

# Voluntary Tax Transparency Report

snowyhydro

# ACKNOWLEDGMENT OF COUNTRY

Snowy Hydro celebrates and acknowledges the Traditional Custodians of the many lands and waters on which we live, work and serve. We pay our respects to Elders past, present and emerging for their custodianship of Country over the centuries throughout Australia.

We recognise and honour the ongoing connection and deep spiritual relationship that Aboriginal and Torres Strait Islander peoples have to Mother Earth and acknowledge the unique role they play in caring for and protecting her for future generations.



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# Chief Financial Officer's introduction

## Welcome to Snowy Hydro's Voluntary Tax Transparency Report for the financial year ended 30 June 2026.

As our nation's energy company, owned by every Australian, Snowy is at the centre of Australia's rapid and complex energy transition. Our purpose is to power Australia's sustainable future. To achieve this and deliver on our shareholders' expectations, Snowy is firmly focused on underpinning energy security, enabling the renewable transition and encouraging competition in energy markets. The last 12 months have been a period of significant delivery across our generation and retail portfolios as we support the lowest-cost, most reliable path to Australia's future energy mix.

Our investment in nation-building infrastructure continues to advance, led by the pumped hydro expansion of the Snowy Scheme, Snowy 2.0. This mega-project will become the cornerstone of our energy future, delivering 350,000 megawatt-hours of deep storage, which is the equivalent of around 26 million home batteries. With 660 megawatts (MW) of on-demand capacity, Kurri Kurri Power Station in the Hunter Valley has transitioned out of construction and into phased commissioning. Having completed primary gas fuel commissioning in March 2026, the power station is preparing for full operation ahead of the critical summer peak to provide essential, fast-start backup when the National Electricity Market (NEM) requires it.

Beyond our major infrastructure projects, we have taken decisive steps to support our customers and enable renewable energy and storage developments. Proudly serving 1.6 million customers through our retail brands, Red Energy and Lumo Energy, we have commenced modernisation of our retail technology platform, enabling customers to better manage evolving home energy resources like solar, home batteries and electric vehicles. We also locked in a new renewable energy offtake agreement and executed our first grid-scale battery agreements, adding essential short-duration storage to Snowy's increasingly diverse portfolio.

Fulfilling this national need requires more than just operational and engineering excellence, it demands uncompromising corporate governance and a deep sense of responsibility to the Australian public. As a wholly Commonwealth-owned Government Business Enterprise, we view our tax compliance not simply as a statutory obligation, but as a fundamental part of our broader economic and social contribution to the nation.

Our approach to taxation is conservative, highly transparent, and aligned with our commercial realities. We maintain a low-risk tax profile, ensuring all business activities are driven by genuine economic substance. We continue to engage proactively and cooperatively with the ATO and all state revenue authorities, reflecting our commitment to the highest standards of corporate citizenship.

Prepared in accordance with the Australian Board of Taxation's Voluntary Tax Transparency Code, this report details our tax governance frameworks, strategic approach, and our total tax contributions to the economy. It serves as a practical demonstration of our accountability to our shareholder, our customers, and the regional communities that support our operations.

**Kim Josling**
**Chief Financial Officer**

# About Snowy Hydro

## OUR STRUCTURE AND STATEMENT OF EXPECTATIONS

Snowy Hydro is 100% owned by the Commonwealth of Australia and is governed by a Board of Directors in accordance with its Constitution, which sets out the responsibilities of the Board and Snowy Hydro's reporting obligations, subject to the *Corporations Act 2001* (Cth) and the *Public Governance, Performance and Accountability Act 2013* (Cth).

We also operate in line with the objectives set out by our Shareholder Ministers, the Minister for Finance, Senator the Hon. Katy Gallagher and the Minister for Climate Change and Energy, the Hon. Chris Bowen MP.

Our Statement of Expectations confirms our primary focus is to support Australia's transition to a renewable energy system by operating our existing power stations, including the Snowy Mountains Hydroelectric Scheme (the Snowy Scheme), and by delivering its pumped hydro expansion, Snowy 2.0.

The Statement of Expectations also establishes our broader objective to provide reliable, secure, affordable and firming energy across Australia to back up renewables and enable more wind and solar generation. We deliver on this mandate by operating and maintaining the Snowy Scheme, managing our broader generation portfolio and actively participating in wholesale and retail electricity and gas markets.

As a Government Business Enterprise, Snowy Hydro operates on a commercial basis at arm's length from the government. The Statement of Expectations outlines clear shareholder expectations across water management, community engagement, employment, transparency, integrity, accountability and governance. We are committed to upholding high standards in these areas as we serve customers and communities nationwide.

## POWERING THE TRANSITION: SECURING AUSTRALIA'S ENERGY FUTURE

Built on the legacy of the iconic Snowy Scheme, for more than 70 years, our on-demand power and energy storage have supported Australia's economy and way-of-life by powering reliable energy supply to homes and businesses. Today, we continue to build on that legacy to support the lowest-cost, most reliable path to Australia's future energy mix.

