack of Exchangeability* clarifies when a currency is exchangeable into another currency and how an entity determines the exchange rate when exchangeability is lacking.
- AASB 2026-1 *Amendments to Australian Accounting Standards – Disclosures about Uncertainties in the Financial Statements* enhances and clarifies disclosure requirements about uncertainties in the financial statements, including judgements, assumptions and estimation uncertainty, to improve information provided to users.

The Group also adopted AASB S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and AASB S2 *Climate-related Disclosures* for the year ended 30 June 2026. These standards apply to the Group's sustainability report, which is included in the annual report.

New standards and interpretations not yet adopted – certain new and amended Australian Accounting Standards and Interpretations have been issued but are not yet effective for the year ended 30 June 2026 and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and amendments is set out below.

Standard / amendment	Effective for annual periods beginning on or after	Expected impact
AASB 18 *Presentation and Disclosure in Financial Statements*	1 January 2028	AASB 18 replaces AASB 101 *Presentation of Financial Statements* and introduces new presentation and disclosure requirements, including new subtotals in the Consolidated statement of profit or loss and additional disclosures about management-defined performance measures. The Group is monitoring the AASB's implementation guidance and related projects (including Exposure Draft ED 338 *Application of AASB 18 and AASB 107 by Superannuation and Not-for-Profit Entities and Operating Cash Flow Reconciliation*) and will assess the impact once the final requirements and related guidance are clarified.

b) Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. In assessing the appropriateness of the going concern basis, the Directors considered the following:

- cash balances of $463.8 million at 30 June 2026 (2025: $369.7 million) of which $91.1 million was unrestricted (2025: $35.5 million).
- the Group's statutory powers to recover the costs associated with its specific statutory functions from relevant participants, as well as any under recoveries in the next financial year or subsequent financial years. The Group achieves cost recovery by including surpluses or deficits in future budgets and applying these to future fee recoveries for specific AEMO statutory functions.
- net current assets of $64 million at 30 June 2026 (2025: $122.7 million); and
- undrawn debt facilities of $346.8 million at 30 June 2026 (2025: $390.6 million)

Based on this assessment, the Directors consider it appropriate to prepare the consolidated financial statements on a going concern basis.

c) Principles of consolidation

The consolidated financial statements comprise AEMO, as the parent company, and its Subsidiaries. Subsidiaries are entities controlled by the Group as outlined Note 1. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and are deconsolidated from the date when control ceases.

The financial statements of Subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, and any unrealised income and expenses arising from intragroup transactions are eliminated on consolidation.

Non-controlling interests in the results and equity of Subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of changes in equity and Consolidated statement of financial position respectively.

Significant judgement - control assessment of scheme vehicles

Management has assessed whether it controls the Scheme Financial Vehicle established under the NSW Electricity Infrastructure Roadmap and the Financial Vehicle established for South Australia's Firm Energy Reliability Mechanism. These vehicles have been established to hold scheme funds and enter into scheme contracts. Although AusEnergy provides administration and support services in relation to these schemes, the Group does not direct the key decisions of either vehicle. Management therefore concluded that neither vehicle is controlled by the Group and are therefore not consolidated into the financial statements of the Group at 30 June 2026.

d) Currency translation

The Group's functional currency is Australian dollars, which is the currency of the primary economic environment in which it operates. The consolidated financial statements are presented in Australian dollars, which is also the Group's presentation currency. Foreign currency transactions are translated into Australian dollars using exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the reporting date exchange rate, with exchange differences recognised in the consolidated statement of profit or loss within other expenses.

e) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the Group's Executive Leadership Team (ELT), comprising the Managing Director and Chief Executive Officer and the Executive General Managers. The ELT reviews the financial performance of the Group's operating segments and allocates resources across those segments. Segment performance is assessed primarily by reference to surplus / (deficit), together with other financial and operational measures relevant to each segment.

f) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the promised goods or services is transferred to the customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Contracts are assessed to identify distinct performance obligations, and revenue is recognised as those performance obligations are satisfied, either over time or at a point in time, depending on the nature of the relevant goods or services. Where contracts include variable consideration, revenue is recognised only to the extent that it is highly probable that a significant reversal will not occur when the uncertainty is resolved.

