

Australia Pacific Airports (Melbourne) Pty. Limited

ACN 076 999 114

Financial Statements - 30 June 2026

Australia Pacific Airports (Melbourne) Pty. Limited
Directors' report
30 June 2026

The Directors of Australia Pacific Airports (Melbourne) Pty. Limited (APAM or the Company) ACN 076 999 114 submit herewith the annual financial report of the Company for the financial year ended 30 June 2026 (FY26).

Principal activities

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

Review of operations

FY26 delivered strong results for the Company, with operating profit of \$1,088.2 million up 18.5% on the year ended 30 June 2025 (FY25) and total passenger volumes increasing to 37.0 million passengers, up 2.3% on the prior year.

International passengers totalled 12.3 million for the year, up 2.5% on the prior year and representing the highest annual international passenger volume in Melbourne Airport's history. Growth reflected Melbourne Airport's focus on increasing capacity and strengthening connectivity through both new and expanded airline services. During the year, Melbourne Airport welcomed new airline partners including Delta Air Lines, Hong Kong Airlines and Shenzhen Airlines, while other carriers increased frequencies and capacity on existing routes. The strengthening of Melbourne's international network contributed to Melbourne Airport recording its busiest month on record in December 2025, with more than 3.4 million people travelling through the precinct, and a record month for international passenger traffic in January 2026. While conflict in the Middle East resulted in temporary disruption to some international services during the second half of the year, demand remained resilient and Melbourne Airport further strengthened its position as Australia's leading 24-hour international gateway.

The Company welcomed 24.7 million domestic passengers during the year, an increase of 2.2% on the prior year. Domestic demand remained resilient, supported by strong business and leisure travel, with major airline partners continuing to invest in fleet renewal and network development. Virgin Australia further consolidated Melbourne Airport as its largest hub, while Qantas and Jetstar introduced additional next-generation aircraft and capacity into the market, supporting continued growth in passenger volumes.

Melbourne Airport serves as Victoria's gateway to the world and is focused on meeting the growing demand for air travel. The ongoing capital program across the precinct continues to progress to cater for passenger demand, with \$1,260.0 million of capital investment across the Company in the period (30 June 2025: \$1,165.5 million). Notable progress during the period included:

- Melbourne Airport's Third Runway - a preferred contractor has been selected and engaged to undertake design and approval activities, with formal notice to proceed for the full works expected to be issued in the financial year ending 30 June 2027 (FY27);
- T2 Landside and Airside expansion projects - on schedule to deliver increased capacity across Melbourne Airport's Terminal Two via a multi-year program, driven by Melbourne Airport's Third Runway;
- Melbourne Airport Railway - a Memorandum of Understanding was signed between Melbourne Airport and the State and Federal governments, making a commitment to work together to commence delivery of the project;
- T2 NEXT project - the first phase of works Practical Completion achieved in June 2026 ensuring regulatory compliance. Phase 2, which will replace the upstream baggage system delivering significant upgrades to the international terminal, is continuing and expected to complete in FY27; and
- Elevated Road and Forecourt development - Stage 2 approaching completion with the asset expected to be commissioned in FY27. The asset will deliver further capacity, new pick up and drop off and safety enhancements to the road network within the Airport precinct.

The 2022 aeronautical services agreements between Melbourne Airport and airlines expired on 30 June 2025, while the terminal facilities agreements expired on 30 June 2025 (Virgin) and 9 November 2025 (Jetstar).

Melbourne Airport and the Qantas Group reached a commercial agreement in July 2026 in relation to key terms that are expected to support Melbourne Airport's long-term growth and development plans. The agreement paves the way for additional flights, international lounge upgrades and check-in enhancements, while supporting Melbourne Airport's \$4,500.0 million international terminal expansion program. It also includes a 15-year commitment to Melbourne Airport's third runway, providing a long-term framework to support future passenger growth, enhanced customer infrastructure and expanded aviation services. The plans are expected to facilitate growth opportunities for both Qantas and Jetstar, including the potential expansion of international services from Melbourne. Melbourne Airport and the Qantas Group expect to finalise the agreements in the coming months.

Negotiations continue with the Board of Airline Representatives of Australia and Virgin Australia.

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Financial results:

The Company delivered a strong financial performance for the year ended 30 June 2026, with operating profit of \$1,088.2 million (30 June 2025: \$918.5 million) and a profit after tax of \$430.9 million (30 June 2025: \$374.5 million).

Operating profit (\$'m)	Jun-26	Jun-25
Operating profit	1,088.2	918.5
Revenue (\$'m)	Jun-26	Jun-25
Aeronautical	728.2	563.6
Security	161.6	150.6
Retail	198.1	192.2
Ground Transport	250.7	239.7
Property	178.1	153.2
Hotel	38.3	27.9
Outgoings / recharges	49.3	44.8
Other	2.9	5.8
	<u>1,607.2</u>	<u>1,377.8</u>

Revenue increased by 16.6% to \$1,607.2 million (30 June 2025: \$1,377.8 million). Strong passenger performance delivered an uplift in revenue across aeronautical, retail and ground transport. Property revenue increased by 16.3% on the prior year, supported by annual rent escalations and new developments. The increase in security revenues is attributable to the uplift in passenger volumes. The increase in outgoings reflects the expansion of the embedded network including the transition of tenants to GreenPower, a premium renewable energy supplied by Melbourne Airport and accredited by the government.

Operating costs, excluding security passthrough costs, increased by \$47.2 million to \$359.5 million (30 June 2025: \$312.3 million). The uplift is a result of costs related to increased cleaning and operational costs aligned to increased passenger volumes and maintenance to support the Melbourne Airport Business Park.

Borrowing costs increased by \$19.7 million in FY26 to \$293.5 million in FY26 (30 June 2025: \$273.8 million). The movement was driven by additional interest expense from higher debt volumes, partially offset by additional interest capitalised to projects. Interest income was \$33.6 million in FY26, compared with \$13.4 million in FY25, reflecting higher cash deposit balances and offsetting the increase in borrowing costs.

The Company's balance sheet remains strong with \$2,340.8 million of liquidity at balance date including undrawn bank facilities of \$1,400.0 million and cash of \$940.8 million. The Company continues to be compliant with financial covenants for the year ended 30 June 2026.

Operating cash inflows increased by \$258.0 million in FY26 to \$694.0 million (30 June 2025: \$436.0 million). The increase was driven by strong passenger volumes and higher revenue per passenger, resulting in increased receipts from customers. Payments to suppliers and employees were lower in FY26 than the prior year due to a substantial lease incentive payment made in the prior year. The increase in operating cash inflows was partially offset by higher tax payments of \$42.4 million.

Investing cash outflows of \$1,260.0 million for the period reflect the Company's ongoing capital works, with the increase on the prior year attributable to the uplift in construction activity (30 June 2025: \$1,165.5 million).

Net financing cash inflows of \$726.6 million (30 June 2025: \$927.8 million) reflect \$1,058.3 million drawdown of debt, offset by debt repayments of \$320.0 million, debt issue costs of \$11.2 million and repayment of lease liabilities of \$0.5 million.