We currently manage more than 6,000 MW of generating capacity, including hydro, pumped hydro and gas and diesel facilities and serve 1.6 million customers through our retail brands, Red Energy and Lumo Energy. Designed to provide essential, fast-start backup when the grid requires it, our 660 MW gas-fired Kurri Kurri Power Station has transitioned out of construction and into phased commissioning, with primary gas fuel commissioning completed in March 2026.

Beyond the assets we own and operate, we partner with wind and solar developers to support the growth of renewable energy and create economic benefits in regional Australia. We have contracted 1,980 MW wind and solar capacity and expanded into grid-scale virtual battery offtakes, including 105 MW from the Golden Plains Battery and 220 MW from the Elaine Battery in Victoria.

We continue to invest in the new infrastructure required to support the energy transition. Snowy 2.0 is Australia's largest renewable energy project. As a major pumped-hydro expansion of the existing Snowy Scheme, Snowy 2.0 will act as a giant battery, storing excess power from the increasing generation of wind and solar and delivering it when homes and businesses need it most.

For more than 20 years, Red Energy has built a foundation of customer trust. Today, alongside Lumo Energy, our retail brands proudly serve a steadily growing customer base. Our commitment to our customers is reflected in our award-winning service. Red Energy proudly secured a Canstar Blue award for customer satisfaction for a record-breaking 16th consecutive year and was named Australia's most trusted utility brand by Roy Morgan for the second time.

# Basis of preparation

This Tax Transparency Report satisfies Parts A and B of the Tax Transparency Code. It is based on the income tax disclosures in Snowy Hydro's audited 30 June 2026 Annual Report, and reflects the income tax paid in the lodged 30 June 2025 income tax return.

In accordance with ATO timeframes, the 30 June 2026 income tax return is yet to be finalised and lodged. Consequently, any reconciling differences between the lodged 30 June 2026 income tax return and the income tax disclosures in the audited 30 June 2026 Annual Report, will be disclosed in the 30 June 2027 Annual Report and Tax Transparency Report.



# Tax strategy, governance & framework

Snowy Hydro's approach to tax management is governed by our commitment to maintaining a low tax risk profile, and adhering to its Tax Risk Management Framework. This framework is reviewed and approved annually by the Board Audit and Compliance Committee (Committee) to ensure it remains contemporary and fit for purpose, with Management regularly reporting on tax matters to the Committee.

The framework outlines the processes in place to identify and manage tax risk across all taxes (direct and indirect taxes), and also provides a clear guidance on the defined and risk based reporting hierarchy on which tax issues are escalated through the organisation and reported to the Committee.

Our transactions are based on commercial considerations underpinned by genuine economic activity. The inherent tax risks associated with our operations are typical for our industry and we adopt tax positions that are well grounded in tax law and do not adopt tax driven, artificial or contrived positions, nor do we interpret tax legislation beyond its spirit and intent.

We are committed to a resilient and robust tax governance and compliance model. To ensure this, we invest in our people, processes, and systems, and engage external tax advisers as needed to support our tax positions.

Both Management and the Board are committed to transparency and cooperation in all dealings with the ATO and other revenue authorities.

Our conservative tax risk profile is reflected in the outcomes of the ATO's assurance reviews, as detailed in the "ATO Assurance Reviews" section below.



# Tax expense reconciliation to tax payable

| | 2026 $m |
|---|---|
| **Profit before income tax expense ("A")** | 535.9 |
| **Prima facie tax @ 30% corporate income tax rate** | 160.8 |
| Prior year adjustments | (0.2) |
| **Amounts not recognised in profit but included in taxable income** | |
| Non tax deductible operating expenses | 0.4 |
| Non tax deductible depreciation | 0.4 |
| Research and development offset | (0.2) |
| **Income Tax Expense (Consolidated Statement of Profit or Loss) ("B")** | **161.2** |
| **Effective Tax Rate (ETR) = B ÷ A** | **30.08%** |

The 30.08% ETR, is calculated without adjustment to "Income Tax Expense" or "Profit Before Income Tax" in the company's Annual Report. With no overseas operations, the rate covers the Group's entire operations (all Australian based), noting Australia's corporate tax rate is 30%.

| | 2026 $m |
|---|---|
| **Income tax expense in the Consolidated Statement of Profit or Loss** | 161.2 |
| **Add/(Subtract):** | |
| Deferred tax assets charged to income | 149.7 |
| Deferred tax liabilities (charged) to income | (260.9) |
| **Current tax included in income tax expense** | 50.0 |
| | |
| **Add/(Subtract):** | |
| Income tax payable / (receivable) as at 1 July 2025 | (23.0) |
| Income tax received / (paid) per the Consolidated Statement of Cash Flows | (18.0) |
| **Income tax payable (as per the Consolidated Statement of Financial Position in the Annual Report)** | **9.0** |

The $161.2 million of income tax expense will differ from the tax paid due to timing differences in:

- the payment of income tax instalments; and
- the recognition of transactions for accounting versus tax purposes.

