

Australia Pacific Airports (Melbourne) Pty. Limited

ACN 076 999 114

Half Year Report - 31 December 2025

Australia Pacific Airports (Melbourne) Pty. Limited

Contents

31 December 2025

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General information

The financial statements reflect Australia Pacific Airports (Melbourne) Pty. Limited as a single entity. The financial statements are presented in Australian dollars, which is Australia Pacific Airports (Melbourne) Pty. Limited's functional and presentation currency.

Australia Pacific Airports (Melbourne) Pty. Limited ACN 076 999 114 is a proprietary company limited by shares, incorporated and domiciled in Australia.

Its registered office and principal place of business is:

Level 2, Terminal 4,
Melbourne Airport VIC 3043
(03) 9297 1600
website: www.melbourneairport.com.au
Email: reception@melair.com.au

A description of the nature of the Company's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 18 February 2026.

Australia Pacific Airports (Melbourne) Pty. Limited
Directors' report
31 December 2025

The Directors of Australia Pacific Airports (Melbourne) Pty. Limited (APAM or the Company) present their report for the Company for the period ended 31 December 2025 (HY26).

Directors

Name	Position	Period of directorship
Lorie Argus	Chief Executive Officer	Appointed 1 July 2022
Jai McDermott	Chief of Ground Transport, Property & Retail	Appointed 30 June 2023
Ruth Martin	Chief Financial Officer	Appointed 2 October 2023

Principal activities

During the financial period, the principal activity of the Company was the ownership and management of Melbourne Airport.

Dividends

No dividend was paid or declared in the financial period (31 December 2024: final dividend of \$53,693,745 at \$0.537 per share).

Review of operations

The past six months delivered a strong period for the Company, with operating profit up 13.1% on the half-year ended 31 December 2024. A total of 19.1 million passengers passed through Melbourne airport, a 4.3% increase on the corresponding period (31 December 2024: 18.3 million).

Melbourne Airport achieved strong passenger growth across the half, culminating in record passenger numbers in December 2025. International passengers through Melbourne Airport totalled 6.3 million for the six months ended 31 December 2025, reflecting a 4.8% increase on the corresponding period (31 December 2024: 6.0 million). This was supported by the addition of new carriers from strategic growth markets including Delta Air Lines, Hong Kong Airlines and Shenzhen Airlines. Future growth was also secured with Finnair set to launch daily flights from October 2026, Australia's first non-stop Maldives flights from May 2026 and Jetstar's new service to Sri Lanka in August 2026. The Company welcomed 12.9 million domestic passengers in the half-year ended 31 December 2025, a 4.0% increase on the corresponding period (31 December 2024: 12.4 million). This reflects strong demand and airlines achieving higher utilisation of available seats.

Melbourne Airport serves as Victoria's gateway to the world and is focused on meeting the growing demand for air travel. The ongoing capital program across the precinct continues to progress to cater for passenger demand, with \$678.0 million capital investment in the period (31 December 2024: \$554.0 million). Notable progress during the period included:

- Melbourne Airports Third Runway - the Company is working through an early contractor involvement phase with two vendors to deliver design and cost proposals for the construction of the project, which will result in improved outcomes for both design and cost;
- T2 Landside and Airside expansion projects - commencement of early planning stages of the projects, a multi-year program involving multiple projects designed to increase capacity across Melbourne Airport's Terminal Two in preparation of the additional capacity released by Melbourne Airport's Third Runway;
- Melbourne Airport Railway - a Memorandum of Understanding was signed between Melbourne Airport and the State and Federal governments, making a commitment to work together to commence delivery of the project;
- T2 NEXT project - continued construction of the project, which will deliver a significant upgrade in international baggage systems, including additional capacity, and ensure compliance with regulatory requirements; and
- Elevated Road and Forecourt development - Stage 2 continued, which will deliver further capacity and safety enhancements to the road network within the Airport precinct.

The 2022 aeronautical services agreements between Melbourne Airport and airlines expired on 30 June 2025, while the terminal facilities agreements expired on 30 June 2025 (Virgin) and 9 November 2025 (Jetstar). Interim arrangements are in place between Melbourne Airport and the airlines until new agreements are finalised.

Financial results:

The Company delivered a strong financial performance for the half-year ended 31 December 2025, with operating profit of \$526.2 million (31 December 2024: \$465.3 million) and a profit after tax of \$185.0 million (31 December 2024: \$137.8 million).

Australia Pacific Airports (Melbourne) Pty. Limited
Directors' report
31 December 2025

Operating Profit (\$m)	Dec-25	Dec-24
Operating profit	526.2	465.3
Revenue (\$m)	Dec-25	Dec-24
Aeronautical	341.1	284.5
Security	81.6	73.9
Retail	100.7	96.4
Ground Transport	129.2	120.2
Property	84.8	75.3
Hotel	19.2	11.6
Outgoings/ recharges	23.2	20.6
Other	1.1	3.5
	780.9	686.0

Revenue increased by 13.8% to \$780.9 million for the six months ended 31 December 2025 (31 December 2024: \$686.0 million). Strong passenger performance supported an uplift in revenue across aeronautical, retail and ground transport. Property revenue increased by 12.7% on the corresponding period, supported by annual rent escalations and new developments. Hotel revenue increased by 65.1% compared to the corresponding period, driven by higher occupancy and improved average room rates as the hotel continued to ramp up operations. The increase in security revenues is attributable to the uplift in passenger volumes.