g) Other income

Other income comprises income that is not recognised as revenue. Government grants and other non-reciprocal income are recognised when the Group obtains control of the funding or other asset, except to the extent that a liability, lease liability or financial instrument is recognised, or another standard applies. Where funding is provided to reimburse eligible expenditure, income is recognised as the related costs are incurred to the extent the Group is entitled to the funding. Rental income from operating leases where the Group is a lessor is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of total rental income over the lease term, and variable lease payments that do not depend on an index or rate are recognised in the period in which they are earned. Income arising on the initial recognition of concessional loan funding is recognised as the difference between the proceeds received and the fair value of the loan liability at inception.

h) Expenses

Expenses are recognised in profit or loss as incurred, or as the related goods or services are received or consumed, unless they are required to be capitalised under another accounting standard. Depreciation and amortisation, impairment losses and net finance expense are recognised separately in the consolidated statement of profit or loss in accordance with the accounting policies applicable to the underlying assets and liabilities.

i) Income tax

AEMO is exempt from income tax as a public authority under Australian law for the period from 1 July 2018 to 30 June 2028. AusEnergy's income tax exemption applied for the reporting period from 1 July 2021 to 30 June 2026. AusEnergy has applied for a further exemption and is awaiting the outcome of that application. TCV is subject to income tax.

j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and other short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

k) Receivables

Receivables comprise amounts due to the Group in the ordinary course of business, including trade receivables, accrued revenue, prepayments and other receivables. Trade receivables and accrued revenue are recognised initially at the amount due or accrued and are subsequently measured at amortised cost less any allowance for expected credit losses. Receivables are classified as current unless settlement is expected more than 12 months after the reporting date. Prepayments are recognised separately where amounts have been paid in advance of the receipt of goods or services. The allowance for expected credit losses is measured in accordance with Note 18(c).

l) Property, plant and equipment

Measurement and carrying value – Property, plant and equipment and right-of-use assets are initially measured at cost. Cost includes expenditure directly attributable to the acquisition, construction or installation of the asset. Right-of-use assets comprise the initial amount of the related lease liability, adjusted for lease payments made at or before commencement, less lease incentives received, and including initial direct costs and estimated restoration costs, where applicable. Subsequent expenditure is included in the asset's carrying amount, or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably.

The carrying amount of any component replaced is derecognised. Property, plant and equipment and right-of-use assets are subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Residual values and useful lives are reviewed at each reporting date and adjusted where appropriate. Repairs and maintenance are recognised in the consolidated statement of profit or loss as incurred.

Depreciation and useful lives – Depreciation is calculated on a straight-line basis to allocate the cost of each asset, less any residual value, over its estimated useful life. Depreciation commences when the asset is available for use. Land is not depreciated. Assets under construction are not depreciated until they are available for use. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset:

• Technology infrastructure	3 to 10 years
• Leasehold improvements	lease term
• Buildings	30 years
• Right-of-use assets	lease term

Derecognition – An item of property, plant and equipment or a right-of-use asset is derecognised on disposal or when no further economic benefits are expected from its use or disposal. Any gain or loss on derecognition is recognised in the consolidated statement of profit or loss.

m) Intangible assets

Measurement and carrying value – Internally generated intangible assets are recognised only where costs are directly attributable to the development phase of a project and the recognition criteria in AASB 138 *Intangible Assets* are met. These costs include directly attributable employee, contractor and other costs incurred in designing, building and testing identifiable software controlled by the Group. Costs incurred during the research, preliminary assessment, maintenance and support phases are recognised in the consolidated statement of profit or loss as incurred.

Software developed assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Useful lives are reviewed at each reporting date and adjusted where appropriate. Residual values for internally generated software assets are generally assessed as nil unless there is evidence of an active market or committed disposal arrangement at the end of the asset's useful life.

