

Aurizon Network Pty Ltd

ABN 78 132 181 116

Interim Financial Report

for the six months ended 31 December 2024

Aurizon Network Pty Ltd

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Interim Financial Report - 31 December 2024

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Aurizon Network Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

Its registered office and principal place of business is:

Aurizon Network Pty Ltd
Level 8
900 Ann Street
Fortitude Valley QLD 4006

Aurizon Network Pty Ltd
Condensed consolidated income statement
For the six months ended 31 December 2024

	Notes	31 December 2024 \$m	31 December 2023 \$m
Revenue from continuing operations	1	736.4	758.5
Employee benefits expense		(98.8)	(93.7)
Energy and fuel		(69.4)	(83.8)
Consumables		(73.8)	(96.1)
Depreciation and amortisation		(177.5)	(168.9)
Other expenses		(4.6)	(4.7)
Operating profit		312.3	311.3
Finance income		0.6	0.1
Finance expenses		(122.6)	(110.6)
Net finance costs		(122.0)	(110.5)
Profit before income tax		190.3	200.8
Income tax expense		(57.7)	(61.3)
Profit after tax for the six months		132.6	139.5
Profit for the six months attributable to the owners of Aurizon Network Pty Ltd		132.6	139.5

The above condensed consolidated income statement should be read in conjunction with the accompanying notes.

Aurizon Network Pty Ltd
Condensed consolidated statement of comprehensive income
For the six months ended 31 December 2024

	31 December 2024	31 December 2023
	\$m	\$m
Profit for the six months	132.6	139.5
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Changes in the fair value of cash flow hedges	(21.7)	(42.8)
Income tax relating to changes in fair value of cash flow hedges	6.5	12.8
Other comprehensive income/(expense) for the six months, net of tax	(15.2)	(30.0)
Total comprehensive income for the six months attributable to the owners of Aurizon Network Pty Ltd	117.4	109.5

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Aurizon Network Pty Ltd
Condensed consolidated balance sheet
As at 31 December 2024

		31 December 2024	30 June 2024
	Notes	\$m	\$m
ASSETS			
Current assets			
Cash and cash equivalents		8.1	5.4
Trade and other receivables	2	156.1	172.5
Inventories		51.8	67.7
Derivative financial instruments	5	-	86.9
Other assets		7.7	2.0
Total current assets		223.7	334.5
Non-current assets			
Inventories		27.7	14.3
Derivative financial instruments	5	44.6	18.6
Property, plant and equipment		5,291.2	5,265.3
Intangible assets		51.2	57.2
Total non-current assets		5,414.7	5,355.4
Total assets		5,638.4	5,689.9
LIABILITIES			
Current liabilities			
Trade and other payables		195.9	155.3
Borrowings	4	95.0	921.2
Provisions		60.2	62.3
Other liabilities		75.3	85.8
Total current liabilities		426.4	1,224.6
Non-current liabilities			
Borrowings	4	3,714.8	2,668.7
Derivative financial instruments	5	117.9	173.5
Deferred tax liabilities		719.7	726.7
Provisions		4.5	4.3
Other liabilities		50.1	58.4
Total non-current liabilities		4,607.0	3,631.6
Total liabilities		5,033.4	4,856.2
Net assets		605.0	833.7
EQUITY			
Contributed equity		177.1	405.4
Reserves		(15.8)	(0.6)
Retained earnings		443.7	428.9
Total equity		605.0	833.7

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

Aurizon Network Pty Ltd
Condensed consolidated statement of changes in equity
For the six months ended 31 December 2024

