

29 August 2025

Singapore Exchange Securities Trading Limited
4 Shenton Way
#02-01, SGX Centre 2
Singapore 068807
Republic of Singapore

Dear Sir/Madam

EMTN Programme

Issuer: Pacific National Finance Pty Ltd (formerly Asciano Finance Limited)

Securities: ASCIANO FINUS\$400M4.75%N280322

Attached is the Financial Report for the year ended 30 June 2025 for Pacific National Holdings Pty Ltd (formerly Asciano Limited), the parent entity of Pacific National Finance Pty Ltd.

Yours faithfully



Andrew Beck
Chief Legal Officer and Company Secretary
Pacific National

PACIFIC NATIONAL HOLDINGS PTY LTD
ABN 26 123 652 862

FINANCIAL REPORT
For the year ended 30 June 2025

Pacific National comprises of Pacific National Holdings Pty Ltd and its controlled entities

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The Directors present their report, together with the financial report of Pacific National Holdings Pty Ltd ("the Company" or "Parent") and its controlled entities (collectively referred to as "Pacific National" or "the Group"), for the year ended 30 June 2025.

1. Directors

The Directors of Pacific National Holdings Pty Ltd at any time during or since the end of the financial year were as follows:

Catherine Livingstone AC

Brett Grehan (appointed 21 November 2024)

Paul Bernath

Colin Mugglestone

Deborah O'Toole

Russell Smith

Robert Stewart

Gordon Trafton II

Jerry Divoky

Nicholas Buddicom

Hugh Willis (alternate director)

Paul Scurrah (resigned 21 November 2024)

2. Principal activities

The principal continuing activities of the Company during the course of the financial year were the management of rail assets and associated operations and services.

3. Operating and financial review

Overview

Pacific National's vision is to be Australia's most trusted and respected logistics partner.

Pacific National's priorities and strategic pillars are:

- Safety - Safely every day,
- Service - Delivering superior value for our customers,
- Productivity - Driving efficiency and get our assets working,
- Profitable growth - Winning in a competitive market, and
- People and Community - Inspiring our people and investing in our future.

Significant changes in the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of Pacific National that occurred during the financial year under review.

Financing

Pacific National's funding consists of a mix of syndicated revolving bank debt facilities, syndicated term loan facilities, Australian dollar denominated senior bonds, a US dollar denominated senior bond (swapped to Australian dollars), Australian dollar denominated subordinated notes, and a bank guarantee facility. Pacific National's loans and bonds mature in the period between July 2026 and December 2054.

On 28 November 2024, Pacific National refinanced two of its three syndicated revolving bank debt facilities. Two existing tranches of \$200.0 million and \$500.0 million were refinanced into three new tranches of \$350.0 million, \$250.0 million and \$250.0 million with maturity dates of 28 November 2027, 28 November 2028 and 28 November 2029, respectively.

On 11 December 2024, Pacific National issued \$500.0 million of subordinated notes, split evenly across \$250.0 million fixed rate and \$250.0 million floating rate tranches. The subordinated notes have a maturity date of 11 December 2054, and a first call date of 11 December 2029.

On 19 May 2025, Pacific National repaid a maturing \$350.0 million Australian dollar denominated senior bond, using available cash and undrawn revolving bank debt facilities.

3. Operating and financial review (continued)

At 30 June 2025 Pacific National had total committed bank credit facilities of \$1,815.0 million (30 June 2024: \$1,665.0 million), which included \$1,250.0 million of revolving bank debt facilities, \$500.0 million of term loan facilities, a \$9.3 million related party loan and a \$65.0 million bank guarantee facility (30 June 2024: \$1,100.0 million, \$500.0 million and \$65.0 million respectively). Of the total committed credit facilities, \$850.0 million of the bank debt facilities were drawn and \$50.8 million relating to bank guarantees were utilised at 30 June 2025 (30 June 2024: \$930.0 million and \$40.5 million respectively), leaving undrawn credit facilities at 30 June 2025 of \$914.2 million (30 June 2024: \$694.5 million).

An unsecured intercompany revolving loan of \$9.3 million was provided by Pacific National Insurance Pte Ltd. to the Company in November 2020. Both entities are 100% owned subsidiaries of Australian Logistics Acquisition Investments Pty Limited ("ALAI"). The loan is interest bearing and the Company pays the interest every quarter. The loan is repayable on demand and is not subject to covenants requirements.

Review and results of operations

Pacific National reported a decrease in earnings before interest, taxes, depreciation, and amortisation ("EBITDA") to \$571.3 million (2024: \$587.7 million).

The reported EBITDA for the current reporting period included write-off of project related costs aggregating to \$40.7 million, restructure costs of \$16.7 million and gain on sale of St Mary's assets.

A reconciliation of the reported EBITDA to underlying EBITDA for the various components of material items is provided in the table below:

	2025 \$M	2024 \$M
Statutory EBITDA attributable to the owners of Pacific National Holdings Pty Ltd	571.3	587.7
Project costs written off	40.7	—
Pacific National restructure	16.7	—
Gain on sale of St Mary's assets	(50.2)	—
Total material items before tax	7.2	—
Underlying EBITDA attributable to the owners of Pacific National Holdings Pty Ltd	578.5	587.7

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to discharge its liabilities including the mandatory repayment terms of the banking facilities as disclosed in Note 4.3.1.

4. Dividends

No dividends were declared or paid by the Company for the current reporting period ended 30 June 2025 (30 June 2024: \$nil). Pacific National made a \$28.2 million return of capital to shareholder during the current reporting period (30 June 2024: \$35.2 million).

5. Business strategies, prospects and likely developments

The operating and financial review sets out information on the business strategies and prospects for future financial years and refers to likely developments in Pacific National's operations and the expected results of those operations in future financial years. Information is provided to enable stakeholders to make an informed assessment about the business strategies and prospects for future financial years of the Group. Information that could give rise to likely material detriment to Pacific National, for example, information that is commercially sensitive, confidential or could give a third party a commercial advantage has not been included.

6. Events subsequent to the reporting date

There has not arisen in the period between 30 June 2025 and the date of this report another item, transaction or event of a material and unusual nature, which in the opinion of the Board, is likely to affect significantly the operations of Pacific National, the results of those operations, or the state of affairs of Pacific National as reported in these accounts.

7. Indemnification and insurance of officers and auditors

Indemnification

Subject to the following, no indemnity was given or insurance premium paid during or since the end of the financial year for a person who is or has been an officer or auditor of the Company.

The Company's Constitution provides that a person who is or has been a Director or Secretary of the Company may be indemnified by the Company against any liability incurred by the person in that capacity in or arising out of the conduct of the business of the Company or a wholly owned subsidiary (as the case may be) or in or arising out of the discharge of their duties as a Director or Secretary. The indemnity does not apply to the extent that the Company is forbidden by statute to indemnify the person or the indemnity would, if given, be made void by statute.

The Company has paid premiums for directors' and officers' liability insurance in respect of Directors, Secretaries and Executive Officers of the Pacific National Group as permitted by the Corporations Act 2001. The terms of the insurance policy prohibit disclosure of details of the nature of the liabilities covered by that insurance policy.

In addition, each Director has entered into a Deed of Indemnity and Access which provides for indemnity against liability as a Director, except to the extent of indemnity under an insurance policy or where prohibited by statute. The deed also entitles the Director to access Company documents and records, subject to undertakings as to confidentiality.

To the extent permitted by law, the Company has agreed to indemnify its auditors, KPMG, as part of its standard terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount).

No payment with respect to such indemnity has been made to KPMG during the financial year and/or to the date of this report.

Insurance premium

During the financial year, the Company, its subsidiaries and parent entities paid premiums of \$307,476 in respect of directors' and officers' liability and legal expenses insurance contracts for the year ended 30 June 2025 (2024: \$341,663). Such insurance contracts insure against certain liability (subject to specific exclusions) for persons who are or have been directors or executive officers of the Company.

The Directors have not included details of the nature of the liabilities covered in respect of the directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

8. Environmental regulation

The Group's operations are subject to environmental protection regulations under both Commonwealth and State legislation. Pacific National is committed to meeting its regulatory obligations and conducting business activities in a way that minimises adverse environmental impacts and delivers continual improvement in environmental performance. To achieve this, Pacific National will:

- monitor and comply, at a minimum, with all applicable legal and other requirements and conduct activities in accordance with relevant industry codes and standards;
- systematically identify and proactively manage environmental risks to reduce the potential for harm to people, property, community or the environment;
- incorporate environmental considerations into decision-making and procurement processes;
- communicate openly and work with our stakeholders, including community, regulators, customers and others to identify areas for improvement and improve performance;
- set and review internal environmental objectives, and implement programs to achieve these;
- measure and report on our environmental performance to our internal and relevant external stakeholders; and
- implement verification processes to ensure compliance and to drive continuous improvement of our environmental performance.

The Board is not aware of any significant breaches during the period covered by this report.

9. Rounding of amounts

Pacific National Holdings Pty Ltd is an entity of a kind referred to in Australian Securities and Investments Commission ("ASIC") Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. In accordance with that Instrument, amounts in the Directors' Report and the financial statements have been rounded to the nearest one hundred thousand dollars unless otherwise stated.

Signed pursuant to a resolution of the Directors.

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

Brett Grehan
Chief Executive Officer
28 August 2025



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Pacific National Holdings Pty Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Pacific National Holdings Pty Ltd for the financial year ended 30 June 2025 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink that reads 'KPMG'.

KPMG

A handwritten signature in blue ink that appears to read 'Paul Thomas'.

Paul Thomas

Partner

Sydney

28 August 2025

Consolidated Statement of Profit or Loss

For the year ended 30 June 2025

	Note	2025 \$M	2024 \$M
Revenue from services rendered	2.1	2,089.4	2,261.5
Other income	2.1	88.4	37.4
Operating expenses excluding depreciation and amortisation:			
Employee benefits		(668.1)	(678.0)
Rail access		(346.8)	(369.9)
Fuel, oil and power		(270.8)	(342.5)
Repairs and maintenance		(150.9)	(153.8)
Lease and hire		(5.7)	(7.7)
Insurance		(21.5)	(25.0)
Other		(142.7)	(134.3)
Profit before depreciation, amortisation, net finance costs and tax		571.3	587.7
Depreciation		(379.0)	(395.2)
Amortisation		(22.0)	(15.4)
Profit before net finance costs and tax		170.3	177.1
Interest income	4.6	2.3	3.8
Interest expense	4.6	(177.2)	(168.1)
Other financing expenses		(14.2)	(12.5)
Credit value adjustment and fair value movements of undesignated derivatives		0.1	(0.1)
Finance expense	4.6	(191.3)	(180.7)
Net finance expense		(189.0)	(176.9)
(Loss)/profit before tax		(18.7)	0.2
Tax expense	2.2	(25.3)	(0.3)
Loss after tax		(44.0)	(0.1)
Attributable to:			
Owners of Pacific National Holdings Pty Ltd	4.10	(44.0)	(0.1)
		(44.0)	(0.1)

The above Consolidated Statement of Profit or Loss should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2025

	Note	2025 \$M	2024 \$M
Loss after tax		(44.0)	(0.1)
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss:			
Defined benefit superannuation funds actuarial losses	6.1	(1.6)	(1.7)
Income tax benefit on items that will not be reclassified to profit or loss	6.1	0.5	0.5
Total items that will not be reclassified to profit or loss net of tax		(1.1)	(1.2)
Items that may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedge	4.6	(25.6)	(0.3)
Income tax benefit on items that may be reclassified subsequently to profit or loss	4.6	7.6	0.1
Total items that may be reclassified subsequently to profit or loss net of tax		(18.0)	(0.2)
Other comprehensive loss net of tax		(19.1)	(1.4)
Total comprehensive loss attributable to owners of Pacific National Holdings Pty Ltd		(63.1)	(1.5)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2025

	Note	2025 \$M	2024 \$M
Current assets			
Cash and cash equivalents	4.2	201.1	48.7
Trade and other receivables	4.2	241.4	300.3
Contract assets	4.2	23.6	22.7
Prepayments and other assets		17.9	13.1
Inventories	3.5	25.9	23.6
Derivative financial assets	4.4	5.4	10.5
Intangible assets	3.4	2.4	5.4
Total current assets		517.7	424.3
Non-current assets			
Property, plant and equipment	3.1	2,850.8	2,974.9
Lease assets	3.2	285.9	191.7
Intangible assets	3.4	999.0	987.5
Contract assets	4.2	100.6	99.6
Prepayment and other assets		0.1	0.1
Employee benefits	6.1	1.1	1.4
Derivative financial assets	4.4	95.9	91.4
Total non-current assets		4,333.4	4,346.6
Total assets		4,851.1	4,770.9
Current liabilities			
Trade payables	4.3	70.9	94.0
Other payables and accrued expenses	4.3	195.6	214.8
Provisions	2.3	29.3	26.1
Employee benefits	6.1	99.8	105.0
Lease liabilities	3.2	29.1	25.1
Loans and borrowings	4.3	9.3	349.6
Derivative financial liabilities	4.4	10.2	6.9
Total current liabilities		444.2	821.5
Non-current liabilities			
Other payables and accrued expenses	4.3	201.7	180.4
Provisions	2.3	26.9	19.3
Employee benefits	6.1	13.0	13.2
Lease Liabilities	3.2	279.8	191.0
Loans and borrowings	4.3	3,138.6	2,715.6
Derivative financial liabilities	4.4	13.8	–
Net deferred tax liabilities	2.2	69.0	73.9
Total non-current liabilities		3,742.8	3,193.4
Total liabilities		4,187.0	4,014.9
Net assets		664.1	756.0
Equity			
Contributed equity	4.9	4,201.3	4,229.5
Reserves	4.8	(4,949.4)	(4,930.8)
Retained earnings	4.10	1,412.2	1,457.3
Total equity		664.1	756.0

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2025

\$M	Contributed equity	Reserves	Retained earnings	Total
Balance at 1 July 2023	4,264.7	(4,930.6)	1,458.6	792.7
Loss after tax	–	–	(0.1)	(0.1)
Other comprehensive income:				
Net movement in cash flow hedge reserve	–	(0.3)	–	(0.3)
Defined benefit superannuation funds actuarial losses	–	–	(1.7)	(1.7)
Income tax benefit on OCI	–	0.1	0.5	0.6
Total comprehensive loss	–	(0.2)	(1.3)	(1.5)
Transactions with owners in their capacity as owners:				
Return of capital ¹	(35.2)	–	–	(35.2)
	(35.2)	–	–	(35.2)
Balance at 30 June 2024 and 1 July 2024	4,229.5	(4,930.8)	1,457.3	756.0
Loss after tax	–	–	(44.0)	(44.0)
Other comprehensive income:				
Net movement in cash flow hedge reserve	–	(25.6)	–	(25.6)
Defined benefit superannuation funds actuarial losses	–	–	(1.6)	(1.6)
Income tax benefit on OCI	–	7.6	0.5	8.1
Total comprehensive loss	–	(18.0)	(45.1)	(63.1)
Transactions with owners in their capacity as owners:				
Return of capital ¹	(28.2)	–	–	(28.2)
Disposal of subsidiary	–	(0.6)	–	(0.6)
	(28.2)	(0.6)	–	(28.8)
Balance at 30 June 2025	4,201.3	(4,949.4)	1,412.2	664.1

1. Pacific National made a \$28.2m return of capital, including \$9m non-cash distribution, to shareholder during the current reporting period (2024: \$35.2m return of capital, including \$0.7m non-cash distribution).