Operating costs, excluding security passthrough costs, increased by \$26.2 million to \$174.8 million (31 December 2024: \$148.5 million). The uplift is a result of increased technology, cleaning and operational costs aligned to the uplift in passenger volumes, increased hotel operations and maintenance to support the Melbourne Airport Business Park.

The Company's balance sheet remains strong with \$1,719.8 million of liquidity at balance date including undrawn bank facilities of \$1,400.0 million and cash of \$294.1 million. Operating cashflow for HY26 was \$317.6 million (31 December 2024: \$177.3 million). Customer receipts increased significantly due to strong passenger numbers and revenue performance. Payments were lower as the comparative period included a significant lease incentive paid to a tenant (\$126.4 million) to fund the construction of assets on leased land. This was partly offset by higher tax payments of \$73.2 million, driven by an increased tax instalment rate and the comparative period utilising remaining carried forward tax losses.

Investing cash outflows of \$678.0 million for the period reflect the Company's ongoing capital works, with the increase on the comparative period attributable to an uplift in construction activity (31 December 2024: \$554.0 million).

Net financing cash outflows of \$125.7 million reflect net repayment of borrowings of \$120.0 million (31 December 2024: net repayment of \$5.1 million) and debt issue costs of \$5.5 million (31 December 2024: \$3.3 million).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company during the financial period.

Events occurring after balance sheet date

No matter or circumstance has arisen since 31 December 2025 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Future developments

The Company's future developments and operations are included within the Master Plans of Melbourne Airport 2022. The document, published every five years, include setting the strategic direction for the airport, providing plans for development, documenting to the public the intended uses of the sites and development proposals and ensuring compliance with environmental legislation and standards.

Rounding of amounts

The Company is of a kind referred to in Australian Securities & Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 1 April 2016, and in accordance with that instrument all financial information has been rounded to the nearest thousand dollars, unless otherwise indicated.

Australia Pacific Airports (Melbourne) Pty. Limited
Directors' report
31 December 2025

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

On behalf of the Directors



Mrs. Ruth Martin
Director

18 February 2026
Melbourne

Independent Auditor's Review Report to the directors of Australia Pacific Airports (Melbourne) Pty. Limited

Conclusion

We have reviewed the half-year financial report of Australia Pacific Airports (Melbourne) Pty. Limited (the "Company"), which comprises the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 directors as set out on page 7.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying half-year financial report of the Company does not present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the half-year ended on that date, in accordance with 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 Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional and Ethical Standards Board Limited ("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.

Director's Responsibilities for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with the Australian Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the 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 half-year financial report does not present fairly, in all material respects, the financial position of the Company as at 31 December 2025 and its financial performance and its cash flows for the half-year ended on that date, in accordance with AASB 134 *Interim Financial Reporting*.

A review of a half-year 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

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to read 'J Thorne', is positioned above the printed name.

Jason Thorne
Partner
Chartered Accountants
Sydney, 18 February 2026

Australia Pacific Airports (Melbourne) Pty. Limited
Directors' declaration
31 December 2025

In the Directors' opinion:

- (a) the attached financial statements and notes comply with Australian Accounting Standard AASB 134 'Interim Financial Reporting', and other mandatory professional reporting requirements;
- (b) the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2025 and of its performance for the financial period ended on that date; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors

On behalf of the Directors



Mrs. Ruth Martin
Director

18 February 2026
Melbourne

Australia Pacific Airports (Melbourne) Pty. Limited
Statement of profit or loss and other comprehensive income
For the period ended 31 December 2025

		31 December 2025	31 December 2024
	Note	\$'000	\$'000
Revenue			
Aeronautical		341,064	284,452
Security	3	81,624	73,880
Retail		100,759	96,368
Ground Transport		129,170	120,249
Property		84,844	75,273
Hotel		19,188	11,619
Outgoings/recharges		23,222	20,619
Other income		1,058	3,565
Profit on sale of property, plant and equipment		-	18
Total revenue		<u>780,929</u>	<u>686,043</u>
Expenses			
Staff costs		(40,743)	(36,570)
Security	3	(79,930)	(72,191)
Services and utilities		(87,777)	(81,284)
Maintenance costs		(19,437)	(16,433)
Administration and marketing costs		(7,383)	(7,804)
Other costs		(19,430)	(5,457)
Allowance for expected credit losses		-	(1,005)
Total expenses		<u>(254,700)</u>	<u>(220,744)</u>
Operating Profit		526,229	465,299
Change in fair value of investment property		-	(6,962)
Borrowing costs	2	(146,108)	(142,362)
Interest income		14,141	9,346
Depreciation, amortisation and impairment losses	2	<u>(129,991)</u>	<u>(128,449)</u>
Profit before income tax expense		264,271	196,872
Income tax expense	4	<u>(79,272)</u>	<u>(59,058)</u>
Profit after income tax expense for the period		184,999	137,814
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net change in the fair value of cash flow hedges taken to equity, net of tax		<u>77,913</u>	<u>(9,261)</u>
Other comprehensive income/(loss) for the period, net of tax		<u>77,913</u>	<u>(9,261)</u>
Total comprehensive income for the period		<u><u>262,912</u></u>	<u><u>128,553</u></u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Australia Pacific Airports (Melbourne) Pty. Limited
Statement of financial position
As at 31 December 2025