Other matters

On 15 May 2025, Australia Pacific Airports Corporation Limited (APAC), the ultimate parent entity of the Company, issued a default notice to APAC shareholder Dexu for a breach of the APAC Shareholders' Deed. The default notice required the commencement of a compulsory process to offer for sale the Dexu shares to remaining APAC shareholders. Dexu disputed the validity of the default notice in the New South Wales Supreme Court. On 29 May 2026 Hammerschlag Chief Judge in Equity (CJ in Eq) dismissed Dexu's claim and dissolved an injunction granted in favour of Dexu that stayed the impact of the default notice until the hearing. As a result, Dexu's rights to have Directors on the APAC Board and their rights to information are suspended. Dexu and one of its direct shareholders have appealed to the Court of Appeal against the decision of Hammerschlag CJ in Eq.

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While the dispute is between APAC and its shareholders, the Company has incurred and expensed the legal costs of the proceedings. APAC has applied to the New South Wales Supreme Court to recover a substantial portion of those costs. As Dexus and other parties have lodged appeals against aspects of the Court's decision, the extent of any recovery remains subject to the final outcome of those proceedings.

The dispute, including the appeal, has no impact on the operations of the Company or its ability to meet its obligations under its financing arrangements.

Significant changes in the state of affairs

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

Dividends

No dividend was paid or declared in the year ended 30 June 2026. A final dividend of \$53,693,745 (\$0.537 per share) for the year ended 30 June 2024 was paid in the prior year and no dividend was declared for the year ended 30 June 2025.

Events occurring after balance sheet date

In July 2026, Melbourne Airport and the Qantas Group reached a commercial agreement on key terms supporting Melbourne Airport's long-term growth and development plans. The agreement supports Melbourne Airport's \$4,500.0 million international terminal expansion program and includes a 15-year commitment to Melbourne Airport's third runway. Melbourne Airport and the Qantas Group expect to finalise the agreements in the coming months.

No other matters or circumstances have arisen since 30 June 2026 that have significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Directors

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

Meetings of Directors

The number of meetings of the Company's Board of Directors (the Board) held during the year ended 30 June 2026 and the number of meetings attended by each Director were:

	Held	Full Board Attended
Lorie Argus	4	4
Ruth Martin	4	4
Jai McDermott	4	4

Aaron Gant served as Company Secretary of the Company for the full financial year.

Future developments

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

Environmental regulation

In relation to environmental matters, the Company is subject to the Airports Act 1996 (Cth) (the Act) and the Airports (Environment Protection) Regulations 1997 (the Regulations). The Company is satisfied that the results of environmental monitoring conducted by internal and external specialists during the year ended 30 June 2026 demonstrate compliance with the Act and the Regulations in all material respects.

Like other airports around Australia, fire-fighting foams containing per- and poly- fluoroalkyl substances (PFAS) have historically been used by Airservices Australia at Melbourne Airport. Melbourne Airport continues to investigate, manage and monitor PFAS.

Indemnity and insurance of officers and auditors

Each officer (including each Director) of the Company is indemnified, to the maximum extent permitted by law, against any liabilities incurred as an officer of the Company pursuant to agreements with the Company. Each officer is also indemnified against reasonable costs (whether legal or otherwise) incurred in relation to relevant proceedings in which the officer is involved because the officer is or was an officer.

The Company has arranged to pay a premium for Directors' and officers' liability insurance policy to indemnify Directors and officers in accordance with the terms and conditions of the policy.

This policy is subject to a confidentiality clause which prohibits disclosure of the nature of the liability covered, the name of the insurer, the limit of liability and the premium paid for this policy.

The auditor of the Company is in no way indemnified out of the assets of the Company.

No application has been made and no proceedings have been brought or intervened in on behalf of the Company under section 237 of the Corporations Act.

Auditor's independence

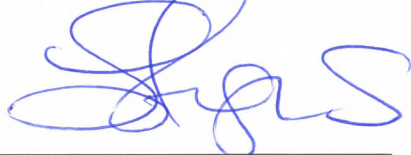
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

Rounding of amounts

The Company is of a kind referred to in Australian Securities & Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183, which replaced Instrument 2016/191 for reporting periods ending on or after 30 June 2026, and in accordance with that instrument all financial information has been rounded to the nearest thousand dollars, unless otherwise indicated.

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

On behalf of the Directors



Mrs. Lorie Argus
Director

27 August 2026
Melbourne

27 August 2026

The Board of Directors
Australia Pacific Airports (Melbourne) Pty Limited
Level 2, Terminal 4
Melbourne Airport VIC 3043

Dear Board Members

Auditor's Independence Declaration to Australia Pacific Airports (Melbourne) Pty Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Australia Pacific Airports (Melbourne) Pty Limited.

As lead audit partner for the audit of the financial report of Australia Pacific Airports (Melbourne) Pty Limited for the year ended 30 June 2026, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Jason Thorne
Partner
Chartered Accountants

Australia Pacific Airports (Melbourne) Pty. Limited

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General information

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

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

Its registered office and principal place of business is:

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

A description of the nature of the Company's operations and its principal activities are included in the Directors' report.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 27 August 2026.

Australia Pacific Airports (Melbourne) Pty. Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2026

	Note	2026 \$'000	2025 \$'000
Revenue			
Aeronautical		728,256	563,556
Security	5	161,559	150,570
Retail		198,052	192,225
Ground Transport		250,755	239,690
Property		178,053	153,230
Hotel		38,315	27,907
Outgoings/recharges		49,294	44,766
Other income		2,950	5,839
Profit on sale of non-current assets		-	18
Total revenue		1,607,234	1,377,801
Expenses			
Staff costs		(82,414)	(72,883)
Security	5	(159,536)	(147,037)
Services and utilities		(181,460)	(168,135)
Maintenance costs		(41,021)	(34,869)
Administration and marketing costs		(17,904)	(17,015)
Other costs		(36,654)	(18,377)
Allowance for expected credit losses		(18)	(1,005)
Total expenses		(519,007)	(459,321)
Operating profit		1,088,227	918,480
Change in fair value of investment property	11	45,199	135,610
Borrowing costs	4	(293,483)	(273,781)
Interest income		33,612	13,400
Depreciation, amortisation and impairment losses	4	(261,539)	(258,220)
Profit before income tax expense		612,016	535,489
Income tax expense	6	(181,080)	(161,019)
Profit after income tax expense for the year	22	430,936	374,470
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net change in the fair value of cash flow hedges taken to equity, net of tax		81,359	(31,446)
Other comprehensive income/(loss) for the year, net of tax		81,359	(31,446)
Total comprehensive income for the year		512,295	343,024

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

Australia Pacific Airports (Melbourne) Pty. Limited
Statement of financial position
As at 30 June 2026

