

Aurizon Operations Limited

ABN 47 564 947 264

Annual Financial Report for the year ended 30 June 2025

This financial report is the consolidated financial statements of the Group consisting of Aurizon Operations Limited and its subsidiaries. A list of major subsidiaries is included in note 19.

The financial report is presented in Australian dollars.

Aurizon Operations Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Aurizon Operations Limited
Level 8, 900 Ann Street
Fortitude Valley QLD 4006

The financial report for the Group for the year ended 30 June 2025 has been authorised for issue in accordance with a resolution of the Directors on 18 August 2025.

Directors' Report

The Directors of Aurizon Operations Limited (the Company) present their report, together with the financial statements of the Company and its controlled entities (collectively referred to as the consolidated entity or the Group) for the financial year ended 30 June 2025 (FY2025). Aurizon Operations Limited is a subsidiary of Aurizon Holdings Limited. Aurizon Holdings Limited and its subsidiary entities are referred to as the Aurizon Group.

Directors

The following persons were Directors of Aurizon Operations Limited during the financial year and up to the date of this report:

D Wenck
G Lippiatt
A Harding

Principal activities

The principal activities of entities within the Group during the year were:

Coal

Transport of metallurgical and thermal coal from mines in Queensland (QLD) and New South Wales (NSW) to domestic customers and coal export terminals.

Bulk

Provides integrated supply chain services, including rail and road transportation, port services and material handling for a range of mining, metal, industrial and agricultural customers throughout Australia. Bulk also manages the Tarcoola-to-Darwin rail infrastructure, the intrastate rail freight network in South Australia (SA), and containerised freight services between Adelaide and Darwin.

Other

This segment includes Containerised Freight, which is not considered a separate reportable segment, as well as other revenue and central costs not allocated such as Board, Managing Director & CEO, Company Secretary, strategy and investor relations.

Review of operations

Group performance overview

Underlying EBITDA from continuing operations is down by \$73.0 million or 10% to \$631.2 million in FY2025 with lower earnings in Bulk and Other and broadly flat Coal earnings. Bulk is down \$60.3 million as contract growth was more than offset by the cessation of a rail maintenance contract, lower SA grain volumes, and an increase in doubtful debt provisions. Other down \$11.4 million driven by higher capacity costs and lower utilisation in Containerised Freight, partly offset by the settlement of legal matters of which a portion is included in underlying earnings. Coal is flat on the prior year with higher volumes and yield (price indexation and customer mix) offset by higher operating costs.

Group revenue and other income from continuing operations increased \$124.6 million or 4% with increased volumes from the ramp up in Containerised Freight, increased volumes and track access revenue (pass through) with higher revenue yield for Coal and new customers contracts in Bulk partly offset by lower volumes.

Operating costs increased \$197.6 million or 9% with increased costs across all segments due to increased volume and escalation of labour and materials, higher access and impairment losses for doubtful debt provisions, partly offset by lower fuel costs.

Depreciation increased by \$6.5 million or 2% due to capital expenditure in Bulk and Containerised Freight to support growth, partly offset by reduction in depreciation for Coal due to changes in useful lives.

Dividends

Details of dividends paid are set out in note 14 of the financial report.

Significant changes in the state of affairs

Funding

- \$250.0 million reduction in syndicated revolving facility limit (originally \$400.0 million) in September 2024 and subsequent cancellation of remaining undrawn facility in June 2025
- \$490.0 million of bilateral bank debt re-financed in June 2025, maturing in July 2028 with an additional \$180.0 million of capacity added from existing and three new bilateral bank lenders expanding the total bilateral lending group to twelve banks
- Cancellation and repayment of \$200.0 million syndicated term loan facility in June 2025.

Capital structure

Issue of 104.6 million ordinary shares to the parent for capital contribution of \$4.6 million in December 2024 and \$100.0 million in June 2025.

Events since the end of the financial year

No matter or circumstance, other than the matters disclosed in key events and transactions for the reporting period, has occurred subsequent to the financial period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group or economic entity in subsequent financial periods.

Likely developments

In the opinion of the Directors, disclosure of any further information would likely result in unreasonable prejudice to the Group.

Environmental and Cultural Heritage regulation and performance

The Company is exposed to a range of environmental regulations as part of the Aurizon Group. The Aurizon Group has a centralised team which monitors compliance with, and performance against these regulations and is committed to managing its operational activities and services in an environmentally responsible manner to meet legal, social and moral obligations. To deliver on this commitment, the Aurizon Group complies with all applicable laws and regulations that have an environmental or cultural heritage focus.

In FY2025, statutory approvals were obtained to enable non-coal growth and expansion related to the following projects:

- construction of the Pimba terminal's interim stage in regional South Australia, a critical asset to the operation of the 15-year copper concentrate and cathode transport between Port Adelaide and BHP's mining and refinery/smelter operations at Olympic Dam, Prominent Hill and Carrapateena mines;
- expanded operations on the Malcolm terminal, in the West Australian goldfields further supporting the 10-year iron ore haulage for Gold Valley; and
- the shed extension at Aurizon Port Services (APS) Newcastle, almost doubling its storage capacity (now 130,000t) that was achieved through obtaining a Complying Development Certificate and approval to intensity activities under the Environment Planning and Assessment Act 1979.

In addition, as part of the acquisition of Aurizon Port Services (SA) (formerly Flinders Logistics) existing Environment Protection Licences (EPLs), enabling port operations, were successfully transferred to the Company's control.

The National Greenhouse and Energy Reporting Act 2007 (NGER) (Cth) requires the Company to report its annual greenhouse gas emissions and energy use. The Company has implemented systems and processes for the collection and calculation of the data required and is registered under the NGER Act. In August 2024, the Company submitted its Safeguard Emissions-Intensity Determination (EID) for its National Transport Facility (NTF) to the Clean Energy Regulator (CER). The EID informs the Company's liability under the Safeguard mechanism's declining baseline. The EID was approved by the CER in October 2024, with the associated liability for FY2024 subsequently confirmed to be 22,649 tCO₂-e and an equivalent number of Australian Carbon Credit Units (ACCUs) surrendered in February 2025, meeting the Safeguard compliance obligation. The Group continues to engage with the Federal Government regarding the emissions benefits associated with shifting freight from road to rail, which supports the Government's transport sector decarbonisation roadmap.

The Company maintained compliance with stringent noise requirements related to locomotive engines and wheel/rail interface outlined in both NSW and South Australia EPA rollingstock licencing. The Company also complied with obligations applicable to locomotive engine noise in all other jurisdictions across its operational footprint. The Aurizon Group works collaboratively with supply chain partners to minimise coal dust emissions associated with Aurizon's coal haulage operations. Data from the CQCN opacity monitoring stations indicated FY2025 yielded historically low rates of coal dust loss from tops of wagons. On the South-West System (QLD), the results of air quality monitoring undertaken by the Queensland government continues to demonstrate rail transport (including coal haulage) complies with air quality criteria. In the Hunter valley (NSW), the Company has maintained focus on compliance with its Environment Protection Licence for rollingstock operation on licensed rail networks that requires minimisation of dust generation.

Environmental and Cultural Heritage prosecutions

During FY2025:

- The Company has not incurred any fines or sanctions for non-compliance related to environmental harm or cultural heritage regulations; and
- The Company has had three notifiable environmental incidents. Remedial actions were implemented as required and no ongoing material environmental impacts are anticipated.

Indemnification and insurance of officers

The Company's Constitution provides the Company may indemnify any person who is, or has been, an officer of the Group, including the Directors and Company Secretary, against liabilities incurred whilst acting as such officers to the maximum extent permitted by law.

The Company's holding Company, Aurizon Holdings Limited, has entered into a Deed of Access, Indemnity and Insurance with each of the Company's Directors. No Director or officer of the Company has received benefits under an indemnity from the Company during or since the end of the financial year.

The Company has paid a premium for insurance of officers of the Group. This insurance is against a liability for costs and expenses incurred by officers in defending civil or criminal proceedings involving them as such officers, with some exceptions. The contract of insurance prohibits disclosure of the nature of the liability insured against and the amount of the premium paid.

Rounding of amounts

The amounts contained in this report and in the financial statements have been rounded to the nearest \$100,000 unless otherwise stated (where rounding is applicable) in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The Company is an entity to which the instrument applies.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of Directors.



A Harding
Director

Brisbane
18 August 2025

18 August 2025

Board of Directors
Aurizon Operations Limited
900 Ann Street
Fortitude Valley QLD 4006
Australia

Dear Board Members

Auditor's Independence Declaration to Aurizon Operations Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Board of Directors of Aurizon Operations Limited.

As lead audit partner for the audit of the financial report of Aurizon Operations Limited for the financial year ended 30 June 2025, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Matthew Donaldson
Partner
Chartered Accountants

Financial Report

for the year ended 30 June 2025

FINANCIAL STATEMENTS

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3. Expenses	7. Property, plant and equipment	15. Equity	20. Parent entity disclosures	25. Key Management Personnel	
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Aurizon Operations Limited
Consolidated income statement
For the year ended 30 June 2025

Consolidated income statement

for the year ended 30 June 2025

	Notes	2025 \$m	2024 \$m
Revenue from continuing operations	2	3,019.1	2,909.5
Other income		55.2	3.4
Total revenue and other income		3,074.3	2,912.9
Employee benefits expense	3	(972.3)	(904.7)
Energy and fuel		(222.6)	(235.3)
Track access		(639.9)	(613.6)
Consumables		(505.7)	(449.1)
Depreciation and amortisation	3	(371.3)	(364.8)
Impairment of non-current assets	3	(58.0)	(1.1)
Impairment of trade receivables ¹		(69.2)	(5.8)
Other expenses ¹		(14.9)	0.3
Share of net profit of investments accounted for using the equity method		0.8	0.6
Operating profit		221.2	339.4
Finance income		13.0	5.9
Finance expenses	3	(102.4)	(104.9)
Net finance costs		(89.4)	(99.0)
Profit before income tax		131.8	240.4
Income tax expense	4	(55.3)	(73.0)
Profit for the year attributable to the owners of Aurizon Operations Limited		76.5	167.4

¹ FY2024 comparatives have been restated to align with current year presentation.

Aurizon Operations Limited
Consolidated statement of comprehensive income
For the year ended 30 June 2025

Consolidated statement of comprehensive income
for the year ended 30 June 2025

	Notes	2025 \$m	2024 \$m
Profit for the year		76.5	167.4
Other comprehensive income			
Items that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges	15(b)	(34.3)	(7.8)
Income tax relating to changes in the fair value of cash flow hedges	15(b)	10.3	2.3
Exchange differences on translation of foreign operations	15(b)	6.0	-
Other comprehensive income for the year, net of tax		(18.0)	(5.5)
Total comprehensive income for the year attributable to the owners of Aurizon Operations Limited		58.5	161.9

Aurizon Operations Limited
Consolidated balance sheet
As at 30 June 2025

Consolidated balance sheet
as at 30 June 2025

	Notes	30 June 2025 \$m	30 June 2024 \$m
ASSETS			
Current assets			
Cash and cash equivalents		53.1	44.0
Trade and other receivables	5	558.1	537.8
Inventories	6	222.8	182.2
Derivative financial instruments	17(a)	0.5	0.1
Other assets	9	51.8	83.4
Total current assets		886.3	847.5
Non-current assets			
Trade and other receivables	5	-	7.8
Inventories	6	54.5	53.1
Derivative financial instruments	17(a)	13.7	23.0
Property, plant and equipment	7	4,921.4	4,912.8
Intangible assets	8	95.1	151.0
Other assets	9	75.4	81.0
Investments accounted for using the equity method	18	63.1	56.7
Total non-current assets		5,223.2	5,285.4
Total assets		6,109.5	6,132.9
LIABILITIES			
Current liabilities			
Trade and other payables	10	342.6	333.6
Borrowings	16	50.0	86.0
Derivative financial instruments	17(a)	0.2	0.2
Current tax liabilities		2.4	0.6
Provisions	11	236.0	242.6
Other liabilities	12	42.2	36.3
Total current liabilities		673.4	699.3
Non-current liabilities			
Borrowings	16	1,149.9	1,274.3
Derivative financial instruments	17(a)	40.0	62.1
Deferred tax liabilities	4(c)	288.9	261.3
Provisions	11	44.9	43.2
Other liabilities	12	168.6	170.5
Total non-current liabilities		1,692.3	1,811.4
Total liabilities		2,365.7	2,510.7
Net assets		3,743.8	3,622.2
EQUITY			
Contributed equity	15(a)	3,376.9	3,268.3
Reserves	15(b)	(4.7)	13.3
Retained earnings		371.6	340.6
Total equity		3,743.8	3,622.2

Aurizon Operations Limited
Consolidated statement of changes in equity
For the year ended 30 June 2025

Consolidated statement of changes in equity
for the year ended 30 June 2025

	Notes	Attributable to the owners of Aurizon Operations Limited			
		Contributed equity \$m	Reserves \$m	Retained earnings \$m	Total equity \$m
Balance at 1 July 2024		3,268.3	13.3	340.6	3,622.2
		-	-	-	-
Profit for the year		-	-	76.5	76.5
Other comprehensive income		-	(18.0)	-	(18.0)
Total comprehensive income for the year		-	(18.0)	76.5	58.5
Transactions with owners in their capacity as owners:					
Dividends paid	14	-	-	(45.5)	(45.5)
Capital contribution from the parent	15(a)	104.6	-	-	104.6
Capital contribution from the parent for share-based payments	15(a)	4.0	-	-	4.0
		108.6	-	(45.5)	63.1
Balance at 30 June 2025		3,376.9	(4.7)	371.6	3,743.8
Balance at 1 July 2023		3,141.1	18.8	245.3	3,405.2
Adjustment on adoption of AASB 17		-	-	(0.6)	(0.6)
Total equity at the beginning of the financial year		3,141.1	18.8	244.7	3,404.6
Profit for the year		-	-	167.4	167.4
Other comprehensive income	15(b)	-	(5.5)	-	(5.5)
Total comprehensive income for the year		-	(5.5)	167.4	161.9
Transactions with owners in their capacity as owners:					
Dividends paid	14	-	-	(71.5)	(71.5)
Capital contribution from the parent for proceeds from the divestment	15(a)	125.0	-	-	125.0
Capital contribution from the parent for share-based payments	15(a)	2.2	-	-	2.2
		127.2	-	(71.5)	55.7
Balance at 30 June 2024		3,268.3	13.3	340.6	3,622.2