	Notes	Attributable to owners of Aurizon Network Pty Ltd			Total equity \$m
		Contributed equity \$m	Reserves \$m	Retained earnings \$m	
Balance at 1 July 2024		405.4	(0.6)	428.9	833.7
Profit for the six months		-	-	132.6	132.6
Other comprehensive income		-	(15.2)	-	(15.2)
Total comprehensive income/(expense) for the six months		-	(15.2)	132.6	117.4
Transactions with owners in their capacity as owners:					
Dividends paid	3	-	-	(117.8)	(117.8)
Capital contribution from the parent for share-based payments		0.3	-	-	0.3
Capital distribution to the parent		(228.6)	-	-	(228.6)
		(228.3)	-	(117.8)	(346.1)
Balance at 31 December 2024		177.1	(15.8)	443.7	605.0
Balance at 1 July 2023		404.5	(7.0)	445.7	843.2
Profit for the six months		-	-	139.5	139.5
Other comprehensive income		-	(30.0)	-	(30.0)
Total comprehensive income/(expense) for the six months		-	(30.0)	139.5	109.5
Transactions with owners in their capacity as owners:					
Dividends paid	3	-	-	(114.0)	(114.0)
Capital contributions from the parent for share-based payments		0.3	-	-	0.3
		0.3	-	(114.0)	(113.7)
Balance at 31 December 2023		404.8	(37.0)	471.2	839.0

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

Aurizon Network Pty Ltd
Condensed consolidated statement of cash flows
For the six months ended 31 December 2024

	31 December 2024	31 December 2023
	\$m	\$m
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	823.4	927.2
Payments to suppliers and employees (inclusive of GST)	(343.2)	(368.1)
Interest received	0.7	0.1
Income taxes paid	(67.1)	(41.0)
Net cash inflow from operating activities	413.8	518.2
Cash flows from investing activities		
Payments for property, plant and equipment	(211.2)	(202.1)
Proceeds from sale of property, plant and equipment	0.6	0.3
Payment to related parties under the Intra Group Loan Agreements	-	(56.0)
Net cash outflow from investing activities	(210.6)	(257.8)
Cash flows from financing activities		
Proceeds from external borrowings	944.8	435.0
Repayment of external borrowings	(757.6)	(486.0)
Proceeds from related parties under the Intra Group Loan Agreements	19.5	-
Payment of transaction costs related to borrowings and derivatives	(3.0)	(6.0)
Capital distribution to parent for share based payments	(0.2)	(0.5)
Interest paid	(120.8)	(114.8)
Capital distribution to the parent	(165.4)	-
Principal elements of lease payments	(0.1)	-
Dividends paid to Company's shareholder	(117.8)	(114.0)
Net cash outflow from financing activities	(200.6)	(286.3)
Net decrease in cash and cash equivalents	2.6	(25.9)
Cash and cash equivalents at the beginning of the financial year	5.4	30.2
Effects of exchange rate changes on cash and cash equivalents	0.1	-
Cash and cash equivalents at end of interim reporting period	8.1	4.3

About this report

Corporate information

Aurizon Network Pty Ltd ("the Company") is a for-profit entity for the purpose of preparing this interim financial report and is a company limited by shares, incorporated and domiciled in Australia. The consolidated interim financial report comprises the financial statements for the six months ended 31 December 2024 of the Company and its subsidiaries (collectively referred to as the Group or Aurizon Network). Aurizon Network Pty Ltd is a subsidiary of Aurizon Holdings Limited. Aurizon Holdings Limited and its subsidiary entities are referred to as the Aurizon Group.

This interim financial report:

- has been prepared on the going concern basis of accounting;
- has been prepared in accordance with the requirements of Accounting Standard AASB 134 *Interim Financial Reporting*;
- 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 with all values rounded to the nearest \$100,000 unless otherwise stated, in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*; and
- does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim financial report is to be read in conjunction with the annual report of the Company for the year ended 30 June 2024. The annual financial report for the year ended 30 June 2024 is accessible at www.aurizon.com.au.

Key events and transactions for the reporting period

(a) Debt financing

In September 2024, the Company repaid a Euro (€) denominated Medium-Term Note (referred to as EMTN 1) with a face value of \$710.6 million (€500.0 million) utilising existing bank debt facility capacity.