	Note	2026 \$'000	2025 \$'000
Assets			
Current assets			
Cash and cash equivalents		940,790	780,226
Trade and other receivables	7	216,321	176,269
Derivative financial instruments	16	100,264	-
Accrued revenue	8	42,261	50,700
Other assets	9	8,480	7,699
Total current assets		<u>1,308,116</u>	<u>1,014,894</u>
Non-current assets			
Property, plant and equipment	10	5,549,967	4,731,498
Investment properties	11	3,107,669	2,866,404
Right-of-use assets	13	43,510	-
Intangible assets	12	673,986	672,596
Derivative financial instruments	16	116,609	326,606
Accrued revenue	8	278,582	272,047
Other assets	9	5,456	4,934
Total non-current assets		<u>9,775,779</u>	<u>8,874,085</u>
Total assets		<u>11,083,895</u>	<u>9,888,979</u>
Liabilities			
Current liabilities			
Payables	14	288,905	262,296
Borrowings - senior secured	15	488,812	319,571
Income tax payable		44,325	42,057
Employee benefit provisions		34,356	28,455
Lease liabilities	18	1,287	1,287
Unearned income		9,361	8,701
Total current liabilities		<u>867,046</u>	<u>662,367</u>
Non-current liabilities			
Payables	14	44,000	-
Borrowings - senior secured	15	6,199,577	5,858,385
Borrowings - subordinated	15	990,556	988,757
Deferred tax liability	6	876,549	799,311
Employee benefit provisions		2,227	1,897
Derivative financial instruments	16	76,468	64,735
Lease liabilities	18	791	1,285
Unearned income		19,169	17,025
Total non-current liabilities		<u>8,209,337</u>	<u>7,731,395</u>
Total liabilities		<u>9,076,383</u>	<u>8,393,762</u>
Net assets		<u>2,007,512</u>	<u>1,495,217</u>
Equity			
Issued capital	20	100,000	100,000
Hedging reserves	21	38,024	(43,335)
Retained profits	22	1,869,488	1,438,552
Total equity		<u>2,007,512</u>	<u>1,495,217</u>

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

Australia Pacific Airports (Melbourne) Pty. Limited
Statement of changes in equity
For the year ended 30 June 2026

	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2024	100,000	(11,889)	1,117,776	1,205,887
Profit after income tax expense for the year	-	-	374,470	374,470
Other comprehensive loss for the year, net of tax	-	(31,446)	-	(31,446)
Total comprehensive income/(loss) for the year	-	(31,446)	374,470	343,024
<i>Transactions with owners in their capacity as owners:</i>				
Dividends paid	-	-	(53,694)	(53,694)
Balance at 30 June 2025	<u>100,000</u>	<u>(43,335)</u>	<u>1,438,552</u>	<u>1,495,217</u>
	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2025	100,000	(43,335)	1,438,552	1,495,217
Profit after income tax expense for the year	-	-	430,936	430,936
Other comprehensive income for the year, net of tax	-	81,359	-	81,359
Total comprehensive income for the year	-	81,359	430,936	512,295
Balance at 30 June 2026	<u>100,000</u>	<u>38,024</u>	<u>1,869,488</u>	<u>2,007,512</u>

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

Australia Pacific Airports (Melbourne) Pty. Limited
Statement of cash flows
For the year ended 30 June 2026

	Note	2026 \$'000	2025 \$'000
Cash flows from operating activities			
Receipts from customers		1,784,389	1,504,918
Payments to suppliers and employees		(715,335)	(735,161)
Interest received		26,148	13,234
Interest paid		(264,756)	(252,995)
Income tax paid		(136,443)	(94,013)
Net cash from operating activities	25	694,003	435,983
Cash flows from investing activities			
Payments for investment property		(195,641)	(214,698)
Payments for property, plant and equipment		(1,059,620)	(945,747)
Payments for intangibles		(4,766)	(5,091)
Proceeds from sale of non-current assets		-	18
Net cash used in investing activities		(1,260,027)	(1,165,518)
Cash flows from financing activities			
Proceeds from borrowings		1,058,322	1,500,000
Repayment of borrowings		(320,000)	(505,051)
Dividends paid		-	(53,694)
Repayment of lease liabilities		(494)	(550)
Payment for debt issue costs		(11,240)	(12,921)
Net cash from financing activities		726,588	927,784
Net increase in cash and cash equivalents		160,564	198,249
Cash and cash equivalents at the beginning of the financial year		780,226	581,977
Cash and cash equivalents at the end of the financial year		<u>940,790</u>	<u>780,226</u>

The Company paid a significant lease incentive of \$126.4 million to a tenant during the prior year, which was used to fund the construction of assets on leased land. The assets are not recognised as the Company's assets in accordance with Australian Accounting Standards. Consequently, the payment has been classified as an operating expense in the cash flow statement. This is a one-off transaction in the prior year that will lead to operating cashflows in the future. Excluding this payment, net cash from operating activities was \$562.4 million in the prior period.

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

Australia Pacific Airports (Melbourne) Pty. Limited
Notes to the financial statements
30 June 2026

1. Basis of preparation

Statement of compliance

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB), and comply with other requirements of the law. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

The financial statements comprise the financial statements of Australia Pacific Airports (Melbourne) Pty. Limited (the Company). For the purposes of preparing the financial statements, the Company is a for-profit entity.

The presentation currency used in these financial statements is Australian dollars (\$). Amounts in these financial statements are stated in Australian dollars unless otherwise noted.

The financial statements have been prepared under the historical cost convention, except for measurement of investment properties and derivative financial instruments, which are measured at fair value through profit or loss or other comprehensive income, as described in Note 11 and Note 16 respectively.

The financial statements were authorised for issue by the Directors on 27 August 2026.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2026/183, which replaced Instrument 2016/191 for reporting periods ending on or after 30 June 2026, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar, unless otherwise indicated.

Going concern assessment

The Company was in a net current asset position of \$441.1 million at 30 June 2026 (30 June 2025: net current asset position of \$352.5 million), principally due to cash being held to meet current borrowings of \$289.0 million maturing in September 2026 and \$200.0 million maturing in November 2026. In March 2026, the Company executed a Euro Medium Term Note (EMTN) of \$1,058.3 million to meet the upcoming debt maturities and fund future capital expenditure.

The Company's balance sheet remains strong with available liquidity as at 30 June 2026 in the form of cash and cash equivalents of \$940.8 million (30 June 2025: \$780.2 million) and undrawn bank facilities of \$1,400.0 million (30 June 2025: \$1,400.0 million). The Company continues to be compliant with financial covenants for the year ended 30 June 2026. The undrawn bank facilities, along with \$940.8 million of cash available, are sufficient to meet forward commitments.

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

2. Material accounting policy information

The accounting policies that are material to the Company are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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

Effective in financial periods beyond FY26

AASB 2024-2 Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments (effective for annual periods beginning on or after 1 January 2026); the Company does not expect these amendments to have a material impact on its operations or financial statements.

AASB 2026-1 Amendments to Australian Accounting Standards – Disclosures about Uncertainties in the Financial Statements; the Company does not expect these amendments to have a material impact on its operations or financial statements.