Aurizon Operations Limited
Consolidated statement of cash flows
For the year ended 30 June 2025

Consolidated statement of cash flows

for the year ended 30 June 2025

	Notes	2025 \$m	2024 \$m
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		3,292.2	3,151.1
Payments to suppliers and employees (inclusive of GST)		(2,701.5)	(2,509.6)
Interest received		8.8	5.1
Income tax refund received		15.8	58.2
Principal elements of lease receipts		5.0	7.7
Other income		55.0	-
Net cash inflow from operating activities	23	675.3	712.5
Cash flows from investing activities			
Payments for business acquisitions (net of cash acquired)	22	(24.9)	-
Payments for property, plant and equipment		(332.2)	(425.6)
Proceeds from sale of property, plant and equipment		13.7	11.0
Payments for intangibles		(12.9)	(21.8)
Payment to related parties under the Intra Group Loan Agreements		(26.5)	(53.5)
Interest paid on qualifying assets	3	(1.0)	(2.2)
Net cash outflow from investing activities		(383.8)	(492.1)
Cash flows from financing activities			
Proceeds from external borrowings		25.0	548.2
Repayment of external borrowings		(236.0)	(705.0)
Payments of transaction costs related to borrowings		(1.4)	(3.4)
Return of capital to parent for share based payments		(0.9)	(3.3)
Principal elements of lease payments		(28.0)	(25.6)
(Payment for)/proceeds from settlement of derivatives		(0.5)	0.7
Interest paid		(99.3)	(103.7)
Dividends paid to Company's shareholder	14	(45.5)	(71.5)
Capital contribution from parent		104.6	124.2
Net cash outflow from financing activities		(282.0)	(239.4)
Net increase/(decrease) in cash and cash equivalents		9.5	(19.0)
Cash and cash equivalents at the beginning of the financial year		44.0	62.3
Effects of exchange rate changes on cash and cash equivalents		(0.4)	0.7
Cash and cash equivalents at the end of the financial year		53.1	44.0

Notes to the consolidated financial statements

30 June 2025

About this report

Aurizon Operations Limited (the Company) is a for-profit entity for the purpose of preparing this financial report and is a company limited by shares, incorporated and domiciled in Australia. The consolidated financial report comprises the financial statement of the Company and its subsidiaries (collectively referred to as the Group or Aurizon Operations).

The financial report is a general purpose financial report which:

- has been prepared on the going concern basis of accounting;
- has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and IFRS Accounting Standards issued by the International Accounting Standards Board (IASB);
- has been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value;
- is presented in Australian dollars, which is the functional and presentation currency of the Company, with values rounded to the nearest \$100,000 unless otherwise stated, in accordance with the *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*;
- presents reclassified comparative information where required for consistency with current year presentation;
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2025; and
- has applied the Group accounting policies consistently to all periods presented.

The general purpose financial report for the Group for the year ended 30 June 2025 (FY2025) has been authorised for issue in accordance with a resolution of the Directors on 18 August 2025.

Significant judgements and estimates

The preparation of the financial statements requires management to exercise judgement in applying the Group's accounting policies. It also requires the use of estimates and assumptions of assets, liabilities, income and expense.

The areas involving a higher degree of judgement or complexity are set out below and in more detail in the related notes:

	Note
Useful lives of rollingstock	7
Recoverable amount of property, plant and equipment - Containerised Freight CGU	7
Recoverable amount of property, plant and equipment - Coal NSW CGU	7
Impairment tests for goodwill - Bulk CGU	8

Other material accounting policies

Other material accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

The notes to the financial statements

The following notes include information which is material and relevant to the operations, financial position and performance of the Group. Information is considered material and relevant due to its size and nature or if the information:

- is important for understanding the Group's current period results;
- provides an explanation of significant changes in the Group's business - for example acquisitions or divestments; or
- relates to an aspect of the Group's operations that are important to its future performance.

Key events and transactions for the reporting period

(a) Debt financing

Senior Bank Debt Facilities

Aurizon Operations Limited (via a wholly owned subsidiary Aurizon Finance Pty Ltd (Finance)) reduced the capacity of the Syndicated Revolver Facility of \$400.0 million to \$150.0 million on 9 September 2024. The remaining facility limit was cancelled on 26 June 2025. The Syndicated Term Loan Facility of \$200.0 million maturing July 2027 was repaid and terminated effective 30 June 2025.

The existing Bilateral Facilities maturing November 2025 and July 2026 of \$540.0 million was refinanced (noting \$65.0 million is effective from 3 July 2025), with the exception of \$50.0 million to be refinanced during FY2026. The facilities incorporate a \$180.0 million increase in capacity. After refinancing, the total Finance Bilateral Facilities are \$720.0 million with \$155.0 million drawn at balance date.

Intra Group Loan

The Company executed an Intra Group Loan Agreement with Aurizon Network Pty Ltd (a related party) on 22 August 2024. The Company may be advanced or loaned, subject to certain conditions, up to \$100.0 million at floating rates over the loan term maturing 22 August 2033. At 30 June 2025, the Company had provided \$9.0 million under the Intra Group Loan Agreement.

Iron Horse insurance Company Pte Ltd (a wholly owned subsidiary of the Company) executed an Intra Group Loan agreement with Aurizon Network Pty Ltd (a related party) on 16 July 2024. Under the arrangement, subject to certain conditions, Iron Horse Insurance Company Pte Ltd may lend up to \$150.0 million at floating interest rates over the loan term maturing 16 July 2033. At 30 June 2025, Iron Horse Insurance Company Pte Ltd had provided \$71.0 million under the Intra Group Loan Agreement.

(b) Flinders Logistics Pty Ltd

On 6 December 2024, the Group acquired 100% of the issued shares in Flinders Logistics Pty Ltd for consideration of \$25.7 million. Flinders Logistics Pty Ltd supplies stevedoring, logistics and warehousing services to importers and exporters of bulk commodities at Berths 18 – 20 and Berth 29 at Port Adelaide and Port Pirie (South Australia) and cargo handling services at Port Pirie (South Australia) through its wholly owned subsidiary, Pirie Bulk Pty Ltd. Following the acquisition, the companies have been renamed Aurizon Port Services (SA) Pty Ltd and Aurizon Pirie Logistics Pty Ltd respectively. Refer to note 22 for further information.

(c) Goodwill impairment - Bulk

The Group has recognised an impairment loss of \$57.0 million related to the goodwill allocated to the Bulk CGU. Refer to note 8 for further information.

(d) Capital structure

During the year, the Company received total capital contributions of \$104.6 million from its parent entity, in exchange for the issuance of 104.6 million ordinary shares. This comprised a \$4.6 million contribution in December 2024 and a further \$100.0 million contribution in June 2025.

Results for the year

IN THIS SECTION

Results for the year provides segment information and a breakdown of individual line items in the consolidated income statement that the Directors consider most relevant, including a summary of the accounting policies, judgements and estimates relevant to understanding these line items.

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3	Expenses	Page 21
4	Income tax	Page 22

1 Segment information

The Group determines and presents operating segments on a business unit structure basis as this is how the results are reported internally and how the business is managed. The Managing Director & CEO and the Executive Committee (the chief operating decision-makers) assess the performance of the Group based on underlying earnings before net interest, tax, depreciation and amortisation (EBITDA).

The following summary describes the operations of each reportable segment:

(a) Description of reportable segments

Coal

This segment provides transport of metallurgical and thermal coal from mines in Queensland and New South Wales to domestic customers and coal export terminals.

Bulk

This segment provides integrated supply chain services, including rail and road transportation, port services and material handling for a range of mining, metal, industrial and agricultural customers throughout Australia. This segment also manages the Tarcoola-to-Darwin rail infrastructure, the intrastate rail freight network in South Australia, and containerised freight services between Adelaide and Darwin.

Other

This segment includes Containerised Freight, which is not considered a separate reportable segment, as well as other revenue and central costs not allocated such as Board, Managing Director & CEO, Company Secretary, strategy and investor relations.

1 Segment information (continued)

(b) Segment information

The results of the reportable segments, as set out below, are measured on the same basis as the accounting policies described in the consolidated financial statements.

30 June 2025	Coal \$m	Bulk \$m	Other \$m	Total \$m
External revenue				
Revenue from external customers				
Services revenue				
Track access	469.3	-	-	469.3
Freight transport	1,289.9	1,099.8	113.5	2,503.2
Other services	-	11.8	-	11.8
Other revenue	17.4	6.5	10.9	34.8
Total revenue from external customers¹	1,776.6	1,118.1	124.4	3,019.1
Internal revenue				
Services revenue				
Track access	-	3.2	-	3.2
Other services	-	0.6	-	0.6
Total internal revenue	-	3.8	-	3.8
Total external and internal revenue	1,776.6	1,121.9	124.4	3,022.9
Other income	-	-	18.4	18.4
Total revenue and other income	1,776.6	1,121.9	142.8	3,041.3
Internal elimination				(3.8)
Consolidated revenue and other income (Underlying)				3,037.5
Significant items (note c)				36.8
Consolidated revenue and other income				3,074.3
EBITDA (Underlying)	527.1	168.9	(64.8)	631.2
Depreciation and amortisation	(209.1)	(130.6)	(31.6)	(371.3)
EBIT (Underlying)	318.0	38.3	(96.4)	259.9
Significant items (note c)				(38.7)
EBIT				221.2
Net finance costs				(89.4)
Profit before income tax				131.8

¹ Includes \$21.5 million of related party revenue.

1 Segment information (continued)

(b) Segment information (continued)

30 June 2024	Coal \$m	Bulk \$m	Other \$m	Total \$m
External revenue				
Revenue from external customers				
Services revenue				
Track access	459.8	-	-	459.8
Freight transport	1,266.5	1,060.8	60.9	2,388.2
Other services	-	11.7	-	11.7
Other revenue	16.8	20.9	12.1	49.8
Total revenue from external customers ¹	1,743.1	1,093.4	73.0	2,909.5
Internal revenue				
Services revenue				
Other services	-	0.8	-	0.8
Total internal revenue	-	0.8	-	0.8
Total external and internal revenue	1,743.1	1,094.2	73.0	2,910.3
Other income	-	1.6	1.8	3.4
Total revenue and other income	1,743.1	1,095.8	74.8	2,913.7
Internal elimination				(0.8)
Consolidated revenue and other income				2,912.9
EBITDA (Underlying)	528.4	229.2	(53.4)	704.2
Depreciation and amortisation	(213.3)	(128.3)	(23.2)	(364.8)
EBIT (Underlying)	315.1	100.9	(76.6)	339.4
EBIT				339.4
Net finance costs				(99.0)
Profit before income tax				240.4

¹ Includes \$21.9 million of related party revenue.

1 Segment information (continued)

(c) Segment information

The Group's underlying results differ from the statutory results. The exclusion of certain items permits a more relevant analysis of the Group's underlying performance on a comparative basis.

	2025	2024
	\$m	\$m
Proceeds from settlement of legal matters (i)	36.8	-
Transformation costs (ii)	(18.5)	-
Goodwill impairment - Bulk (iii)	(57.0)	-
Total significant items (continuing operations)	(38.7)	-

(i) Proceeds for settlement of legal matters

Other income includes proceeds from the settlement of legal matters. \$36.8 million, representing the majority of the proceeds, has been classified as a significant item being the amount net of legal costs incurred by the Group in relation to the matters.

(ii) Transformation costs

Aurizon has undertaken a review of its non-operating cost base during FY2025. Total costs of \$18.5 million include \$13.5 million of redundancies recognised as employee benefits expense.

(iii) Goodwill impairment - Bulk

The Group has recognised an impairment loss of \$57.0 million related to the goodwill allocated to the Bulk CGU. Refer to note 8 for further information.

(d) Customer disclosure

The nature of the Group's business is that it enters into long-term contracts with key customers. Two customers each contribute more than 10% of the Group's total revenue as detailed below and largely relate to the Coal reportable segment. The reduction in FY2025 represents divestment of mines by customers, and changes in top customers.

	2025	2024	2025	2024
	\$m	\$m	Credit Rating	Credit Rating
Customer 1	298.2	317.0	BBB+	BBB+
Customer 2	298.1	-	Unrated	-
Customer 3	-	236.1	-	Unrated
Customer 4	-	336.8	-	A-
Total	596.3	889.9		

2 Revenue

The Group recognises revenue from the provision of freight haulage services across Australia.

The Group derives the following types of revenue from the provision of services over time:

	2025	2024
	\$m	\$m
Services revenue		
Track access	469.3	459.8
Freight transport	2,503.2	2,388.2
Other services	11.8	11.7
Other revenue ¹	34.8	49.8
Total revenue from continuing operations	3,019.1	2,909.5

2 Revenue (continued)

¹ Other revenue includes revenue from property leases.

(a) Disaggregation of revenue from contracts with customers

Revenue is disaggregated by the Group's reportable segments, refer to note 1(b).

(b) Contract assets and liabilities

(i) Contract assets

The Group has recognised the following revenue-related contract assets:

	2025 \$m	2024 \$m
Current		
Contract assets for freight transport	16.1	13.4
Non-current		
Contract assets for freight transport	59.0	63.8

Contract assets primarily represent amounts paid to customers to secure new or extensions to existing customer contracts. These amounts are capitalised and amortised against revenue as the performance obligations are satisfied over time. No provision for impairment of contract assets has been recognised (2024: \$nil) as these are recovered through the consideration received over the contract term.

	2025 \$m	2024 \$m
Within one year	16.1	13.4
Later than one year but not later than five years	43.8	42.3
Later than five years	15.2	21.5
	75.1	77.2

(ii) Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	2025 \$m	2024 \$m
Current		
Advances for freight transport	15.8	9.0
Non-current		
Advances for freight transport	6.3	7.8

Contract liabilities primarily represent amounts received from customers as advances for future rail haulage services. These amounts are recognised in revenue either as volumes are delivered or on a straight line basis over the contract term as performance obligations are satisfied over time.

	2025 \$m	2024 \$m
Within one year	15.8	9.0
Later than one year but not later than five years	5.5	5.7
Later than five years	0.8	2.1
	22.1	16.8

The increase represents revenue constraint to be recognised in future periods as rail haulage services are performed.

2 Revenue (continued)

(b) Contract assets and liabilities (continued)

(iii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	2025	2024
	\$m	\$m
<i>Revenue recognised that was included in the contract liability balance at the beginning of the year</i>		
Advances for freight transport	9.0	9.1

(iv) Unsatisfied performance obligations

The Group has a number of long-term contracts to provide services to customers in future periods. Revenue in most contracts is recognised on an as-invoice basis because the right to consideration corresponds directly to the Group's performance obligations completed to date. As a result the Group applies the practical expedient in AASB 15 *Revenue from Contracts with Customers* (AASB 15), paragraph 121 and does not disclose information in respect of future contracted revenues for these contracts.

