

Tax Transparency Report

for the year ended 31 December 2025

arrow energy

About Arrow Energy

Arrow Energy is a Queensland-based company focused on the exploration, development, and production of natural gas and generation of electricity. Our operations in the Surat and Bowen Basins are safely and responsibly delivering essential energy for homes, businesses, and industries.

For more than 20 years, Arrow has worked collaboratively with landholders, regional communities, and industry stakeholders in Queensland. Through our approach, we deliver natural gas and electricity to help meet growing energy needs, while creating lasting value for local communities and caring for the environment.

Arrow is jointly owned by Shell and PetroChina, combining global expertise with local knowledge to help meet growing energy needs and support an evolving energy landscape. Our vision is to be Australia's most competitive and respected developer of unconventional gas value chains, guided by our values of Respect, Lead, Own, Solve, and Integrate.

As a responsible corporate taxpayer, Arrow is committed to complying with all applicable tax laws and regulations and maintaining strong tax governance and risk management practices. We seek to foster an open, transparent, and constructive relationship with revenue authorities and other stakeholders, ensuring that our tax affairs are managed in a manner consistent with both the letter and spirit of the law.

This report has been prepared in accordance with the Board of Taxation's Voluntary Tax Transparency Code (**TTC**) and forms part of Arrow's commitment to transparency and accountability. Through this disclosure, we aim to provide stakeholders with meaningful information about our tax contributions, tax governance framework, and approach to managing tax risk.



Our contribution

Arrow Energy's contribution to Australia extends beyond the taxes and royalties that we pay. Through our operations, we support regional economic development by creating employment opportunities, investing in local infrastructure, procuring goods and services from local businesses, and contributing to community initiatives that deliver lasting social benefits.

Arrow has more than 450 employees and contractors in Queensland, with one third based in the Surat Basin. Since 2020, Arrow has invested more than $73 million in upgrading local roads, improving safety, accessibility, and transport outcomes for local communities and other road users.

In 2025, Arrow spent $47.79 million on goods and services with suppliers and businesses located in the Western Downs and Toowoomba regional council areas, supporting more than 300 local businesses and helping strengthen local economies.

We also invest more than $1.5 million annually in community partnerships and programs that support health, education, and Indigenous outcomes. This includes our flagship partnership with Heart of Australia, which has been operating for more than a decade and helps improve access to specialist healthcare services for people living in regional and remote Queensland.

In addition to these contributions, Arrow continues to support the Australian economy through the payment of corporate taxes, royalties, and other government charges. We also collect and remit Goods and Services Tax (GST) and Pay As You Go (PAYG) withholding amounts to the Australian Taxation Office, helping fund essential services and infrastructure that benefit all Australians.

This broader contribution reflects our commitment to creating shared value for our communities, stakeholders, and the regions in which we operate.



Tax transparency

Arrow Energy is an independent, incorporated joint venture between Shell and PetroChina. Arrow and its wholly owned Australian subsidiaries form a consolidated group for both accounting and income tax purposes. As a result, the group is treated as a single entity for income tax purposes, with deferred tax assets and liabilities recognised and presented on a consolidated basis.

As a capital-intensive business, Arrow has invested significantly in the exploration, appraisal, and development of its gas resources. These activities require substantial upfront investment over an extended period before generating taxable income. Consequently, Arrow has accumulated tax losses that are carried forward and may be utilised against future taxable profits, subject to satisfying the relevant requirements under Australian tax law.

For the calendar year ending 31 December 2025, Arrow's total tax contribution was $93.92 million. Arrow's effective tax rate was nil, reflecting the use of carried-forward tax losses and the recognition of deferred tax assets in excess of the group's deferred tax liabilities.

Arrow is committed to responsible tax management, strong tax governance and compliance with all applicable tax laws and regulations. We seek to maintain transparent and constructive engagement with tax authorities and other stakeholders, ensuring our tax affairs are managed in a manner consistent with both the letter and spirit of the law.

As part of this commitment, Arrow voluntarily publishes an annual Tax Transparency Report in accordance with the principles of the Board of Taxation's Voluntary Tax Transparency Code. Through this report, we provide stakeholders with meaningful information about our tax governance framework, approach to tax risk management and the taxes and royalties we contribute to Australian governments.

Direct tax payments

Direct payments made or remitted to all government agencies in Australia are outlined in the table below.

Direct payments made or remitted		2025 $'000	2024 $'000
Qld Government	Payroll tax	6,335	5,126
	Land tax	866	867
	Royalties	67,142	68,190
	Transfer Duty	-	-
Federal Government	Fringe Benefits Tax	651	821
	Good & Services Tax (GST) Payable / (refund)	18,677	36,915
	Withholding tax	250	-
	Income tax	-	-
	TOTAL	**93,921**	**111,919**



Income tax

No income tax liability arose for the year ended 31 December 2025 as Arrow's taxable income was fully offset by available carried-forward tax losses accumulated in prior years.