Amortisation and useful lives – Amortisation begins when the asset is available for use and is recognised in the consolidated statement of profit or loss on a straight-line basis over the asset's estimated useful life. Assets under construction are not amortised until they are available for use. Expected useful lives are as follows:

• Market systems software	3 to 10 years
• Business and infrastructure software	3 to 10 years

Derecognition – An intangible asset is derecognised on disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss on derecognition is recognised in the consolidated statement of profit or loss.

n) Impairment of non-financial assets

Property, plant and equipment and intangible assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognised in the consolidated statement of profit or loss for the amount by which an asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash inflows. Where relevant, these cash-generating units align with, or are assessed by reference to, the Group's operating segments.

o) Current and non-current classification

Assets are classified as current when they are expected to be realised within 12 months after reporting date, or within the Company's normal operating cycle if longer. Liabilities are classified as current when they are expected to be settled within 12 months after reporting date, or where the Company does not have a right to defer settlement for at least 12 months after reporting date. All other assets and liabilities are classified as non-current.

p) Payables

Payables are recognised when the Group becomes obliged to make future payments or to settle other short-term obligations. They are initially recognised at fair value and subsequently measured at amortised cost. As these balances are generally short term in nature, their carrying amounts approximate fair value. Trade payables are unsecured and are generally settled within 30 to 90 days of recognition.

q) Borrowings

Borrowings are initially recognised at fair value, net of directly attributable transaction costs, and are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has a right at the reporting date to defer settlement of the liability for at least 12 months after the reporting date. Concessional loans are initially recognised at fair value, determined by discounting contractual cash flows using a market rate of interest for a similar borrowing. The difference between the proceeds received and the fair value of the loan on initial recognition is recognised as other income in accordance with the Group's policy for government grants and other non-reciprocal income. Borrowings are derecognised when the contractual obligation is discharged, cancelled or expires.

r) Derivatives and hedge accounting

Derivative financial instruments are initially recognised at fair value on the date the contract is entered into and are subsequently remeasured at fair value at each reporting date. The Group uses interest rate swaps to manage exposure to variability in cash flows arising from changes in variable interest rates on borrowings.

Hedge effectiveness – At the inception of a hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, together with its risk management objective and strategy. Hedge effectiveness is assessed at inception and on an ongoing basis to confirm that an economic relationship exists between the hedging instrument and the hedged item. Hedge ineffectiveness may arise from differences in critical terms between the interest rate swaps and the hedged borrowings, or from credit and debit valuation adjustments on the swaps that are not reflected in the hedged borrowings.

Cash flow hedges that qualify for hedge accounting – The effective portion of changes in the fair value of derivatives designated as cash flow hedges is recognised in other comprehensive income and accumulated in the cash flow hedge reserve. Any ineffective portion is recognised immediately in the consolidated statement of profit or loss. Amounts accumulated in the cash flow hedge reserve are reclassified to profit or loss in the periods when the hedged cash flows affect profit or loss. For interest rate swaps used to hedge variable rate borrowings, amounts accumulated in the cash flow hedge reserve are reclassified to net finance expense in the periods in which interest expense is recognised on the hedged borrowings. When a hedging instrument expires, is terminated or no longer qualifies for hedge accounting, any cumulative balance remaining in the cash flow hedge reserve is retained in equity until the forecast cash flows occur. Where the forecast cash flows are no longer expected to occur, the cumulative balance is immediately reclassified to the consolidated statement of profit or loss.

Classification of derivatives – Derivative assets and liabilities are presented as current or non-current based on the expected timing of settlement.

s) Prepaid settlements and deposits

Prepaid settlements and deposits are recognised as liabilities when cash is received from market participants in advance of settlement. These balances are subsequently reduced as amounts are applied to settlement obligations or refunded to participants.

t) Leases

Lessee accounting – Lease liabilities are recognised at the commencement date of a lease and measured at the present value of lease payments not paid at that date, discounted using the interest rate implicit in the lease or, where that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments are allocated between principal and finance expense, with finance expense recognised in the consolidated statement of profit or loss over the lease term. Lease liabilities are remeasured when there is a change in lease payments or the lease term. Payments associated with short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Lessor accounting – The Group subleases part of a leased property to an external party. As the risks and rewards of ownership of the underlying right-of-use asset have not transferred to the sublessee, the sublease is classified as an operating lease. Rental income is recognised on a straight-line basis over the sublease term. Costs relating to the head lease right-of-use asset, including depreciation, finance expense and impairment, continue to be recognised in accordance with the Group's lessee accounting policy.