For the other contracts, future contract revenues relating to freight transport and other services at 30 June 2025 are approximately \$1,576.7 million (2024: \$1,519.3 million), of which \$394.4 million is expected to be recognised in FY2026. Amounts have been determined in FY2026 dollars and exclude variable revenue. As such, the future contract revenues described represent only part of the Group's forecast revenues for FY2026 and beyond.

Revenue is disaggregated by the Group's reportable segments, refer to note 1(b).

(c) Accounting policies

The Group recognises revenue as performance obligations are satisfied. revenue includes the provision of freight transport services as described below.

(i) Freight transport

Freight transport revenue is recognised as the relevant performance obligations are satisfied over time, being the provision of freight transport services. Freight transport revenue in Bulk, which relates to the integrated bulk rail haulage and general freight assets in South Australia and the Northern Territory, includes track access as it is not separately invoiced to customers.

Freight transport revenue is billed monthly in arrears and recognised at rates specified in each contractual agreement and adjusted for the amortisation of customer contract assets or contract liabilities. At each reporting date, freight transport revenue includes an amount of revenue for which performance obligations have been met under the respective contract, but not yet settled. These amounts are recognised as trade receivables.

A contract modification is a separate contract if the scope of services is increased by distinct additional services and the total price increases by the market rate for those services over the remaining contract period. Where the additional distinct services are not at market rates and therefore the contract modification is not a separate contract, the weighted-average contract rates related to the remaining performance obligations are applied to recognise revenue. This may result in the recognition of a contract asset or liability that amortise over the term of the individual contract. Modifications to existing agreements where there is also a new agreement put in place are assessed based on the facts and substance of the individual contractual arrangements and are accounted for as either combined or separate contracts.

A contract liability is recorded for revenue received in advance of satisfying a performance obligation and is recognised over the term of the contract.

3 Expenses

Profit before income tax includes the following specific expenses:

	2025	2024
	\$m	\$m
Employee benefits expense		
Salaries, wages and allowances including on-costs	870.4	823.2
Defined contribution superannuation expense	84.7	76.4
Redundancies	17.2	5.1
	972.3	904.7
Depreciation and amortisation		
Depreciation of property, plant and equipment	354.4	348.8
Amortisation of intangibles	16.9	16.0
	371.3	364.8
Impairment of non-current assets		
Impairment of property, plant and equipment	1.0	1.1
Impairment of intangibles	57.0	-
	58.0	1.1
Finance expenses		
Interest and finance charges paid/payable	88.0	93.8
Interest paid on lease liabilities	11.1	10.1
Amortisation of capitalised borrowing costs	4.1	4.6
Hedge ineffectiveness ¹	(1.2)	(2.0)
Other	1.4	0.6
	103.4	107.1
Capitalised interest paid on qualifying assets	(1.0)	(2.2)
	102.4	104.9

¹ Refer to the accounting policy in note 17.

4 Income tax

Income tax comprises current and deferred tax recognised in profit or loss or directly in equity or other comprehensive income.

(a) Income tax expense

	2025 \$m	2024 \$m
Current tax	27.9	23.6
Deferred tax	27.3	51.6
Current tax relating to prior periods	(9.4)	2.3
Deferred tax relating to prior periods	9.5	(4.5)
	<u>55.3</u>	<u>73.0</u>

Deferred income tax expense included in income tax expense comprises:

Decrease/(increase) in deferred tax assets	12.5	(14.1)
Increase in deferred tax liabilities	24.3	61.2
	<u>36.8</u>	<u>47.1</u>

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2025 \$m	2024 \$m
Profit before income tax expense	131.8	240.4
Tax at the Australian tax rate of 30% (2024: 30%)	39.5	72.1
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Goodwill impairment	17.1	-
Non-deductible expenses	5.0	-
Impact of differences in offshore tax rates	2.2	-
Unrecognised prior period capital tax losses	(8.0)	-
Other	(0.6)	3.1
Adjustments for tax of prior periods	0.1	(2.2)
	<u>55.3</u>	<u>73.0</u>

4 Income tax (continued)

(c) Deferred tax balances

The table below outlines the items which comprise the deferred tax balances:

	Opening balance \$m	Charged to income \$m	Charged to equity \$m	Acquisition of subsidiary \$m	Closing balance \$m
2025					
Deferred tax assets					
Provisions and accruals	87.9	17.8	-	0.6	106.3
Contract liabilities	3.6	(1.0)	-	-	2.6
Financial instruments	7.3	(22.1)	29.3	-	14.5
Lease liabilities	56.3	(3.5)	-	4.8	57.6
Other items	19.4	(3.7)	(0.5)	-	15.2
Total deferred tax assets	174.5	(12.5)	28.8	5.4	196.2
Deferred tax liabilities					
Inventories	(5.7)	0.1	-	-	(5.6)
Property, plant and equipment	(367.5)	(45.6)	-	(6.0)	(419.1)
Intangible assets	(19.1)	1.1	-	-	(18.0)
Financial instruments	(25.4)	21.9	(19.0)	-	(22.5)
Other items	(18.1)	(1.8)	-	-	(19.9)
Total deferred tax liabilities	(435.8)	(24.3)	(19.0)	(6.0)	(485.1)
Net deferred tax liabilities	(261.3)	(36.8)	9.8	(0.6)	(288.9)
2024					
Deferred tax assets					
Provisions and accruals	88.2	(0.3)	-	-	87.9
Contract liabilities	4.1	(0.5)	-	-	3.6
Financial instruments	8.7	(1.0)	(0.4)	-	7.3
Lease liabilities	40.3	16.0	-	-	56.3
Other items	17.9	(0.1)	1.6	-	19.4
Total deferred tax assets	159.2	14.1	1.2	-	174.5
Deferred tax liabilities					
Inventories	(4.4)	(1.3)	-	-	(5.7)
Property, plant and equipment	(306.2)	(61.3)	-	-	(367.5)
Intangible assets	(15.2)	(3.9)	-	-	(19.1)
Financial instruments	(28.2)	0.1	2.7	-	(25.4)
Other items	(23.3)	5.2	-	-	(18.1)
Total deferred tax liabilities	(377.3)	(61.2)	2.7	-	(435.8)
Net deferred tax liabilities	(218.1)	(47.1)	3.9	-	(261.3)

4 Income tax (continued)

(d) Accounting policies

The tax position is calculated based on the tax rates and laws enacted or substantively enacted at the reporting date, in the relevant operating jurisdiction. The tax laws and accounting standards have different rules in respect of timing and recognition of income and expense, resulting in temporary differences (which reverse over time) and non-temporary differences (which do not reverse over time or are temporary differences that do not meet the recognition criteria under the accounting standards).

Income tax expense is calculated as the profit or loss before tax, multiplied by the applicable tax rate, and adjusted for non-temporary differences. Income tax expense includes a current tax and deferred tax component and is recognised in the profit or loss, except to the extent that it relates to items recognised in equity or in other comprehensive income.

(i) Current tax

Current tax is the expected tax payable for the period, and any adjustment to tax payable in respect of prior periods. Current tax includes both temporary differences and non-temporary differences.

The positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation are periodically evaluated and provisions are provided where appropriate based on amounts expected to be paid to the tax authorities.

Current tax assets and liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(ii) Deferred tax

Deferred tax represents taxes to be paid or deductions available in future income years and any adjustment to deferred tax amounts in respect of prior periods. Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities, and their carrying amounts in the consolidated financial statements, except:

- when arising on the initial recognition of goodwill;
- when arising from the initial recognition of assets or liabilities in a transaction that is not a business combination that affects neither accounting or taxable profit and at the time of the transaction does not give rise to equal taxable and deductible differences; or
- where it is not probable that future amounts will be available to utilise those temporary differences or carried-forward tax losses.

(iii) Offsetting deferred tax balances

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset and when the deferred tax balances relate to taxes levied by the same tax authority.

(iv) Tax consolidation legislation

The Company is a member of a tax consolidated group of which Aurizon Holdings Limited is the head entity.

The Company accounts for its own current and deferred tax amounts. These tax amounts are measured as if the Company continues to be a stand-alone taxpayer in its own right. However, the current tax liabilities and deferred tax assets arising from unused tax losses and unused tax credits are subsequently assumed by Aurizon Holdings Limited.

The members of the tax consolidated group have also entered into tax funding and tax sharing agreements. The tax funding agreement sets out the funding obligations of members in respect of income tax amounts and allocates tax liabilities using the standalone taxpayer approach. These tax funding arrangements result in the Company recognising a current inter-entity receivable or payable equal in amount to the tax liability or tax asset assumed by the head entity on behalf of the Company.

The tax sharing agreement limits the joint and several liability of the Company in the case of a default by the head entity.

Operating assets and liabilities

IN THIS SECTION

Operating assets and liabilities provides information about the working capital of the Group and major balance sheet items, including the accounting policies, judgements and estimates relevant to understanding these items.

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6	Inventories	Page 27
7	Property, plant and equipment	Page 28
8	Intangible assets	Page 35
9	Other assets	Page 38
10	Trade and other payables	Page 38
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5 Trade and other receivables

	2025 \$m	2024 \$m
Current		
Trade receivables	435.0	392.4
Provision for impairment of receivables	(74.4)	(6.8)
Net trade receivables	<u>360.6</u>	<u>385.6</u>
Loans receivable from related parties	80.0	53.5
Other receivables	117.5	98.7
	<u>558.1</u>	<u>537.8</u>
Non-current		
Other receivables	-	7.8
	<u>-</u>	<u>7.8</u>

At 30 June, the aging analysis of trade receivables by reference to due dates were as follows:

	2025 \$m	2024 \$m
Current	355.7	376.6
More than 30 days past due	3.9	9.0
More than 60 days past due	4.7	-
More than 90 days past due	70.7	6.8
Provision for impairment	(74.4)	(6.8)
	<u>360.6</u>	<u>385.6</u>

The increase in the provision for impairment of trade and other receivables includes amounts owed by Bulk customers Centrex Limited, OneSteel Manufacturing Pty Ltd (part of the GFG Group) and Northern Iron Pty Ltd.

(a) Accounting policies

(i) Trade receivables

Trade receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method. Trade receivables are generally due for settlement within 30 days and therefore are presented as current unless collection is not expected for more than 12 months after the reporting date.

(ii) Provision for impairment

The collectability of trade and other receivables is reviewed on an ongoing basis. Individual debts which are known to be uncollectable are written off when identified.

The Group recognises a provision for impairment based on expected lifetime losses of trade and other receivables. The provision for impairment is determined by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current and forecast conditions at reporting date.

(b) Credit risks related to receivables

In assessing an appropriate provision for impairment of trade and other receivables, consideration is given to historical experience of bad debts, the aging of receivables, knowledge of debtor insolvency and individual account assessment.

Customer credit risk is managed in accordance with the procedures and controls set out in the Group's credit risk management policy. Credit limits are established for all customers based on external and internal credit rating criteria. For some trade receivables, the Group may also obtain security in the form of guarantees, deeds of undertaking or letter of credit which can be called upon if the counterparty is in default under the terms of the agreement.

6 Inventories

	2025 \$m	2024 \$m
Current		
Raw materials and stores - at cost	231.3	191.0
Provision for inventory obsolescence	(11.6)	(10.8)
Other inventories	3.1	2.0
	<u>222.8</u>	<u>182.2</u>
Non-current		
Raw materials and stores - at cost	51.9	59.0
Provision for inventory obsolescence	(4.4)	(5.9)
Other inventories	7.0	-
	<u>54.5</u>	<u>53.1</u>

(a) Accounting policies

Inventories include infrastructure and rollingstock items held in centralised stores, workshops and depots. Items expected to be consumed after more than 12 months are classified as non-current.

Inventories are valued at the lower of cost and net realisable value. The cost of individual items of inventory are determined using weighted average cost.

The Group recognises a provision for inventory obsolescence based on an assessment of damaged stock, slow-moving stock and stock that has become obsolete. The amount of the provision for inventory obsolescence is recognised in profit or loss in other expenses.

7 Property, plant and equipment

	Assets under construction \$m	Land \$m	Buildings \$m	Plant and equipment \$m	Rollingstock \$m	Infrastructure \$m	Other leased assets \$m	Total \$m
2025								
Opening net book amount	245.1	201.3	208.4	254.4	2,428.6	1,419.2	155.8	4,912.8
Additions	331.6	-	-	-	-	-	13.1	344.7
Transfers between asset classes	(386.0)	-	14.9	61.2	247.6	62.3	-	-
Acquisitions through business combinations (note 22)	-	-	-	14.7	3.0	-	16.1	33.8
Adjustments to leased assets	-	-	-	-	-	-	(9.5)	(9.5)
Disposals	-	(0.1)	(0.1)	(3.5)	(1.1)	(0.1)	-	(4.9)
Depreciation ¹	-	(2.4)	(12.5)	(44.4)	(209.0)	(57.2)	(28.9)	(354.4)
Impairment	-	-	-	-	(0.8)	(0.3)	-	(1.1)
Closing net book amount	190.7	198.8	210.7	282.4	2,468.3	1,423.9	146.6	4,921.4
At 30 June 2025								
Cost	190.7	206.3	475.0	663.8	6,416.4	1,876.6	223.6	10,052.4
Accumulated depreciation and impairment	-	(7.5)	(264.3)	(381.4)	(3,948.1)	(452.7)	(77.0)	(5,131.0)
Net book amount	190.7	198.8	210.7	282.4	2,468.3	1,423.9	146.6	4,921.4

¹ During the year, the estimated useful lives of certain components of rollingstock (locomotives and wagons) used to transport commodities for customers were extended to 40 years. The net effect of changes in the current financial year was a decrease in depreciation expense of \$15.0 million.