These differences affect the timing of tax payments but do not alter the total tax payable on profits, and as a result create deferred tax assets and liabilities.

# Dividend payments

Ordinarily dividend payments to a shareholder is not a standard inclusion in a company's Tax Transparency Report, however as a Government Business Enterprise, Snowy Hydro's dividend payments represent a contribution to the government.

For 30 June 2026 year, the company paid $121.3 million in franked dividends to the Commonwealth Government.

The balance of our franking account as at 30 June 2026 was $287.8 million.



# International related parties

Snowy Hydro operates solely in Australia, has no international related party dealings, and all entities in the Snowy Hydro Tax Consolidated Group (TCG) are Australian tax residents.

Only one entity within the wholly owned Snowy Hydro group is not an Australian incorporated entity, Latrobe Valley BV (LVBV). LVBV was incorporated in The Netherlands and was acquired by Snowy Hydro as part of a broader transaction and acquisition of assets in 2005. LVBV is an Australian tax resident and is part of the TCG.

LVBV did not undertake any transactions or dealings with any party either related or unrelated to the Snowy Hydro group.

# ATO assurance reviews

In prior years, the ATO undertook "Streamlined Tax Assurance Review" programs seeking to obtain greater confidence that corporate taxpayers had paid the "right" amount of tax in accordance with taxation laws, and that the relevant reporting and lodgement obligations have been satisfied. Snowy Hydro was subject to the ATO's review programs, and obtained a "High" overall level of assurance rating for reviews completed in 2018 for Income Tax, and 2020 for Goods and Services Tax (GST).

In addition, the ATO finalised a Combined Assurance Review (CAR) during the 30 June 2024 year. A CAR covers both Income tax and GST, and again the Group received a "High" level of assurance from the ATO (the highest assurance rating possible).

Snowy Hydro was not subject to any ATO CAR during the 30 June 2026 year.

# ATO public information disclosure

**INCOME TAX**

The ATO is required by law to publish tax return information on Australian public companies and certain other tax entities with a total income of $100 million or more in October each year.

The information published by the ATO is one year in arrears. The table below summarises the information that will be published by the ATO for the year ended 30 June 2025 for the Snowy Hydro TCG.

| | 2025 $m |
|---|---|
| Total Income | **5,362.8** |
| Taxable Income | **301.4** |
| Tax Payable | **89.5** |



## RESEARCH & DEVELOPMENT (R&D)

Each September, the ATO publishes information about R&D tax incentives claimed by companies in their tax returns lodged with the ATO. The ATO publishes this information two years in arrears.

The Snowy Hydro group makes claims under the R&D tax incentive, and the R&D information to be published by the ATO in September 2026 will be the company's 30 June 2024 total eligible expenditure on R&D as shown in the company's 30 June 2024 income tax return.

The 30 June 2024 R&D amount to be published by the ATO will be $17.3 million.



# Tax contribution: taxes paid, collected & remitted

The group operates only in Australia, and has no overseas tax obligations.

All taxes are paid in Australian jurisdictions and to Australian revenue authorities.

We are proud of the contribution we make to the Australian economy through the taxes we pay.

Our investments in Snowy 2.0 and the Kurri Kurri Power Station will be significant in enabling Australia's renewable energy transition and boosting reliability across the NEM. The company can claim GST input tax credits on the capital expenditure incurred on these investments.

| Amount Paid / (Refund Received) $M | ATO | State Revenue Offices | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | NSW | VIC | ACT | SA | QLD | |
| **Taxes Paid** | | | | | | | |
| Corporate Income Tax - per Consolidated Statement of Cash Flows | 18.0 | | | | | | 18.0 |
| Fringe Benefits Tax - per 31 March 2026 FBT Returns | 2.4 | | | | | | 2.4 |
| Payroll Tax - per 30 June 2026 annual returns | | 10.9 | 10.2 | 0.7 | 0.4 | 0.4 | 22.6 |
| Land Tax - per 31 Dec 2025 assessments | | 2.7 | 0.1 | | | | 2.8 |
| Fuel Tax Credits Received | (3.6) | | | | | | (3.6) |
| **Total Taxes Paid** | **16.8** | **13.6** | **10.3** | **0.7** | **0.4** | **0.4** | **42.2** |
| | | | | | | | |
| **Taxes Collected** | | | | | | | |
| PAYG tax withheld / remitted from salary & wages | 98.7 | | | | | | 98.7 |
| Net GST Paid / (Refund Received)* | (223.8) | | | | | | (223.8) |
| **Total Taxes Collected / (Refunded)** | **(125.1)** | **-** | **-** | **-** | **-** | **-** | **(125.1)** |

* The net GST refund for the year is the result of the ordinary operation of the GST legislative framework, and reflects the Group's significant capital and project related expenditure during the June 2026 year.

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