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2025

	Note	2025 \$M	2024 \$M
Operating cash flows			
Receipts from customers		2,522.6	2,621.3
Payments to suppliers and employees		(1,962.8)	(2,057.0)
Interest and other costs of finance paid		(171.2)	(181.6)
Interest received		2.2	3.7
Net operating cash inflows	2.4	390.8	386.4
Investing cash flows			
Payments for property, plant and equipment and intangible assets		(386.1)	(340.7)
Proceeds from sale of property, plant and equipment and intangible assets		143.1	8.0
Loan to related parties		(3.9)	(1.9)
Net investing cash outflows		(246.9)	(334.6)
Financing cash flows			
Proceed from term loans	2.5	–	500.0
Proceeds from issue of Subordinated Notes, net of discount	2.5	499.6	–
Drawdown of borrowings	2.5	1,180.0	640.0
Repayments of borrowings	2.5	(1,260.0)	(620.0)
Repayment of GBP bond	2.5	–	(514.0)
Repayment of AUD bond	2.5	(350.0)	–
Transaction costs on debt issuance		(9.5)	–
Payment of finance lease liabilities		(32.4)	(34.8)
Return of capital		(19.2)	(34.5)
Net financing cash inflows/(outflows)		8.5	(63.3)
Net increase/(decrease) in cash and cash equivalents		152.4	(11.5)
Cash and cash equivalents at the beginning of the year		48.7	60.2
Cash and cash equivalents at the end of the year	4.2	201.1	48.7

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1 How we have prepared this report

This section describes the key accounting principles and policies that we have adopted in preparing the financial statements for the Group as a whole. Accounting policies specific to individual elements of the financial statements have been moved to the relevant section of the report where that element is disclosed. This section also analyses the impact of any newly endorsed accounting standards which will be effective for Pacific National in future years.

Reporting entity

Pacific National Holdings Pty Ltd ("Parent" or "the Company") is a for profit entity domiciled in Australia. The Company is primarily involved in the management of rail assets and associated operations and services. This general purpose financial report ("report") comprises the consolidated financial statements of the Company and its controlled entities (collectively referred to as "Pacific National" or "the Group"). The consolidated financial report was authorised for issue by the Board of Directors on 28 August 2025.

Basis of preparation

This report has been prepared in accordance with Australian Accounting Standards, including the Australian Accounting Interpretations adopted by the Australian Accounting Standards Board ("AASB"), and the *Corporations Act 2001*. The consolidated financial statements of the Company comply with the International Financial Reporting Standards ("IFRS") and the interpretations adopted by the International Accounting Standards Board.

Historical cost convention

The report has been prepared under the historical cost basis except for:

- derivative financial assets and liabilities which are measured at fair value in accordance with AASB 9 Financial Instruments: Recognition and Measurement; and
- a liability or asset in respect of defined benefit superannuation funds which is measured as the present value of the defined benefit obligation less the fair value of the superannuation fund's assets and any unrecognised past service cost in accordance with AASB 119 *Employee Benefits*.

Functional currency

The functional and presentation currency of the report is Australian dollars, which is the functional currency of the Company, and all amounts have been rounded off in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 to the nearest one hundred thousand dollars unless otherwise stated.

Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to discharge its liabilities including the mandatory repayment terms of the banking facilities as disclosed in Note 4.3.1.

Risk management

The Group continues to apply its risk management framework across the business. Non-financial risks emerging from counterparties, clients and suppliers are being identified, assessed, managed and governed through timely application of the Group's risk management framework. Refer to note 4.1.

Material accounting policies

The material accounting policies that have been adopted and that relate to the financial statements as a whole are set out below along with a summary of the impact of newly adopted accounting standards, amendments and interpretations, those that have not yet been adopted, and their expected impact on the reported results of the Group. A description of accounting policies specific to individual areas (e.g. revenue) have been included within the relevant note to the financial statements.

Foreign currency transactions

Transactions in foreign currencies are translated into the Company's functional currency at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the respective entity's functional currency at the exchange rate at that date. Foreign exchange differences arising on translation are recognised in the statement of profit or loss or the statement of comprehensive income where appropriate.

New accounting standards and interpretations

A number of new or amended standards became applicable for the current reporting period. The Group has adopted AASB 2022-6 *Amendments to Australian Accounting Standards – Non current Liabilities with Covenants* from 1 July 2024. Although the amendments did not result in any changes to accounting policies themselves, they impacted disclosures in the financial statements.

The amendments clarify certain requirements for determining whether a liability is classified as current or non-current and introduce new disclosures for non-current loan liabilities that are subject to covenants within 12 months after the end of the reporting period. See Note 4.3.4 for disclosures about the Group's non-current loans that are subject to covenants.

1. How we have prepared this report (continued)

Other accounting standards and interpretations

Other new and amended standards and interpretations issued and effective as the reporting date do not impact the Group's financial statements.

New accounting standards and interpretations not yet adopted

A number of new accounting standards and interpretations have been published that are not mandatory for 30 June 2025 reporting periods and have not been early adopted by the Group.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- AASB 2023-5 Amendments to Australian Accounting Standards – Lack of Exchangeability
- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- AASN 2024-2 Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments
- AASB 2024-3 Amendments to Australian Accounting Standards – Annual Improvements Volume II
- AASB 18 Presentation and Disclosure in Financial Statements

Australian sustainability reporting framework

The first Australian Sustainability Reporting Standards (ASRS) have been approved by the Australian Accounting Standards Board (AASB). They comprise:

- AASB S1 General Requirements for Disclosure of Sustainability-related Financial Information – a voluntary standard
- AASB S2 Climate-related Disclosures – a mandatory standard.

AASB S1 and AASB S2 are effective for annual reporting periods beginning 1 January 2025. AASB S2 requires an entity to disclose information under the four pillars of governance, strategy, risk management and metrics and targets.

Critical accounting estimates and judgements

In the preparation of this report, the Group was required to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis, and where necessary, revisions are recognised in the period in which the estimate is revised.

Significant areas of estimation and critical judgements include impairment, depreciation, taxation, Original Equipment Manufacturers ("OEM") locomotives management fee, provisions for employee entitlements and other obligations. Further details of the nature of these assumptions and conditions are found in the relevant note.

Presentation of the financial statements and notes to the financial statements

Notes have been grouped under seven key headings:

- How we have prepared this report
- How we have performed this year
- Our business platform
- How we fund the business and manage risks
- How we structure the business
- How we remunerate our employees
- Other

Each section sets out the accounting policies applied in producing these notes together with any key judgements and estimates used. The purpose is to provide readers with a clear understanding of what drives financial performance and position of the Group.

2. How we have performed this year

This section focuses on the operating results and financial performance of the Group. This section includes disclosures relative to revenue from services rendered and other income, taxes, and provisions including the relevant accounting policies adopted in each area.

2.1 Revenue from services rendered and other income

Accounting policy

Revenue recognition is not considered to be a critical area of judgement and estimate for the Group.

Rendering of services

The principal continuing activities of the Group are the management of rail assets and associated operations and services. These services are sold on their own in contracts with customers. Rail haulage revenue is recognised when control of the promised service is transferred to the customer, generally considered to be when freight arrives at its intended destination.

Other revenue is recognised upon provision of services such as maintenance and terminal services. The maintenance and terminal services are satisfied over time given the customer simultaneously receives and consumes the benefits provided by the Group. Thus, revenue for these service contracts is recognised over time rather than at a point in time.

The transaction price is allocated to each performance obligation based on the relative stand-alone selling prices of the services provided to customers. The Group's services are generally considered interdependent and therefore the accounting for these transactions will be on the basis that each contract has one performance obligation.

Variable consideration – growth/volume rebates

The majority of contracts with customers provide for growth/volume rebates. The Group recognises revenue from rendering the services at the fair value of the consideration received or receivable net of growth/volume rebates.

Contract balances

The contract assets primarily represent revenue incentives provided to customers and arise from rate reductions and upfront payments provided to customers which are amortised over the course of the customer contract period. These amounts are not subsequently invoiced and are not exposed to credit risk.

The contract assets also relate to the Group's rights to consideration for work completed but not billed at the reporting date on delivery of services. The contract assets are transferred to receivables when the right becomes unconditional. This usually occurs when the Group issues an invoice to the customer. Contract assets related to these unbilled amounts do not carry a material credit risk due to the size of their balances. Contract assets are separately identified in the statement of financial position and presented as part of financial assets of the Group in note 4.2. The contract liabilities primarily relate to the advanced consideration received from customers for the delivery of services for which revenue is recognised over time.

The Group provides retrospective growth/volume rebates to its customers on the services provided certain threshold are exceeded as specified in the contract. Under its existing accounting policy, the Group estimates the expected growth/volume rebates using the probability-weighted average amount of rebates approach and includes them in the Trade and other receivables. These amounts are subsequently offset against the amounts payable by customer.

Retrospective volume rebates give rise to variable consideration. To estimate the variable consideration to which it will be entitled, the Group considered the most likely amount method is an appropriate estimation of the variable consideration. Additionally, the recognition of variable consideration is subject to the constraint that a significant reversal will not occur when the uncertainty is subsequently reduced.

Revenue recognised during the year, disaggregated based on the type of service provided to its customers, is set out below:

	2025 \$M	2024 \$M
Revenue		
Rail haulage	2,025.9	2,201.8
Other	63.5	59.7
Total revenue	2,089.4	2,261.5
Other income		
Net gain on sale of property, plant and equipment	50.8	6.1
Lease rental income	21.4	18.9
Insurance income	7.9	1.0
Other	8.3	11.4
Total other income	88.4	37.4

2.2 Taxes

Accounting policy

Tax expense comprises current and deferred tax and is recognised in the statement of profit or loss or the statement of comprehensive income according to the accounting treatment of the related transaction.

Current tax in the Statement of Profit or Loss is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax in respect of previous years. Deferred tax expense represents the tax expense in respect of the future tax consequences of recovering or settling the carrying amount of an asset or liability. Both are calculated using tax rates for each jurisdiction, enacted or substantially enacted at the reporting date, and for deferred tax, those that are expected to apply when the asset is realised or the liability is settled.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

1. initial recognition of assets or liabilities, other than in a business combination, that affect neither accounting nor taxable profit;
2. recognition of goodwill; and
3. investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of the taxable temporary difference is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversal of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities in the Consolidated Statement of Financial Position are offset when there is a legally enforceable right to offset current tax assets and liabilities and they relate to the same taxable entity and the same taxation authority.

Pacific National Holdings Pty Ltd and its wholly owned Australian resident entities are part of a tax consolidated group and are therefore taxed as a single entity. The head entity within the tax consolidated group is Australian Logistics Acquisition Holdings Pty Limited ("ALAH").

Current tax expense/income, deferred tax liabilities and deferred tax assets of the members of the tax consolidated group are recognised in the separate financial statements of the members using the "group allocation method", by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation.

Assets or liabilities arising under tax funding arrangements are recognised as amounts receivable from or payable to other entities in the ALAH tax consolidated group and are due and payable as requested by the head entity.

Critical accounting estimates and judgements

Interpretation and application of tax legislation

The Company's accounting for income tax requires the Group's judgement as to the types of arrangements considered to be subject to tax. Judgement is also required in relation to the application of existing tax legislation, including the impact of Australian Taxation Office interpretation and ongoing Federal Government reviews of existing legislation.

Recoverability of deferred tax assets

On implementation of the Joint Consortium Scheme ("Scheme") on 19 August 2016, the remaining members of the Pacific National Holdings Pty Ltd tax consolidated group joined the ALAH tax consolidated group.

Deferred tax assets, including those arising from carried forward losses, capital losses and temporary differences, are recognised when it is considered more likely than not that they will be recovered. Recoverability is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on the ALAH tax consolidated group's estimates of future cash flows, which in turn depend on estimates of future sales volumes, operating costs, capital expenditure and other capital management transactions.

The Pacific National Holdings Pty Ltd group has \$402.2 million of future deductible amounts (being a \$120.7 million unrecognised deferred tax asset) relating to capital assets being land asset that have not been recognised as it is not considered probable that there would be taxable income against which they could be utilised (30 June 2024: \$428.9 million (\$128.7 million deferred tax)).

2.2 Taxes (continued)

The total taxation charge in the statement of profit or loss is analysed as follows:

	2025 \$M	2024 \$M
Current tax expense/(benefit)	21.9	(10.8)
Deferred tax expense	4.2	10.0
(Over)/under of deferred tax for prior periods	(0.8)	1.1
Total income tax expense	25.3	0.3
Reconciliation of income tax expense to prima facie tax payable:		
(Loss)/Profit before tax	(18.7)	0.2
Income tax at 30% (2024: 30%)	(5.6)	0.1
Adjustments of current tax for prior periods	0.7	(0.8)
Adjustments of deferred tax for prior periods	(0.8)	1.1
Other non-deductible items	38.2	–
Other	(14.5)	(0.4)
Recognition of capital gains	7.2	0.3
Income tax expense recognised in the profit or loss	25.3	0.3
Tax recognised directly in other comprehensive income		
Changes in fair value of cash flow hedge	(7.6)	(0.1)
Defined benefit superannuation funds actuarial (losses)/gains	(0.5)	(0.5)
	(8.1)	(0.6)

Effective tax rate for the Group

For the year ended 30 June 2025, the Group's effective tax rate was (134.6)% (2024: 128.9%).