7 Property, plant and equipment (continued)

	Assets under construction \$m	Land \$m	Buildings \$m	Plant and equipment \$m	Rollingstock \$m	Infrastructure \$m	Other leased assets \$m	Total \$m
2024								
Opening net book amount	211.1	204.0	204.8	189.1	2,423.2	1,422.7	100.6	4,755.5
Additions	446.1	-	0.1	-	0.3	-	86.3	532.8
Transfers between asset classes	(406.8)	-	15.7	109.5	229.7	51.1	0.8	-
Adjustments to leased assets	-	-	-	-	-	-	(6.3)	(6.3)
Disposals	(5.3)	(0.3)	(0.1)	(2.5)	(10.0)	-	(1.1)	(19.3)
Depreciation	-	(2.4)	(12.1)	(41.7)	(213.5)	(54.6)	(24.5)	(348.8)
Impairment	-	-	-	-	(1.1)	-	-	(1.1)
Closing net book amount	245.1	201.3	208.4	254.4	2,428.6	1,419.2	155.8	4,912.8
At 30 June 2024								
Cost	245.1	206.4	460.5	607.6	6,161.0	1,816.3	222.5	9,719.4
Accumulated depreciation and impairment	-	(5.1)	(252.1)	(353.2)	(3,732.4)	(397.1)	(66.7)	(4,806.6)
Net book amount	245.1	201.3	208.4	254.4	2,428.6	1,419.2	155.8	4,912.8

7 Property, plant and equipment (continued)

Significant judgements and estimates

Useful lives of rollingstock

The Group has approximately 600 active locomotives and 14,000 active wagons, including a mix of electric narrow gauge locomotives and standard and narrow gauge diesel locomotives and wagons. The useful life of rollingstock is determined based on the expected engineering life.

In adopting the expected engineering life of rollingstock, the Group monitors a range of indicators including:

- the flexibility of fleet capacity
- the risk of obsolescence as alternative technologies such as battery and hydrogen are developed
- continuous improvement in fleet investment strategies such as those predicated on condition-based and preventative maintenance approaches, as well as advancements in component change-out models
- the renewal of customer contracts or customers that cease operations before the end-of-mine life
- competitors fleet mix and their associated investment profile over time.

There is a risk that the indicators monitored could positively or negatively impact the expected engineering life of rollingstock resulting in a change in depreciation on a prospective basis.

Recoverable amount of property, plant and equipment - Containerised Freight CGU

The Containerised Freight CGU, which is part of the Other operating segment, provides rail line haul services for customers as part of the National interstate services with all services operational to support east-west (Brisbane, Sydney, Melbourne and Adelaide to Perth) and north-south (Melbourne and Sydney to Brisbane) containerised freight market. In line with the Group's long-term strategy for land-bridging, which is in its development phase, the Group commenced volumes with freight railed from Port of Darwin. The Containerised Freight CGU has a carrying amount of \$353.9 million (2024: \$317.6 million) and primarily includes rollingstock, right-of-use assets (i.e. leased assets) and working capital.

The recoverable amount of the Containerised Freight CGU has been estimated on a fair value less cost of disposal basis. The estimate uses a 10-year cash flow projection based on a pipeline of opportunities for national interstate services and future development and growth of land-bridging customers and logistic solutions and the following key assumptions:

- 10-year twenty-foot equivalent unit (TEU) (and equivalent TEU) CAGR of 15.3% (2024: 22.2%¹);
- a long-term terminal growth rate of 2.5% (2024: 2.5%);
- a post-tax discount rate of 8.4% (2024: 8.4%); and
- an estimated cost of carbon for an Australian Carbon Credit Unit (ACCU).

¹ The volumes for FY2024 were in ramp up as full schedule operations commenced from May 2024.

The recoverable amount represents 156.2% (2024: 140.3%) of the carrying amount. The recoverable amount is sensitive to changes in assumptions, such as delays in future growth opportunities, including land-bridging, or underperformance in forecast volume growth, which may result in a future impairment. The recoverable amount would equal its carrying amount if the key assumptions, in isolation while all other assumptions held constant, were to change as follows:

	2025	2024
Decrease in 10-year CAGR% - TEU (and equivalent TEU)	2.0ppt	2.6ppt
Break-even discount rate (%)	10.0%	9.8%

Based on the results of impairment testing, the recoverable amount of the CGU supports the carrying amount, therefore no impairment has been recognised.

Recoverable amount of property, plant and equipment - Coal NSW CGU

The Coal NSW CGU provides transport of predominately thermal coal from mines in the Hunter Valley and Illawarra corridors to domestic customers and coal export terminals. The Group performed an impairment review following indicators of potential impairment as a result of the loss of a customer contract.

7 Property, plant and equipment (continued)

The carrying amount of the CGU is \$671.4 million and primarily includes rollingstock, buildings and infrastructure and other property, plant equipment. The recoverable amount, which represents 101.1% of the carrying amount, has been determined based on a FVLCD calculation. The calculation uses discounted cash flow projections based on management's four-year Corporate Plan adjusted for known developments and changes in information since the plan was formulated, extended over the long-term to align with existing and new customer mine life projections, with no terminal value, incorporating:

- contracted and forecast volumes for existing and new customers;
- pricing aligned with current contracts and expected market outlook; and
- the Group's ability to align the cost base with volumes and redeploy assets in the long-term to other areas of the business.

The future cash flows are discounted using a post-tax discount rate of 8.38%. The break-even discount rate is 8.53%.

The recoverable amount calculation supports the carrying amount at 30 June 2025, however is sensitive to changes in key assumptions including a downward revision in coal volumes based on revised customer production plans, customers cease operating before the expected end-of-mine life, adverse regulatory developments impacting future extensions or expansions of mine life or lower renewal pricing assumptions and the ability to align the cost base with volumes.

Based on the impairment assessment, while the recoverable amount calculation supports the carrying amount, any reasonable change in key assumptions may lead to a material impairment of the CGU.

(a) Leases

Bulk leased assets

The Group is the below rail operator and economic owner of rail infrastructure including the 2,245km Tarcoola-to-Darwin railway line through long term leases. The infrastructure and land leases include corridor land and buildings. The assets associated with the leases are classified in infrastructure, land, buildings and plant and equipment.

The following table summarises the infrastructure and land leases:

Leases	Lessee	Lessor	Term ¹	Expiry	Rental Amount	Extension Option
Tarcoola-to-Darwin	Aurizon Bulk Central Network Pty Ltd	The AustralAsia Railway Corporation, The Northern Territory of Australia and the State of South Australia	32 years	14 January 2054	\$1 if demanded	None
Intrastate rail freight network in South Australia	Aurizon Bulk Central Pty Ltd	State of South Australia	25 years	7 November 2047	\$1 per annum (rail corridor land) and commercial rent (balance of land)	15 years ²

¹ Remaining lease term from 29 July 2022, being the date of acquisition of the lessee company.

² The Group has an option to extend the lease by a further 15 years. The extension option is on the same terms as the initial lease period. Notice must be provided at any time after the expiry of 40 years and before the expiry of 45 years after the commencement date of 7 November 1997. The extension option is dependent on the Group providing and undertaking to carry out a Renewal Investment Plan.

Other leased assets

The Group primarily leases buildings with terms mostly ranging from one to 30 years. The leases generally provide the Group with the right to renewal at which time the lease terms are renegotiated. The Group applies the following practical expedients permitted by the standard:

- payments for short-term leases of less than 12 months are recognised as an expense in profit or loss as incurred; and
- payments for leases for which the underlying asset is of a low value are recognised as an expense in profit or loss as incurred.

7 Property, plant and equipment (continued)

(a) Leases (continued)

(i) Amounts recognised in the consolidated balance sheet

Property, plant and equipment includes the following amounts relating to leased assets:

	2025 \$m	2024 \$m
Bulk leased assets		
Bulk infrastructure	968.6	996.9
Land	61.2	63.6
Buildings	2.4	2.5
Plant and equipment	1.7	1.8
	1,033.9	1,064.8
Other leased assets		
Land	4.5	4.7
Buildings	119.1	123.5
Plant and equipment	7.4	8.0
Rollingstock	15.6	19.6
	146.6	155.8
Total leased assets	1,180.5	1,220.6

The lease liabilities are significantly smaller than the value of leased assets as the majority of the leased assets were prepaid.

Other liabilities includes the following amounts relating to lease liabilities:

	2025 \$m	2024 \$m
Lease liabilities		
Current	25.5	25.4
Non-current	160.8	161.1
Total lease liabilities	186.3	186.5

7 Property, plant and equipment (continued)

(a) Leases (continued)

(ii) Amounts recognised in the consolidated income statement

The consolidated income statement includes the following amounts relating to leased assets:

	2025	2024
	\$m	\$m
Depreciation of Bulk leased assets	39.6	39.0
Depreciation of other leased assets		
Land	0.2	0.2
Buildings	15.9	14.8
Plant and equipment	2.3	1.5
Rollingstock	10.5	8.0
	28.9	24.5
Total leased assets depreciation	68.5	63.5
Interest expense	11.1	10.1
Expenses relating to short-term leases	0.4	0.4
Expenses relating to variable lease payments not included in lease liabilities	11.2	7.1

The total cash outflow for leases during the financial year was \$52.2 million (2024: \$43.8 million).

(b) Accounting policies

(i) Property, plant and equipment

Carrying amount

Property, plant and equipment (including leased infrastructure, corridor land and buildings) is stated at historical cost, less any accumulated depreciation and impairment. Costs include expenditure that is directly attributable to the acquisition of the items and borrowing costs that are related to the acquisition or construction of an asset. Costs may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are 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. All repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation

Depreciation is calculated on a straight-line basis, except for motor vehicles included in plant and equipment for which depreciation is calculated on a diminishing value method. Straight-line allocates the cost of an item of property, plant and equipment net of residual values over the expected useful life of each asset. Estimates of remaining useful life and residual values are reviewed and adjusted, if appropriate, on an annual basis.

7 Property, plant and equipment (continued)

(b) Accounting policies (continued)

(i) Property, plant and equipment (continued)

The useful lives applied for each class of assets are:

	Range of useful lives (years)
• Infrastructure, including:	
Tracks	7 - 50
Track turnouts	20 - 25
Ballast	8 - 20
Civil works	20 - 99
Bridges	30 - 99
Electrification	20 - 50
Field signals	15 - 40
• Buildings	10 - 40
• Rollingstock, including:	
Locomotives ¹	25 - 40
Locomotives componentisation	8 - 12
Wagons ¹	25 - 40
Wagon componentisation	10 - 17
• Plant and equipment	3 - 20

¹ During the year, the estimated useful lives of certain components of rollingstock (locomotives and wagons) used to transport commodities for customers were extended to 40 years.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(ii) Leases

An asset and a corresponding liability, except for where the lease is prepaid, are recognised at the date at which the asset is available for use by the Group. Where the Group is a sub-lessor and the sub-lease is for the duration of the head lease, the asset recognised from the head lease is derecognised and a lease receivable equal to the present value of future lease payments receivable is recognised.

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the Group's incremental borrowing rate, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Other leased assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received; and
- any initial direct costs.

Other leased assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the asset is depreciated over the underlying asset's useful life.

(iii) Impairment tests for property, plant and equipment

Property, plant and equipment subject to depreciation is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

In testing for impairment, the recoverable amount is estimated for an individual asset or, if it is not possible to estimate the recoverable amount for the individual asset, the recoverable amount for the CGU to which the asset belongs. CGUs are the smallest identifiable group of assets that generate cash flows that are largely independent from the cash flows of other assets or group of assets. Each CGU is no larger than a reportable segment.

7 Property, plant and equipment (continued)

(b) Accounting policies (continued)

(iii) Impairment tests for property, plant and equipment (continued)

Assets are impaired if their carrying amount exceeds their recoverable amount. The recoverable amount of an asset or CGU is determined as the higher of its fair value less costs of disposal or value-in-use.

An impairment loss is recognised in profit or loss if the carrying amount of the asset or a CGU exceeds its recoverable amount. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amount of other assets in the CGU (group of CGUs).

Where there is an indicator that previously recognised impairment losses may no longer exist or may have decreased, the asset is tested for impairment. The impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount of the asset and is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

8 Intangible assets

	Goodwill \$m	Software \$m	Software under development \$m	Total \$m
2025				
Opening net book amount	49.6	86.4	15.0	151.0
Additions	-	-	10.9	10.9
Transfers between asset classes	-	10.0	(10.0)	-
Acquisitions through business combinations (note 22)	7.4	-	-	7.4
Disposals	-	(0.3)	-	(0.3)
Amortisation	-	(16.9)	-	(16.9)
Impairment	(57.0)	-	-	(57.0)
Closing net book amount	-	79.2	15.9	95.1
At 30 June 2025				
Cost	57.0	289.8	15.9	362.7
Accumulated amortisation and impairment	(57.0)	(210.6)	-	(267.6)
Net book amount	-	79.2	15.9	95.1
2024				
Opening net book amount	49.6	83.6	16.7	149.9
Additions	-	-	17.1	17.1
Transfers between asset classes	-	18.8	(18.8)	-
Amortisation	-	(16.0)	-	(16.0)
Closing net book amount	49.6	86.4	15.0	151.0
At 30 June 2024				
Cost	49.6	307.6	15.0	372.2
Accumulated amortisation and impairment	-	(221.2)	-	(221.2)
Net book amount	49.6	86.4	15.0	151.0

8 Intangible assets (continued)

(a) Impairment tests for goodwill

Goodwill is allocated to the Group's CGUs identified according to the group of assets at the time of acquisition. The Group tests goodwill for impairment on at least an annual basis.

The recoverable amount of a CGU is determined based on the higher of fair value less costs of disposal or value-in-use calculations which require the use of assumptions. The calculations use cash flow projections extrapolated using the estimated growth rates. The cash flow projections are developed using the Group's own information with benchmarking to external sources and are therefore Level 3 inputs in the fair value hierarchy (unobservable market data).

The following table presents a summary of the goodwill allocation:

CGU	2025 \$m	2024 \$m
Bulk	-	49.6

Significant judgements and estimates

Impairment tests for goodwill

The Bulk CGU provides integrated supply chain services, including rail and road transportation, port services and material handling for a range of mining, metal, industrial and agricultural customers throughout Australia. Bulk also manages the Tarcoola-to-Darwin rail infrastructure, the intrastate rail freight network in South Australia, and containerised freight services between Adelaide and Darwin.

The recoverable amount of the Bulk CGU has been determined based on a fair value less costs of disposal calculation (FVLCD). A pre-tax impairment loss of \$57.0m has been recognised against goodwill for the Bulk CGU. This has been driven by an assumed delay to timing and conversion of future growth opportunities.

The recoverable amount was also impacted by an estimated higher cost of carbon for an ACCU, and increased emissions intensity, given Bulk's inclusion under the Safeguard Mechanism for the purposes of impairment testing. The recoverable amount of the CGU is sensitive to these factors due to its longer, non-electrified hauls and the Government's current Safeguard Mechanism policies. The total estimated net present carbon cost included in the calculation equals around 8% of the CGU's carrying amount.