		31 December	30 June
	Note	2025	2025
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents		294,113	780,226
Trade and other receivables	5	100,197	176,269
Derivative financial instruments	13	108,303	-
Accrued revenue	6	119,898	50,700
Other assets	7	9,369	7,699
Total current assets		<u>631,880</u>	<u>1,014,894</u>
Non-current assets			
Property, plant and equipment	8	5,179,373	4,731,498
Investment properties	9	2,990,308	2,866,404
Intangible assets	10	673,425	672,596
Derivative financial instruments	13	198,204	326,606
Accrued revenue	6	268,848	272,047
Other assets	7	5,292	4,934
Total non-current assets		<u>9,315,450</u>	<u>8,874,085</u>
Total assets		<u>9,947,330</u>	<u>9,888,979</u>
Liabilities			
Current liabilities			
Payables	11	288,394	262,296
Borrowings - senior secured	12	698,087	319,571
Income tax payable		16,924	42,057
Employee benefit provisions		25,218	28,455
Lease liabilities		1,287	1,287
Unearned income		8,443	8,701
Total current liabilities		<u>1,038,353</u>	<u>662,367</u>
Non-current liabilities			
Borrowings - senior secured	12	5,255,963	5,858,385
Borrowings - subordinated	12	989,664	988,757
Deferred tax liability	4	840,688	799,311
Employee benefit provisions		2,227	1,897
Derivative financial instruments	13	44,015	64,735
Lease liabilities		1,038	1,285
Unearned income		17,253	17,025
Total non-current liabilities		<u>7,150,848</u>	<u>7,731,395</u>
Total liabilities		<u>8,189,201</u>	<u>8,393,762</u>
Net assets		<u>1,758,129</u>	<u>1,495,217</u>
Equity			
Issued capital		100,000	100,000
Hedging reserves	14	34,578	(43,335)
Retained profits		1,623,551	1,438,552
Total equity		<u>1,758,129</u>	<u>1,495,217</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Australia Pacific Airports (Melbourne) Pty. Limited
Statement of changes in equity
For the period ended 31 December 2025

	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2024	100,000	(11,889)	1,117,776	1,205,887
Profit after income tax expense for the period	-	-	137,814	137,814
Other comprehensive loss for the period, net of tax	-	(9,261)	-	(9,261)
Total comprehensive income/(loss) for the period	-	(9,261)	137,814	128,553
<i>Transactions with owners in their capacity as owners:</i>				
Dividends paid	-	-	(53,694)	(53,694)
Balance at 31 December 2024	<u>100,000</u>	<u>(21,150)</u>	<u>1,201,896</u>	<u>1,280,746</u>
	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2025	100,000	(43,335)	1,438,552	1,495,217
Profit after income tax expense for the period	-	-	184,999	184,999
Other comprehensive income for the period, net of tax	-	77,913	-	77,913
Total comprehensive income for the period	-	77,913	184,999	262,912
Balance at 31 December 2025	<u>100,000</u>	<u>34,578</u>	<u>1,623,551</u>	<u>1,758,129</u>

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

Australia Pacific Airports (Melbourne) Pty. Limited
Statement of cash flows
For the period ended 31 December 2025

		31 December	31 December
	Note	2025	2024
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers		883,976	760,027
Payments to suppliers and employees		(355,992)	(437,471)
Interest received		13,481	9,998
Interest paid		(127,395)	(132,056)
Income tax paid		(96,420)	(23,202)
		<u> </u>	<u> </u>
Net cash from operating activities	16	317,650	177,296
Cash flows from investing activities			
Payments for investment property		(121,022)	(112,164)
Payments for property, plant and equipment		(554,406)	(437,618)
Payments for intangibles		(2,610)	(4,283)
Proceeds from sale of property, plant and equipment		-	18
		<u> </u>	<u> </u>
Net cash used in investing activities		(678,038)	(554,047)
Cash flows from financing activities			
Proceeds from borrowings		-	500,000
Repayment of borrowings		(120,000)	(505,051)
Dividends paid		-	(53,694)
Repayment of lease liabilities		(247)	(275)
Payment for debt issue costs		(5,478)	(3,342)
		<u> </u>	<u> </u>
Net cash used in financing activities		(125,725)	(62,362)
Net decrease in cash and cash equivalents		(486,113)	(439,113)
Cash and cash equivalents at the beginning of the financial period		780,226	581,977
		<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial period		<u>294,113</u>	<u>142,864</u>

The Company paid a significant lease incentive of \$126.4 million to a tenant during the comparative period, which was used to fund the construction of assets on leased land. The assets are not recognised as the Company's assets in accordance with Australian Accounting Standards. Consequently, the payment has been classified as an operating expense in the cash flow statement. This is a one-off transaction in the comparative period that will lead to operating cashflows in the future. Excluding this payment, net cash from operating activities in the comparative period was \$303.7 million.