2. Material accounting policy information (continued)

AASB 18 Presentation and Disclosure in Financial Statements (AASB 18) (effective for annual periods beginning on or after 1 January 2027):

- AASB 18 will replace AASB 101 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though AASB 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.
- Although the adoption of AASB 18 is not expected to have any impact on the Company's net profit, it will require the Statement of Profit or Loss to be presented under a new structure. Management is currently assessing the detailed implications of adopting AASB 18. The assessment is ongoing, and final decisions, including whether any management-defined performance measures will be disclosed, have not yet been determined.

Sustainability related standards

In September 2024, the AASB published two Australian Sustainability Reporting standards:

- AASB S1 General Requirements for Disclosure of Sustainability-related Financial Information: This Standard sets out the framework for disclosing material sustainability-related risks and opportunities that may affect an entity's financial position, performance and cash flows. This is a voluntary standard and has not been adopted by the Company in FY26.
- AASB S2 Climate-related Disclosures (AASB S2): Sustainability-related disclosures in accordance with AASB S2 have been prepared at the consolidated group level. In preparing these financial statements, the Company considered whether climate-related risks and opportunities identified as part of the consolidated group's assessment had a material impact on the Company's financial position and financial performance. Based on this assessment, no material climate-related matters were identified that had a significant impact on the FY26 financial statements.

Revenue from contracts with customers

Aeronautical revenue

Aeronautical revenue is primarily generated from contracts with airlines for the provision of access to terminals, infrastructure, apron parking, airfield and terminal facilities. Revenue is recognised as the service is provided as follows:

- Passenger charges: On a per passenger basis as they arrive or depart
- Runway charges: On a per passenger basis or on the basis of maximum take-off weight
- Aircraft parking charges: Over the duration of time the aircraft is parked and maximum take-off weight

Aeronautical revenues are billed on a monthly basis.

Incentives and discounts are recognised in line with terms of contracts with airlines and are generally based on passenger numbers, flight frequency and/or new routes. Revenues from passenger charges are therefore variable consideration and estimated monthly. Variable revenue is only recognised when it is highly probable the revenues will not reverse.

Incentives and discounts are generally paid annually based on contract commencement date and any unpaid amount is recognised as a payable.

Security recovery revenues

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

Security recovery revenues are billed on a monthly basis.

Ground Transport revenues

Parking and ground transport revenue is primarily generated from passengers and staff for the provision of car parking as well as from taxis, ride share services, busses and private vehicles for the provision of ground access services.

2. Material accounting policy information (continued)

Revenue is recognised for car parking on exit and ground access services over the period of time the service is provided.

Retail revenues

Retail revenues comprise of the lease of commercial space to tenants whose activities include duty free, food and beverage, and financial and advertising services. These contracts contain lease components with revenue recognised on a straight-line basis over the lease term.

Property revenues

Property revenues comprise of the lease of terminal space, buildings and other space on Melbourne Airport. These contracts contain only lease components with revenue recognised on a straight-line basis over the lease term.

Hotel revenues

The Company owns and controls a hotel that is operated by a third-party manager under a hotel management agreement. Hotel revenue is recognised on a gross basis as the Company retains control over the hotel, including financial and operational oversight. Revenue comprises room bookings, food and beverage sales and other guest services and is recognised when the services are provided to the customer.

3. Critical accounting judgements, estimates and assumptions

In the preparation of the financial statements, the Directors are required to make judgements, estimates and assumptions that affect the application of accounting policies and the reported carrying values of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Details of the critical judgements and key sources of estimation uncertainty are set out in the following notes:

- Allowance for expected credit losses (Note 7)
- Fair value of investment properties (Note 11)
- Impairment of goodwill (Note 12)
- Fair value of derivative financial instruments (Note 16)

4. Profit for the year

The profit before tax for the year includes the following specific items:

	2026	2025
	\$'000	\$'000
Employee benefits expense - superannuation contributions	8,739	7,373
Depreciation, amortisation and impairment losses:		
Depreciation on property, plant and equipment	257,209	256,136
Amortisation on intangible assets	3,376	2,084
Impairment of assets under construction	954	-
Depreciation on right-of-use assets	2,360	-
Release of environmental offset provision	(2,360)	-
Total depreciation, amortisation and impairment losses	<u>261,539</u>	<u>258,220</u>

4. Profit for the year (continued)

Depreciation of right-of-use assets and the release of environmental offset provisions relate to the Company's environmental land offset agreements entered into to satisfy biodiversity uplift obligations associated with environmental approvals. These obligations are required for certain capital projects to proceed and the associated costs are capitalised as part of the cost of the related project. The right-of-use asset and environmental offset provision are recognised upon commencement of the arrangement and are subsequently depreciated and released, respectively, over the term of each arrangement, generally over a period of 10 years.

Borrowing costs

Interest:

- Senior secured debt	308,459	306,083
- Subordinated debt	59,142	2,429
Interest capitalised during the period	(94,827)	(56,689)
Amortisation of deferred borrowing costs	9,885	8,119
Hedge reserve unwind	8,112	12,068
Interest expense on lease liabilities	793	738
Interest expense on environmental offset provisions	147	-
Other finance costs	1,772	1,033
Total borrowing costs	<u>293,483</u>	<u>273,781</u>

5. Security

	2026	2025
	\$'000	\$'000
Security revenue	161,559	150,570
Security costs	(159,536)	(147,037)
Security depreciation and other costs	(2,023)	(3,533)
Total security	<u>-</u>	<u>-</u>

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

6. Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that affects neither the accounting nor taxable profits at the time of the transaction; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

6. Income tax (continued)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset. Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

The Company is part of a tax consolidated group and Australia Pacific Airports Corporation Limited is the 'head entity' in the group. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group. In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

(a) Income tax recognised in profit

	2026	2025
	\$'000	\$'000
Income tax expense comprises of:		
Current tax expense	154,504	93,431
Deferred tax expense	29,267	67,575
Current tax in respect of prior years	(15,793)	460
Deferred tax in respect of prior years	13,102	(447)
	<u>181,080</u>	<u>161,019</u>
Aggregate income tax expense	<u>181,080</u>	<u>161,019</u>

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

Profit before income tax expense	612,016	535,489
Tax at the statutory tax rate of 30% (2025: 30%)	183,605	160,647
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	166	359
Deferred tax in respect of prior years	13,102	(447)
Current tax in respect of prior years	(15,793)	460
Income tax expense	<u>181,080</u>	<u>161,019</u>

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6. Income tax (continued)

(b) Deferred tax balances

Taxable and deductible temporary differences arise from the following:

2026

	Opening balance 1 July 2025 \$'000	Charged to income \$'000	Charged to equity \$'000	Charged to Intercompany \$'000	Closing balance 30 June 2026 \$'000
Gross deferred tax liabilities:					
Property, plant and equipment incl. software	(175,873)	47,366	-	-	(128,507)
Accrued revenue	(59,042)	(27,714)	-	-	(86,756)
Investment property	(602,555)	(75,656)	-	-	(678,211)
Hedge reserve	18,380	(166)	(34,869)	-	(16,655)
	<u>(819,090)</u>	<u>(56,170)</u>	<u>(34,869)</u>	<u>-</u>	<u>(910,129)</u>
Gross deferred tax assets:					
Provisions and accruals	13,119	(1,309)	-	-	11,810
Unearned income	7,889	670	-	-	8,559
Other	(1,229)	14,440	-	-	13,211
	<u>19,779</u>	<u>13,801</u>	<u>-</u>	<u>-</u>	<u>33,580</u>
Net deferred tax liability	<u>(799,311)</u>	<u>(42,369)</u>	<u>(34,869)</u>	<u>-</u>	<u>(876,549)</u>