The estimate uses a 10-year cash flow projection based on a pipeline of opportunities and estimated volume growth rates.

The estimate also includes the following assumptions:

Assumptions	2025	2024
EBITDA CAGR% ¹ 10 Years (real)	2.6%	4.1%
Long-term terminal growth rate (nominal)	2.5%	2.5%
Post-tax discount rate (%)	8.4%	8.4%

¹ EBITDA CAGR has been calculated using a FY2025 EBITDA normalised for the impacts of provision for impairment of trade receivables for the Bulk CGU in FY2025. EBITDA includes an estimated cost of carbon.

Following the impairment, the Bulk CGU has a carrying amount of \$2,083.7m (2024: \$2,142.6m) and primarily includes infrastructure, rollingstock, other property, plant and equipment and working capital less lease liabilities.

The recoverable amount of the Bulk CGU is sensitive to changes in discount rate, current contractual arrangements, transformation initiatives and future growth opportunities. Should contracts with customers not be renewed, or customers either cease to operate before the expected end-of-mine life, it may lead to a further impairment of the Bulk CGU. Additionally, if the timing of future growth opportunities is delayed or forecast growth in volumes or transformation initiatives are not achieved, or there is any adverse movement in the Government's Safeguard Mechanism including the year-on-year baseline decline rate, it may lead to a further impairment of the Bulk CGU.

8 Intangible assets (continued)

(b) Accounting policies

(i) Goodwill

The goodwill recognised by the Group is a result of business combinations and generally represents the future economic benefits that arise from assets that are not capable of being individually identified and separately recognised. Goodwill may also arise as a result of temporary differences recognised in a business combination. Goodwill is initially measured as the amount the Group paid to acquire a business over and above the fair value of net assets acquired. Following initial recognition, goodwill is carried at cost less any accumulated impairment.

(ii) Software

Costs incurred in developing products or systems, and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service, employee costs and an appropriate portion of relevant overheads. Software development costs include only those costs directly attributable to the development phase, and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

Software-as-a-Service (SaaS) arrangements are service contracts which provide the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing licence fees, are recognised as an expense in profit or loss. Some of these costs incurred are for the development of software code that enhances or creates additional capability to existing systems and are recognised as an intangible asset when the recognition criteria are met.

Software is stated at historical cost, less any accumulated amortisation or impairment. Amortisation is calculated using the straight-line method over the estimated useful life which varies from three to 15 years.

9 Other assets

	2025 \$m	2024 \$m
Current		
Contract assets (a)	16.1	13.4
Lease receivable (b)	3.7	4.6
Other current assets	8.9	9.5
Tax loan receivable from parent entity	23.1	55.9
	<u>51.8</u>	<u>83.4</u>
Non-current		
Contract assets (a)	59.0	63.8
Lease receivable (b)	16.4	17.2
	<u>75.4</u>	<u>81.0</u>

(a) Contract assets

Refer to note 2(b) for further information relating to contract assets.

(b) Lease receivable

Lease receivables represent the present value of future lease payments receivable on sub-lease arrangements where the expiry of the term of the sub-lease is the same as the head lease. The collectability of lease receivables is reviewed on an ongoing basis. No provision for impairment of lease receivables has been recognised, refer to the accounting policy in note 5 (2024: \$nil).

Minimum lease payments receivable on sub-leases are as follows:

	2025 \$m	2024 \$m
Within one year	4.4	5.3
Later than one year but not later than five years	17.7	15.6
Later than five years	-	3.3
	<u>22.1</u>	<u>24.2</u>
Less: Unearned interest income	(2.0)	(2.4)
Total lease receivables	<u>20.1</u>	<u>21.8</u>
Interest income relating to sub-lease arrangements	0.9	1.0
Income relating to variable lease payments received	8.2	10.1

The total cash inflow for sub-leases in the financial year was \$14.0 million (2024: \$17.8 million).

10 Trade and other payables

	2025 \$m	2024 \$m
Current		
Trade payables	236.3	244.1
Related party payables	72.8	53.2
Other payables	33.5	36.3
	<u>342.6</u>	<u>333.6</u>

(a) Accounting policies

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 45 days or within the terms agreed with the supplier.

11 Provisions

	2025	2024
	\$m	\$m
Current		
Employee benefits (a)	199.4	204.6
Self-insurance provision	33.3	37.5
Other provisions	3.3	0.5
	236.0	242.6
Non-current		
Employee benefits (a)	17.0	14.6
Self-insurance provision	14.4	14.7
Land rehabilitation	10.8	11.1
Make good and other provisions	2.7	2.8
	44.9	43.2
Total provisions	280.9	285.8

(a) Employee benefits

	2025	2024
	\$m	\$m
Annual leave	77.3	73.7
Long service leave	96.1	95.7
Other	43.0	49.8
	216.4	219.2

Long service leave includes all unconditional entitlements where employees have completed the required period of service and a provision for the probability that employees will reach the required period of service. The Group does not expect all employees to take the full amount of employee benefits or require payment within the next 12 months based on past experience. The current provision for employee benefits includes \$85.8 million (2024: \$92.2 million) that is not expected to be taken or paid within the next 12 months.

(b) Accounting policies

A provision is recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are measured at the present value of the best estimate of the expenditure required to settle the present obligation at the reporting date.

(i) Employee benefits

The provision for employee benefits includes accrued annual leave, leave loading, retirement allowances, long service leave, short-term incentive plans and termination benefits.

Liabilities for wages, salaries and accumulating non-monetary benefits expected to be settled within 12 months of the reporting date, are recognised in respect of employees' services up to the end of the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for annual leave and long service leave are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting date. Expected future payments that are not expected to be settled within 12 months are discounted using market yield at the reporting date of Australian corporate bond rates and reflects the terms to maturity. Remeasurements as a result of adjustments and changes in actuarial assumptions are recognised in profit or loss.

A liability for short-term incentive plans is recognised based on a formula that takes into consideration the Group and individual key performance indicators. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

11 Provisions (continued)

(b) Accounting policies (continued)

(i) Employee benefits (continued)

A termination benefit is payable when the Group decides to terminate the employment, or when an employee accepts redundancy in exchange for these benefits. A provision is recognised at the earlier of when the Group can no longer withdraw the offer of those benefits or when the Group recognises costs for restructuring and is measured using the present value of the expected amounts to be paid to settle the obligation.

Employee benefits are presented as current liabilities in the balance sheet if the Group does not have any unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

(ii) Superannuation

Aurizon Operations Limited and the following subsidiaries are members of the State Public Sector Superannuation Scheme (QSuper) multi-employer defined benefit superannuation plan and are required to contribute a specific percentage of employee benefits expense to fund the retirement benefits of 289 employees (2024: 321):

- Aurizon Eastern Railroad Pty Ltd
- Aurizon Intermodal Pty Ltd
- Australian Western Railroad Pty Ltd
- Interail Australia Pty Ltd

In accordance with the requirements of AASB 119 *Employee Benefits*, given the lack of sufficient information available, the plan is accounted for as if it were a defined contribution plan. Defined contribution superannuation expense in note 3 includes \$12.0 million (2024: \$5.7 million) relating to the QSuper defined benefit plan.

(iii) Self-insurance provision

The Group Insurance Program includes certain placements with a wholly owned captive insurance company, Iron Horse Insurance Company Pte Ltd (incorporated in the Republic of Singapore). The captive insurance company only underwrites the Company and its subsidiaries for property and liability insurance.

The Group recognised a provision for the estimated liability of known claims and an allowance for Incurred But Not Reported claims for property and liability insurance applying the requirements of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* based on expected claim costs. In respect of liabilities held for Aurizon Network Pty Ltd, a provision is recognised applying the requirements of AASB 17 *Insurance Contracts* (AASB 17).

The Company is a self-insurer for workers' compensation in Queensland, under the *Workers' Compensation and Rehabilitation Act 2003*. The Company recognises a provision for the estimated workers' compensation for the Aurizon Group including Aurizon Network Pty Ltd, a related party. The claims are assessed separately for common law, statutory and asbestos claims. Estimates are made based on the average number of claims and average claim payments over a specified period of time. Claims that are Incurred But Not Reported are also included in the estimate. In respect of the liabilities held for Aurizon Network Pty Ltd, a provision is recognised applying the requirements of AASB 17, as the contract meets the definition of an insurance contract.

(iv) Land rehabilitation

A provision is recognised for the present value of estimated costs of land rehabilitation and make good where the Group has a legal or constructive obligation to restore a site. The present value of estimated costs is calculated by inflating estimated costs at 2.5% (2024: 2.8%) and discounting at a weighted average discount rate of 4.1% (2024: 4.6%). The unwinding of the discount is recognised in profit or loss in finance costs and the movement in the provision is recognised in profit or loss in other expenses.

The Group is the below rail operator and economic owner of the 2,245km Tarcoola-to-Darwin railway line and 215km of intrastate rail freight network in South Australia under long-term infrastructure (the Concession Deed) and land leases as described in note 7. At expiry of the Concession Deed, the Tarcoola-to-Darwin railway is required to be returned in a condition which is capable of continued operations. The Concession Deed does not require the removal of track infrastructure. At expiry of the land lease for the intrastate rail freight network in South Australia, the lessor may elect to acquire all or any part of the track infrastructure for fair market value. For any unacquired track infrastructure, the Group may remove that part of the track infrastructure or return it to the lessor. Therefore, no land rehabilitation provision is recognised in respect of the Tarcoola-to-Darwin railway or the intrastate rail freight network in South Australia.

12 Other liabilities

	2025 \$m	2024 \$m
Current		
Contract liabilities (a)	15.8	9.0
Lease liabilities (b)	25.5	25.4
Other current liabilities	0.9	1.9
	<u>42.2</u>	<u>36.3</u>
Non-current		
Contract liabilities (a)	6.3	7.9
Lease liabilities (b)	160.8	161.1
Other non-current liabilities	1.5	1.5
	<u>168.6</u>	<u>170.5</u>

(a) Contract liabilities

Refer to note 2(b) for further information relating contract liabilities.

(b) Lease liabilities

Lease liabilities represent the present value of future lease payments.

Minimum lease payments are as follows:

	2025 \$m	2024 \$m
Within one year	36.2	35.6
Later than one year but not later than five years	117.9	117.1
Later than five years	112.1	103.0
	<u>266.2</u>	<u>255.7</u>
Less: Discounted using the Group's incremental borrowing rate	(79.9)	(69.2)
Total lease liabilities	<u>186.3</u>	<u>186.5</u>

Capital and financial risk management

IN THIS SECTION

Capital and financial risk management provides information about the capital management practices of the Group and shareholder returns for the year, and discusses the Group's exposure to various financial risks, how these affect the Group's financial position and performance, and what the Group does to manage these risks.

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13 Capital risk management

The Group aims to maintain a strong capital base to support investor, creditor and market confidence, while enabling future development of the business. The Group monitors its capital structure using the gearing ratio, ability to generate free cash flow and credit rating.

Net debt consists of borrowings (both current and non-current) less cash and cash equivalents. Net debt excludes lease liabilities. Net gearing ratio is defined as Net debt divided by Net debt plus Equity. Net debt and Net gearing ratio are measures of the Group's indebtedness, and provides an indicator of the balance sheet strength.

	Notes	2025 \$m	2024 \$m
Total borrowings	16	1,199.9	1,360.3
Less: cash and cash equivalents		(53.1)	(44.0)
Less: loan receivable from related parties		(80.0)	(53.5)
Net debt		1,066.8	1,262.8
 Total equity		 3,743.8	 3,622.2
Total capital		4,810.6	4,885.0
 Net gearing ratio		 22.2%	 25.9%

14 Dividends

Declared and paid during the period	\$m
For the year ended 30 June 2025	
Final dividend for 2024 (unfranked)	21.3
Interim dividend for 2025 (unfranked)	24.2
	45.5
 For the year ended 30 June 2024	
Final dividend for 2023 (unfranked)	33.4
Interim dividend for 2024 (unfranked)	38.1
	71.5
 Proposed and unrecognised at period end	
 For the year ended 30 June 2025	
Final dividend for 2025 (unfranked)	19.4
 For the year ended 30 June 2024	
Final dividend for 2024 (unfranked)	21.3

15 Equity

(a) Contributed equity

(i) Issued capital

	Number of shares '000	\$m
At 1 July 2023	9,610,442	3,094.3
Capital contribution from the parent for proceeds from the divestment	125,000	125.0
At 30 June 2024	9,735,442	3,219.3
Capital contribution	100,000	100.0
Capital contribution	4,641	4.6
At 30 June 2025	9,840,083	3,323.9

Ordinary shares are classified as equity. The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. Ordinary shares entitle the holder to participate in dividends. Contributed equity is reduced for payments made to the parent entity.

(ii) Other contributed equity

	2025 \$m	2024 \$m
Capital contribution from the parent for share-based payments	39.2	34.5
Aggregated deferred tax on related share-based payments	13.8	14.5
Total other contributed equity	53.0	49.0

The grant by Aurizon Holdings Limited of rights over its equity instruments to the employees of subsidiary companies in the Aurizon Group is treated as a capital contribution to that subsidiary company. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period by the Company as an employee benefits expense with a corresponding credit to equity. The difference between the market value of Aurizon Holdings Limited shares acquired by a subsidiary to settle vested share based payments schemes and the fair value expensed by the Company is treated as a return of capital to the parent through a reduction in issued capital.

15 Equity (continued)

(b) Reserves

	Cash flow hedges \$m	Foreign currency translation \$m	Total \$m
Balance at 1 July 2024	10.0	3.3	13.3
Fair value gains/(losses) taken to equity	(34.2)	-	(34.2)
Fair value (gains)/losses transferred to property, plant and equipment	1.0	-	1.0
Fair value (gains)/losses taken to profit or loss	(1.1)	-	(1.1)
Tax expense/(benefit) relating to items of other comprehensive income	10.3	-	10.3
Exchange differences on translation of foreign operations	-	6.0	6.0
Other comprehensive income	(24.0)	6.0	(18.0)
Balance at 30 June 2025	(14.0)	9.3	(4.7)

Balance at 1 July 2023	15.5	3.3	18.8
Fair value gains/(losses) taken to equity	(9.7)	-	(9.7)
Fair value (gains)/losses transferred to property, plant and equipment	1.9	-	1.9
Tax expense/(benefit) relating to items of other comprehensive income	2.3	-	2.3
Other comprehensive income	(5.5)	-	(5.5)
Balance at 30 June 2024	10.0	3.3	13.3

(i) Cash flow hedges reserve

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedge transactions that have not yet occurred.