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

Australia Pacific Airports (Melbourne) Pty. Limited
Notes to the financial statements
31 December 2025

1. Material accounting policy information

The half-year financial report is a special purpose financial report, which has been prepared in accordance with the requirements of AASB 134 *Interim Financial Reporting*.

The half-year financial report does not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the Company's annual financial statements for the year ended 30 June 2025.

Basis of preparation

The half-year financial report has been prepared on the basis of historical cost except for certain non-current assets and financial instruments that are measured at fair value. Historical cost is based on fair value of the consideration given in exchange for assets. All amounts are presented in Australian Dollars unless otherwise stated. The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the financial year ended 30 June 2025.

Comparative amounts

Certain comparative amounts have been reclassified to conform to the current period's presentation resulting from the change of mapping of the general ledger accounts.

Rounding

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Net current liability position

The Company was in a net current liability position of \$406.5 million at 31 December 2025 (30 June 2025: net current asset of \$352.5 million). This is due to \$698.0 million of current borrowings maturing in June 2026, September 2026 and November 2026. The net current liability position as at 31 December 2025 is adequately covered by available liquidity in the form of cash and cash equivalents of \$294.1 million (30 June 2025: \$780.2 million) and total secured undrawn bank facilities of \$1,400.0 million (30 June 2025: \$1,400.0 million).

The Directors continually monitor the Company's financing requirements with reference to the Company's existing debt facilities and available liquidity and its demonstrated access to debt capital markets and are satisfied that the Company will be able to pay its debts as and when they fall due. As a result, the financial statements have been prepared on a going concern basis.

New or amended accounting standards and interpretations adopted

The Company has adopted all new or amended accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. The adoption of these Accounting Standards and interpretations did not have a material impact on the financial performance or position of the Company.

Effective in the 2026 financial year (FY26)

- AASB 2023-5 *Amendments to Australian Accounting Standards – Lack of Exchangeability* (effective for annual periods beginning on or after 1 January 2025). The Company has assessed this amendment and concluded there will be no material impact on the APAC FY26 half-year or year end financial statements.

1. Material accounting policy information (continued)

Sustainability related standards

In September 2024, the Australian Accounting Standards Board (AASB) published two Australian Sustainability Reporting standards:

- *AASB S1 General Requirements for Disclosure of Sustainability-related Financial Information* (AASB S1). This is a voluntary Standard, which would require APAC to disclose information about all sustainability-related risks and opportunities. This standard will not be adopted by APAC in FY26.
- *AASB S2 Climate-related Disclosures* (AASB S2). This Standard, addressing climate-related disclosures is mandatory for the Company and will be adopted in FY26. The Company has commenced preparation for sustainability related disclosures in accordance with the Standard and has considered the potential impacts of sustainability related matters. There are no current significant financial risks to the HY26 Statement of Financial Position.

New or amended accounting standards and interpretations not yet adopted

Effective in the financial periods beyond FY26

The following standards are not expected to have a material impact on the Group's operations or financial statements:

- *AASB 2024-2 Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments* (effective for annual periods beginning on or after 1 January 2026).
- *AASB 2024-3 Amendments to Australian Accounting Standards – Annual Improvements Volume 11* (effective for annual periods beginning on or after 1 January 2026).
- *AASB 2025-1 Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity* (effective for annual periods beginning on or after 1 January 2026).
- *AASB 2025-3 Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity: Tier 2 Disclosures* (effective for annual periods beginning on or after 1 January 2026).

AASB 18 Presentation and Disclosure in Financial Statements (AASB 18) (effective for annual periods beginning on or after 1 January 2027) will replace *AASB 101 Presentation of Financial Statements*. AASB 18 will introduce new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Its impact on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements. Although the adoption of AASB 18 will have no impact on the Company's net profit, management is currently assessing the detailed implications of applying the new standard on the Company's consolidated financial statements.

2. Profit for the period

Profit for the period has been derived after charging the following specific expenses:

	31 December 2025 \$'000	31 December 2024 \$'000
Depreciation of property, plant and equipment	127,703	127,562
Amortisation of intangible asset	1,501	887
Impairment of assets	787	-
Total depreciation and amortisation	<u>129,991</u>	<u>128,449</u>

Australia Pacific Airports (Melbourne) Pty. Limited
Notes to the financial statements
31 December 2025

2. Profit for the period (continued)

Borrowing costs:

Interest:

- Senior secured debt	147,027	154,247
- Subordinated debt	29,265	-
Interest capitalised during the period	(39,345)	(23,493)
Amortisation of deferred borrowing costs	4,938	4,125
Hedge reserve unwind	2,747	6,633
Interest - lease liabilities	397	369
Other finance costs	1,079	481
	<u>146,108</u>	<u>142,362</u>
Total borrowing costs	<u>146,108</u>	<u>142,362</u>

3. Security

	31 December 2025 \$'000	31 December 2024 \$'000
Security revenue	81,624	73,880
Security costs	(79,930)	(72,191)
Security depreciation and other costs	(1,694)	(1,689)
	<u>-</u>	<u>-</u>

Security revenue is a pass-through of security operating costs and a capital recovery on depreciation. It is based on the recognition of actual security costs and depreciation incurred.