The effective tax rate has been calculated in accordance with AASB 112 by dividing the Group's income tax expense by the Group's accounting profit/loss before tax.

As the Company income tax consolidated group has income in excess of \$100 million per annum, under provisions enacted in 2013 in the *Tax Administration Act 1953*, the Australian Taxation Office ("ATO") will publish certain key income tax statistics in relation to the Company such as total income, taxable income and Australian income tax payable.

There are various reasons why the Group's accounting profit may differ from the taxable income published by the ATO, including:

- It is common for accounting depreciation and tax depreciation/capital allowances to be calculated differently. This may be due to differences in effective lives, methods (straight line or diminishing value), cost bases, or eligibility criteria.
- There are various other differences in the timing of the recognition of income or deductions for accounting and tax purposes. A common example is the employee leave provisions which are deductible as paid for tax purposes and expensed on an accruals basis for accounting purposes.

For the year ended 30 June 2025, the Group's effective tax rate of (134.6)% varies unfavourably from the prevailing corporate tax rate of 30%. The key driver for the difference between the prima-facie tax benefit of \$5.6m (\$18.7m accounting loss at 30%) and the actual tax expense for the period \$25.3m are due to tax deductions denied under the thin capitalisation provisions.

Similarly, income tax paid by a company in respect of a year of income will generally differ from the amount of tax paid in the company's cash flow statement for various reasons including that income tax payments that relate to an income year are generally not wholly paid within the financial year.

Current tax assets and liabilities

There is no current tax asset or liability at 30 June 2025 (30 June 2024: \$nil).

2.2 Taxes (continued)

Recognised deferred tax assets and liabilities

The nature and movements in deferred tax assets/liabilities during the year were as follows:

	Balance 1 July \$M	Recognised in the statement of profit or loss \$M	Recognised in equity \$M	Balance 30 June \$M	Assets \$M	Liabilities \$M
2024						
Property, plant and equipment	(48.3)	—	—	(48.3)	75.9	(124.2)
Intangible assets	(3.6)	0.7	—	(2.9)	1.1	(4.0)
Derivatives	(2.2)	0.3	0.1	(1.8)	—	(1.8)
Inventories	(34.2)	(12.0)	—	(46.2)	—	(46.2)
Annual leave	15.3	0.8	—	16.1	16.1	—
Long service leave	18.3	—	—	18.3	18.3	—
Other employee benefits	8.1	(0.3)	0.5	8.3	8.3	—
Other provisions	4.6	(4.0)	—	0.6	8.9	(8.3)
Leases	6.7	0.5	—	7.2	64.9	(57.7)
Contract Assets	(38.1)	0.7	—	(37.4)	—	(37.4)
Other	9.9	2.3	—	12.2	12.2	—
Net tax assets/(liabilities)	(63.5)	(11.0)	0.6	(73.9)	205.7	(279.6)
2025						
Property, plant and equipment	(48.3)	(82.5)	—	(130.8)	37.4	(168.2)
Intangible assets	(2.9)	1.5	—	(1.4)	2.4	(3.8)
Derivatives	(1.8)	—	7.7	5.9	5.9	—
Inventories	(46.2)	66.5	—	20.3	20.3	—
Annual leave	16.1	(1.5)	—	14.6	14.6	—
Long service leave	18.3	—	—	18.3	18.3	—
Other employee benefits	8.3	(1.6)	0.5	7.2	7.2	—
Other provisions	0.6	3.4	—	4.0	11.5	(7.5)
Leases	7.2	—	—	7.2	93.0	(85.8)
Contract Assets	(37.4)	(0.6)	—	(38.0)	—	(38.0)
Other	12.2	11.5	—	23.7	23.6	—
Net tax assets/(liabilities)	(73.9)	(3.3)	8.2	(69.0)	234.2	(303.2)

2.3 Provisions and contingent liabilities

Accounting policy

A provision is recognised in the statement of financial position if, as a result of a past event, the Company has a present legal or constructive obligation, it is probable that cash will be paid to settle the obligation and that an amount can be estimated reliably. The amount to recognise is determined by discounting the expected future cash outflows by a rate that reflects the current market assessment of the time value of money and the risks specific to the liability.

The unwinding of the discount is recognised as a finance cost.

Variances in any of the assumptions used in recognising provisions can have a material impact on the provision recorded in the following year and are recognised prospectively in profit or loss.

A liability that is not sufficiently certain to qualify for recognition as a provision and where uncertainty may exist regarding the outcome of future events is disclosed in these financial statements as a contingent liability where it is considered material to the user's understanding of the Company financial statements.

Critical accounting estimates and judgements

Workers compensation self-insurance

Where the Company acts as a self-insurer for workers compensation claims under relevant federal, state and territory legislation, a provision is made for all individual workers compensation claims incurred and both reported and not reported claims up to \$1.0 million. Independent actuarial valuations are used to estimate the provision required. Individual claims over \$1.0 million are reinsured. The determination of the provision required is dependent on a number of assumptions including the total future cost to finalise existing open claims, wage increases that will impact existing claims, a discount rate that is based on Australian Corporate Bond yields as per the Milliman report, inflation, and the amount of claims that have been incurred but not yet reported.

Restructuring

A provision for restructuring is recognised when the business has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced publicly and there is a valid expectation amongst those affected. The provision calculation includes several estimates and assumptions including the timing and cost of site closures, timing and cost of curtailment of operations and costs for incidental services such as legal and consulting. Estimates are also required of the likely number of employees who will exit the business, number of staff who may accept redeployment, final cost of property and site make-good, asset valuations and realisation from sale of discontinued assets.

Incident

Where the Company is involved in an incident, such as a train derailment, and it is probable that the Company will be held liable for the consequential damage, a provision equal to the estimated cost of third party claims is recognised.

Other provisions

Other provisions include, for example, site restoration provision and legal provisions. Legal provisions represent an estimate of the cost of defending and/or settling any claims against the Company. Timing of expenditure varies on a case-by-case basis.

2.3 Provisions and contingent liabilities (continued)

Provisions

The movements in provisions during the year are as follows:

2025 \$M	Workers compensation	Restructuring	Incident	Site restoration	Other	Total
Opening balance	20.7	—	20.4	3.7	0.6	45.4
Made	2.0	4.8	—	—	9.1	15.9
Utilised	(4.7)	—	(0.5)	—	(0.6)	(5.8)
Reversed	0.5	—	—	—	—	0.5
Transfer	0.7	—	—	—	—	0.7
Discount unwind	(0.5)	—	—	—	—	(0.5)
Closing balance	18.7	4.8	19.9	3.7	9.1	56.2
Represented by:						
Current	4.2	4.8	19.9	—	0.4	29.3
Non-current	14.5	—	—	3.7	8.7	26.9
	18.7	4.8	19.9	3.7	9.1	56.2

Contingent liabilities

Litigation

From time to time, the Company is subject to claims and litigation during the normal course of business. The Board has given consideration to such matters which are or may be subject to litigation at year end.

Bank guarantees

The Company has bank guarantees in place totalling \$50.8 million (FY24: \$40.5 million) issued in the normal course of business. These guarantees have been provided to various counterparties, including government authorities and landlords, to secure the Company's obligations under contracts and lease agreements. No liability is expected to arise under these guarantees, and accordingly, no provision has been recognised in the financial statements.

Environmental liabilities

The Company provides for all known environmental liabilities. While the Board believes that its provisions for environmental rehabilitation are adequate, there can be no assurance that material new provisions will not be required as a result of new information or regulatory requirements with respect to known sites, or identification of new remedial obligations at other sites.

2.4 Reconciliation of net operating cash flows

	2025 \$M	2024 \$M
Loss after tax	(44.0)	(0.1)
Adjustments for non-cash and non-operating items:		
Depreciation	361.8	362.1
Impairment of property, plant and equipment	17.2	33.1
Project costs written off	40.7	-
Amortisation	22.0	15.4
Amortisation of capitalised transaction costs	4.4	3.5
Unwind of discount on long-term provisions and leases	0.3	(0.1)
Net gain on sale of property, plant and equipment	(50.8)	(6.1)
Defined benefit cost	-	0.1
Credit value adjustment on derivatives	(0.1)	0.1
Other non-cash items	6.6	(1.2)
(Increase)/decrease in assets		
Trade and other receivables	54.0	(37.3)
Inventories	(2.3)	0.2
Prepayments and other assets	(4.5)	2.5
Change in net deferred tax assets	6.4	11.5
Increase/(decrease) in liabilities		
Trade and other payables	(23.6)	(11.9)
Current tax liabilities	11.0	0.1
Provisions and employee benefits	(8.3)	14.5
Net operating cash flows	390.8	386.4

2.5 Changes in liabilities arising from financing activities

	USD bonds (net of discount) \$M	GBP bonds (net of discount) \$M	AUD bonds (net of discount) \$M	Syndicated debt \$M	Term loans \$M	Subordinated Notes \$M	Related party loans \$M	Capitalised borrowing costs \$M	Total \$M
2024									
Opening balance	597.7	571.7	1,546.6	410.0	—	—	—	(13.8)	3,112.2
Proceed from term loans	—	—	—	—	500.0	—	—	—	500.0
Repayment of bond on maturity	—	(514.0)	—	—	—	—	—	—	(514.0)
Drawdown of bank facility	—	—	—	640.0	—	—	—	—	640.0
Repayment of bank facility	—	—	—	(620.0)	—	—	—	—	(620.0)
Mark to Market valuation movement	(0.1)	(57.7)	—	—	—	—	—	—	(57.8)
Discount unwind	0.5	—	0.8	—	—	—	—	—	1.3
Movement in capitalised transaction costs	—	—	—	—	—	—	—	3.5	3.5
Closing balance	598.1	—	1,547.4	430.0	500.0	—	—	(10.3)	3,065.2
2025									
Opening balance	598.1	—	1,547.4	430.0	500.0	—	—	(10.3)	3,065.2
Proceeds from borrowing	—	—	—	—	—	—	9.3	—	9.3
Proceeds from subordinate notes	—	—	—	—	—	499.6	—	—	499.6
Repayment of bond on maturity	—	—	(350.0)	—	—	—	—	—	(350.0)
Drawdown of bank facility	—	—	—	1,180.0	—	—	—	—	1,180.0
Repayment of bank facility	—	—	—	(1,260.0)	—	—	—	—	(1,260.0)
Mark to Market valuation movement	7.9	—	—	—	—	—	—	—	7.9
Discount unwind	0.5	—	0.7	—	—	—	—	—	1.2
Movement in capitalised transaction costs	—	—	—	—	—	—	—	(5.3)	(5.3)
Closing balance	606.5	—	1,198.1	350.0	500.0	499.6	9.3	(15.6)	3,147.9

3. Our business platform

This section principally shows the physical assets used by the Group to generate profits and revenue. These largely comprise the rail heavy infrastructure assets (in section 3.1) that are utilised by the Company to service Australia's import, export and domestic supply chains, as well as the long-term contractual commitments and leases that the Group has committed to and which help to protect our long-term position in the market.

This part of the report also includes sections covering intangible assets and inventory which also contribute to the business platform for generating profits and revenues.

3.1 Property, plant and equipment

Accounting policy

Items of property, plant and equipment are stated at the cost originally paid less accumulated depreciation and any impairment losses.

Cost recognition

The cost of self-constructed assets, includes the cost of materials, direct labour, other directly attributable costs, the future cost of dismantling and removing the items and restoring the sites on which they are located, and where applicable, capitalised borrowing costs.

Where parts of an item of property, plant and equipment have different useful lives, for example the constituent parts of a locomotive, they are accounted for as separate components of property, plant and equipment.

Subsequent costs of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised and included in depreciation.

The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Items of property, plant and equipment, including buildings and leasehold property but excluding freehold land, are depreciated on a straight line basis over their estimated useful lives. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Leased assets are depreciated over the shorter of the lease term and their useful lives.

Depreciation methods and useful lives, as well as residual values, are reassessed annually.

The Group classifies items of property, plant and equipment into five major categories. The table below sets out a description of the type of assets within each category and the useful lives applied to each category:

Asset class	Description and example assets within class	Estimated useful life
Land	The Company owns various real estate holdings used to operate its rail infrastructure businesses, such as the Chullora Freight Terminal in NSW, Acacia Ridge Intermodal Terminal and Nebo Train Support Facility in Queensland.	Indefinite
Buildings	Freehold buildings on land owned by the Company.	20 to 40 years
Plant and equipment	Plant and equipment used by the Group to generate its revenues. Some of the larger items of plant and equipment include: • locomotives; • wagons; and • rail provisioning and maintenance facilities.	• 30 years • 25 years • 20 to 40 years
Leasehold improvements	Leasehold improvements are all enhancements to leased space paid for by the Group that revert to the landlord upon termination of the lease. They include leasehold improvements for the four major container terminals operated under long-term leases and include any buildings at these terminals.	5 to 40 years
Work in progress	Work in progress comprises amounts spent on various capital projects including construction and capital improvement of locomotives, wagons and lifting equipment, and development works at various rail terminals.	Depreciation commences when assets are available for use

3.1 Property, plant and equipment (continued)

Critical accounting estimates and judgements

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

	Land \$M	Buildings \$M	Plant and equipment \$M	Leasehold improvements \$M	Work in progress \$M	Total \$M
2024						
Cost						
Opening balance	253.9	430.8	5,611.7	113.2	553.2	6,962.8
Acquisitions	–	–	–	–	317.9	317.9
Transfers and reclassification	20.5	13.0	139.7	2.4	(203.1)	(27.5)
Other disposals	(0.1)	(0.9)	(55.8)	–	–	(56.8)
Closing balance	274.3	442.9	5,695.6	115.6	668.0	7,196.4
Accumulated depreciation and impairment losses						
Opening balance	–	(161.0)	(3,674.2)	(81.5)	–	(3,916.7)
Depreciation	–	(18.2)	(303.0)	(4.1)	–	(325.3)
Impairment	–	–	(33.1)	–	–	(33.1)
Other disposals	–	0.8	52.8	–	–	53.6
Closing balance	–	(178.4)	(3,957.5)	(85.6)	–	(4,221.5)
2025						
Cost						
Opening balance	274.3	442.9	5,695.6	115.6	668.0	7,196.4
Acquisitions	–	–	–	–	375.4	375.4
Transfers and reclassification	–	25.1	484.3	7.0	(549.9)	(33.5)
Other disposals	(33.5)	(48.5)	(57.7)	(0.1)	(40.7)	(180.5)
Closing balance	240.8	419.5	6,122.2	122.5	452.8	7,357.8
Accumulated depreciation and impairment losses						
Opening balance	–	(178.4)	(3,957.5)	(85.6)	–	(4,221.5)
Depreciation	–	(20.3)	(294.5)	(5.7)	–	(320.5)
Impairment	–	–	(17.1)	–	–	(17.1)
Other disposals	–	8.7	43.3	0.1	–	52.1
Closing balance	–	(190.0)	(4,225.8)	(91.2)	–	(4,507.0)
Carrying amounts						
At 1 July 2023	253.9	269.8	1,937.5	31.7	553.2	3,046.1
At 30 June 2024	274.3	264.5	1,738.1	30.0	668.0	2,974.9
At 30 June 2025	240.8	229.5	1,896.4	31.3	452.8	2,850.8

3.2 Lease assets and liabilities

Material accounting policies

As lessee

The Group has applied AASB 16 *Leases* using the modified retrospective approach.