(ii) Foreign currency translation reserve

On consolidation all exchange differences arising from translation of controlled entities with a financial currency that is not Australian dollars are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is disposed, the cumulative amount recognised within the reserve relating to that foreign operation is transferred to profit or loss.

16 Borrowings

The Group borrows money through bank debt facilities, the issuance of debt securities in capital markets and from time to time advances from related parties.

The carrying amount of the Group's borrowings is as follows:

	2025 \$m	2024 \$m
Current - Unsecured		
Bank debt facilities	50.0	86.0
	<u>50.0</u>	<u>86.0</u>
Non-current - Unsecured		
AMTNs	473.1	446.9
US Private Placement Notes	520.0	498.7
Bank debt facilities	155.0	330.0
Other borrowings	6.6	6.2
Capitalised borrowing costs	(4.8)	(7.5)
	<u>1,149.9</u>	<u>1,274.3</u>
Total borrowings	<u>1,199.9</u>	<u>1,360.3</u>

The Group has complied with all required covenants and undertakings under bank debt facilities, AMTNs, EMTNs and USPP notes throughout the reporting period.

The Group manages its exposure to interest rate risk as set out in note 17(a). Details of the Group's financing arrangements and exposure to risks arising from borrowings are set out in note 17(b).

(a) Accounting policies

Borrowings are initially recognised at fair value of the consideration received, less directly attributable borrowing costs. Borrowings are subsequently measured at amortised cost using the effective interest rate method. Directly attributable borrowing costs are capitalised and amortised over the expected term of the bank debt facilities, AMTNs and USPP notes.

Borrowings are classified as current liabilities, except for those liabilities where the Group has an unconditional right to defer settlement for at least 12 months after the reporting period which are classified as non-current liabilities.

17 Financial risk management

Financial risks, including market risk, liquidity and funding risk and credit risk, are managed through policies approved by the Board. The policies outline principles and procedures with respect to risk tolerance, delegated levels of authority on the type and use of derivative financial instruments and the reporting of these exposures. The policies are subject to periodic review. The Group typically uses derivative financial instruments to hedge underlying exposures arising from operational activities relating to changes in foreign exchange rates and interest rates.

The Group (via a wholly owned subsidiary Aurizon Finance Pty Ltd) uses an annually reviewed duration based hedging strategy to minimise any negative impact to its financial position that may arise as a result of movements in underlying interest rates.

The Group's overall financial risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance as set out in the table below:

Risk	Exposure	Mitigation
Market risks - Interest rate risk - Interest rate and foreign exchange risk - Foreign exchange risk	<p>The Group is exposed to interest rate risk in respect to short and long-term borrowings where interest is charged at variable rates and to fair value interest rate risk on fixed rate borrowings.</p> <p>The Group is exposed to interest rate and foreign currency exchange risk in respect of the US dollar (US\$) denominated Private Placement Notes (USPP).</p> <p>The Group is exposed to foreign exchange risk in respect of purchases of inventory and property, plant and equipment denominated in a foreign currency.</p>	<p>The Group mitigates interest rate risk primarily by maintaining an appropriate mix of fixed and floating rate borrowings. Where necessary, the Group hedges interest rates using derivative financial instruments - interest rate swaps to manage cash flows and interest rate exposure.</p> <p>To mitigate the risk of adverse movements in interest rates and foreign exchange in respect of foreign currency denominated borrowings, the Group enters into cross-currency interest rate swaps (CCIRS) to replace foreign currency principal and interest payments with Australian dollar repayments.</p> <p>The Group manages foreign currency risk on contractual commitments by entering into forward exchange and option contracts.</p>
Liquidity and funding risk	The Group is exposed to liquidity and funding risk from operations and borrowings, where the risk is that the Group may not be able to refinance debt obligations or meet other cash outflow obligations when required.	The Group mitigates liquidity and funding risk by ensuring a sufficient range of funds are available to meet its cash flow obligations when due under both normal and stressed conditions without incurring unacceptable losses or damage to the Group's reputation.
Credit risk	The Group is exposed to credit risk from financial instrument contracts, trade and other receivables, contract assets and lease receivables. The maximum exposure to credit risk at reporting date is the carrying amount, net of any provisions for impairment.	<p>The Group enters into financial instrument contracts with high credit quality financial institutions with a minimum long-term credit rating of A- or better by Standard & Poor's. The Board approved policies set maximum individual counterparty credit limits based on long-term credit ratings.</p> <p>The Group manages counterparty risk through approval, granting and renewal of credit limits, regularly monitoring exposures against credit limits, and assessing overall financial stability and strength of counterparties on an ongoing basis. Refer to note 5 for credit risk exposures relating to trade and other receivables, contract assets and lease receivables.</p>

17 Financial risk management (continued)

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign currency risk through foreign denominated borrowings and capital purchases. The exposure is mitigated through hedging 100% of foreign denominated borrowings for both principal and interest for the life of the debt. As at 30 June 2025 and 2024, these foreign currency risk exposures were 100% hedged through cross-currency interest rate swaps. The Group's exposure to foreign currency risk for capital purchases is not considered to have a material impact.

The following sensitivity illustrates how a reasonable possible change in the US dollar would impact the financial results and position of the Group as at 30 June:

- If the Australian dollar had changed by 10% against the US dollar, with all other variables held constant, the impact on equity would have been \$8.8 million (2024: \$9.5 million) and no impact on profit or loss.

(ii) Interest rate risk

The Group is exposed to interest rate risk through exposure to movements in the reference rate being Australian Bank Bill Swap (BBSW) on its variable debt and fixed rate debt that has been swapped to variable through interest rates swaps, refer to note 17(b)(i) for details on the Group's financing arrangements. The table below represents the Group's total variable rate exposure notional amount and the interest rate swaps outstanding at 30 June to convert variable interest payments to fixed:

	Balance \$m
2025	
Variable rate exposure	1,208.3
Interest rate swaps (notional amount)	(1,200.0)
Net exposure to interest rate risk	8.3
2024	
Variable rate exposure	1,419.3
Interest rate swaps (notional amount)	(1,300.0)
Net exposure to interest rate risk	119.3

The Group's weighted average interest rate is 5.9% (2024: 5.8%) on its variable rate exposure. The Group hedges 99% (2024: 92%) of the variable rate exposure at a weighted average interest rate of 3.4% (2024: 3.6%). The weighted average maturity of interest rate swaps is 3.5 years (2024: 3.0 years).

The following sensitivity illustrates the gain/(loss) impact of a 100 basis points (bps) increase or decrease in interest rates with all other variables held constant:

- Net profit would decrease by \$0.1 million (2024: decrease by \$1.2 million) with a 100-bps increase in interest rate or increase by \$0.1 million (2024: increase by \$1.2 million) with a 100 bps decrease in interest rates; and
- Equity reserves would increase by \$37.8 million (2024: increase by \$34.3 million) with a 100-bps increase in interest rate or decrease by \$38.9 million (2024: decrease by \$35.3 million) with a 100 bps decrease in interest rates.

17 Financial risk management (continued)

(a) Market risk (continued)

(iii) Effects of hedge accounting

The table below summarises the hedge instruments used to manage market risk:

	2025 \$m	2024 \$m
Current assets		
Foreign exchange contracts	0.5	0.1
Non-current assets		
Interest rate swaps	2.2	23.0
CCIRS	11.5	-
	<u>13.7</u>	<u>23.0</u>
Total derivative financial instrument assets	<u>14.2</u>	<u>23.1</u>
Current liabilities		
Foreign exchange contracts	0.2	0.2
Non-current liabilities		
Foreign exchange contracts	0.1	-
Interest rate swaps	39.9	51.8
CCIRS	-	10.3
	<u>40.0</u>	<u>62.1</u>
Total derivative financial instrument liabilities	<u>40.2</u>	<u>62.3</u>

17 Financial risk management (continued)

(a) Market risk (continued)

(iii) Effects of hedge accounting (continued)

The following table summarises the hedging instruments and hedged items designated in hedging relationships.

	Cash flow hedge		Fair value hedge			
	Foreign exchange contracts ¹	Pay Fixed AUD interest rate swaps ²	CCIRS ⁴	Receive Fixed AUD interest rate swaps ³	CCIRS ⁴	
	Capital purchases \$m	AUD Floating rate debt \$m	USD Fixed rate debt \$m	AUD Fixed rate debt \$m	USD Fixed rate debt \$m	Total \$m
2025						
Notional amount	53.8	1,200.0	403.3	550.0	403.3	-
Carrying amount assets/(liabilities) of hedging instrument	0.2	(13.6)	(9.2)	(24.1)	20.7	(26.0)
At 30 June 2025						
Cumulative fair value adjustment on hedged item ⁵	-	-	-	23.9	(14.7)	9.2
Carrying amount of borrowings subject to fair value hedges	-	-	-	(526.1)	(418.0)	(944.1)
Cumulative balance deferred in cash flow hedge reserve (before tax) ⁶	0.3	13.8	5.8	-	-	19.9
During the year recognised						
Gain/(loss) on change in fair value of the hedging instrument for effectiveness testing	0.3	(36.6)	0.8	27.7	21.0	13.2
Gain/(loss) on change in fair value of the hedged item	0.2	35.8	(1.6)	(28.1)	(19.2)	(12.9)
(Gain)/loss on change in the value of the hedged instrument recognised in other comprehensive income (before tax)	(0.2)	(35.8)	1.6	-	-	(34.4)
Hedged ineffectiveness recognised in profit or loss	(0.5)	(0.1)	0.8	0.4	(1.8)	(1.2)
Amounts recognised in profit or loss for discontinued hedges	-	0.9	-	-	-	-

¹ Foreign exchange contracts are designated in cash flow hedges that are hedging anticipated purchases of property, plant and equipment. The weighted average exchange rate of outstanding foreign exchange contracts are AUD:USD 0.6454 and AUD:EUR 0.5690.

² Interest rate swaps are designated in a hedge relationship against a portion of the outstanding debt balances up to the notional amount of the swaps. The interest rate swaps have a weighted average pay fixed leg of 3.53% and a receive floating leg of BBSW.

³ Interest rate swaps are designated to be in a 100% hedge relationship against the identified fixed rate borrowings. The interest rate swaps have a weighted average pay floating leg of BBSW + 1.96% spread and a receive fixed leg of 3.44%.

17 Financial risk management (continued)

(a) Market risk (continued)

(iii) Effects of hedge accounting (continued)

⁴ CCIRS are split designated in cash flow hedge and fair value hedge relationships. CCIRS have a weighted average receive fixed USD rate leg of 6.79% and pay floating AUD leg of BBSW + 3.58% spread.

⁵ The cumulative fair value adjustment is included in borrowings.

⁶ Cash flow hedge reserve includes the cumulative impact of cross-currency basis recognised as cost of hedging of \$3.3 million.

	Cash flow hedge		Fair value hedge			Total \$m
	Foreign exchange contracts ¹	Pay Fixed AUD interest rate swaps ²	CCIRS ⁴	Receive Fixed AUD interest rate swaps ³	CCIRS ⁴	
	Capital purchases \$m	AUD Floating rate debt \$m	USD Fixed rate debt \$m	AUD Fixed rate debt \$m	USD Fixed rate debt \$m	
2024						
Notional amount	22.3	1,300.0	403.3	550.0	403.3	-
Carrying amount assets/(liabilities) of hedging instrument	(0.1)	23.0	(10.0)	(51.8)	(0.3)	(39.2)
At 30 June 2024						
Cumulative fair value adjustment on hedged item ⁵	-	-	-	52.0	4.3	56.3
Carrying amount of borrowings subject to fair value hedges	-	-	-	(498.0)	(399.0)	(897.0)
Cumulative balance deferred in cash flow hedge reserve (before tax) ⁶	0.1	(22.0)	7.4	-	-	(14.5)
During the year recognised						
Gain/(loss) on change in fair value of the hedging instrument for effectiveness testing	(1.4)	(6.6)	(1.0)	11.4	(2.5)	(0.1)
Gain/(loss) on change in fair value of the hedged item	1.6	7.0	(0.8)	(11.4)	6.4	2.8
(Gain)/loss on change in the value of the hedged instrument recognised in other comprehensive income (before tax)	(1.6)	(7.0)	0.8	-	-	(7.8)
Hedged ineffectiveness recognised in profit or loss	(0.2)	0.3	1.8	-	(3.9)	(2.0)
Amounts recognised in profit or loss for discontinued hedges	-	(0.7)	-	-	-	(0.7)

¹ Foreign exchange contracts are designated in cash flow hedges that are hedging anticipated purchases of property, plant and equipment. The weighted average exchange rate of outstanding foreign exchange contracts are AUD:USD 0.6740 and AUD:EUR 0.6089.

² Interest rate swaps are designated in a hedge relationship against a portion of the outstanding debt balances up to the notional amount of the swaps. The interest rate swaps have a weighted average pay fixed leg of 3.53% and a receive floating leg of BBSW.

17 Financial risk management (continued)

(a) Market risk (continued)

(iii) Effects of hedge accounting (continued)

³ Interest rate swaps are designated to be in a 100% hedge relationship against the identified fixed rate borrowings. The interest rate swaps have a weighted average pay floating leg of BBSW + 1.96% spread and a receive fixed leg of 3.44%.

⁴ CCIRS are split designated in cash flow hedge and fair value hedge relationships. CCIRS have a weighted average receive fixed USD rate leg of 6.79% and pay floating AUD leg of BBSW + 3.58% spread.

⁵ The cumulative fair value adjustment is included in borrowings.

⁶ Cash flow hedge reserve includes the cumulative impact of cross-currency basis recognised as cost of hedging of \$3.6 million.

17 Financial risk management (continued)

(b) Liquidity and funding risk

(i) Financing arrangements

The table below summarises the financing arrangements the Group had access to at the end of the period. The facilities are unsecured.

Under limited circumstances, the Group may also draw upon funds from Aurizon Network Pty Ltd (related party) pursuant to the Intra Group Loan Agreement (refer to note 24).