4. Income tax

(a) Income tax recognised in profit

	31 December 2025 \$'000	31 December 2024 \$'000
Income tax expense comprises of:		
Current tax expense	71,308	56,405
Deferred tax expense	7,986	2,653
Current tax in respect of prior years	(21)	-
Aggregate income tax expense	<u>79,273</u>	<u>59,058</u>

The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the financial statements as follows:

Profit before income tax expense	264,271	196,872
Tax at the statutory tax rate of 30% (31 December 2024: 30%)	79,281	59,062
Current tax in respect of prior years	(21)	-
Non-deductible expenses	13	(4)
Income tax expense	<u>79,273</u>	<u>59,058</u>

Australia Pacific Airports (Melbourne) Pty. Limited
Notes to the financial statements
31 December 2025

4. Income tax (continued)

(b) Deferred tax balances

Taxable and deductible temporary differences arise from the following:

	Opening balance 1 July 2025 \$'000	Charged to income \$'000	Charged to equity \$'000	Closing balance 31 December 2025 \$'000
31 December 2025				
Gross deferred tax liabilities:				
Property, plant & equipment incl. software	(175,873)	(7,056)	-	(182,929)
Accrued revenue	(59,042)	1,091	-	(57,951)
Investment property	(602,555)	(1)	-	(602,556)
Hedge reserve	-	-	(14,819)	(14,819)
Other	(1,229)	45	-	(1,184)
	<u>(838,699)</u>	<u>(5,921)</u>	<u>(14,819)</u>	<u>(859,439)</u>
Gross deferred tax assets:				
Provisions & accruals	13,119	(4,237)	-	8,882
Unearned income	7,889	(172)	-	7,717
Hedge reserve	18,380	(517)	(18,572)	(709)
Other	-	2,861	-	2,861
	<u>39,388</u>	<u>(2,065)</u>	<u>(18,572)</u>	<u>18,751</u>
Net deferred tax liability	<u>(799,311)</u>	<u>(7,986)</u>	<u>(33,391)</u>	<u>(840,688)</u>
	Opening Balance 1 July 2024 \$'000	Charged to income \$'000	Charged to equity \$'000	Closing balance 31 December 2024 \$'000
31 December 2024				
Gross deferred tax liabilities:				
Property, plant & equipment incl. software	(155,134)	(3,896)	-	(159,030)
Accrued revenue	(60,046)	445	-	(59,601)
Investment property	(552,340)	2,089	-	(550,251)
Other assets	(1,225)	-	-	(1,225)
	<u>(768,745)</u>	<u>(1,362)</u>	<u>-</u>	<u>(770,107)</u>
Gross deferred tax assets:				
Provisions & accruals	10,963	(1,032)	-	9,931
Unearned income	7,453	(230)	-	7,223
Hedge reserve	4,669	(29)	3,969	8,609
	<u>23,085</u>	<u>(1,291)</u>	<u>3,969</u>	<u>25,763</u>
Net deferred tax liability	<u>(745,660)</u>	<u>(2,653)</u>	<u>3,969</u>	<u>(744,344)</u>

Australia Pacific Airports (Melbourne) Pty. Limited
Notes to the financial statements
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5. Trade and other receivables

	31 December 2025 \$'000	30 June 2025 \$'000
<i>Current assets</i>		
Trade and other receivables	100,360	183,940
Less: allowance for expected credit losses	<u>(163)</u>	<u>(7,671)</u>
Total trade and other receivables	<u><u>100,197</u></u>	<u><u>176,269</u></u>

Revenue is invoiced on 30 day terms, with the exception of property, hotel and rental revenue which is invoiced in advance.

Included in the Company's trade receivable balance are debtors with a carrying amount of \$388,002 (30 June 2025: \$521,845) net of allowance for expected credit losses, which were overdue (90 days+) as at the reporting date.

6. Accrued revenue

	31 December 2025 \$'000	30 June 2025 \$'000
<i>Current</i>		
Straight line leases	18,065	17,867
Aviation revenue	63,037	-
Other accrued revenue	38,796	32,110
Accrued rebates	<u>-</u>	<u>723</u>
Total current	<u>119,898</u>	<u>50,700</u>
<i>Non-current</i>		
Straight line leases	<u>268,848</u>	<u>272,047</u>
Total accrued revenue	<u><u>388,746</u></u>	<u><u>322,747</u></u>

Accrued revenue represents amounts the Company is entitled to receive but has not invoiced at reporting date. When the customer is invoiced, the amount is reclassified to trade receivables.

Straight line leases represent accrued revenue arising from straight line recognition of lease income and from the provision of lease incentives as part of lease contracts with customers. Lease incentives are typically provided at the commencement of a lease which effects the timing of cash flows at the start of the lease, whilst rental revenue is recognised on a straight-line basis over the lease term.