u) Employee provisions

Employee provisions for annual leave and long service leave (LSL), including related on-costs such as payroll tax, superannuation and workers' compensation, are recognised in respect of employee services rendered up to the reporting date. Employee benefit obligations expected to be settled wholly within 12 months after the reporting date are measured at the amounts expected to be paid when settled. Employee benefit obligations not expected to be settled wholly within 12 months are measured at the present value of expected future payments, taking into account expected future wage and salary levels, employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on government bonds with terms approximating the estimated timing of the cash outflows. Remeasurements arising from changes in assumptions or experience adjustments are recognised in the consolidated statement of profit or loss. Employee provisions are classified as current or non-current based on the estimated timing of when the obligations are expected to be settled.

v) Other provisions

A provision is recognised for restoration obligations when the Group has a present obligation under a lease agreement and the amount can be reliably estimated. The provision is measured at the present value of the estimated expenditure required to settle the obligation at the reporting date. The unwinding of the discount is recognised as finance expense.

w) Reserves

Reserves are recognised in equity for specific transactions and events in accordance with the relevant accounting standards, legislation or regulatory requirements. Transfers to and from reserves are recognised when approved or required and are presented in the consolidated statement of changes in equity.

x) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets or disposal groups are classified as held for sale when their carrying amount is expected to be recovered principally through sale rather than continuing use and the sale is highly probable. These assets or disposal groups are measured at the lower of carrying amount and fair value less costs to sell. Any impairment loss arising on initial or subsequent measurement to fair value less costs to sell is recognised in the consolidated statement of profit or loss. Non-current assets are not depreciated or amortised while classified as held for sale. Assets and liabilities of a disposal group classified as held for sale are presented separately in the consolidated statement of financial position.

y) Rounding

AEMO is of a kind referred to in the ASIC Legislative Instrument 2026/183 relating to the rounding of amounts in the consolidated financial statements. In accordance with the instrument, amounts in these consolidated financial statements have been rounded to the nearest hundred thousand dollars, or in certain cases, to the nearest dollar.

z) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of GST, except where GST incurred is not recoverable from the taxation authority, in which case it is recognised as part of the cost of the asset or as part of the expense. Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included in receivables or payables in the consolidated statement of financial position. Cash flows are presented on a gross basis. GST components of cash flows arising from investing or financing activities that are recoverable from, or payable to, the taxation authority are presented as operating cash flows.

Consolidated entity disclosure statement

As at 30 June 2026

Entity name	Entity type	Country of Incorporation	% of share capital held	Tax residency
Australian Energy Market Operator Limited	Body Corporate	Australia	N/A	Australian[1]
AusEnergy Services Limited	Body Corporate	Australia	N/A[2]	Australian[3]
Zema Scholarship Fund[4]	Trust	N/A	N/A	Australian[5]

Notes:

1 Australian Energy Market Operator Limited was granted an income tax exemption for 10 years from 1 July 2018 to 30 June 2028

2 Voting rights are apportioned 70% to Australian Energy Market Operator Limited but this does not represent share capital held

3 AusEnergy Services Limited was granted an income tax exemption for 5 years from 1 July 2021 to 30 June 2026

4 Australian Energy Market Operator Limited is the Trustee to the Zema Scholarship Fund. The Zema Scholarship Fund is not consolidated into the consolidated financial statements of Australian Energy Market Operator Limited on the grounds of immateriality

5 The Zema Scholarship Fund is a charity endorsed to access an income tax exemption

Directors' declaration

The Directors of Australian Energy Market Operator Limited declare that:

1. The consolidated financial statements, comprising the Consolidated statement of profit or loss, the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Consolidated statement of changes in equity, the Consolidated statement of cash flows, and accompanying notes on pages 8 to 41, are in accordance with the *Corporations Act 2001* and:
    a) comply with Accounting Standards as described in Note 28 to the financial statements and the *Corporations Regulations 2001*; and
    b) give a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 28 to the financial statements.
2. In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. In the Directors' opinion, the Consolidated entity disclosure statement is true and correct.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

Mary O'Kane

AEMO Chair

17 September 2026

Independent auditor's report

To the members of Australian Energy Market Operator Limited

Our opinion

In our opinion, the accompanying financial report of Australian Energy Market Operator Limited (the Company) and its controlled entities (together 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 of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2026, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate limited assurance conclusion on specified metrics included in the Sustainability report.

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We 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 the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material 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 have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://auasb.gov.au/media/apzlwn0y/ar3_2024.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

PricewaterhouseCoopers

Matthew Probert
Partner

Melbourne
17 September 2026