2025

	Opening Balance 1 July 2024 \$'000	Charged to income \$'000	Charged to equity \$'000	Charged to Intercompany \$'000	Closing balance 30 June 2025 \$'000
Gross deferred tax liabilities:					
Property, plant and equipment incl. software	(155,134)	(20,739)	-	-	(175,873)
Accrued revenue	(60,046)	1,004	-	-	(59,042)
Investment property	(552,340)	(50,215)	-	-	(602,555)
Other	(1,225)	(4)	-	-	(1,229)
	<u>(768,745)</u>	<u>(69,954)</u>	<u>-</u>	<u>-</u>	<u>(838,699)</u>
Gross deferred tax assets:					
Provisions and accruals	10,963	2,156	-	-	13,119
Unearned income	7,453	436	-	-	7,889
Hedge reserve	4,669	234	13,477	-	18,380
	<u>23,085</u>	<u>2,826</u>	<u>13,477</u>	<u>-</u>	<u>39,388</u>
Net deferred tax liability	<u>(745,660)</u>	<u>(67,128)</u>	<u>13,477</u>	<u>-</u>	<u>(799,311)</u>

7. Trade and other receivables

	2026 \$'000	2025 \$'000
Trade and other receivables	216,410	183,940
Less: allowance for expected credit losses	<u>(89)</u>	<u>(7,671)</u>
Net trade and other receivables	<u>216,321</u>	<u>176,269</u>

7. Trade and other receivables (continued)

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

Allowance for expected credit losses

The Company recognises a loss allowance for expected credit losses (ECL) on trade and other receivables. The ECL is reassessed at each reporting date to reflect changes in credit risk since initial recognition of the trade and other receivables.

The Company recognises lifetime ECL for trade and other receivables. The expected credit losses on trade receivables are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Set out below is an overview of the ageing of trade and other receivables and an overview of the associated allowance for expected credit losses held:

	Carrying amount 2026 \$'000	Carrying amount 2025 \$'000	Allowance for expected credit losses 2026 \$'000	Allowance for expected credit losses 2025 \$'000
Not overdue	176,046	136,002	(1)	-
0 - 30 Days	12,407	33,836	-	-
31 - 60 Days	10,795	698	(3)	-
61 - 90 Days	8,034	5,611	(4)	-
> 90 Days	9,128	7,793	(81)	(7,671)
	<u>216,410</u>	<u>183,940</u>	<u>(89)</u>	<u>(7,671)</u>

Movements in the allowance for expected credit losses are as follows:

	2026 \$'000	2025 \$'000
Opening balance	7,671	9,280
Additional provisions recognised	18	1,005
Receivables written off during the year as uncollectable	<u>(7,600)</u>	<u>(2,614)</u>
Closing balance	<u>89</u>	<u>7,671</u>

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8. Accrued revenue

	2026	2025
	\$'000	\$'000
<i>Current:</i>		
Straight line leases	17,051	17,867
Other accrued revenue	25,210	32,110
Accrued rebates	-	723
	<u>42,261</u>	<u>50,700</u>
Total current		
<i>Non-current:</i>		
Straight line leases	<u>278,582</u>	<u>272,047</u>
Total non-current	<u>278,582</u>	<u>272,047</u>

Accrued revenue represents amounts the Company is entitled to receive but has not invoiced at reporting date. These amounts are reclassified to trade receivables once an invoice is issued.

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

9. Other assets

	2026	2025
	\$'000	\$'000
<i>Current:</i>		
Prepayments	8,079	7,633
Other current assets	<u>401</u>	<u>66</u>
Total current	<u>8,480</u>	<u>7,699</u>
<i>Non-current:</i>		
Other non-current assets	<u>5,456</u>	<u>4,934</u>
Total non-current	<u>5,456</u>	<u>4,934</u>

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10. Property, plant and equipment

	Leasehold land \$'000	Buildings and services \$'000	Roads, runways & other infra- structure \$'000	Plant and equipment \$'000	Assets under construction \$'000	Total \$'000
2026						
Gross carrying amount						
Balance at 1 July 2025	238,096	2,454,525	1,760,030	1,597,165	1,546,641	7,596,457
Additions	-	-	-	-	1,075,768	1,075,768
Impairment	-	-	-	-	(90)	(90)
Transfers to/(from) assets under construction	-	111,645	39,217	118,247	(269,109)	-
Balance at 30 June 2026	238,096	2,566,170	1,799,247	1,715,412	2,353,210	8,672,135
Accumulated depreciation						
Balance at 1 July 2025	(30,086)	(1,090,986)	(591,109)	(1,152,778)	-	(2,864,959)
Depreciation expense	(2,305)	(103,438)	(49,376)	(102,090)	-	(257,209)
Balance at 30 June 2026	(32,391)	(1,194,424)	(640,485)	(1,254,868)	-	(3,122,168)
Net book value at 30 June 2026	205,705	1,371,746	1,158,762	460,544	2,353,210	5,549,967

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

Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life. The following estimated useful lives are used in the calculation of depreciation:

Buildings	10-40 years
Roads, runways and other infrastructure	13-80 years
Plant and equipment	3-40 years
Assets under construction	Not depreciated

Land leased as part of the airport acquisition (leasehold land) has been valued at acquisition at fair value. Leasehold land is amortised on a straight-line basis over the lease term of 99 years.

11. Investment properties

The Company classifies certain areas of the Airport precinct as investment property as they are held for rental income. These areas include Melbourne Airport Business Park, Hotels, Industrial Buildings and Vacant Land. The Company provides investment properties (along with land and buildings in Note 10) as security for loans disclosed in Note 15.

11. Investment properties (continued)

The profit for the year includes a gain on revaluation of investment properties of \$45.2 million, driven by development profits and market rent increases in the period.

	2026	2025
	\$'000	\$'000
Balance at beginning of the year	2,866,404	2,513,098
Additions for the year (at cost)	196,930	217,696
Impairment of assets under construction	(864)	-
Net gain from fair value adjustments for the year	45,199	135,610
Balance at end of the year	<u>3,107,669</u>	<u>2,866,404</u>

The Company's investment properties represent interests in land and buildings held to derive rental income. They are initially measured at cost, including transaction costs. Subsequently, at each year end reporting date, they are carried at their fair values based on the market value determined by independent (external) valuers. Gains or losses arising from a change in the fair value of investment properties are recognised in the profit or loss for the period in which they arise.

Valuation of investment properties

Each year the Company appoints an independent professionally qualified valuer to determine the fair value of the Company's investment properties as at balance date (30 June). The external valuer appointed in the current year was CBRE Group.