Australia Pacific Airports (Melbourne) Pty. Limited
Notes to the financial statements
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7. Other assets

	31 December 2025 \$'000	30 June 2025 \$'000
<i>Current</i>		
Prepayments	8,985	7,633
Other current assets	384	66
Total current	<u>9,369</u>	<u>7,699</u>
<i>Non-current</i>		
Prepayments	<u>5,292</u>	<u>4,934</u>
Total other assets	<u><u>14,661</u></u>	<u><u>12,633</u></u>

8. Property, plant and equipment

	Leasehold land \$'000	Buildings and services \$'000	Roads, runway & other infra- structure \$'000	Plant and equipment \$'000	Assets under construction \$'000	Total \$'000
31 December 2025						
Gross carrying amount						
Balance at 1 July 2025	238,096	2,454,525	1,760,030	1,597,165	1,546,641	7,596,457
Additions	-	-	-	-	575,668	575,668
Impairment	-	-	-	-	(90)	(90)
Transfer of/(from) assets under construction	-	85,573	22,873	63,266	(171,712)	-
Balance at 31 December 2025	<u>238,096</u>	<u>2,540,098</u>	<u>1,782,903</u>	<u>1,660,431</u>	<u>1,950,507</u>	<u>8,172,035</u>
Accumulated depreciation						
Balance at 1 July 2025	(30,086)	(1,090,986)	(591,109)	(1,152,778)	-	(2,864,959)
Depreciation expense	(1,153)	(51,599)	(24,944)	(50,007)	-	(127,703)
Balance at 31 December 2025	<u>(31,239)</u>	<u>(1,142,585)</u>	<u>(616,053)</u>	<u>(1,202,785)</u>	<u>-</u>	<u>(2,992,662)</u>
Net book value at 31 December 2025	<u><u>206,857</u></u>	<u><u>1,397,513</u></u>	<u><u>1,166,850</u></u>	<u><u>457,646</u></u>	<u><u>1,950,507</u></u>	<u><u>5,179,373</u></u>

Australia Pacific Airports (Melbourne) Pty. Limited
Notes to the financial statements
31 December 2025

8. Property, plant and equipment

	Leasehold land \$'000	Buildings and services \$'000	Roads, runways & other infra- structure \$'000	Plant and equipment \$'000	Assets under construction \$'000	Total \$'000
30 June 2025						
Gross carrying amount						
Balance at 1 July 2024	238,096	2,284,127	1,481,863	1,411,091	1,201,159	6,616,336
Additions	-	-	-	-	980,121	980,121
Transfers to/(from) assets under construction	-	170,398	278,167	186,074	(634,639)	-
Balance at 30 June 2025	238,096	2,454,525	1,760,030	1,597,165	1,546,641	7,596,457
Accumulated depreciation						
Balance at 1 July 2024	(27,779)	(986,358)	(541,383)	(1,053,303)	-	(2,608,823)
Depreciation expense	(2,307)	(104,628)	(49,726)	(99,475)	-	(256,136)
Balance at 30 June 2025	(30,086)	(1,090,986)	(591,109)	(1,152,778)	-	(2,864,959)
Net book value at 30 June 2025	208,010	1,363,539	1,168,921	444,387	1,546,641	4,731,498

9. Investment properties

The Company classifies certain areas of the Airport precinct as investment property as they are held for rental income. These areas include Melbourne Airport Business Park, Hotels (excluding the Novotel and ibis Styles hotel), Industrial Buildings and Vacant Land. The Company provides investment properties (along with land and buildings in Note 8) as security for borrowings as disclosed in Note 12.

	31 December 2025 \$'000	30 June 2025 \$'000
Balance at beginning of the period	2,866,404	2,513,098
Additions for the period	124,600	217,696
Impairment of assets under construction	(696)	-
Net gain from fair value adjustments for the period	-	135,610
Balance at end of the period	2,990,308	2,866,404

10. Intangible assets

	Goodwill \$'000	Masterplan \$'000	Software \$'000	Carbon credits \$'000	Total \$'000
31 December 2025					
Net book value					
Balance at 1 July 2025	667,700	968	3,928	-	672,596
Additions	-	-	2,210	120	2,330
Amortisation charge	-	(208)	(1,293)	-	(1,501)
	667,700	760	4,845	120	673,425
Cost	667,700	2,073	40,645	120	710,538
Accumulated amortisation and impairment	-	(1,313)	(35,800)	-	(37,113)
Net book value at 31 December 2025	667,700	760	4,845	120	673,425

Australia Pacific Airports (Melbourne) Pty. Limited
Notes to the financial statements
31 December 2025

10. Intangible assets (continued)

30 June 2025	Goodwill \$'000	Masterplan \$'000	Software \$'000	Total \$'000
Net book value				
Balance at 1 July 2024	667,700	1,383	506	669,589
Additions	-	-	5,091	5,091
Amortisation charge	-	(415)	(1,669)	(2,084)
	<u>667,700</u>	<u>968</u>	<u>3,928</u>	<u>672,596</u>
Cost	667,700	2,074	38,435	708,209
Accumulated amortisation and impairment	-	(1,106)	(34,507)	(35,613)
Net book value at 30 June 2025	<u>667,700</u>	<u>968</u>	<u>3,928</u>	<u>672,596</u>

11. Payables

	31 December 2025 \$'000	30 June 2025 \$'000
Current liabilities		
Trade and other payables (i)	118,353	114,933
Accruals for assets under construction	89,188	71,269
Intercompany payables	<u>42,104</u>	<u>47,295</u>
	<u>249,645</u>	<u>233,497</u>
Interest payable to:		
- Senior secured debt	28,067	26,370
- Subordinated debt	<u>10,682</u>	<u>2,429</u>
	<u>38,749</u>	<u>28,799</u>
	<u>288,394</u>	<u>262,296</u>

(i) The average credit period for purchases and services is 30 days.