In November 2024, the Company increased its existing AMTN 7 maturing December 2034 through a private placement of \$100.0 million to a total outstanding of \$120.0 million. Interest rate swaps with a notional amount of \$100.0 million have been executed to swap the fixed rate debt to floating rate debt.

In December 2024, the Company issued a \$300.0 million fixed rate Medium-Term Note (referred to as AMTN 9) under its AMTN programme. AMTN 9 matures in December 2033. Interest rate swaps with a notional amount of \$300.0 million have been executed to swap the fixed rate debt to floating rate debt.

Additionally, the Bilateral Facilities maturing January 2026, January 2027 and January 2028 were refinanced in December 2024. The facilities were refinanced into Bilateral Facilities maturing December 2027 with a total facility limit of \$1,140.0 million, an increase of \$50.0 million on existing capacity. The total capacity of the Bilateral Facilities, including the facilities maturing October 2028, October 2029 and October 2030 is \$1,290.0 million. At balance date, \$740.0 million was drawn under the Bilateral Facilities.

The Company executed an Intra Group Loan Agreement with Iron Horse Insurance Company Pte Ltd (a related party) on 16 July 2024. Under the arrangement, subject to certain conditions, the Company is able to be loaned up to \$150.0 million at floating interest rate over the loan term maturing 16 July 2033. No amounts were loaned at 31 December 2024.

The Company executed an Intra Group Loan Agreement with Aurizon Operations Limited 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 31 December 2024, the Company was loaned \$73.0 million under the Intra Group Loan Agreement.

(b) Comparative period

Key events and transactions affecting the performance of the Group in the comparative period are disclosed within the annual financial report for the year ended 30 June 2024.

Results for the six months

IN THIS SECTION

Results for the six months provides segment information and a breakdown of individual line items in the condensed consolidated income statement that the Directors consider most relevant.

1 Revenue

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1 Revenue

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

	31 December	31 December
	2024	2023
	\$m	\$m
Revenue from continuing operations		
Services revenue		
Track access	708.3	693.8
Other services	11.7	48.4
Other revenue	16.4	16.3
Total revenue from continuing operations	736.4	758.5

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.

2 Trade and other receivables

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2 Trade and other receivables

	31 December 2024 \$m	30 June 2024 \$m
Current		
Trade receivables	138.6	156.9
Other receivables	17.5	15.6
	156.1	172.5

Capital management

IN THIS SECTION

Capital management provides information about the capital management practices of the Group and shareholder returns for the six month period and the Group's fair value disclosure for financial instruments.

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5	Financial instruments	Page 15

3 Dividends

	\$m
Declared and paid during the period	
For the six months ended 31 December 2024	
Final dividend for 2024 (unfranked)	117.8
For the six months ended 31 December 2023	
Final dividend for 2023 (unfranked)	114.0
Proposed and unrecognised at period end	
For the six months ended 31 December 2024	
Interim dividend for 2025 (unfranked)	139.3
For the six months ended 31 December 2023	
Interim dividend for 2024 (unfranked)	140.4

4 Borrowings

	31 December 2024 \$m	30 June 2024 \$m
Current - Unsecured		
Medium-Term Notes	-	798.7
Bank debt facilities	22.0	69.0
Loans from related parties	73.0	53.5
	95.0	921.2
Non-current - Unsecured		
Medium-Term Notes	2,295.6	1,807.8
US Private Placement Notes	306.1	292.4
Syndicated Institutional Term Facility	385.0	385.0
Bank debt facilities	740.0	195.0
Capitalised borrowing costs	(11.9)	(11.5)
	3,714.8	2,668.7
Total borrowings	3,809.8	3,589.9

4 Borrowings (continued)

At reporting date, the Group has a net current liability position of \$202.7 million due to movements in working capital. The Group has sufficient funding capacity through its undrawn facilities to meet working capital liabilities.

The Group's bank debt facilities and US Private Placement Notes (USPP) contain financial covenants. The bank debt facilities, Medium-Term Notes and USPP contain general undertakings including negative pledge clauses which restrict the amount of security that the Group can provide over assets in certain circumstances. The Group has complied with all required covenants and undertakings throughout the reporting period.