Policy applicable from 1 July 2018

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. The Group's lease assets comprising properties, locomotives, wagons, motor vehicles and forklifts are used by the Group in the ordinary course of business. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- a) the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- b) the Group has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- c) the Group has the right to direct the use of the asset. The Group has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset either when:
 - the Group has the right to operate the asset; or
 - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 July 2018. The Group applies this policy to a portfolio of leases with similar characteristics.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on their relative stand-alone prices. However, for Cloud infrastructure equipment in which it is a lessee, the Group has not elected to separate non-lease components and account for the lease and non-lease components as a single lease component. For all other asset classes, non-lease components will be separated from lease components.

The Group recognises a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at an amount which equals the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

For short-term leases and low value assets, a lease liability and right-of-use asset will be recognised at the lease commencement date, as the Group has elected not to apply this practical expedient.

The right-of-use asset is substantially depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property. In addition, the right-of-use asset is periodically reduced by impairment losses, if any; and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the unpaid lease payments at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate adjusted for the nature of the underlying asset and length of lease liability. Generally, the Group uses its incremental borrowing rate as adjusted for the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise;
- lease payments in an optional renewal period of the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease modifications are accounted for as a new lease with an effective date of the modification.

3.2 Lease assets and liabilities (continued)

Some leases contain extension options exercisable by the Group before the end of the contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable by the Group and not by the lessors. The Group assesses at the lease commencement whether it is reasonably certain to exercise the extension options and subsequently reassess whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control. The extension options provided to the Group were assessed by management.

	Properties \$M	Locomotives and Wagons \$M	Forklifts \$M	Motor vehicles \$M	IT equipment \$M	Total \$M
2024						
Right-of-use of assets						
Opening balance	242.2	14.2	28.2	15.8	2.6	303.0
Additions	3.6	—	15.8	6.8	—	26.2
Modifications/remeasurements	3.2	1.0	—	—	—	4.2
Expiration	(2.3)	(1.9)	(6.4)	(5.4)	—	(16.0)
Closing balance	246.7	13.3	37.6	17.2	2.6	317.4
Accumulated depreciation						
Opening balance	(66.9)	(8.8)	(15.7)	(11.1)	(1.4)	(103.9)
Depreciation	(17.6)	(4.2)	(8.5)	(5.9)	(0.6)	(36.8)
Expiration	2.3	1.9	5.5	5.3	—	15.0
Closing balance	(82.2)	(11.1)	(18.7)	(11.7)	(2.0)	(125.7)
2025						
Right-of-use of assets						
Opening balance	246.7	13.3	37.6	17.2	2.6	317.4
Additions	116.1	0.1	13.0	13.7	—	142.9
Modifications/remeasurements	21.7	—	—	—	0.8	22.5
Expiration	(74.0)	(11.9)	(6.6)	(6.9)	—	(99.4)
Closing balance	310.5	1.5	44.0	24.0	3.4	383.4
Accumulated depreciation						
Opening balance	(82.2)	(11.1)	(18.7)	(11.7)	(2.0)	(125.7)
Depreciation	(23.2)	(2.1)	(9.3)	(6.1)	(0.7)	(41.4)
Expiration	44.2	11.9	6.6	6.9	—	69.6
Closing balance	(61.2)	(1.3)	(21.4)	(10.9)	(2.7)	(97.5)
Carrying amounts						
At 1 July 2023	175.3	5.4	12.5	4.7	1.2	199.1
At 30 June 2024	164.5	2.2	18.9	5.5	0.6	191.7
At 30 June 2025	249.3	0.2	22.6	13.1	0.7	285.9

3.2 Lease assets and liabilities (continued)

	June 2025 \$M	June 2024 \$M
Lease liabilities:		
Current	29.1	25.1
Non-current	279.8	191.0
Total lease liabilities	308.9	216.1
Maturity analysis – contractual undiscounted cash flows		
Within one year	46.8	37.5
One year or later and no later than five years	131.1	92.9
Five years or later	357.7	285.9
Total undiscounted lease liabilities	535.6	416.3
Amounts recognised in profit or loss		
Interest on lease liabilities	14.8	12.2
Variable lease payments not included in the measurement of lease liabilities	–	0.1
Income from sub-leasing right-of-use assets	(11.7)	(11.4)
	3.1	0.9
Amounts recognised in the statement of cash flows		
Total cash outflow for leases	52.6	47.0
	52.6	47.0

Extension options

Some of the property (buildings), locomotive and wagon and forklift leases contain extension options that are exercisable by the Group within periods ranging from three months to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. Any extension options held are exercisable at the Group's discretion and not the lessors. The Group assesses at each lease commencement whether it is reasonably certain to exercise the extension options and reassesses its position if there is a significant event or significant change in circumstances within its control.

The following table sets out the discounted potential future lease payments in relation to extension options which are not included in the lease liabilities at reporting date.

	June 2025		June 2024	
\$M	Lease liabilities recognised (discounted)	Potential future lease payments not included in lease liabilities (discounted)	Lease liabilities recognised (discounted)	Potential future lease payments not included in lease liabilities (discounted)
Properties	271.8	81.4	188.1	10.2
Forklifts	23.5	41.1	19.5	32.1
Locomotives and wagons	0.1	1.6	2.2	3.4
	295.4	124.1	209.8	45.7

3.2 Lease assets and liabilities (continued)**As a lessor**

Lease income from lease contracts in which the Group is a lessor is as follows:

	June 2025 \$M	June 2024 \$M
Operating lease		
Lease income	11.7	11.5
	11.7	11.5

Operating leases

The Group leases certain properties that it owns to third parties. The Group has classified these leases as operating leases, as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The following table sets out a maturity analysis of the lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	June 2025 \$M	June 2024 \$M
Maturity analysis – contractual undiscounted cash flows		
Less than one year	10.9	12.5
One to two years	10.6	12.0
Two to three years	10.4	11.5
Three to four years	9.6	10.5
Four to five years	8.3	10.4
More than five years	57.8	94.0
Total undiscounted lease payment receivable	107.6	150.9

Finance leases

The Group sub-leases certain leased properties to third parties. The Group has not identified any finance sub-leases as at reporting date.

3.3 Capital and other commitments**Accounting policy/explanation**

The Company discloses capital and other commitments comprising contracted capital expenditure that will result in cash outflows in future years, but are not recognised as a liability at reporting date.

	2025 \$M	2024 \$M
Plant and equipment		
Contracted capital expenditure committed but not yet payable:		
Within one year	182.2	121.5
One year or later and no later than five years	156.5	201.1
Later than five years	0.7	–
	339.4	322.6
Other commitments		
Non-cancellable other contracts committed but not yet payable:		
Within one year	10.8	21.5
One year or later and no later than five years	0.6	12.4
	11.4	33.9

3.4 Intangible assets

Accounting policy

Goodwill

Goodwill represents the future economic benefits that arise from assets that are not capable of being individually identified and separately recognised when the Group undertakes business combinations. Goodwill is calculated as the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Transaction costs incurred in connection with business combinations such as legal fees, due diligence fees and other professional services are expensed as incurred and not included in this calculation. Goodwill is recognised at cost less any accumulated impairment losses.

Goodwill is allocated to cash generating units ("CGUs") which represent the smallest group of assets that independently generate cash flow and whose cash flow is largely independent of cash flows generated by other assets. Goodwill is not amortised but is tested at least annually for impairment.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Negative goodwill arising on an acquisition is recognised directly in the profit or loss.

Accounting policy

Other intangible assets

Other intangible assets are those which are identifiable and can be sold separately or arise from legal rights. These can be acquired or internally generated.

Cloud computing arrangements are those which a customer typically pays a fee to a vendor in exchange for access to software over the internet. The accounting for these implementation costs depends on whether the customer has a software asset or a service contract.

Each class of intangible asset's valuation method on initial recognition, amortisation method and estimated useful life is set out in the table below:

Class of intangible asset	Valuation method	Amortisation methods	Estimated useful life
IT development software	Initially at cost and subsequently at cost less accumulated amortisation. Costs include external direct costs of materials and services, and direct payroll and payroll related costs of employees' time spent on the project.	Straight line	3 to 15 years
Customer contracts and relationships	Expected future cash flows from those contracts and relationships existing at the date of acquisition are estimated. These cash flows are then discounted back to present value.	Straight line	5 to 15 years
Other	Initially at cost and subsequently at cost less accumulated amortisation.	Straight line	3 to 20 years

Critical accounting estimates and judgements

Development costs

For internal IT projects to develop products or systems, judgement is involved in determining which costs relate to the research phase and which relate to the development phase of the project. Research costs are expensed to the profit or loss as incurred whereas IT development costs are capitalised to the statement of financial position where the Company has an intention and ability to use the related asset.

3.4 Intangible assets (continued)

Set out below is the movement in the cost and accumulated amortisation and impairment of the Group's intangible assets:

	Goodwill \$M	IT development and software \$M	Other \$M	Work in progress \$M	Total \$M
2024					
Cost					
Opening balance	918.5	186.5	34.7	26.7	1,166.4
Acquisitions	—	—	5.4	—	5.4
Transfers and reclassification	—	18.5	—	9.0	27.5
Closing balance	918.5	205.0	40.1	35.7	1,199.3
Accumulated amortisation and impairment losses					
Opening balance	—	(175.8)	(13.2)	(2.0)	(191.0)
Amortisation	—	(11.5)	(2.3)	(1.6)	(15.4)
Closing balance	—	(187.3)	(15.5)	(3.6)	(206.4)
2025					
Cost					
Opening balance	918.5	205.0	40.1	35.7	1,199.3
Transfers and reclassification	—	15.3	—	18.2	33.5
Derecognition	—	(2.8)	(10.8)	—	(13.6)
Closing balance	918.5	217.5	29.3	53.9	1,219.2
Accumulated amortisation and impairment losses					
Opening balance	—	(187.3)	(15.5)	(3.6)	(206.4)
Amortisation	—	(13.5)	(5.5)	(3.0)	(22.0)
Derecognition	—	2.8	7.8	—	10.6
Closing balance	—	(198.0)	(13.2)	(6.6)	(217.8)
Carrying amounts					
At 1 July 2023	918.5	10.7	21.5	24.7	975.4
At 30 June 2024	918.5	17.7	24.6	32.1	992.9
At 30 June 2025	918.5	19.5	16.1	47.3	1,001.4

3.4 Intangible assets (continued)

Critical accounting estimates and judgements

Impairment

Goodwill and intangible assets that have indefinite lives or that are not yet available for use are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. The Company assesses impairment by evaluating conditions specific to the Company and to the particular asset, which may lead to impairment. These include technological, market, economic or legal environments in which the Company operates. If an indicator of impairment exists, the recoverable amount of the asset is determined.

Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. These calculations involve making an estimate of the recoverable amount of the cash-generating units ("CGUs") to which goodwill and intangible assets with indefinite useful lives have been allocated. The recoverable amounts of CGUs have been determined based on value in use calculations. These calculations require the use of assumptions which are detailed below.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that largely are independent from those of other assets and groups. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of an impaired CGU are allocated first to reduce the carrying amount of any goodwill allocated to the impaired CGU and then to reduce the carrying amount of the other assets on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other non-financial assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by independent valuations, valuation multiples, or other available fair value indicators. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Allocation of goodwill to CGUs

	2025 \$M	2024 \$M
Coal (New South Wales)	524.0	524.0
Freight	394.5	394.5
Total goodwill	918.5	918.5

No goodwill is allocated to the Queensland portion of the Coal CGU.

The carrying amounts of goodwill in the CGUs at the current reporting date were fully supported by using the value-in-use methodology adopting cash flows from each CGU's strategic business plans.

Estimation uncertainty

The estimated recoverable amounts of the Coal NSW and Freight CGUs exceed their respective carrying amounts. For Coal NSW, the key assumptions used in the 2025 impairment assessment were a discount rate of 7.7% (2024: 8.0%) and a terminal growth rate of 1.5% (2024: 2.4%). For the Freight CGU, the discount rate was 7.7% (2024: 8.0%) and the terminal growth rate was 2.5% (2024: 2.4%).

A reasonably possible change in key assumptions—such as the discount rate, terminal growth rate, or changes to customer contractual arrangements, could result in the carrying amount of Coal NSW CGU being equal to the recoverable amount. Sensitivity analysis indicates that for the recoverable amount to equal the carrying amount for Coal NSW CGU, the discount rate would need to increase to 8.4% or the terminal growth rate would need to decrease to 0.4%.

In 2024, the recoverable amount for the Coal NSW CGU would have equalled its carrying amount if the discount rate had increased to 8.1% or the terminal growth rate had decreased to 2.3%.

3.5 Inventories

Accounting policy

Inventories consist predominantly of consumables used in maintenance activities and are stated at the lower of cost and net realisable value.

The net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs to sell. The cost of inventories includes all costs of purchases and other expenses incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of either weighted average cost or a first in, first out basis unless specific identification is possible.

Non-current inventories represent long life spare parts, also known as capital spares. This class of inventory represents major spare parts that can be cyclically overhauled and reused, and as such, are depreciated over the lower of their expected useful life and the expected useful life of the equipment they are used in.