12. Borrowings

At the reporting date the Company's debt comprises: bank facilities (syndicated and bilateral); term bank debt; domestic bonds (AMTN); Euro bonds (EMTN); and USD private placement bonds (USPP).

The balances and other details related to the Company's interest bearing liabilities are presented in the tables below.

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12. Borrowings (continued)

Face value

	Drawn \$'000 31 December 2025	Undrawn \$'000 31 December 2025	Drawn \$'000 30 June 2025	Undrawn \$'000 30 June 2025
Drawn and undrawn				
Unsecured bank overdraft	-	21,953	-	22,214
Senior secured term bank debt	1,300,000	-	1,300,000	-
Senior secured bank facilities	-	1,400,000	-	1,400,000
Bank guarantee facilities	-	3,774	-	2,278
	<u>1,300,000</u>	<u>1,425,727</u>	<u>1,300,000</u>	<u>1,424,492</u>
Senior secured capital markets debt	4,481,633	-	4,601,633	-
Subordinated capital markets debt	1,000,000	-	1,000,000	-
Total borrowings	<u>6,781,633</u>	<u>1,425,727</u>	<u>6,901,633</u>	<u>1,424,492</u>

Type	Maturity	Currency	Principal Drawn Original Currency '000	Face Value (AUD) (i) \$'000	Carrying Amount (ii) 31 December 2025 \$'000	30 June 2025 \$'000
Capital Markets Debt						
AMTN	11-Nov-25	AUD	120,000	-	-	120,000
USPP	15-Sep-26	USD	200,000	191,077	298,820	305,344
AMTN	4-Nov-26	AUD	200,000	200,000	200,000	200,000
USPP (\$A)	15-Jan-28	AUD	50,000	50,000	50,000	50,000
AMTN (iii)	16-Sep-30	AUD	450,000	450,000	450,000	450,000
EMTN	27-Sep-30	NOK	1,500,000	242,994	222,905	226,235
AMTN	25-Nov-31	AUD	700,000	700,000	700,000	700,000
USPP (iv)	4-Dec-31	USD	105,000	151,844	156,880	160,305
AMTN (iii)	16-Sep-32	AUD	550,000	550,000	550,000	550,000
AMTN (iv)	1-Nov-32	AUD	500,000	500,000	500,000	500,000
EMTN (iv)	24-May-33	EUR	500,000	812,799	876,578	895,095
EMTN (iv)	07-Jun-34	EUR	650,000	1,081,075	1,139,551	1,163,623
USPP	4-Dec-34	USD	105,000	151,844	156,880	160,305
USPP (\$A)	4-Dec-39	AUD	150,000	150,000	150,000	150,000
USPP (\$A)	4-Dec-44	AUD	250,000	250,000	250,000	250,000
Total Capital Market Debt				<u>5,481,633</u>	<u>5,701,614</u>	<u>5,880,907</u>
Bank Debt						
Term Bank Debt	16-Jun-26	AUD		200,000	200,000	200,000
Term Bank Debt	13-Sep-27	AUD		292,000	292,000	292,000
Term Bank Debt	16-Jun-29	AUD		300,000	300,000	300,000
Term Bank Debt	13-Sep-29	AUD		508,000	508,000	508,000
Total Bank Debt				<u>1,300,000</u>	<u>1,300,000</u>	<u>1,300,000</u>
Total borrowings				<u>6,781,633</u>	<u>7,001,614</u>	<u>7,180,907</u>
Fair value hedge accounting adjustments (iii)					(10,108)	38,446
Deferred upfront borrowing costs (v)					<u>(47,792)</u>	<u>(52,640)</u>
Total net borrowings				<u>6,781,633</u>	<u>6,943,714</u>	<u>7,166,713</u>

Australia Pacific Airports (Melbourne) Pty. Limited
Notes to the financial statements
31 December 2025

12. Borrowings (continued)

	31 December 2025 \$'000	30 June 2025 \$'000
Carrying amount		
Current - senior secured	698,087	319,571
Non-current - senior secured	5,255,963	5,858,385
Non-current - subordinated	989,664	988,757
Total net borrowings	<u>6,943,714</u>	<u>7,166,713</u>

All the above borrowings, other than the AMTN maturing in September 2030 and September 2032, are secured by fixed and floating charges over the Company's assets.

(i) Face values of foreign debt shown reflects the AUD value of the hedged principal amount at inception of the debt.

(ii) Carrying amounts of foreign debt reflect revalued debt in AUD at spot rates as at 31 December 2025 and 30 June 2025, as applicable.