The Group may also draw upon funds from related parties pursuant to Intra Group Loan Agreements.

Financing arrangements

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

Refer to key events and transactions for the reporting period for further information on the Group's debt financing activities.

	Maturity	Utilised ¹		Facility limit	
		31 December		31 December	
		2024 \$m	30 June 2024 \$m	2024 \$m	30 June 2024 \$m
Working capital facility	Jun-25	25.5	72.5	75.0	75.0
Bilateral facility ²	Jan-26	-	105.0	-	575.0
Bilateral facility ²	Jan-27	-	40.0	-	310.0
Bilateral facility ²	Jan-28	-	-	-	205.0
Bilateral facility ²	Dec-27	690.0	-	1,140.0	-
Bilateral facility	Oct-28	50.0	50.0	50.0	50.0
Bilateral facility	Oct-29	-	-	50.0	50.0
Bilateral facility	Oct-30	-	-	50.0	50.0
Revolver loan facility	Dec-28	-	-	115.0	115.0
Term loan facility	Dec-28	145.0	145.0	145.0	145.0
Term loan facility	Dec-29	240.0	240.0	240.0	240.0
AMTN 3	Mar-30	82.0	82.0	82.0	82.0
AMTN 4	Sep-30	500.0	500.0	500.0	500.0
AMTN 5	Dec-31	75.0	75.0	75.0	75.0
AMTN 6	Dec-32	80.0	80.0	80.0	80.0
AMTN 7	Dec-34	120.0	20.0	120.0	20.0
AMTN 8	Sep-31	350.0	350.0	350.0	350.0
AMTN 9	Dec-33	300.0	-	300.0	-
EMTN 1	Sep-24	-	710.6	-	710.6
EMTN 2	Jun-26	778.2	778.2	778.2	778.2
EMTN 3	May-34	68.0	68.0	68.0	68.0
USPP	Jun-33	184.4	184.4	184.4	184.4
USPP	Jun-35	122.2	122.2	122.2	122.2
Total Group financing arrangements		3,810.3	3,622.9	4,524.8	4,785.4

¹ Amount utilised includes bank guarantees of \$3.5 million (30 June 2024: \$3.5 million) and excludes capitalised borrowing costs of \$11.9 million (30 June 2024: \$11.5 million), discounts on AMTNs and EMTNs of \$2.6 million (30 June 2024: \$2.9 million) and accumulated fair value adjustments on AMTNs, EMTNs and USPPs of \$55.5 million (30 June 2024: \$68.6 million).

² The Bilateral Facilities maturing January 2026, January 2027 and January 2028 were amended in December 2024. The facilities were combined into Bilateral Facilities maturing December 2027 with a total facility limit of \$1,140.0 million, an increase of \$50.0 million on existing capacity.

5 Financial instruments

(a) Fair values of financial instruments

The carrying amount of cash and cash equivalents and non-interest bearing financial assets and liabilities approximates the fair value amount. The fair value of borrowings carried at amortised cost is \$3,836.2 million (30 June 2024: \$3,562.6 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 5.3% and 8.2% (30 June 2024: 4.8% to 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 exchange contracts are determined as the unrealised gains/(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 fair value of cross-currency interest rate swaps is determined as the net present value of contract cash flows. The future probable exposure method is applied to the estimated future cash flows to reflect the credit risk of the Group and relevant counterparties.

The Group's derivative financial instruments are classified as Level 2 (30 June 2024: Level 2). During the interim reporting period to 31 December 2024, there were no transfers between Level 1, Level 2 or Level 3 in the fair value hierarchy (30 June 2024: nil).