Specific obsolete items of inventory are written off.

The provision for obsolete and slow-moving items is assessed by particular inventory classes. The amount of provision is based on the value of stock identified as slow moving or excess to requirements.

	2025 \$M	2024 \$M
Current		
Inventories	27.5	25.1
Provision for obsolete and slow-moving items	(1.6)	(1.5)
	25.9	23.6

4. How we fund the business and manage risks

The Company has exposure to credit, liquidity and market risks relating to its use of financial instruments and working capital. This section presents information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk, and the management of capital.

4.1 Financial risk management

Risk management framework

The Board has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the Audit and Risk Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. These policies are reviewed to reflect changes in market conditions and the Company's activities. The Company, through its management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Committee oversees how the Group monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit and Risk Committee is assisted in its oversight role by internal audit. Internal audit undertakes reviews of risk management controls and procedures, the results of which are reported to the committee.

A description of each risk and how it is managed:

Risk	Exposure arising from	Management	Balances exposed
Credit risk	Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and from treasury activities.	The Company's credit risk is managed within the limits set by the Board and they have established policies governing the Company's treasury activities, including the monitoring and management of credit risks arising from the use of derivatives.	Trade and other receivables Cash and cash equivalents Derivatives
Liquidity risk	Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.	The Company's policy in managing liquidity risk is to ensure that it always has sufficient liquidity to meet its financial obligations when due, as well as to accommodate unforeseen cash requirements over both the short and long term. The Company's liquidity risk is managed through: • maintenance of at call access to funds in the form of cash balances or committed, available revolving credit facilities; • maintenance of rigorous and regular cash flow forecasts; • regular review of the adequacy of banking arrangements; and • centralisation of surplus cash balances, and management thereof in compliance with the Company's credit risk policies.	Financial liabilities Cash and cash equivalents

4.1 Financial risk management (continued)

Risk	Exposure arising from	Management	Balances exposed
Market risk	Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and other market prices, impact on cash flows and the value of assets or liabilities, and as a consequence, on the value of the Company. Market risk reflects interest rate risk, foreign exchange risk and other market risks.	The goal of the Company's hedging activities is to manage and control, within acceptable parameters and in a cost effective manner, the potential adverse variations in the Company's value due to movements in market prices or rates. The Company uses derivative financial instruments to hedge market risks where appropriate. All hedging activity is subject to the financial risk management policies approved by the Board. The following principles govern the Company's use of derivative instruments: • no speculative transactions are permitted; • only transactions involving approved instruments are allowed; and • transactions are not permitted unless in compliance with approved credit limits and delegated authorities.	
	(i) Interest rate risk The Company borrows at floating rates of interest and holds cash or short-term investments that earn interest at floating rates, consequently cash flows are exposed to the impact of adverse changes in benchmark interest rates.	The Company manages its interest rate exposures by maintaining a policy to combine fixed and floating rate liabilities, through the use of approved derivative instruments, such as interest rate and cross-currency interest rate swaps, and entry into fixed rate borrowings.	Loans and borrowings
	(ii) Foreign exchange risk The Company is exposed to exchange rate risk where it has entered into transactions denominated in foreign currencies. The principal source of the Company's foreign exchange exposure is the purchase of capital equipment and the issuance of US dollar bonds and GBP bonds. From time to time, exchange rate exposures may also arise from operational outgoings and receipts. The exchange rates to which the Company is primarily exposed are US dollars and the GBP.	The Company manages its exchange rate exposures through the use of derivative instruments (such as forward exchange contracts) in accordance with the policy approved by the Board.	Loans and borrowings
	(iii) Other market risks The Company is exposed to market price risk on contracts for the purchase of fuel. The Company manages its exposure by passing on the impact of fuel price movements, where possible and appropriate, to customers.	Given the objective of the Company's financial risk management is to reduce the risk from potential adverse market price movements to acceptable levels on a cost effective basis, active management of this exposure via the use of approved derivative instruments is not considered necessary. This exposure is reviewed at least annually to ensure the treatment remains appropriate.	Trade payables

4.2 Financial assets

Accounting policy

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, short-term bills and term deposits. Cash is deposited with creditworthy counterparties in accordance with Board approved credit limits.

Financial assets

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit and loss. Any gain or loss on derecognition is recognised in profit or loss. Financial assets recognised at amortised cost by the Group comprise trade and other receivables.

Impairment of financial assets

The Group measures loss allowances for trade receivables and contract assets using lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held);
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is "credit-impaired" when one or more events that have detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Derivative financial assets

For accounting policy for derivative financial assets, refer to note 4.4.

4.2 Financial assets (continued)

The maximum exposure to credit risk at year end is:

	Note	2025 \$M	2024 \$M
Current			
Cash and cash equivalents		201.1	48.7
Trade receivables (net of impairment)		185.9	211.1
Other receivables		55.5	89.2
Contract assets (net of impairment)		23.6	22.7
Derivative financial assets	4.4	5.4	10.5
		471.5	382.2
Non-current			
Contract assets (net of impairment)		100.6	99.6
Derivative financial assets	4.4	95.9	91.4
		196.5	191.0
Total financial assets		668.0	573.2

Exposure to counterparty credit risk

Trade and other receivables and contract assets

The Company's credit risk on trade and other receivables arises principally from the creditworthiness of individual customers. The Company's customers are primarily large Australian and international companies of good credit standing. The vast majority of receivables are denominated in Australian dollars.

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered, and credit limits are then established for each customer. The Company's credit policy includes collection guidelines, such as the setting of collection targets, as well as follow-up procedures to manage overdue accounts and minimise collection risk.

A summary of the Group's exposure to credit risk for trade receivables is as follows:

	2025 \$M		2024 \$M	
\$M	Not credit- impaired	Credit- impaired	Not credit- impaired	Credit- impaired
Total gross carrying amount	184.3	20.8	215.0	15.9
Loss allowance	(0.7)	(18.5)	(5.4)	(14.4)
	183.6	2.3	209.6	1.5

Expected credit loss assessment as at 30 June 2025

The following table provides information about the exposure to credit risk and ECLs for trade receivables from customers as at 30 June 2025.

	Weighted- average loss rate	Not credit- impaired	Loss allowance
30 June 2025			
Current (not past due)	0.09%	148.3	0.1
1-30 days past due	0.21%	20.3	—
31-60 days past due	1.84%	1.4	—
61-90 days past due	7.58%	0.8	0.1
More than 90 days past due	3.7%	13.5	0.5
		184.3	0.7

4.2 Financial assets (continued)

Loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. In particular, changes to forward estimates of Australia's gross domestic product for the 2025 calendar year relative to its historical levels has been determined by the Group to be the most significant forward-looking economic factor as at 30 June 2025.

Movements in the allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows.

	2025 \$M	2024 \$M
Balance at 1 July under AASB 9	19.8	19.3
Amounts written off	(0.5)	(9.2)
Net remeasurement of loss allowance	(0.1)	9.7
Balance at 30 June	19.2	19.8

Other receivables

Other receivables for both the current and comparative period primarily consist of accrued income for services rendered and not yet invoiced and fuel excise rebate. Included in other receivables are the Group's rights to consideration for work completed but not billed at the reporting date on delivery of services.

Contract assets

The contract assets primarily represent revenue incentives provided to customers and arise from rate reductions and upfront payments provided to customers which are amortised over the course of the customer contract period. Contract assets are separately identified in the statement of financial position and presented as part of financial assets of the Group in note 4.2.

Cash and cash equivalents

The Group held cash and cash equivalents of \$201.1 million (2024: \$48.7 million) at year end. The cash and cash equivalents are held with banks and financial institutions counterparties, which are rated AA- to A, based on Standard & Poor's ratings.

Derivatives

The derivatives are entered into with banks and financial institutions counterparties, which are rated AA- to A-, based on Standard & Poor's ratings.

4.3 Financial liabilities

Accounting policy

Financial Liabilities

Financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is initially measured at fair value less transaction costs that are directly attributable to its issue. On initial recognition, financial liabilities are classified as measured at amortised cost or at fair value through profit or loss.

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or is designated as such on initial recognition.

No financial liabilities held by the Company are classified as held-for-trading, nor are derivatives designated as such on initial recognition. As such, the Company does not have a policy for subsequent measurement of other financial liabilities at fair value through profit or loss.

The financial liabilities that are recognised by the Company, comprising of borrowings, are subsequently measured at amortised cost, using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. The Group recognises trade and other payables at amortised cost.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The accounting policy in relation to derivative financial assets and liabilities is detailed in note 4.4 while the policy for capitalised transaction costs is detailed in note 4.6.

The carrying amount of financial liabilities represents the maximum liquidity risk exposure. The maximum exposure to liquidity risk at year end was as follows:

	Note	2025 \$M	2024 \$M
Current			
Trade payables		70.9	94.0
Other payables and accrued expenses		195.6	214.8
Derivative financial liabilities	4.4	10.2	6.9
Loans and borrowings:			
AUD dollar bonds (net of discount)	4.3.4	–	349.6
Related party loan ¹		9.3	–
		286.0	665.3
Non-current			
Other payables and accrued expenses		201.7	180.4
Derivative financial liabilities	4.4	13.8	–
Loans and borrowings:		3,138.6	2,715.6
Term loans	4.3.1	500.0	500.0
Syndicated bank loans	4.3.1	350.0	430.0
US dollar bonds (net of discount)	4.3.2	606.5	598.1
Subordinated notes (net of discount)	4.3.3	499.6	–
AUD bonds (net of discount)	4.3.4	1,198.1	1,197.8
Capitalised transaction costs		(15.6)	(10.3)
		3,354.1	2,896.0
Total financial liabilities		3,640.1	3,561.3

¹ An unsecured intercompany revolving loan of \$9.3 million was provided by Pacific National Insurance to the Company in November 2020. Both entities are 100% owned subsidiaries of Australian Logistics Acquisition Investments Pty Limited ("ALAI"). The loan is interest bearing and the Company pays the interest every quarter. Loan is repayable on demand and it's not subject to covenants requirements.

4.3 Financial liabilities (continued)

4.3.1 Bank facilities

The following table provides details of the components of the bank facilities and cash:

	Maturity	2025		2024	
		Facility	Utilised	Facility	Utilised
Syndicated revolving facility	October 2025	—	—	200.0	200.0
Syndicated revolving facility	December 2025	—	—	500.0	230.0
Syndicated revolving facility	July 2026	400.0	350.0	400.0	—
Syndicated revolving facility	November 2027	350.0	—	—	—
Syndicated revolving facility	November 2028	250.0	—	—	—
Syndicated revolving facility	November 2029	250.0	—	—	—
Term loan	July 2028	250.0	250.0	250.0	250.0
Term loan	July 2030	250.0	250.0	250.0	250.0
		1,750.0	850.0	1,600.0	930.0
Less: cash and cash equivalents		—	(201.1)	—	(48.7)
Net bank debt		1,750.0	648.9	1,600.0	881.3
Bank guarantee facility	July 2026	65.0	50.8	65.0	40.5
		1,815.0	699.7	1,665.0	921.8

In November 2024, Pacific National refinanced two of its three syndicated revolving bank debt facilities. Two existing tranches of \$200.0 million and \$500.0 million were refinanced into three new tranches of \$350.0 million, \$250.0 million and \$250.0 million with maturity dates of 28 November 2027, 28 November 2028 and 28 November 2029 respectively.

In December 2024, Pacific National repaid \$500.0 million of drawn revolving bank debt with the proceeds from the \$500.0 million of subordinated notes which were issued on 11 December 2024.

As at 30 June 2025, all syndicated revolving credit facilities, term loans, working capital facilities, US dollar bonds and AUD bonds were unsecured. Pacific National pays interest on its bank facilities at a margin above the bank bill swap rate. For the current financial year, \$1,180.0 million were drawdown from syndicated revolving credit facility and \$1,260.0 million drawn syndicated revolving credit facility were repaid. As at 30 June 2025 the balance of drawn bank debt facilities were drawn to \$850.0 million (30 June 2024: \$930.0 million).

4.3.2 US dollar bonds

The following table provides details of the components of the US dollar bonds:

\$M	Maturity	2025		2024	
		US\$	A\$ ¹	US\$	A\$
US dollar 10 year bonds ²	March 2028	400.0	607.8	400.0	599.9
Discount on US dollar bonds		(1.0)	(1.3)	(1.4)	(1.8)
US bonds (net of discount)		399.0	606.5	398.6	598.1

1. Australian dollar equivalent calculated at the spot rate on 30 June 2025.

2. As at 30 June 2025, the Company's currency and interest rate exposure on the US dollar 10 year bonds was hedged to 100% (2024: 100%) through fixed-for-fixed cross-currency interest rate swaps.

4.3.3 Subordinated notes

\$M	Maturity	2025	2024
		A\$	A\$
Fixed Rate Tranche	December 2054	250.0	—
Floating Rate Tranche	December 2054	250.0	—
Subordinated notes		500.0	—
Discount on Subordinated notes		(0.4)	—
Subordinated notes (net of discount)		499.6	—

On 11 December 2024, Pacific National issued \$500.0 million of subordinated notes, split evenly across \$250.0 million fixed rate and \$250.0 million floating rate tranches. The subordinated notes have a maturity date of 11 December 2054, and a first call date of 11 December 2029.

4.3 Financial liabilities (continued)

4.3.4 Australian dollar bonds

The following table provides details of the components of the AUD bonds:

\$M	Maturity	2025	2024
		A\$	A\$
AUD 10 year bonds	May 2025	—	350.0
AUD 10 year bonds	May 2027	350.0	350.0
AUD 10 year bonds	September 2029	450.0	450.0
AUD 10 year bonds	September 2031	400.0	400.0
AUD bonds		1,200.0	1,550.0
Discount on AUD bonds		(1.9)	(2.6)
AUD bonds (net of discount)		1,198.1	1,547.4

On 19 May 2025, Pacific National repaid a maturing \$350.0 million Australian dollar denominated senior bond, using available cash and undrawn revolving bank debt facilities.