(iii) Subordinated AMTN were issued with face values of \$450.0 million and \$550.0 million on 16 June 2025. Although both issuances have a final maturity date of 16 June 2055, maturity is presented based on the initial call dates of 16 September 2030 and 16 September 2032, respectively.

(iv) Individual borrowing carrying amounts exclude fair value hedge accounting adjustments. Debt hedged with a floating pay leg are subject to fair value hedge accounting being the EMTN maturing in 2033 and 2034, USPP maturing in 2031 and AMTN maturing in 2032. The cumulative amount of fair value hedge adjustments at 31 December 2025 was (\$10.1) million attributable to each borrowing as follows: EMTN maturing 2033 – \$7.7 million, EMTN maturing 2034 – \$1.6 million, USPP maturing 2031 – (\$14.7) million and AMTN maturing 2032 – (\$4.7) million.

(v) At 31 December 2025, deferred upfront borrowing costs attributable to subordinated debt (AMTN maturing September 2030 and September 2032) was \$10.3 million. All other deferred upfront borrowing costs relates to senior secured debt.

13. Derivative financial instruments

The net derivative position (before application of hedge accounting) at reporting date is presented below:

	Current 31 December 2025 \$'000	Non-current 31 December 2025 \$'000	Total 31 December 2025 \$'000	Current 30 June 2025 \$'000	Non-current 30 June 2025 \$'000	Total 30 June 2025 \$'000
Assets						
Cross currency swaps	105,525	139,359	244,884	-	305,197	305,197
Interest rate swaps	2,778	58,845	61,623	-	21,409	21,409
	<u>108,303</u>	<u>198,204</u>	<u>306,507</u>	<u>-</u>	<u>326,606</u>	<u>326,606</u>
Liabilities						
Cross currency swaps	-	(38,648)	(38,648)	-	(37,929)	(37,929)
Interest rate swaps	-	(5,367)	(5,367)	-	(26,806)	(26,806)
	<u>-</u>	<u>(44,015)</u>	<u>(44,015)</u>	<u>-</u>	<u>(64,735)</u>	<u>(64,735)</u>
Net derivative position assets	<u>108,303</u>	<u>154,189</u>	<u>262,492</u>	<u>-</u>	<u>261,871</u>	<u>261,871</u>

Australia Pacific Airports (Melbourne) Pty. Limited
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14. Hedging reserves

	31 December 2025 \$'000	30 June 2025 \$'000
Consolidated		
Opening balance	43,335	11,889
(Gain) / loss on amortisation / unwind of deferred restructuring impact	(4,469)	(11,127)
(Gain) / loss on hedge ineffectiveness	1,722	(941)
(Gain) / loss on amortisation of swaption premium	(90)	(330)
(Gain) / loss on interest rate swap and swaption fair value movement	(61,652)	34,659
(Gain) / loss on cross currency interest rate swap movements	1,739	(40,629)
(Gain) / loss on fair value adjustment to debt	(48,554)	63,291
(Gain) / loss on income tax related to amounts above	33,391	(13,477)
	<u>33,391</u>	<u>(13,477)</u>
Closing balance	<u>(34,578)</u>	<u>43,335</u>

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in profit or loss at expiry or termination of the hedge transaction.

15. Commitments

	31 December 2025 \$'000	30 June 2025 \$'000
Capital expenditure commitments		
No longer than 1 year	559,230	688,316
Longer than 1 year but no longer than 5 years	92,312	59,549
	<u>92,312</u>	<u>59,549</u>
Total Property, plant and equipment commitments	<u>651,542</u>	<u>747,865</u>

Other commitments

The Company entered into a long-term power purchase agreement in FY24 to support its sustainability objectives. Under the agreement, the Company is required to purchase a fixed volume of renewable energy at predetermined prices. As of 31 December 2025, the Company has committed to purchasing 80,000 MWhrs of renewable energy annually through these agreements, with the flexibility of +/- 20%.

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16. Notes to the Statement of Cash Flows

Reconciliation of profit after related income tax to net cash flows from operating activities

	31 December 2025 \$'000	31 December 2024 \$'000
Profit after income tax expense for the period	184,999	137,814
Adjustments for:		
Impairment of property, plant and equipment	787	-
Net gain on disposal of non-current assets	-	(18)
Amortisation of deferred borrowing costs	4,938	4,125
Hedge reserve unwind	2,747	6,633
Depreciation and amortisation of non-current assets	129,199	128,449
Change in fair value of investment properties	-	6,962
Borrowing fees classified as financing costs	1,079	481
Change in operating assets and liabilities:		
Decrease in trade and other receivables	72,476	3,716
Increase in other current assets	(666)	(3,827)
Increase/(decrease) in other non-current assets	(358)	1,791
Increase in accrued revenue	(66,721)	(7,097)
Decrease in trade payables	(696)	(130,819)
Increase/(decrease) in interest payables	9,950	(933)
Decrease in employee provisions	(2,907)	(4,428)
Decrease in unearned revenue	(30)	(1,409)
Increase/(decrease) in tax payable	(25,133)	33,203
Increase in deferred tax liability	7,986	2,653
Net cash from operating activities	<u>317,650</u>	<u>177,296</u>

17. Events after the reporting period

No matter or circumstance has arisen since 31 December 2025 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.