	Maturity	Utilised ¹		Facility limit	
		2025 \$m	2024 \$m	2025 \$m	2024 \$m
Senior Bank Debt Facilities					
Working capital facility	Jun-26	81.7	115.0	125.0	125.0
Finance bilateral facilities	Jul-26 - Jul-28	155.0	130.0	720.0	540.0
Revolver loan facility	Jul-25	-	-	-	400.0
Term loan facility	Jul-27	-	200.0	-	200.0
		236.7	445.0	845.0	1,265.0
Senior Capital Markets Debt					
AMTN programme					
- AMTN 1 (AUD)	Mar-28	500.0	500.0	500.0	500.0
USPP programme					
- Finance USPP (USD)	Jul-30	196.5	196.5	196.5	196.5
- Finance USPP (USD)	Jul-33	153.4	153.4	153.4	153.4
- Finance USPP (USD)	Jul-34	50.0	50.0	50.0	50.0
- Finance USPP (USD)	Jul-35	103.4	103.4	103.4	103.4
		1,003.3	1,003.3	1,003.3	1,003.3
Total Group financing arrangements		1,240.0	1,448.3	1,848.3	2,268.3

¹ Amount utilised incorporates bank guarantees included in the working capital facility of \$31.7 million (2024: \$29.0 million) and excludes capitalised borrowing costs of \$4.8 million (2024: \$7.5 million), discounts on AMTNs of \$1.0 million (2024: \$1.4 million), and the accumulated fair value adjustment of fixed debt in a fair value hedge relationship of \$9.2 million (2024: \$56.3 million). The facilities above exclude the Term Loan Facility with The AustralAsia Railway Corporation in connection with the Tarcoola-to-Darwin Concession Deed. The carrying amount (and related fair value) of the Term Loan Facility is \$6.6 million (2024: \$6.2 million).

17 Financial risk management (continued)

(b) Liquidity and funding risk (continued)

(ii) Maturities of financial liabilities

The table below analyses the Group's financial liabilities, including derivatives, into relevant maturity groupings based on the period remaining until the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted principal and interest components at the prevailing foreign exchange rates at the reporting date, profiled on the earliest contractual maturity.

	1 year or less \$m	1 - 5 years \$m	More than 5 years \$m	Total contractual cash flows \$m	Carrying amount (assets)/ liabilities \$m
2025					
Non-derivative financial instruments					
Trade and other payables	342.6	-	-	342.6	342.6
Borrowings	109.5	842.3	622.6	1,574.4	1,199.9
Financial guarantees	31.7	-	-	31.7	-
Total non-derivative financial instruments	483.8	842.3	622.6	1,948.7	1,542.5
Derivatives					
Interest rate swaps	14.9	23.6	(0.1)	38.4	37.7
CCIRS	(1.4)	(1.4)	(18.5)	(21.3)	(11.5)
Gross settled forward exchange contracts (inflow)	-	(0.1)	-	(0.1)	(0.2)
Total derivatives	13.5	22.1	(18.6)	17.0	26.0
2024					
Non-derivative financial instruments					
Trade and other payables	333.6	-	-	333.6	333.6
Borrowings	160.6	1,050.2	647.9	1,858.7	1,360.3
Financial guarantees	29.0	-	-	29.0	-
Total non-derivative financial instruments	523.2	1,050.2	647.9	2,221.3	1,693.9
Derivatives					
Interest rate swaps	5.4	22.2	(1.0)	26.6	28.8
CCIRS	4.2	11.9	(1.7)	14.4	10.3
Gross settled forward exchange contracts (inflow)	(0.2)	-	-	(0.2)	0.1
Total derivatives	9.4	34.1	(2.7)	40.8	39.2

17 Financial risk management (continued)

(c) Hedging instruments

(i) Accounting policies

Derivative financial instruments are recognised initially at fair value on the date the instrument is entered into and are subsequently remeasured at fair value or 'mark-to-market' at each reporting date. The gain or loss on remeasurement is recognised immediately in profit or loss unless the derivative is designated as a hedging instrument, in which case the remeasurement is recognised in equity.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

At inception of the hedge relationship, the Group formally designated the relationship between hedging instruments and hedged items, as well as its risk management objective for undertaking various hedge transactions. The Group also documents its assessment at hedge inception date and on an ongoing basis as to whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item and a qualitative assessment is performed to assess effectiveness. If changes in circumstances affect the terms of the hedged item, such as the terms no longer match exactly with the critical terms of the hedged instrument, a hypothetical derivative method is used to assess effectiveness.

The main source of hedge ineffectiveness is the effect of the credit risk differential between the Group and its respective counterparties (i.e. credit curves) on the fair value of interest rate swaps and CCIRS, which is not reflected in the fair value of the hedged item. Ineffectiveness may be due to differences in the critical terms between the interest rate swaps and loans, in the timing of forecast transactions or any off-market derivatives. Hedge ineffectiveness is recognised against the mark-to-market position of the derivative financial instrument and in profit or loss in finance expense.

Rebalancing

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for at the time of the hedge relationship rebalancing.

17 Financial risk management (continued)

(c) Hedging instruments (continued)

(i) Accounting policies (continued)

For the purpose of hedge accounting, hedges are classified as fair value hedges or cash flow hedges and are accounted for as set out in the table below.

	Fair value hedge	Cash flow hedge
What is it?	A derivative or financial instrument designated as hedging the change in fair value of a recognised asset or liability or firm commitment. A fair value hedge is used to swap fixed interest payments to variable interest payments in order to manage the Group's exposure to interest rate risk.	A derivative or financial instrument hedging the exposure to variability in cash flow attributable to a particular risk associated with an asset, liability or forecasted transaction. A cash flow hedge is used to swap variable interest rate payments to fixed interest rate payments, or to lock in foreign currency rates in order to manage the Group's exposure to interest rate risk and foreign exchange risk.
Movement in fair value	<p>Changes in the fair value of the derivative are recognised in profit or loss, together with the changes in fair value of the hedged asset or liability attributable to the hedged risk.</p> <p>The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings are recognised in profit or loss within finance expenses, together with the changes in fair value of the hedged fixed rate borrowing attributable to interest rate risk.</p> <p>The gain or loss relating to the ineffective portion is recognised separately to the effective portion in profit or loss within finance expense.</p>	<p>The effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated in equity in the cash flow hedge reserve. The change in the fair value that is identified as ineffective is recognised immediately in profit or loss within finance income or finance expense.</p> <p>Amounts accumulated in equity are transferred to profit or loss when the hedged item affects profit or loss. When the forecast transaction results in the recognition of a non-financial asset (property, plant and equipment), the gains or losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset.</p>
Discontinuation of hedge accounting	If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss in finance income over the period to maturity using a recalculated effective interest rate.	When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

17 Financial risk management (continued)

(d) Fair value measurements

The carrying value of cash and cash equivalents and non-interest bearing financial assets and liabilities approximates the carrying amount. The fair value of borrowings carried at amortised cost is \$1,044.0 million (2024: \$1,204.9 million).

The fair value of borrowings is estimated by discounting future contractual cash flows at the current market interest rates that are available to the Group for similar financial instruments. The market interest rates were determined to be between 4.6% and 7.4% (2024: 5.0% and 8.2%) depending on the type of facility

The Group measures the fair value of financial instruments using market observable data where possible. Fair values are categorised into three levels with each of these levels indicating the reliability of the inputs used in determining fair value. The levels of the fair value hierarchy are:

Level 1: Quoted prices for an identical asset or liability in an active market

Level 2: Directly or indirectly observable market data

Level 3: Unobservable market data

The fair value of forward foreign exchange contracts is determined as the unrealised gain/(loss) with reference to market rates. The fair value of interest rate swaps is determined as the net present value of contracted cash flows. The existing exposure method, which estimates future cash flows to present value using credit adjusted discount factors after counterparty netting arrangements, has been adopted for both forward foreign exchange contracts and interest rate swaps.

The Group's derivative financial instruments and fair value of borrowings are classified as Level 2 (2024: Level 2). During the period, there were no transfers between Level 1, Level 2 or Level 3 in the fair value hierarchy (2024: nil).

Group structure

IN THIS SECTION

Group structure provides information about particular subsidiaries, and associates and how changes have affected the financial position and performance of the Group.

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18 Joint ventures

The Group has an interest in the following joint ventures:

Name	Country of operation	Ownership interest		Principal activity
		2025 %	2024 %	
Ox Mountain Limited ¹	United Kingdom	74	75	Software
ARG Risk Management Limited	Bermuda	50	50	Insurance
Integrated Logistics Company Pty Ltd	Australia	14	14	Consulting

¹ The Group's investment in Ox Mountain Limited continues to be classified as a joint venture due to the Group having joint control and is accounted for using the equity method of accounting.

(a) Accounting policies

Investments in joint ventures are accounted for using the equity method of accounting. Investments are initially recognised at cost and subsequently adjusted for the Group's share of net profit or loss. The carrying amount of an investment is reduced by the value of dividends received from the joint venture.

The carrying amount of investments are tested for impairment in accordance with the policy described in note 7.

19 Material subsidiaries

The ultimate parent of this consolidated Group is Aurizon Operations Limited. The companies listed below are those whose results, in addition to the Company, principally affect the amounts shown in the financial report:

	Country of incorporation	Ownership interest	
		2025 %	2024 %
Controlled entities			
Australia Eastern Railroad Pty Ltd	Australia	100	100
Australia Western Railroad Pty Ltd	Australia	100	100
Aurizon Property Pty Ltd	Australia	100	100
Aurizon Finance Pty Ltd	Australia	100	100
Aurizon Port Services Pty Ltd	Australia	100	100
Aurizon Port Services NSW Pty Ltd	Australia	100	100
Aurizon Port Services (SA) Pty Ltd	Australia	100	-
Aurizon Bulk Central Pty Ltd	Australia	100	100
Aurizon Bulk Central Network Pty Ltd	Australia	100	100
Iron Horse Insurance Company Pte Ltd	Singapore	100	100

(a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at reporting date and the results of all subsidiaries for the financial year.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when 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 fully consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceases.

Inter-company transactions and balances are eliminated on consolidation.

The assets and liabilities of entities within the Group that have a functional currency different from the presentation currency are translated into Australian dollars at the rate of exchange at the balance sheet date and profit or loss are translated at the average exchange rate for the year. The exchange differences arising on the balance sheet translation are taken directly to a separate component in equity in the foreign currency translation reserve.

20 Parent entity disclosures

(a) Summary financial information

	2025 \$m	2024 \$m
Current assets	1,917.6	1,692.1
Non-current assets	5,280.2	5,442.9
Total assets	7,197.8	7,135.0
Current liabilities	3,219.7	3,309.9
Non-current liabilities	290.1	280.8
Total liabilities	3,509.8	3,590.7
Net assets	3,688.0	3,544.3
Equity		
Contributed equity	3,375.1	3,266.6
Retained earnings	312.9	277.7
Total equity	3,688.0	3,544.3
Profit for the year	80.8	180.6
Total comprehensive income	80.8	180.6

As at 30 June 2025, the parent entity had contractual commitments for the acquisition of property, plant and equipment totalling \$47.6 million (2024: \$70.6 million). These commitments are not recognised as liabilities as the relevant assets have not yet been received. Refer to note 28 for guarantees provided by the Company.

The Company recognised an intercompany liability in relation to the guarantee provided to its wholly-owned subsidiary, Aurizon Finance Pty Ltd, for funding for the Group.

21 Deed of cross guarantee

The Company, Aurizon Operations Limited and the subsidiaries listed below are subject to a Deed of Cross Guarantee (the Deed) under which each company guarantees the debts of the others:

Aurizon Finance Pty Ltd	Australian Railroad Group Employment Pty Ltd
Aurizon Terminal Pty Ltd	Aurizon Intermodal Pty Ltd
Aurizon Property Holding Pty Ltd	Aurizon Bulk Central Pty Ltd
Aurizon Property Pty Ltd	Aurizon Bulk Central Network Pty Ltd
Logistics Australasia Pty Ltd	ACN 654 415 700 Pty Ltd
Aurizon Resource Logistics Pty Limited	Aurizon Bulk Central Holdings Pty Ltd
Interail Australia Pty Ltd	Aurizon Bulk Central Finance Pty Ltd
Australian Rail Pty Ltd	Aurizon Bulk Central (SA Holdings) Pty Ltd
Australia Eastern Railroad Pty Ltd	Aurizon Port Services Pty Ltd
Australia Western Railroad Pty Ltd	

By entering into the cross guarantee, the wholly-owned entities have been relieved from the requirement to prepare separate financial and directors' reports under *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*.

The above companies represent a 'closed group' for the purposes of the instrument. As there are no other parties to the Deed that are controlled by Aurizon Operations Limited, they also represent the 'extended closed group'.

(a) Financial statements of the Aurizon Operations Limited Deed of Cross Guarantee

The consolidated income statement, statement of comprehensive income and statement of financial position of the entities party to the Deed for the year ended and as at 30 June, are set out below:

	2025 \$m	2024 \$m
Consolidated income statement		
Revenue	3,056.0	2,900.0
Other income	0.6	3.3
Employee benefits expense	(961.1)	(900.8)
Energy and fuel	(221.7)	(234.4)
Track access	(639.8)	(613.6)
Consumables	(507.2)	(454.9)
Depreciation and amortisation	(366.7)	(362.0)
Impairment losses	(132.9)	(13.3)
Other expenses	(14.5)	1.0
Share of net profit of investments accounted for using the equity method	(0.1)	(0.1)
Net finance costs	(92.1)	(101.9)
Profit before income tax	120.5	223.3
Income tax expense	(47.9)	(69.5)
Profit for the year	72.6	153.8
Consolidated statement of comprehensive income		
Profit for the year	72.6	153.8
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Changes in the fair value of cash flow hedges	(34.3)	(7.8)
Income tax relating to changes in the fair value of cash flow hedges	10.3	2.3
Other comprehensive income for the year, net of tax	(24.0)	(5.5)
Total comprehensive income for the year	48.6	148.3
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	288.3	197.3
Change in accounting policy – adoption of AASB 17	-	(0.7)
Profit for the year	72.6	153.8
Adjustment for entities added to the Deed	-	9.4
Dividends paid	(45.5)	(71.5)
Retained earnings at the end of the financial year	315.4	288.3

21 Deed of cross guarantee (continued)

	2025 \$m	2024 \$m
Consolidated balance sheet		
Current assets		
Cash and cash equivalents	43.9	38.2
Trade and other receivables	539.9	591.9
Inventories	221.8	180.1
Derivative financial instruments	0.5	0.1
Other assets	53.7	86.4
Total current assets	859.8	896.7
Non-current assets		
Trade and other receivables	-	7.8
Derivative financial instruments	13.7	23.0
Property, plant and equipment	4,809.5	4,836.6
Intangible assets	95.1	130.2
Inventories	54.5	53.1
Other assets	75.3	81.0
Investments accounted for using the equity method	0.2	0.4
Other financial assets ¹	96.0	104.2
Total non-current assets	5,144.3	5,236.3
Total assets	6,004.1	6,133.0
Current liabilities		
Trade and other payables	352.0	411.0
Borrowings	50.0	86.0
Derivative financial instruments	0.2	0.2
Provisions	208.4	220.7
Other liabilities	42.0	36.3
Total current liabilities	652.6	754.2
Non-current liabilities		
Borrowings	1,149.9	1,274.3
Derivative financial instruments	40.0	62.1
Deferred tax liabilities	294.4	270.4
Provisions	44.1	42.7
Other liabilities	144.8	162.4
Total non-current liabilities	1,673.2	1,811.9
Total liabilities	2,325.8	2,566.1
Net assets	3,678.3	3,566.9
Equity		
Contributed equity	3,376.9	3,268.3
Reserves	(14.0)	10.3
Retained earnings	315.4	288.3
Total equity	3,678.3	3,566.9

¹ Other financial assets represent investments in entities outside of the closed group.