At 30 June 2025, Pacific National had total committed bank credit facilities of \$1,815.0 million (30 June 2024: \$1,665.0 million), which included \$1,250.0 million of revolving bank debt facilities, \$500.0 million of term loan facilities and a \$65.0 million bank guarantee facility (30 June 2024: \$1,100.0 million, \$500.0 million and \$65.0 million respectively). Of the total committed credit facilities, \$850.0 million of the bank debt facilities were drawn and \$50.8 million relating to bank guarantees were utilised at 30 June 2025 (30 June 2024: \$930.0 million and \$40.5 million respectively), leaving undrawn credit facilities at 30 June 2025 of \$914.2 million (30 June 2024: \$694.5 million).

The Group's unsecured bank loans are subject to various covenants. The loans include covenants that need to be complied with within 12 months of the reporting date.

The Group has unsecured bank debt facilities with carrying amount of \$850.0m at 30 June 2025 (FY24: \$930.0m). The loans are repayable in July 2026, July 2028 and July 2030 respectively. The loans contain covenants that require testing semi-annually on 31 December and 30 June. These covenants require the Group to maintain leverage and interest cover ratios within the limits specified in the Common Terms Deed Poll of the debt facilities agreement. Additionally, the Guarantor Group is required, on a consolidated basis at each testing date, to hold substantially all of the Group's assets and to generate the majority of its earnings.

The Group has complied with all covenants and classified the loans as non-current at 30 June 2025. The Group expects to comply with the semi-annually covenants within 12 months after the reporting date.

4.3 Financial liabilities (continued)

4.3.4 Australian dollar bonds (continued)

Exposure to liquidity risk

The following table provides a comparison between the financial liabilities carrying amount and the undiscounted contractual cash flows:

	Carrying amount \$M	Less than 1 year \$M	1 to 2 year(s) \$M	2 to 5 years \$M	Over 5 years \$M	Total \$M
2024						
Non-derivatives						
US dollar bonds (gross of discount)	599.9	28.5	28.5	656.9	—	713.9
AUD bonds (gross of discount)	1,550.0	420.8	52.2	465.8	896.3	1,835.1
Term loans	500.0	32.2	31.2	331.6	270.5	665.5
Trade payables	80.1	80.1	—	—	—	80.1
Other payables and accrued expenses	420.2	420.2	—	—	—	420.2
Derivatives						
Forward exchange contracts	(6.0)	(2.6)	(1.9)	(1.4)	—	(5.9)
Interest rate swaps	(4.4)	(2.5)	(1.3)	(0.3)	(0.5)	(4.6)
Cross-currency swaps	(84.6)	(2.5)	(2.5)	(100.3)	—	(105.3)
Total financial liabilities	3,055.2	974.2	106.2	1,352.3	1,166.3	3,599.0
2025						
Non-derivatives						
US dollar bonds (gross of discount)	607.8	28.9	28.9	636.7	—	694.5
AUD bonds (gross of discount)	1,200.0	51.3	401.0	537.2	422.8	1,412.3
Term loans	500.0	27.4	25.2	308.3	253.8	614.7
Syndicated bank loans	350.0	351.2	—	—	—	351.2
Subordinated Notes	500.0	42.0	36.6	608.9	—	687.5
Related party loans	9.3	9.4	—	—	—	9.4
Trade payables	70.9	70.9	—	—	—	70.9
Other payables and accrued expenses	397.3	397.3	—	—	—	397.3
Derivatives						
Forward exchange contracts	(3.2)	(1.4)	(2.1)	0.3	—	(3.2)
Interest rate swaps	17.4	3.8	6.9	8.4	0.2	19.3
Cross-currency swaps	(91.5)	(2.9)	(2.9)	(106.2)	—	(112.0)
Total financial liabilities	3,558.0	977.9	493.6	1,993.6	676.8	4,141.9

In addition to the principal amounts under syndicated bank loans, interest is accrued at a floating rate. In addition to the principal amounts of US dollar bonds and AUD bonds, interest is accrued at fixed coupon rates. The weighted average cost of debt as at 30 June 2025 was 5.4% (2024: 5.1%) per annum across the US dollar and AUD bonds.

4.4 Derivative financial instruments

Accounting policy

Derivative financial instruments

The Company enters into derivative financial instruments from time to time to hedge its interest rate and foreign currency risk exposures.

At the inception of the hedging transaction, the Company documents the type of hedge, the hedged item or transaction, the hedging instrument, the nature of the risk being hedged, the relationship between the hedging instrument and hedged item, as well as its risk management objective and strategy for undertaking the relevant hedge transaction. The Company's hedge documentation also demonstrates, both at hedge inception and on an ongoing basis that the hedge has been and is expected to continue to be highly effective.

Derivatives are recognised initially at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below:

Derivatives that qualify for hedge accounting

Fair value hedges

For a derivative or financial instrument designated as hedging the change in fair value of a recognised asset or liability, the gain or loss on the derivative or financial instrument is recognised in the profit or loss immediately, together with the loss or gain on the hedged asset or liability that is attributable to the hedge risk.

Cash flow hedges

Changes in the fair value of derivatives designated as cash flow hedges are recognised directly in other comprehensive income to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised immediately in the profit or loss within finance income or expense.

If the derivative no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the underlying forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in equity is transferred to the profit or loss in the same period that the hedged item affects the profit or loss.

Derivatives that do not qualify for hedge accounting

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the profit or loss.

The following table shows the notional value of the derivative instruments held by the Company, the nature of the hedge relationship with the underlying debt instrument and their fair values as at reporting date:

Derivative instrument	Nature of hedge	2025 \$M			2024 \$M		
		Notional amount	Asset	Liability	Notional amount	Asset	Liability
Forward exchange contracts	Cash flow hedge	143.7	5.4	2.2	118.8	8.2	2.2
Interest rate swaps	Cash flow hedge	800.0	—	17.4	600.0	4.4	—
Cross-currency interest rate swaps	Cash flow hedge	511.0	95.9	4.4	511.0	89.3	4.7
		1,454.7	101.3	24.0	1,229.8	101.9	6.9

4.4 Derivative financial instruments (continued)

Hedge Accounting

As at 30 June 2024	Nominal Amount of Hedging Instrument and Hedged Item	Hedge Rates	Carrying Amount of the Hedging Instrument (AUD)		Change in Value of the Hedging Instrument used for Calculating Hedge Ineffectiveness	Change in Value of the Hedged Item used for Calculating Hedge Ineffectiveness	Change in Value of the Hedging Instrument Recognised in Other Comprehensive Income	Hedge Ineffectiveness Recognised in Profit or Loss	Amount Reclassified from the Cash Flow Hedge Reserve to Profit or Loss
			Assets	Liabilities	Ineffectiveness	Ineffectiveness	-ive Income	Loss	Loss
In AUD	\$M		\$M	\$M	\$M	\$M	\$M	\$M	\$M
Cash flow hedges									
Capital expenditure – FX forwards	118.8	0.650-0.725	8.2	2.2	(2.6)	2.6	(2.6)	–	–
Bonds – Interest (IRS)	600.0	5.425-6.394	4.4	–	(0.6)	0.6	(0.6)	–	–
Bonds – Interest & FX (CCIRS)	511.0	5.088-5.103	89.3	4.7	(55.2)	55.2	(55.2)	–	–
As at 30 June 2025									
Cash flow hedges									
Capital expenditure – FX forwards	143.7	0.650-0.720	5.4	2.2	(2.8)	2.8	(2.8)	–	–
Bonds – Interest (IRS)	800.0	5.425-7.390	–	17.4	(21.7)	21.7	(21.7)	–	–
Bonds – Interest & FX (CCIRS)	511.0	5.088-5.103	95.9	4.4	6.8	(6.8)	6.8	(0.1)	–

Forward exchange contracts

There has been no material hedge ineffectiveness during the period between designation of these forward exchange rate contracts and the reporting date. The movement in fair value over the life of the instrument was a cumulative gain of \$1.9 million (2024: cumulative gain of \$3.9 million) after tax, which has been deferred in the hedge reserve and will be released to the comprehensive income when the anticipated transaction occurs.

Interest rate swaps

During the period between designation of these interest rate swaps in the hedge relationships and the reporting date, there was no ineffective portion of movements in fair value (2024: \$nil). The fair value includes an adjustment for the impact of credit.

The effective portion of movements in fair value over the life of the interest rate swaps designated as cash flow hedge was a cumulative liability of \$17.4 million (2024: \$4.4 million cumulative asset) after tax. This was deferred in the hedge reserve to be released to the profit or loss either over the life of the syndicated bank loans or when the anticipated transaction occurs.

Cross-currency interest rate swaps

The fair value movement of the cross-currency interest rate swaps was a gain of \$6.8 million (2024: loss of \$55.2 million). In relation to all cross-currency interest rate swaps, a credit adjustment loss of \$0.1 million was recorded in profit or loss for the year (2024: gain of \$0.1 million).

4.4 Derivative financial instruments (continued)

Derivative assets and liabilities designated as cash flows and fair value hedges

The following table indicates the periods in which the cash flows associated with cash flow and fair value hedges are expected to occur and the carrying amounts of the related hedging instruments.

		Expected cash flows						
		Carrying amount	Notional amount \$M	Less than 1 year \$M	1 to 2 year(s) \$M	2 to 5 years \$M	Over 5 years \$M	Total \$M
2024								
Forward exchange contracts	Cash flow hedge	6.0	118.8	2.6	1.9	1.4	—	5.9
Interest rate swaps	Cash flow hedge	4.4	600.0	2.5	1.3	0.3	0.5	4.6
Cross-currency interest rate swaps	Cash flow hedge	84.6	511.0	2.5	2.5	100.3	—	105.3
Total		95.0	1,229.8	7.6	5.7	102.0	0.5	115.8
2025								
Forward exchange contracts	Cash flow hedge	3.2	143.7	1.4	2.1	(0.3)	—	3.2
Interest rate swaps	Cash flow hedge	(17.4)	800.0	(3.8)	(6.9)	(8.4)	(0.2)	(19.3)
Cross-currency interest rate swaps	Cash flow hedge	91.5	511.0	2.9	2.9	106.2	—	112.0
Total		77.3	1,454.7	0.5	(1.9)	97.5	(0.2)	95.9

Exposure to interest rate risk

The interest rate profile of the Group's interest bearing financial assets and liabilities is:

	2025 \$M	2024 \$M
Fixed rate instruments		
Financial liabilities (US dollar bonds and AUD bonds)	(1,957.8)	(2,049.9)
	(1,957.8)	(2,049.9)
Effect of derivative contracts in a hedge relationship	91.5	84.6
	(1,866.3)	(1,965.3)
Variable rate instruments		
Financial liabilities (AUD bonds)	(800.0)	(600.0)
Financial assets (Cash and cash equivalents)	201.1	48.7
	(598.9)	(551.3)
Effect of derivative contracts in a hedge relationship	(17.4)	4.4
	(616.3)	(546.9)

Fair value sensitivity analysis for fixed interest rate instruments

As at 30 June 2025, the Company had US dollar fixed interest rate borrowings recorded at amortised cost. At inception, these were designated into fair value hedge relationships whereby the fair value impact for changes in interest rates of the hedged item were offset by the fair value change of the hedging instruments. Consequently, a change in interest rates at the reporting date would not have a material net impact on the profit or loss.

4.4 Derivative financial instruments (continued)

Cash flow sensitivity analysis for variable interest rate instruments

A 1.0% (100 basis points) per annum change in interest rates at the reporting date would have increased/(decreased) interest expense and equity by the amounts shown below assuming that all other variables remain constant.

	Profit or loss		Equity	
	1% pa increase \$M	1% pa decrease \$M	1% pa increase \$M	1% pa decrease \$M
2024				
Interest rate swaps	—	—	—	—
2025				
Interest rate swaps	—	—	—	—

Currency sensitivity analysis

The profit or loss impact of a 10% per annum change in the Australian dollar, against the US dollar, would be \$nil during the period between designation and the reporting date as no ineffective portion of movements in fair value was identified by the Company's hedge effectiveness testing. A 10% per annum change in the Australian dollar against the following currencies at 30 June 2025 would have (increased)/decreased equity by the amounts shown in the table below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2025		2024	
	10% pa increase \$M	10% pa decrease \$M	10% pa increase \$M	10% pa decrease \$M
US dollar	(5.9)	7.2	(10.0)	12.2

The following significant exchange rates applied during the financial year:

	2025		2024	
	Average rate	Year end rate 30 June	Average rate	Year end rate 30 June
US dollar	0.648	0.658	0.656	0.667

Exposure to foreign currency risk

The notional value of foreign exchange contracts at balance sheet date were as follows:

	2025		2024	
	USD	EUR	USD	EUR
Forward exchange contracts	122.0	—	194.5	0.5
Cross-currency interest rate swaps	400.0	—	400.0	—

Master netting or similar agreements

The Company enters into derivative transactions under International Swaps and Derivatives Association ("ISDA") master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances, e.g. when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because the Company does not have any currently legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as a default on the bank loans or other credit events.

The following table sets out the carrying amounts of recognised financial instruments (on an instrument by instrument basis) that are subject to the above agreements and provides a reconciliation of derivative disclosures per the statement of financial position.

4.4 Derivative financial instruments (continued)

	Gross and net amounts of financial instruments in the Consolidated Statement of Financial Position \$M	Amounts subject to master netting agreement \$M	Net exposure \$M
2024			
Financial assets			
Interest rate swaps	4.4	—	4.4
Forward exchange contracts	8.2	—	8.2
Cross-currency interest rate swaps	89.3	—	89.3
	101.9	—	101.9
Financial liabilities			
Forward exchange contracts	2.2	—	2.2
Cross-currency interest rate swaps	4.7	—	4.7
	6.9	—	6.9
Net balance	95.0	—	95.0

2025

Financial assets			
Interest rate swaps	—	—	—
Forward exchange contracts	5.4	—	5.4
Cross-currency interest rate swaps	95.9	—	95.9
	101.3	—	101.3
Financial liabilities			
Interest rate swaps	17.4	—	17.4
Forward exchange contracts	2.2	—	2.2
Cross-currency interest rate swaps	4.4	—	4.4
	24.0	—	24.0
Net balance	77.3	—	77.3

The following table provides a reconciliation of recognised financial instruments that are subject to the master netting or similar agreements to derivative disclosures per the Consolidated Statement of Financial Position.