	31 December 2024 \$m	30 June 2024 \$m
Current assets		
Cross-currency interest rate swaps	-	86.9
Non-current assets		
Interest rate swaps	7.9	18.6
Cross-currency interest rate swaps	36.7	-
	44.6	18.6
Total derivative financial instrument assets	44.6	105.5
Non-current liabilities		
Interest rate swaps	117.9	128.0
Cross-currency interest rate swaps	-	45.5
	117.9	173.5
Total derivative financial instrument liabilities	117.9	173.5

Other notes

IN THIS SECTION

Other notes provide 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 of the Group.

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8	Critical accounting estimates and judgements	Page 17

6 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 reporting period (31 December 2023: \$nil). The following transactions occurred and balances are recognised with other entities in the Aurizon Group:

(a) Transactions with related parties

	31 December 2024 \$'000	31 December 2023 \$'000
Trade and other receivables from related parties	42,422	41,345
Trade and other payables to related parties	78,931	20,779
Loans payable to related parties	73,000	-
Loans receivable from related parties	-	56,000
Tax loan payable to the parent entity	50,510	61,507
Access revenue received from related parties	248,701	243,639
Other revenue received from related parties	5,504	5,434
Expenses paid to related parties	44,479	45,432
Interest expense paid to related parties	1,256	398

Expenses paid to other entities within the Aurizon Group include maintenance, facilities charges and general corporate overheads. Details of the terms and conditions of transactions with related parties are disclosed in the annual report for the year ended 30 June 2024.

7 Summary of significant accounting policies

The accounting policies adopted in the preparation of this consolidated interim financial report are consistent with those of the previous financial year except for the adoption of new and amended standards as set out below. These policies have been consistently applied to both periods presented, unless otherwise stated.

(a) New and amended standards adopted by the Group

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period.

8 Critical accounting estimates and judgements

The preparation of the interim financial report 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 and the estimates and assumptions applied are consistent with those disclosed in the annual report for the year ended 30 June 2024.

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.

9	Commitments and contingencies	Page 19
10	Events occurring after the reporting period	Page 19

9 Commitments and contingencies

Issues relating to common law claims, product warranties and regulatory breaches are dealt with as they arise. There have been no material changes in contingent assets or liabilities since 30 June 2024.

At 31 December 2024, the Group has capital commitments contracted but not provided for in respect of the acquisition of property, plant and equipment of \$33.9 million (30 June 2024: \$60.2 million) which are due within one year and \$2.2 million (30 June 2024: \$16.6 million) which are due between one and five years.

10 Events occurring after the reporting period

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

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 interim financial statements and notes set out on pages 2 to 19:
 - (i) comply with Accounting Standard AASB 134 *Interim Financial Reporting*; and
 - (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the six months ended on that date, and
- (b) there are reasonable grounds to believe that Aurizon Network Pty Ltd will be able to pay its debts as and when they become due and payable.

A handwritten signature in black ink, appearing to be 'L. Strambi', written in a cursive style.

L Strambi
Chairman

Brisbane
17 February 2025

Independent Auditor's Review Report to the members of Aurizon Network Pty Ltd

Conclusion

We have reviewed the interim financial report of Aurizon Network Pty Ltd (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated balance sheet as at 31 December 2024, and consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes to the financial statements, including material accounting policy information and other explanatory information, and the declaration of the directors as set out on pages 2 to 20.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial report of the Group does not present fairly, in all material respects, the financial position of the Group as at 31 December 2024, and its financial performance and its cash flows for the half-year ended on that date, in accordance with Accounting Standard AASB 134 *Interim Financial Reporting*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Interim Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors Responsibilities for the Interim Financial Report

The directors of the Company are responsible for the preparation of the interim financial report in accordance with the Accounting Standard AASB 134 *Interim Financial Reporting* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that makes us believe that the interim financial report does not present fairly, in all material respects, the financial position of the Group as at 31 December 2024 and of its financial performance and its cash flows for the half-year ended on that date, in accordance with Accounting Standard AASB 134 *Interim Financial Reporting*.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



DELOITTE TOUCHE TOHMATSU



Matthew Donaldson
Partner
Chartered Accountants

Brisbane, 17 February 2025