These tax losses utilised reflect the significant investment made by Arrow over many years in the exploration, appraisal, and development of its gas resources. Consistent with Australian tax law, these losses may be carried forward and applied against future taxable income, subject to satisfying the relevant legislative requirements.

Accordingly, while Arrow recorded a tax profit in 2025, the application of carried-forward tax losses reduced the group's taxable income to nil for income tax payable purposes.

The reconciliation between accounting profit and taxable income presented below provides transparency on the key adjustments made in accordance with Australian accounting standards and taxation law.

Reconciliation of accounting profit/(loss) to income Tax expense	2025 $'000	2024 $'000
Accounting profit/(loss) per statutory accounts	**294,246**	**(514,681)**
Tax expense/(benefit) at the Australian tax rate of 30%	**88,274**	**(154,404)**
Shareholders loans - discount unwind & modification	(14,945)	56,530
Prior year and other sundry adjustments	35,743	97,906
Deferred tax expense arising from reversal of write-down of previously deferred tax asset	(61,398)	(518,726)
Benefit of previously unrecognised tax losses are now recognised and used to reduce current tax expense	(47,674)	-
Income tax expense / (benefit)	**-**	**(518,694)**

Reconciliation of accounting profit/(loss) to income Tax expense	2025 $'000	2024 $'000
Accounting profit per statutory accounts	**294,246**	**(514,681)**
Permanent differences		
Discount unwind on shareholder loans	181,341	188,436
Modification of shareholder loans	(231,158)	-
Impairment expenses	102,602	415,080
Sundry adjustments	1,463	415,696
Temporary differences		
Fair value on derivatives and investments	(23,607)	15,888
Accounting provisions (including rehab)	34,249	(2,320)
Foreign exchange adjustments	(155,529)	(54,599)
Fixed asset adjustments	(12,306)	(161,320)
AASB 16 lease adjustments	(7,801)	(535)
Other adjustments	(24,587)	(670,791)
Taxable income / (loss)	**158,913**	**(369,145)**
Income tax expense	47,674	-
Prior year tax losses now recognised and used to offset current year tax expense	(47,674)	-
Income Tax Payable	**-**	**-**

Tax policy, strategy, and governance

Arrow Energy is committed to maintaining the highest standards of corporate tax governance and fulfilling its responsibilities as an Australian taxpayer. We seek to comply with both the letter and spirit of applicable tax laws and regulations and to maintain a transparent and constructive relationship with the Australian Taxation Office (**ATO**) and other stakeholders.

Our approach to tax is underpinned by a commitment to integrity, accountability, and responsible tax management. Tax considerations are incorporated into Arrow's broader governance and risk management framework, ensuring that tax risks are identified, assessed, and managed appropriately, and that tax outcomes are aligned with the commercial substance of our business activities.

Arrow is committed to maintaining a high level of assurance in its tax affairs and works proactively with the ATO to support transparency and foster confidence in the accuracy of its tax reporting. We have established a comprehensive Tax Corporate Governance Framework that is designed to promote robust tax compliance, effective risk management and strong oversight of tax-related matters.

Key elements of Arrow's framework include:

- Clearly defined roles, responsibilities and accountabilities for tax matters
- Documented policies, procedures and controls governing tax compliance and reporting
- Regular reviews of tax processes and governance controls to support accuracy and compliance
- Engagement with external advisers where specialist advice or independent review is appropriate
- Ongoing monitoring of changes in tax legislation, regulatory developments, and ATO guidance
- Reporting of significant tax matters to senior management and governance forums as required

Arrow does not undertake aggressive tax planning and seeks to ensure that all tax positions are supportable, appropriately documented, and consistent with applicable legislation. Our approach reflects our commitment to responsible corporate citizenship and to creating trust and confidence in the way we manage our tax affairs.

International related party dealings

Arrow did not have any material international related party dealings during the year.

Tax Transparency & Compliance Attestation Statement

Arrow Energy affirms its commitment to transparency and responsible tax governance. This report has been prepared in accordance with the Voluntary Tax Transparency Code (**TTC**) as published by the Board of Taxation. It outlines our approach to tax governance, risk management, and compliance, including a reconciliation of accounting profit to income tax expense and income tax paid.

We further attest that Arrow Energy maintains processes and controls to ensure compliance with all applicable Australian tax laws and regulations. All required tax filings have been submitted accurately and in a timely manner. Robust internal controls are in place to ensure ongoing compliance, and these controls are regularly reviewed for effectiveness.

This attestation reflects our dedication to ethical tax practices and transparency in our dealings with stakeholders and tax authorities.

William Pegg

William Pegg
Public Officer, Chief Financial Officer
and Chair, Business Assurance Committee (**BAC**)

03 November 2026

Date



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