Gross and net amounts of financial instruments in the Consolidated Statement of Financial Position	2025 \$M	2024 \$M
Total gross assets	101.3	101.9
Total gross liabilities	24.0	6.9
	77.3	95.0
Reconciliation to Consolidated Statement of Financial Position		
Derivative financial assets – current	5.4	10.5
Derivative financial assets – non-current	95.9	91.4
Derivative financial assets	101.3	101.9
Derivative financial liabilities – current	10.2	6.9
Derivative financial liabilities – non-current	13.8	—
Derivative financial liabilities	24.0	6.9
Net balance	77.3	95.0

4.5 Fair value of financial assets and liabilities

Accounting classification and fair value

All derivative financial instruments are carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted price (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For the purpose of presenting the fair values of the Company's financial assets and liabilities, these calculations fall into Level 2 of the fair value hierarchy. The carrying amount approximates the fair value of all financial assets and liabilities, with the exception of US dollar and Australian dollar bonds.

The fair values of the US dollar and Australian dollar bonds are shown below:

	2025		2024	
	Carrying amount \$M	Fair value \$M	Carrying amount \$M	Fair value \$M
US dollar bonds, gross of discount and unrealised fair value loss	607.8	591.1	599.9	572.5
AUD bonds and subordinated notes, gross of discount	1,700.0	1,607.4	1,550.0	1,411.8

Valuation techniques of financial assets and liabilities measured at fair value

Type	Valuation technique
Debt securities	Discounted cash flows using a contract cash flows and a market related discount rate
Interest rate swaps and cross-currency swaps	Discounted cash flows
Forward exchange contracts	Calculated using spot foreign exchange market rates and market forward curves for each currency pair at the end of period date
Other derivative financial instruments	Calculated based on broker quotes which are tested for reasonableness by discounting expected future cash flows using market interest rates for a similar instrument at the measurement date
Other financial liabilities	Discounted cash flows using the current market interest rate that is available to the Company for similar instruments

Interest rates used in determining fair value

The interest rates used to discount estimated cash flows, where applicable, are based on the Australian dollar and US dollar yield curves at the reporting date and were as follows:

	2025 % pa	2024 % pa
Australian dollar derivatives	3.1 to 3.8	4.3 to 4.5
US dollar derivatives and fair value adjustments to US dollar bonds	3.6 to 4.2	4.4 to 5.3

4.6 Finance income and expense

Accounting policy

Finance income comprises interest income on funds invested, mainly cash, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method.

Finance expense comprises interest expense on borrowings, deferred loan origination fees, unwinding of the discount on provisions, losses on hedging instruments that are recognised in profit or loss and impairment losses recognised on financial assets, other than trade receivables.

Interest on borrowings is expensed as incurred using the effective interest method. Transaction costs incurred in relation to the financing of qualifying assets, which are assets or significant construction projects that take generally more than 12 months to commission, are capitalised as part of the cost of the asset or project and amortised over the life of the asset or project.

Transaction costs associated with the issuance of debt instruments such as various fees and commissions paid to banks, lawyers and others, as well as purchase premiums and discounts on loans, are capitalised as part of the liability and amortised to the income statement over the life of the underlying debt instrument.

Finance income and expense is reconciled to the Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income as follows:

	2025 \$M	2024 \$M
Recognised directly in the Consolidated Statement of Profit or Loss		
Interest income	2.3	3.8
Finance income	2.3	3.8
Interest expense	(177.2)	(168.1)
Amortisation of capitalised transaction costs	(4.1)	(3.4)
Guarantee and commitment fees	(7.0)	(5.6)
Unwind of discount on long-term provisions	(4.4)	(3.5)
Credit value adjustment recognised in the profit or loss	0.1	(0.1)
Foreign currency gain	1.3	–
Finance expense	(191.3)	(180.7)
Recognised directly in the Consolidated Statement of Comprehensive Income		
Effective portions of changes in fair value of cash flow hedges	(25.6)	(0.3)
Tax on finance income and finance costs recognised in the Consolidated Statement of Comprehensive Income	7.6	0.1
Finance expense recognised directly in the Consolidated Statement of Comprehensive Income, net of tax	(18.0)	(0.2)

4.7 Dividends

Accounting policy

Once resolved to be paid, dividends are a liability of the Company and, to the extent they are not paid at the reporting date, are accounted for as other financial liabilities.

No dividends were declared or paid by the Company for the current reporting period ended 30 June 2025 (2024: no dividends declared or paid). The Company made a \$28.2 million return of capital to shareholder during the current reporting period (2024: \$35.2 million).

No franking account is held by the Company as at 30 June 2025 (30 June 2024: \$nil).

4.8 Reserves

Movement in reserves:

	Common control \$M	Hedge \$M	Cost of Hedging \$M	Total \$M
2024				
Opening balance	(4,911.2)	(18.9)	(0.5)	(4,930.6)
Other comprehensive income	–	1.6	(1.8)	(0.2)
Closing balance	(4,911.2)	(17.3)	(2.3)	(4,930.8)
2025				
Opening balance	(4,911.2)	(17.3)	(2.3)	(4,930.8)
Other comprehensive loss	–	(19.8)	1.8	(18.0)
Disposal of subsidiary	(0.6)	–	–	(0.6)
Closing balance	(4,911.8)	(37.1)	(0.5)	(4,949.4)

Common control reserve

As a result of the Company's formation through a combination of entities under common control, an equity account was created as a component of equity, called the common control reserve. The balance of the account represents the excess of the fair value of the Company shares as traded on 15 June 2007 over the initial carrying value of the businesses transferred from Toll to the Company at the time of the demerger.

Hedge reserve

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

Cost of hedging reserve

The amount deferred in the costs of hedging reserve relate to forward points on cash flow hedging instruments, net of tax, for hedged transactions that have not yet occurred.

4.9 Contributed equity

Accounting policy

Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in contributed equity as a deduction, net of tax, from the proceeds of issue.

Movement in number of issued shares:

	Date	Price per share \$	Number of fully paid ordinary shares	\$M
2024				
Parent				
Balance at	1 July 2023		848,982,052	4,264.7
Return of capital ¹	–		–	(35.2)
Balance at	30 June 2024		848,982,052	4,229.5
2025				
Parent				
Balance at	1 July 2024		848,982,052	4,229.5
Return of capital ¹	–		–	(28.2)
Balance at	30 June 2025		848,982,052	4,201.3

1. Pacific National made a \$28.2m return of capital, including \$9m non-cash distribution, to shareholder during the current reporting period (2024: \$35.2m return of capital, including \$0.7m non-cash distribution). The financial statements for the year ended 30 June 2024 incorrectly reported 975,385,664 fully paid ordinary shares as at that date. The correct number is 848,982,052 shares. Comparative figures have been restated accordingly.

4.10 Retained earnings

	2025 \$M	2024 \$M
Opening balance	1,457.3	1,458.6
Loss after tax attributable to owners of Pacific National Holdings Pty Ltd	(44.0)	(0.1)
Other comprehensive loss	(1.1)	(1.2)
Closing balance	1,412.2	1,457.3

5. How we structure the business

This section provides information which will help users understand how the Group structure affects the financial position and performance of the Group as a whole. In particular, there is information about:

- changes to the structure that occurred during the year as a result of business combinations;
- significant subsidiaries;
- interests in joint ventures; and
- parties to the deed of cross guarantee under which each company guarantees the debts of the others.

5.1 Subsidiaries

Accounting policy

Subsidiaries

Subsidiaries are those entities over which the Company has the power, directly or indirectly, to govern the financial and operating policies generally accompanied by an equity holding of more than half the voting rights. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control of the subsidiary commences until the date that control ceases.

Inter-entity transactions, balances and unrealised gains on transactions between Group entities are eliminated.

Non-controlling interests

Other non-controlling interests are interests in partly owned subsidiaries, which are not held either directly or indirectly by Pacific National Holdings Pty Ltd.

Significant subsidiaries

All significant operating subsidiaries as at 30 June 2025 listed below were incorporated in Australia.

Pacific National Finance Pty Ltd

Pacific National Services Pty Ltd

Pacific National (NSW) Pty Ltd

Pacific National (QLD) Pty Ltd

Pacific National (Queensland Coal) Pty Ltd

5.2 Deed of cross guarantee

Pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785, the wholly owned subsidiaries of the Parent listed below are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports and directors' reports.

It is a condition of the Instrument that the Parent and each of the wholly owned subsidiaries enter into a deed of cross guarantee. The effect of the deed is that the Parent guarantees to each creditor payment in full of any debt in the event of the winding up of any of the wholly owned subsidiaries under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the Act, the Parent will only be liable in the event that after six months any creditor has not been paid in full. The wholly owned subsidiaries have also given similar guarantees in the event that the Parent is wound up.

The subsidiaries subject to the deed as at 30 June 2025 are as follows:

Pacific National Executive Services Pty Ltd	Pacific National Holdings (Executive) Pty Ltd
Pacific National Holdings (Corporate) Pty Ltd	Pacific National Holdings (Properties) Pty Ltd
Pacific National Holdings (Rail) Pty Ltd	Pacific National Properties (Operations) Pty Ltd
Pacific National Properties Pty Ltd	Pacific National Rail Holdings Pty Ltd
Pacific National Services Pty Ltd	Asciano (Employee Share Plans) Pty Ltd
ATN Access Pty Limited	National Rail Consortium (Insurance) Pty Ltd
Pacific National (NSW) Pty Ltd	Pacific National Bulk Rail Pty Ltd
Pacific National (Queensland Coal) Pty Ltd	Pacific National (QLD) Pty Ltd
Pacific National (Tasmania) Pty Limited	Pacific National (Queensland Coal Holdco) Pty Ltd
PN Tas (Services) Pty Limited	Pacific National Pty Ltd
Terminals Australia Pty Limited	PN Tas (Operations) Pty Limited
ACN 106 978 330 Pty Ltd	HV Rail Pty Ltd
Queensland LH Co Pty Ltd	Australian Logistics Rail Services Pty Ltd
Queensland PUD Co Pty Ltd	Queensland Pud Holdco Pty Ltd

A Consolidated Statement of Comprehensive Income, a summary of retained earnings, and a Consolidated Statement of Financial Position, comprising the Parent and controlled entities that are a party to the deed of cross guarantee, after eliminating all transactions between parties to the deed, at 30 June 2025 are set out as follows:

	2025 \$M	2024 \$M
Consolidated Statement of Comprehensive Income		
Revenue from services rendered	2,089.4	2,261.5
Other income/(expense)	96.3	(20.8)
Operating expenses excluding depreciation and amortisation	(1,606.9)	(1,710.9)
Profit before depreciation, amortisation, net finance costs and tax	578.8	529.8
Depreciation	(379.0)	(395.2)
Amortisation	(22.0)	(15.4)
Profit before net finance costs and tax	177.8	119.2
Net finance expense	(10.7)	(26.7)
Profit before tax	167.1	92.5
Tax expense	(43.2)	(28.0)
Profit after tax	123.9	64.5
Other comprehensive (loss)/gain	(1.1)	(1.2)
Profit for the period	122.8	63.3
Retained earnings at beginning of year	1,823.0	1,759.7
Retained earnings at end of the year	1,945.8	1,823.0

5.2 Deed of cross guarantee (continued)

Consolidated Statement of Financial Position	2025 \$M	2024 \$M
Current assets		
Cash and cash equivalents	200.9	47.8
Trade and other receivables	433.2	309.9
Prepayments and other assets	17.8	13.1
Intangible assets	–	5.4
Inventories	25.9	23.6
Derivative financial assets	7.8	10.5
Total current assets	685.6	410.3
Non-current assets		
Property, plant and equipment	2,850.8	2,974.9
Lease assets	285.9	191.7
Intangible assets	999.0	987.5
Trade and other receivables	103.1	99.6
Prepayment and other assets	1.2	1.5
Derivative financial assets	95.9	100.4
Total non-current assets	4,335.9	4,355.6
Total assets	5,021.5	4,765.9
Current liabilities		
Trade and other payables	220.9	254.8
Provisions and employee benefits	129.1	145.0
Lease Liabilities	29.1	25.1
Loans and borrowings	9.3	12.3
Derivative financial liabilities	10.2	6.9
Total current liabilities	398.6	444.1
Non-current liabilities		
Other payables and accrued expenses	429.0	302.2
Provisions and employee benefits	39.9	32.3
Lease Liabilities	279.8	191.0
Loans and borrowings	2,564.8	2,574.1
Net deferred tax liabilities	97.9	100.5
Derivative financial liabilities	13.8	–
Total non-current liabilities	3,425.2	3,200.1
Total liabilities	3,823.8	3,644.2
Net assets	1,197.7	1,121.7
Equity		
Contributed equity	4,201.3	4,229.5
Reserves	(4,949.4)	(4,930.8)
Retained earnings	1,945.8	1,823.0
Total equity	1,197.7	1,121.7

6. How we remunerate our employees

This section presents information in relation to remuneration paid by the Company to its employees including information in relation to payments to key management personnel, issued share-based payment awards and other employee benefits including superannuation.

6.1 Employee benefits and superannuation

Accounting policy

Long-term service benefits

The Company's net obligation in respect of long-term service benefits, other than superannuation, is the amount of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Australian Corporate Bonds as generated in the Milliman report that have maturity dates approximating the terms of the Company's obligations.

Long service leave is classified as current where the leave has vested, or will vest within the next 12 months, in accordance with the relevant state legislation under which the employee operates.

Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the profit or loss as incurred.

Defined benefit superannuation funds

The Company's net obligation in respect of defined benefit superannuation funds is calculated separately for each fund by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value and the fair value of any fund assets and any unrecognised past service cost is deducted.

The discount rate is the yield at the end of period date on the Australian Corporate Bonds as generated in the Milliman report that have maturity dates approximating to the terms of the Company's obligations. The calculation is performed annually by a qualified actuary using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, periods of service and taxes.

When the benefits of a fund are improved, the portion of the increased benefit relating to past service by employees is recognised in the profit or loss on a straight line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the profit or loss. Actuarial gains and losses are recognised directly in other comprehensive income.

The Company determines the net interest expense (income) for the period on the net defined benefit liability (asset) by applying the same discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset) after taking into account contributions and benefit payments during the period. Consequently, the net interest recognised in the statement of profit or loss comprises:

- interest cost on the defined benefit obligation at the start of the period; and
- interest income on plan assets during the period.

The difference between the actual return on plan assets for the year and the interest income on plan assets is recognised as part of remeasurement within other comprehensive income.