22 Acquisition of businesses

(a) Summary of acquisitions in 2025

(i) Flinders Logistics Pty Ltd

On 6 December 2024, the Group acquired 100% of the issued shares in Flinders Logistics Pty Ltd for consideration of \$25.6 million. Flinders Logistics Pty Ltd supplies stevedoring, logistics and warehousing services to importers and exporters of bulk commodities at Berths 18 - 20 and Berth 29 at Port Adelaide and Port Pirie (South Australia) and cargo handling services at Port Pirie (South Australia) through its wholly owned subsidiary, Pirie Bulk Pty Ltd. Following the acquisition, the companies have been renamed Aurizon Port Services (SA) Pty Ltd and Aurizon Pirie Logistics Pty Ltd respectively.

Details of the purchase consideration, net assets acquired and goodwill are as follows:

	\$m
Purchase consideration	25.6
	Fair value on acquisition date
	\$m
Total assets	37.5
Total liabilities	(19.3)
Fair value of net identifiable assets acquired	18.2
Add: Goodwill	7.4
Fair value of net assets acquired	25.6

The goodwill is attributable to future customer growth and has been allocated to the Bulk CGU. None of the goodwill is expected to be deductible for tax purposes.

Acquisition costs were expensed to profit or loss. The net cash outflow from investing activities for the business acquisition was \$24.9 million, representing cash paid of \$25.6 million net of cash acquired of \$0.7 million.

(b) Accounting policies

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. In accordance with the acquisition method, the Group measures goodwill, at acquisition date, as the fair value of the consideration transferred less the fair value of the identifiable assets and liabilities acquired. The fair value of the consideration transferred comprises the initial cash paid and an estimate for any future contingent or deferred payments the Group may be liable to pay.

The application of the acquisition method requires certain estimates and assumptions to be made particularly around the determination of fair value of any contingent or deferred consideration, the acquired intangible assets, property, plant and equipment, and liabilities assumed. Such estimates are based on information available at acquisition date.

Acquisition-related costs are expensed as incurred.

Other notes

IN THIS SECTION

Other notes provides information on other items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements, however are not considered critical in understanding the financial performance or position of the Group.

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24	Related party transactions	Page 67
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23 Notes to the consolidated statement of cash flows

(a) Reconciliation of profit after income tax to net cash inflow from operating activities

	2025 \$m	2024 \$m
Profit for the year	76.5	167.4
Depreciation and amortisation	371.3	364.8
Impairment of non-current assets	58.1	1.1
Finance expenses	102.4	104.9
Share-based payment expense	5.4	4.1
Net (gain)/loss on disposal of assets	4.7	(2.6)
Share of net profit of investments accounted for using the equity method	(0.8)	(0.6)
Net exchange differences	0.5	(0.3)
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	16.8	(46.0)
(Increase)/decrease in inventories	(40.9)	(20.9)
(Increase)/decrease in other operating assets	4.5	93.8
Increase/(decrease) in trade and other payables	8.3	2.5
Increase/(decrease) in other liabilities	4.4	(11.7)
Increase/(decrease) in current tax liabilities	1.8	5.5
Increase/(decrease) in deferred tax liabilities	36.6	47.1
Increase/(decrease) in provisions	(7.0)	3.4
(Increase)/decrease in intercompany tax loan assets	32.7	-
Net cash inflow from operating activities	675.3	712.5

(b) Reconciliation of liabilities arising from financing activities to financing cash flows

	Current borrowings \$m	Non-current borrowings \$m	Liabilities held to hedge borrowings ¹ \$m	Assets held to hedge borrowings ¹ \$m	Total \$m
Balance as at 1 July 2025	(86.0)	(1,274.3)	(62.1)	23.0	(1,399.4)
Financing cash flows ²	36.0	176.4	-	(0.5)	211.9
Other changes in fair values	-	(47.2)	22.2	(8.8)	(33.8)
Other non-cash movements ³	-	(4.8)	-	-	(4.8)
Balance as at 30 June 2025	(50.0)	(1,149.9)	(39.9)	13.7	(1,226.1)
Balance as at 1 July 2024	(106.0)	(1,404.0)	(70.1)	29.7	(1,550.4)
Financing cash flows ²	20.0	140.2	-	(0.7)	159.5
Other changes in fair values	-	(5.1)	8.0	(6.0)	(3.1)
Other non-cash movements ³	-	(5.4)	-	-	(5.4)
Balance as at 30 June 2024	(86.0)	(1,274.3)	(62.1)	23.0	(1,399.4)

¹ Assets and liabilities held to hedge borrowings exclude foreign exchange contracts included in note 17(a).

² Financing cash flows includes the net amount of proceeds from borrowings, repayment of borrowings, payments of transaction costs related to borrowings and proceeds from the settlement of derivatives.

³ Other non-cash movements includes the amortisation of capitalised borrowing costs and amortisation of discounts on the face value of the AMTN issued.

24 Related party transactions

Related parties include other entities in the Aurizon Group and Key Management Personnel. There were no Key Management Personnel related party transactions during the financial year (2024: \$nil). The following transactions occurred and balances are recognised with other entities in the Aurizon Group:

	2025 \$'000	2024 \$'000
Trade and other receivables from related parties	15,713	20,148
Trade and other payables to related parties	72,788	53,229
Tax loan receivable from parent entity	23,137	55,865
Loans receivable from related parties	80,000	53,500
Services revenue received from related parties	21,497	21,929
Expenses paid to related parties	488,650	477,937
Expenses reimbursed from related parties	59,716	64,568
Interest revenue received from related parties	3,658	542
Interest expense paid to related parties	-	432

Expense reimbursed from related parties in the Aurizon Group include maintenance, facilities charges and general corporate overheads.

For details on dividends paid and changes in contributed equity, refer to notes 14 and 15 respectively.

Terms and conditions of transactions with related parties other than Key Management Personnel or entities related to them and intra group transactions

A number of service agreements are in place between the Company and other entities within the Aurizon Group for the provision of services. These costs include shared services such as payroll, IT, accounts payable and HR operations. All other transactions are made on normal commercial terms and conditions and at market rates.

The Company executed an Intra Group Loan Agreement with Aurizon Network Pty Ltd (a related party) on 22 August 2024. The Company may be advanced or loaned, subject to certain conditions, up to \$100.0 million at floating rates over the loan term maturing 22 August 2033.

Iron Horse insurance Company Pte Ltd (a wholly owned subsidiary of the Company) executed an Intra Group Loan agreement with Aurizon Network Pty Ltd (a related party) on 16 July 2024. Under the arrangement, subject to certain conditions, Iron Horse Insurance Company Pte Ltd may lend up to \$150.0 million at floating interest rates over the loan term maturing 16 July 2033.

For details on tax loans, refer to note 4.

25 Key Management Personnel

Key Management Personnel (KMP) include the Directors and those Executives who have the authority and responsibility for planning, directing and controlling the activities of the Group.

As announced in June 2025, changes have been made to the Leadership Team effective 1 July 2025, with the Bulk and Containerised Freight business units consolidating under one executive. George Lippiatt has been appointed as Group Executive Bulk and Containerised Freight and Gareth Long has been appointed as acting CFO and Group Executive Strategy. Anna Dartnell, Group Executive Bulk will depart Aurizon on 29 August 2025 and ceased in the role on 30 June 2025.

	2025	2024
	\$'000	\$'000
Short-term employee benefits	5,098	6,840
Long-term employee benefits	74	86
Post-employment benefits	150	135
Share-based payment expense	3,199	2,454
Termination benefits	786	-
	9,307	9,515

No KMP has entered into a material contract with the Group in the financial year and there were no material contracts involving KMPs' interests existing at year end (2024: nil).

26 Auditor's remuneration

During the year, the following fees were paid or payable for services provided by the auditor of the parent entity and its related practices:

	2025	2024
	\$'000	\$'000
Deloitte Touche Tohmatsu		
Audit and review of financial statements	868.0	750.0
Other advisory services	-	14.0
Total remuneration of Deloitte Touche Tohmatsu	868.0	764.0

27 New and amended standards

(a) New and amended standards adopted by the Group

The Group has applied the following amendments for the first time for the reporting period commencing 1 July 2024:

- AASB 2020-1 *Amendment to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current*, AASB 2020-6 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current - Deferred of Effective Date* and AASB 2022-6 *Amendments to Australian Accounting Standards - Non-current liabilities with covenants*

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to materially affect the current and future reporting periods.

(b) New standards and interpretations not yet adopted

Certain new accounting standards and amendments to standards have been published that are not mandatory for reporting periods commencing 1 July 2024 and have not been early adopted by the Group. These standards are not expected to have a material recognition and measurement impact on the Group in the current or future reporting periods and on foreseeable future transactions.

AASB 18 *Presentation and Disclosure in Financial Standards* will be effective for the Group from 1 July 2027. The standard will affect the presentation and disclosure in the financial statements, including introducing new categories and subtotals in the statement of profit or loss, requiring the disclosure of management-defined performance measures, and changing the grouping of information in the financial statements.

Unrecognised items and events after reporting date

IN THIS SECTION

Unrecognised items provides information about items that are not recognised in the financial statements but could potentially have a significant impact on the Group's financial position and performance. This section also includes events occurring after the reporting date.

28	Commitments and contingencies	Page 70
29	Events occurring after the reporting period	Page 70

28 Commitments and contingencies

(a) Contingent liabilities

Issues relating to common law claims, product warranties and regulatory breaches are dealt with as they arise. There were no material contingent liabilities requiring disclosure in the financial statements, other than as set out below.

Guarantees and letters of credit

The Group has issued guarantees of \$31.7 million (2024: \$29.0 million) to third parties including against workers' compensation self-insurance liabilities as required by State authorities based on independent actuarial advice. The probability of having to make a payment under these guarantees is considered remote.

(b) Capital commitments

At 30 June 2025, the Group has capital commitments contracted but not provided for in respect of the acquisition of property, plant and equipment of \$74.3 million (2024: \$88.6 million) which are due within one year, \$6.3 million (2024: \$8.6 million) which are due between one and five years and \$13.2 million (2024: \$14.3 million) which are due after five years.

29 Events occurring after the reporting period

No matter or circumstance, other than the matters disclosed in key events and transactions for the reporting period, has occurred subsequent to the financial period that has materially affected, or may materially affect, the operations of the Group, the results of those operations, or the state of affairs of the Group or economic entity in subsequent financial periods.

Directors' declaration

In accordance with a resolution of the Directors of the Company, I state that:

In the opinion of the Directors of the Company:

- (a) the financial statements and notes set out on pages 7 to 70 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards and other mandatory professional reporting requirements as detailed above, and the *Corporations Regulations 2001*,
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2025 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable,
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 21 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 21.

Page 12 confirms that the financial statements also comply with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Signed in accordance with a resolution of the directors made pursuant to s295(5) of the *Corporations Act 2001*.



A Harding
Director

Brisbane
18 August 2025

Independent Auditor's Report to the Members of Aurizon Operations Limited

Opinion

We have audited the financial report of Aurizon Operations Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated balance sheet as at 30 June 2025, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and the directors' declaration.

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

- Giving a true and fair view of the Group's financial position as at 30 June 2025 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2025, 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 we do not express any form of assurance conclusion thereon.

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, 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 are responsible:

- For the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group in accordance with Australian Accounting Standards; and
- For such internal control as the directors determine is necessary to enable the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and 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 has 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the Group financial report. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



DELOITTE TOUCHE TOHMATSU



Matthew Donaldson
Partner
Chartered Accountants
Brisbane, 18 August 2025

Non-IFRS Financial Information in the FY2025 Financial Report

In addition to using profit as a measure of the Group and its segments' financial performance, Aurizon uses EBITDA (Statutory and Underlying), EBITDA margin (Statutory and Underlying), EBIT (Statutory and Underlying), NPAT Underlying. These measurements are not defined under IFRS Accounting Standards and are, therefore, termed 'Non-IFRS' measures.

EBITDA – Statutory is Group profit before net finance costs, tax, depreciation and amortisation, while EBIT – Statutory is defined as Group profit before net finance costs and tax. Underlying can differ from Statutory due to exclusion of significant items that permits a more relevant analysis of the underlying performance on a comparative basis. EBITDA margin is calculated by dividing underlying EBITDA by total revenue. These measures are considered to be useful measures of the Group's operating performance because they approximate the underlying operating cash flow by eliminating depreciation and amortisation.

NPAT– Underlying represents the underlying EBIT less finance costs, tax expense and the tax impact of significant items.

A reconciliation of the Non-IFRS measures and specific items to the nearest measure prepared in accordance with IFRS Accounting Standards is included in the table. The Non-IFRS financial information contained within this Directors' report and Notes to the Financial Statements have not been audited in accordance with Australian Auditing Standards.

	2025 \$m	2024 \$m
NPAT – Underlying	118.2	167.4
Significant items, net of tax	(41.7)	-
NPAT – Statutory	76.5	167.4
Income tax expense	55.3	73.0
Profit before income tax	131.8	240.4
Net finance costs	89.4	99.0
EBIT - Statutory	221.2	339.4
Add back significant items:		
- Proceeds from settlement of legal matters	(36.8)	-
- Transformation costs	18.5	-
- Goodwill impairment - Bulk	57.0	-
EBIT – Underlying	259.9	339.4
Depreciation and amortisation	371.3	364.8
EBITDA - Underlying	631.2	704.2