Short-term employee benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are due within 12 months of the reporting date represent present obligations resulting from employees' services provided at the reporting date. These balances are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay as at the reporting date including related on-costs, such as workers compensation insurance and payroll tax. Non-accumulating non-monetary benefits (such as parking and mobile telephone expenses) are expensed based on the net marginal cost to the Company as the benefits are taken by the employees.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when the employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of reporting date are discounted to present value.

6.1 Employee benefits and superannuation (continued)

Defined benefit superannuation funds

A liability or asset in respect of defined benefit superannuation funds is recognised in the statement of financial position, and is measured as the present value of the defined benefit obligation less the fair value of the superannuation fund's assets and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Assumptions have been made as to expected future wage and salary levels, experience of employee departures and periods of service

Assets and provisions in relation to employee benefits are as follows:

	2025 \$M	2024 \$M
Non-current		
Defined benefit plan asset	1.1	1.4
Employee benefit asset	1.1	1.4
Current		
Long service leave	47.7	47.7
Annual leave	48.6	53.8
Other employee entitlements	3.5	3.5
Employee benefit liabilities	99.8	105.0
Non-current		
Long service leave	13.0	13.2
Employee benefit liabilities	13.0	13.2

Defined contribution funds

The Company contributes to a number of defined contribution funds on behalf of employees. Under current legislation, employees are able to choose the fund into which these contributions are made, and the Company pays contributions into the various funds in accordance with the employees' instructions. Contributions made to the funds were \$52.6 million (2024: \$49.3 million).

Victorian State Superannuation Fund

The Company also contributes on behalf of certain employees to defined benefit schemes that are part of the Victorian State Superannuation Fund ("VSSF"). Certain employees of V/Line Freight Corporation, which was acquired by Freight Victoria Limited (subsequently renamed Pacific National (Victoria) Limited) on 1 May 1999, elected to continue their membership of the defined benefit schemes at acquisition. Membership of the defined benefit schemes had been closed to new members prior to 1 May 1999. As at 30 June 2025, there were 3 (2024: 4) employees still in the defined benefit schemes.

The State Government of Victoria retains liability for investment risk in the VSSF while the Company's exposure is in relation to future contribution rates only. Contribution rates may increase above current rates where the level of salary and wage increases exceeds that assumed by the actuary. The level of contributions in respect of these funds is determined by the VSSF's board based on advice from the actuary. For accounting purposes, the State Government of Victoria recognises the unfunded superannuation liability in respect of the Emergency Services Superannuation Scheme ("ESSS") (of which the VSSF is a sub scheme) in its financial statements.

David Knox (BA, PhD, FIA, FIAA), the actuary who prepares the AASB 119 *Employee Benefits* liabilities for the State Government of Victoria, has advised that given the nature of the ESSS, the State Government of Victoria's commitment to the ESSS, the pooling of risk and the difficulties in reliably allocating the benefit liabilities and assets between entities, it is appropriate for the Company to use the defined contribution reporting approach available under the multi employer fund provisions of AASB 119. This approach is also consistent with the treatment of the Company's contribution in the calculation of the State Government of Victoria's balances.

Defined benefit funds

The Company is a sponsor of a number of pooled defined benefit funds relating to employees it took over from closed New South Wales public sector entities. The funds include the State Superannuation Scheme ("SSS"), the State Authorities Superannuation Scheme ("SASS") and the State Authorities Non-Contributory Superannuation Scheme ("SANCS"). These schemes are all defined benefit schemes and at least one component of the final benefit is derived from a multiple of member salary and years of membership. There were 183 (2024: 194) employees and former employees in these defined benefit funds as at 30 June 2025. In accordance with various trust deeds, where a deficit exists in the funds, the trustee may request additional contributions by employers in order to manage down the deficit over time. During the year, no additional contributions were made due to a surplus position (2024: \$nil).

6.1 Employee benefits and superannuation (continued)

In accordance with AASB 119, the Company reflects actuarial gains and losses, after tax, directly in other comprehensive income. Other gains and losses are reflected in the current period profit or loss.

All fund assets are invested at arm's length through independent fund managers.

	2025 \$M	2024 \$M
Fund assets comprise:		
Australian equities	19.8	28.3
Overseas equities	66.0	69.7
Australian fixed interest securities	4.0	0.4
Overseas fixed interest securities	1.2	4.8
Property	13.0	9.9
Cash	11.4	11.7
Other	54.0	49.1
	169.4	173.9
Movement in the present value of fund assets		
Balance at the beginning of the financial period	173.9	181.9
Contributions paid into the funds – employer	1.5	1.5
Contributions paid into the funds – plan participants	0.6	0.7
Benefits paid by the funds	(20.2)	(21.5)
Expected return on fund assets	9.2	9.1
Actual return on fund assets	4.4	2.2
Balance at the end of the financial year¹	169.4	173.9
Movement in the present value of the defined benefit obligation		
Balance at the beginning of the financial year	153.5	168.9
Contributions paid into the funds	0.6	0.7
Benefits paid by the funds	(20.2)	(21.5)
Current service costs and interest	8.3	8.8
Actuarial gains recognised in other comprehensive income	5.5	(3.4)
Balance at the end of the financial year¹	147.7	153.5
Expenses recognised in the profit or loss		
Current service costs	0.4	0.5
Interest cost	8.0	8.3
Expected return on fund assets	(9.2)	(9.1)
Total included in employee benefits expense	(0.8)	(0.3)
Actual return on fund assets	4.4	2.2
Actuarial gains and losses recognised directly in other comprehensive income		
Balance at the beginning of the financial year	(76.2)	(75.0)
Gains recognised directly in other comprehensive income	(1.6)	(1.7)
Tax thereon	0.5	0.5
Other comprehensive (loss)/income, net of tax	(1.1)	(1.2)
Balance at the end of the financial year	(77.3)	(76.2)

1. Under AASB 119, any prepaid superannuation asset recognised cannot exceed the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the "surplus in excess of recovery" is zero, no asset ceiling limit is imposed. As a result, only \$1.0 million of the net surplus of \$13.0 million of define benefit asset was recognised on the statement of financial position.

6.1 Employee benefits and superannuation (continued)

	2025 % pa	2024 % pa
Actuarial assumptions		
Discount rate	5.5	5.6
Future salary increases	3.5	4.0
Rate of Consumer Price Index ("CPI") increase	2.5	4.3
Expected rate of return on assets	7.0	7.0

The sensitivity of the defined benefit obligation to changes in the significant assumptions is:

	Change in assumptions	2025 Impact on defined benefit obligation		2024 Impact on defined benefit obligation	
		\$M Increase	\$M Decrease	\$M Increase	\$M Decrease
Actuarial assumptions					
Discount rate	0.5%	(5.5)	6.1	(5.7)	6.0
Future salary increases	0.5%	1.0	(0.9)	1.2	(1.1)
Rate of Consumer Price Index ("CPI") increase	0.5%	5.2	(4.8)	4.7	(4.3)
Pensioner mortality	5.0%	(2.5)	2.4	(1.5)	(0.5)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the statement of financial position.

Employer contributions

Employer contributions to the funds are based on recommendations by the funds' actuaries. Actuarial assessments are made on an annual basis and the last such assessment was conducted as at 30 June 2025.

Historical information

	SSS \$M	SASS \$M	SANCS \$M	Total \$M
2025				
Defined benefit obligation	(3.4)	(137.3)	(7.0)	(147.7)
Fund assets	11.1	129.7	28.6	169.4
Net surplus/(deficit)	7.7	(7.6)	21.6	21.7
Surplus in excess of recovery available from schemes ¹	(5.4)	—	(15.2)	(20.6)
Net asset/(liability) recognised	2.3	(7.6)	6.4	1.1
Experience adjustments – fund liabilities	—	2.3	—	2.3
2024				
Defined benefit obligation	(3.3)	(141.8)	(8.4)	(153.5)
Fund assets	10.4	135.2	28.3	173.9
Net surplus/(deficit)	7.1	(6.6)	19.9	20.4
Surplus in excess of recovery available from schemes ¹	(5.1)	—	(13.9)	(19.0)
Net asset/(liability) recognised	2.0	(6.6)	6.0	1.4
Experience adjustments – fund liabilities	—	(0.6)	0.2	(0.4)

1. Under AASB 119, any prepaid superannuation asset recognised cannot exceed the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the "surplus in excess of recovery" is zero, no asset ceiling limit is imposed.

7. Other

This section provides information that is not directly related to specific line items in the financial statements, including information about related party transactions, auditor's remuneration, events after the reporting period and other statutory information.

7.1 Related parties

Accounting policy

All undertakings with related parties are on an arm's length basis and recognised in line with accounting standards.

(a) Parent and ultimate controlling party

On implementation of the Scheme on 19 August 2016, all of Pacific National Holdings Pty Ltd's shares were acquired by Australian Logistics Acquisition Investments Pty Limited ("ALAI"). As a result, the new ultimate controlling entity of the Group is ALAH.

(b) Key management personnel compensation

Key management personnel compensation comprised the following:

	2025 \$000	2024 \$000
Remuneration elements		
Short-term employee benefits	8,442.5	8,958.3
Post-employment benefits	271.8	230.1
Other long-term employee benefits	(35.5)	91.5
Termination payments	4,666.7	–
Total remuneration	13,345.5	9,279.9

(c) Transactions with related parties

During the financial year, the Company had made a return of capital of \$28.2 million (2024: \$35.2 million) to ALAI. The Company did not declare or pay any dividends to ALAI during the financial year (2024: \$nil). As at 30 June 2025 the Group had a liability of \$197.4 million (30 June 2024: \$175.5 million) for tax payable to ALAH as part of the ALAH tax group and a receivable of \$11.4 million (2024: \$7.5 million) for expenses paid on behalf of ALAH and ALAI.

An unsecured intercompany revolving loan of \$9.3 million was provided by Pacific National Insurance to the Company in November 2020. Both entities are 100% owned subsidiaries of Australian Logistics Acquisition Investments Pty Limited ("ALAI"). The loan is interest bearing and the Company pays the interest every quarter. Loan is repayable on demand and it's not subject to covenants requirements.

(d) Transfer of subsidiary under common control

On 30 June 2025, the Company transferred its 100% holding in Pacific National Insurance Pte ("PNI") to ALAI, an entity under the common control of the Company's ultimate parent, ALAH. The transaction was part of an internal group restructuring and involved no change in ultimate control.

This transaction falls outside the scope of AASB 3 *Business Combinations* as it was a common control transaction. The transaction was effected by a return of capital by the Company to ALAI of \$9 million, representing the historic cost of PNI's shares. An in-kind transfer of 9,000,000 shares of PNI from PNH to ALAI was done in satisfaction of the return of capital. No gain or loss has been recognised in profit or loss arising from this transaction.

7.2 Auditor's remuneration

KPMG is the auditor of Pacific National Holdings Pty Ltd. Amounts received or due and receivable by KPMG are detailed below:

	2025 \$000	2024 \$000
Audit services		
Audit and review of financial reports	879.7	913.5
Other services		
Other assurance related services	249.2	226.5
	1,128.9	1,140.0

7.3 Parent

As at, and throughout the 2025 financial year, the parent company of Pacific National was Pacific National Holdings Pty Ltd.

	2025 \$M	2024 \$M
Result of the Parent		
Loss/(profit) after tax	10.5	(48.6)
Financial position		
Current assets	213.6	65.6
Non-current assets	5,776.8	5,781.3
Total assets	5,990.4	5,846.9
Current liabilities	24.9	20.8
Non-current liabilities	4,201.0	4,026.0
Total liabilities	4,225.9	4,046.8
Net assets	1,764.5	1,800.1
Equity		
Contributed equity	5,237.5	5,265.7
Reserves	(37.6)	(19.7)
Accumulated losses	(3,435.4)	(3,445.9)
Total equity	1,764.5	1,800.1

The Parent has net current assets of \$188.7 million as at 30 June 2025 (30 June 2024: \$44.8 million).

Return of capital

The Parent had made a \$28.2 million return of capital, including \$9 million non-cash settlement, during the financial year (2024: \$35.2 million return of capital, including \$0.7 million non-cash settlement).

Capital commitments for acquisition of property, plant and equipment

The Parent did not have any capital commitments for acquisition of property, plant and equipment at 30 June 2025 or 30 June 2024.

Capital guarantees in respect of debts of certain subsidiaries

The Parent has entered into a deed of cross guarantee with the effect that the Parent guarantees debts in respect of wholly owned subsidiaries. Under the deed of cross guarantee, the subsidiaries provide financial security to the Parent.

Further details of the deed of cross guarantee and the wholly owned subsidiaries subject to the deed, are disclosed in note 5.2.

Parent contingent liabilities

There are no contingent liabilities in the Parent.

The contributed equity in the Parent differs to the contributed equity in the consolidated financial statements due to the elimination of the treasury shares and the corporatisation adjustment which arose from the acquisition of the Asciano Finance Trust.

7.4 Events subsequent to the reporting date

There has not arisen in the period between 30 June 2025 and the date of this report any item, transaction or event of a material and unusual nature, which in the opinion of the Board, is likely to affect significantly the operations of Pacific National, the results of those operations, or the state of affairs of Pacific National as reported in these accounts.

Directors' declaration**For the year ended 30 June 2025**

In the opinion of the Directors of Pacific National Holdings Pty Ltd:

- (a) the consolidated financial statements and notes set out on pages 8 to 59 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; 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; and
- (c) there are reasonable grounds to believe that the Company and the group entities identified in note 5.2 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the deed of cross guarantee between the Company and those group entities pursuant to *ASIC Corporations (Wholly owned Companies) Instrument 2016/785*.

The Directors draw attention to note 1 to the consolidated financial statements, which includes a statement of compliance with IFRS.

Signed in accordance with a resolution of the Directors:



Brett Grehan

Chief Executive Officer

28 August 2025



Independent Auditor's Report

To the shareholders of Pacific National Holdings Pty Ltd

Opinion

We have audited the **Financial Report** of Pacific National Holdings Pty Ltd (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the **Group's** financial position as at 30 June 2025 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2025
- Consolidated statement of profit or loss, Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes, including material accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 *Corporations Act 2001* and 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 Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other Information

Other Information is financial and non-financial information in Pacific National Holdings Pty Ltd's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing 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 in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a 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 that is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/media/apzlw0y/ar3_2024.pdf. This description forms part of our Auditor's Report.

KPMG

Paul Thomas

Partner

Sydney

28 August 2025