The investment properties held by the Company are held on a leasehold basis (99 year lease, with 70 years remaining as at 30 June 2026). Taking this into consideration, each investment property has been valued by the external valuer as follows:

Valuation method	Description
Capitalisation of net income	The fully leased net income for each precinct has been discounted on a leasehold basis (present value of the net income for the remaining term) from the valuation date at an appropriate capitalisation rate which reflects the nature, location, land value content condition and tenancy profile of each property when compared with current market investment criteria. The valuation does not capitalise into perpetuity as the asset is not freehold. Various adjustments are then made to the calculated result, including estimated future incentives, capital expenditure, vacancy allowances and reversions to market rent.
Discounted cash flow (DCF)	The discounted cash flow analysis allows the assessment of the long-term return that is likely to be derived from a property with a combination of both rental and capital growth over an assumed investment horizon. A wide range of assumptions are made including a target internal rate of return, rental growth, occupancy, sale price of the property at the end of the investment horizon, potential capital expenditure and costs associated with its disposal at the end of the investment period.
Direct comparison approach	Development land (vacant land allotments) has been assessed on a direct comparison approach, where the value is analysed on dollar per square metre (\$psm) of site area basis as this is deemed most appropriate. The scale of available land and duration it will take to develop, and therefore the holding cost, and profit and risk expected, is also acknowledged under this approach.

The external valuer determined the fair value of each investment property using either the midpoint of the capitalisation of net income approach or the discounted cash flow approach, depending on which method was considered most appropriate for the property.

11. Investment properties (continued)

Key inputs and sensitivities

Measuring the fair value of the Company's investment properties requires estimates and assumptions which are based on historical experience and expectations of future events that are believed to be reasonable at the date of valuation. Key assumptions include market rents, market rental growth, capitalisation rates, discount rates and terminal yields. Recent and relevant sales evidence and other market data are also considered.

Inputs to investment property valuations are considered Level 3 of the fair value hierarchy as the capitalisation of income and DCF methods require assumptions to be made to determine certain inputs that are not based on observable market data. At reporting date, the key unobservable inputs used by the Company in determining fair value of its investment properties are summarised below:

- Capitalisation rate ranging from 5.50% to 6.50%;
- Discount rates ranging from 7.25% to 7.75%;
- Terminal yields ranging from 6.00% to 7.00%; and
- Market rental growth rates ranging from 5.46% to 6.36%

All of the above assumptions have been taken from the latest external valuation report.

12. Intangible assets

	Goodwill \$'000	Masterplan \$'000	Software \$'000	Total \$'000
2026				
Net book value				
Balance at 1 July 2025	667,700	968	3,928	672,596
Additions	-	-	4,766	4,766
Amortisation charge	-	(415)	(2,961)	(3,376)
	<u>667,700</u>	<u>553</u>	<u>5,733</u>	<u>673,986</u>
Cost	667,700	2,074	43,201	712,975
Accumulated amortisation and impairment	-	(1,521)	(37,468)	(38,989)
Net book value at 30 June 2026	<u>667,700</u>	<u>553</u>	<u>5,733</u>	<u>673,986</u>
2025				
Net book value				
Balance at 1 July 2024	667,700	1,383	506	669,589
Additions	-	-	5,091	5,091
Amortisation charge	-	(415)	(1,669)	(2,084)
	<u>667,700</u>	<u>968</u>	<u>3,928</u>	<u>672,596</u>
Cost	667,700	2,074	38,435	708,209
Accumulated amortisation and impairment	-	(1,106)	(34,507)	(35,613)
Net book value at 30 June 2025	<u>667,700</u>	<u>968</u>	<u>3,928</u>	<u>672,596</u>

12. Intangible assets (continued)

Critical accounting estimates and judgements - impairment of goodwill

Determining whether goodwill is impaired requires an annual estimation of the recoverable amount of the cash generating units to which goodwill has been allocated. The Company uses the fair value less costs of disposal methodology to estimate the future cash flows expected to arise from the cash generating unit and applies a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating units, in order to calculate present value. These calculations require the use of assumptions and the application of sensitivity analysis where appropriate.

The methodology adopted to value the Melbourne Airport is a discounted cash flow based on the forecast dividends to equity holders (including franking credits) at a cost of equity. The valuation derived from this discounted cash flow analysis has been cross checked to a valuation based on the capitalised earnings approach by calculating the implied multiples of the valuation and comparing these with those of comparable companies and transactions to ensure the valuation is providing a reliable measure.

The cash flows used in the discounted cash flow analysis were projected based on management's 20 year financial model. Cash flows are driven by aeronautical, retail, property, hotel and ground transport revenues which are heavily dependent on passenger numbers and pricing which is determined based on known contracted terms and forecast inflation. Growth in passenger numbers over the forecast period is based on internal forecasting and information provided by an independent firm.

Terminal value was calculated for the period beyond the 20-year forecast based on a sustainable level of forecast distributions and a capitalisation amount based on a constant terminal growth rate of 3.5%.

Post-tax cash flows are discounted to their present value using a post-tax discount rate of 10.5%. The discount rate used reflects current market assessment of the time value of money and the risks specific to the cash generating unit.

Melbourne Airport has significant headroom between the recoverable amount and the carrying value of the cash generating unit. In the current year the valuation has seen an uplift in this headroom, which remains significantly in excess of the carrying value.

There are no reasonably possible changes in assumptions that would result in impairment.

Accounting policy for Master Plan intangible asset

Under the Airports Act 1996, Melbourne Airport is required every 5 years to prepare a Master Plan to guide the development of the airport for the next 20 years. The costs associated with the Master Plan are recognised as intangible assets amortised over the 5 year period.

Software

Software controlled by the Company is capitalised and amortised over the useful life of the software on a straight-line basis.

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Company with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received. Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to existing on-premise systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis.

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13. Right-of-use assets

	2026	2025
	\$'000	\$'000
Gross carrying amount		
Opening balance	-	-
Additions	45,870	-
Closing balance	45,870	-
Accumulated depreciation		
Opening balance	-	-
Depreciation expense	(2,360)	-
Closing balance	(2,360)	-
Net book value	43,510	-

The right-of-use asset recognised during FY26 relates to environmental land offset arrangements entered into to satisfy biodiversity uplift obligations associated with environmental approvals. These arrangements give rise to two separate accounting components: (i) a right to use the offset land, recognised as a right-of-use asset under AASB 16 Leases, and (ii) obligations to deliver biodiversity uplift activities, recognised as environmental offset provisions under AASB 137 Provisions, Contingent Liabilities and Contingent Assets. No lease liability is recognised as the upfront consideration is paid at commencement of the arrangement.

Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

14. Payables

	2026	2025
	\$'000	\$'000
Current liabilities		
Trade and other payables (i)	123,290	114,933
GST payable	4,891	-
Accrual for assets under construction	72,949	71,269
Intercompany payables	45,453	47,295
Environmental offset provision	4,565	-
	251,148	233,497
Interest payable to:		
- Senior secured debt	27,006	26,370
- Subordinated debt	10,751	2,429
Total interest payable	37,757	28,799
Total current liabilities	288,905	262,296

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14. Payables (continued)

	2026 \$'000	2025 \$'000
Non-current liabilities		
Environmental offset provision	44,000	-
Total non-current liabilities	<u>44,000</u>	<u>-</u>

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

15. Borrowings

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

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

	Drawn (\$'000) 2026	Face value Undrawn (\$'000) 2026	Drawn (\$'000) 2025	Undrawn (\$'000) 2025
Drawn and undrawn				
Unsecured bank overdraft	-	21,562	-	22,214
Senior secured term bank debt	1,100,000	-	1,300,000	-
Senior secured bank facilities	-	1,400,000	-	1,400,000
Bank guarantee facilities	-	10,000	-	2,278
	<u>1,100,000</u>	<u>1,431,562</u>	<u>1,300,000</u>	<u>1,424,492</u>
Senior secured capital markets debt	5,539,955	-	4,601,633	-
Subordinated capital markets debt	1,000,000	-	1,000,000	-
Total Borrowings	<u>7,639,955</u>	<u>1,431,562</u>	<u>6,901,633</u>	<u>1,424,492</u>

Carrying amount

Borrowings are recorded at an amount equal to the net proceeds received (including costs attributable to transaction costs) and recorded at amortised cost using the effective interest rate method.

Foreign currency borrowings are reported at spot exchange rates. Movements in the spot rate are reflected in the Statement of Profit or Loss and Other Comprehensive Income. At 30 June 2026 and 30 June 2025, these borrowings were 100% hedged through cross currency interest rate swaps until maturity. As a result, a strengthening or weakening of the AUD will have no impact on profit or loss or equity.

Fair value

The fair value of all financial instruments is derived from quoted market interest rates which are subsequently incorporated within generally applied discounted cash flow models (Level 2). There were no transfers between levels during the year and there has been no change in valuation techniques applied.

The amounts disclosed in the Statement of Financial Position approximate the fair value, except for certain interest-bearing liabilities. The fair values of these liabilities are presented in the table below under the heading 'Fair Value'. The fair values of fixed interest debt are valued using market observable inputs and available comparative market data as inputs and differ to the carrying amount.

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15. Borrowings (continued)

Type	Maturity	Currency	Original	Principal	Carrying Amount (ii)		Fair Value	Fair Value
			Currency \$'000	Face Value (AUD) (i) \$'000	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Capital market debt								
AMTN	11-Nov-25	AUD	120,000	-	-	120,000	-	120,095
USPP	15-Sep-26	USD	200,000	191,077	289,038	305,344	289,283	306,219
AMTN	4-Nov-26	AUD	200,000	200,000	200,000	200,000	198,967	198,649
USPP (\$A)	15-Jan-28	AUD	50,000	50,000	50,000	50,000	50,437	51,825
AMTN (iii)	16-Sep-30	AUD	450,000	450,000	450,000	450,000	449,118	444,727
EMTN	27-Sep-30	NOK	1,500,000	242,994	218,877	226,235	198,966	203,048
AMTN	25-Nov-31	AUD	700,000	700,000	700,000	700,000	638,102	648,236
USPP (iv)	4-Dec-31	USD	105,000	151,844	151,745	160,305	138,333	144,690
AMTN (iii)	16-Sep-32	AUD	550,000	550,000	550,000	550,000	527,747	540,102
AMTN (iv)	1-Nov-32	AUD	500,000	500,000	500,000	500,000	495,602	509,741
EMTN (iv)	24-May-33	EUR	500,000	812,799	825,287	895,095	861,101	946,019
EMTN (iv)	07-Jun-34	EUR	650,000	1,081,075	1,072,873	1,163,623	1,092,501	1,193,572
USPP	4-Dec-34	USD	105,000	151,844	151,745	160,305	130,564	136,215
EMTN (iv) (v)	27-Mar-36	EUR	650,000	1,058,322	1,072,873	-	1,104,657	-
USPP (\$A)	4-Dec-39	AUD	150,000	150,000	150,000	150,000	118,198	119,886
USPP (\$A)	4-Dec-44	AUD	250,000	250,000	250,000	250,000	190,091	193,095
Total capital market debt				6,539,955	6,632,438	5,880,907	6,483,667	5,756,119
Bank debt								
Term Bank Debt	16-Jun-26	AUD		-	-	200,000	-	201,167
Term Bank Debt	13-Sep-27	AUD		292,000	292,000	292,000	293,279	294,874
Term Bank Debt	16-Jun-29	AUD		300,000	300,000	300,000	304,452	305,165
Term Bank Debt	13-Sep-29	AUD		508,000	508,000	508,000	515,802	516,334
Total Bank Debt				1,100,000	1,100,000	1,300,000	1,113,533	1,317,540
Total borrowings				7,639,955	7,732,438	7,180,907	7,597,200	7,073,659
Fair value hedge accounting adjustments (iv)					(4,208)	38,446	-	-
Deferred upfront borrowing costs (vi)					(49,285)	(52,640)	-	-
Total net borrowings				7,639,955	7,678,945	7,166,713	7,597,200	7,073,659
							2026	2025
							\$'000	\$'000
Current - senior secured							488,812	319,571
Non-current - senior secured							6,199,577	5,858,385
Non-current - subordinated							990,556	988,757
Total net borrowings							7,678,945	7,166,713

15. Borrowings (continued)

All the above borrowings, other than the AMTN maturing in June 2055, are secured by fixed and floating charges over the Company's assets.

- (i) Face values of foreign debt shown reflects the AUD value of the hedged principal amount at inception of the debt.
- (ii) Carrying amounts of foreign debt reflect revalued debt in AUD at spot rates as at 30 June 2026 and 30 June 2025, as applicable.
- (iii) Subordinated AMTN issuances with a final maturity date of 16 June 2055. Maturity is presented based on the initial call dates of 16 September 2030 and 16 September 2032, respectively.
- (iv) Individual borrowing carrying amounts exclude fair value hedge accounting adjustments. Debt hedged with a floating pay leg is subject to fair value hedge accounting being the EMTNs maturing in 2033, 2034 and 2036, USPP maturing in 2031 and AMTN maturing in November 2032 (refer additional detail regarding fair value hedges at Note 16). The cumulative amount of fair value hedge adjustments at 30 June 2026 was (\$4,207,882) attributable to each borrowing as follows: EMTN maturing 2033 – (\$6,123,827), EMTN maturing 2034 – (\$1,454,356), EMTN maturing 2036 – (\$9,608,284), USPP maturing 2031 - \$15,562,329 and AMTN maturing 2032 - \$5,832,020.
- (v) A new EUR650.0 million EMTN, with a hedged principal amount of \$1,058.3 million, was issued on 24 March 2026.
- (vi) At 30 June 2026, deferred upfront borrowing costs attributable to subordinated debt (AMTN maturing September 2030 and September 2032) was \$9,444,130. All other deferred upfront borrowing costs relates to senior secured debt.

16. Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign currency and interest rates, including interest rate swaps, swaptions and cross currency hedges. Net derivative assets decreased by \$121.5 million over FY26, from \$261.9 million to \$140.4 million. The movement was driven by decreases from foreign exchange changes of \$186.8 million and currency basis / credit related changes of \$2.5 million; offset by an increase from interest rate changes of \$67.8 million.

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

	Current 2026 \$'000	Non-current 2026 \$'000	Total 2026 \$'000	Current 2025 \$'000	Non-current 2025 \$'000	Total 2025 \$'000
Assets						
Cross currency swaps	99,003	51,732	150,735	-	305,197	305,197
Interest rate swaps	1,261	64,877	66,138	-	21,409	21,409
	<u>100,264</u>	<u>116,609</u>	<u>216,873</u>	<u>-</u>	<u>326,606</u>	<u>326,606</u>
Liabilities						
Cross currency swaps	-	(69,709)	(69,709)	-	(37,929)	(37,929)
Interest rate swaps	-	(6,759)	(6,759)	-	(26,806)	(26,806)
	<u>-</u>	<u>(76,468)</u>	<u>(76,468)</u>	<u>-</u>	<u>(64,735)</u>	<u>(64,735)</u>
Net derivative asset position	<u>100,264</u>	<u>40,141</u>	<u>140,405</u>	<u>-</u>	<u>261,871</u>	<u>261,871</u>

Accounting policy for derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. Any gains or losses arising from changes in fair value of derivatives, except those that qualify as effective hedges, are immediately recognised in profit or loss. When the Company designates certain derivatives to be part of a hedging relationship, and they meet the criteria for hedge accounting, the hedges are classified as either fair value or cash flow hedges.

16. Derivative financial instruments (continued)

Hedge accounting

The Company enters into derivatives to offset the risks arising from its long-term borrowings. To the extent permitted by AASB 9 Financial Instruments, the Company formally designates and documents these financial instruments as fair value and cash flow hedges for accounting purposes. In order to qualify for hedge accounting, the following has been assessed:

- an economic relationship exists between the hedged item and hedging instrument;
- the effect of credit risk does not dominate the value changes resulting from the economic relationship; and
- the hedge ratio is the same as that resulting from amounts of hedged items and hedging instruments for risk management.

As a result of borrowing in foreign currency, the Company is exposed to foreign exchange and foreign interest rate risk. Cross-currency swaps are used to hedge both the foreign exchange risk and foreign interest rate risk over the full term of the foreign currency borrowing. The swaps are designated as cash flow hedges of foreign currency/AUD forward foreign exchange risk of the foreign currency borrowing, fair value hedge of the foreign currency benchmark interest rate risk of the foreign currency benchmark component and cash flow hedge of foreign currency/AUD spot foreign exchange risk of the foreign currency borrowing principal.

Fair value hedges

The objective of the Company's fair value hedging is to convert fixed interest rate borrowings to floating interest rate borrowings through the use of derivatives. Initial recognition of the derivative is at fair value and subsequent changes, being hedging gains/losses, are recognised in profit or loss. The hedge adjustment is included in the carrying value of the hedged items and in the profit or loss. The derivatives are considered to be highly effective hedges as they are matched against underlying foreign currency exposures.

Cash flow hedges

The objective of the Company's cash flow hedging is to convert foreign currency debt to AUD and floating rate debt to fixed through the use of derivatives. Initial recognition of the derivative is at fair value. Subsequently, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the cash flow hedge reserve under equity. Any ineffective portion of the derivative is recognised immediately in profit or loss. The amount accumulated in the cash flow hedge reserve is reclassified to profit or loss in the same period that the hedged cash flow affects profit or loss.

Reconciliation of movement of carrying value of borrowings and derivatives to cash flows arising from financing activities:

	Borrowings	Derivative	Borrowings	Derivative
	2026	assets	2025	assets
	\$'000	\$'000	\$'000	\$'000
Carrying value as at 1 July 2025	7,166,713	(261,871)	5,953,064	(90,919)
Proceeds from borrowings	1,058,322	-	1,500,000	-
Repayments of borrowings	(320,000)	-	(505,051)	-
Debt issuance costs (cash)	(11,240)	-	(12,921)	-
	<u>727,082</u>	<u>-</u>	<u>982,028</u>	<u>-</u>
Foreign exchange movement	(186,790)	186,790	164,981	(164,981)
Debt issuance costs (accrual movement)	4,846	-	(4,440)	-
Amortisation of deferred borrowing costs	9,748	-	7,789	-
Fair value changes (other than foreign exchange movement)	(42,654)	(65,324)	63,291	(5,971)
	<u>(214,850)</u>	<u>121,466</u>	<u>231,621</u>	<u>(170,952)</u>
Carrying value as at 30 June 2026	<u>7,678,945</u>	<u>(140,405)</u>	<u>7,166,713</u>	<u>(261,871)</u>

17. Financial risk management

(a) Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and maintaining a strong investment grade credit rating.

The capital structure of the Company consists of debt, which includes the borrowings disclosed in Note 15, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings. In addition, the Company has implemented risk management strategies to mitigate against adverse increases to interest rates on future borrowings.

(b) Financial risk management objectives

The Company's corporate treasury function provides financing, investing and financial risk management services to the business. The strategic objectives of the corporate treasury function are to manage all material financial risks related to the Company's treasury activities including funding, liquidity, interest rate, foreign exchange, counterparty credit, operational and compliance risks. Corporate Treasury also provides support to the Company by ensuring financial metrics are maintained at levels that support a strong and stable standalone investment grade corporate credit rating.

The Company does not enter into or trade derivative financial instruments for speculative purposes.

The Company's exposures to interest rates on the financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

(c) Interest rate risk management

Under interest rate derivative contracts, the Company agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Company to mitigate the risk of rising interest rates.

The following table details the notional amounts and remaining terms of interest rate derivative contracts outstanding as at the reporting date.

	Average contracted interest rate		Notional principal amount		Fair value of interest rate derivatives	
	2026 %	2025 %	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Less than 1 year	2.9%	-	346,000	-	1,261	-
1 to 2 years	3.1%	2.9%	195,000	346,000	3,669	2,763
2 to 5 years	3.6%	3.6%	1,356,000	1,101,000	30,569	(11,746)
5 years +	4.0%	3.8%	1,251,844	1,101,844	30,314	(12,984)
5 years +	BBSW + 1.4%	BBSW + 1.4%	500,000	500,000	(6,434)	16,570
			<u>3,648,844</u>	<u>3,048,844</u>	<u>59,379</u>	<u>(5,397)</u>

As at 30 June 2026, of the total face value debt of \$7,640.0 million, \$6,034.8 million is fixed rate (including post hedging) and \$1,605.2 million is floating rate. The \$6,034.8 million of fixed rate debt comprises \$1,900.0 million of Australian dollar fixed rate debt (AMTN and AUD denominated USPP), \$3,148.8 million floating rate debt subject to interest rate derivatives per the above table, and \$986.0 million of foreign currency denominated debt converted to fixed rates through cross currency derivatives per the table below under "foreign currency risk management".

The sensitivity analyses below have been determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the reporting date.

17. Financial risk management (continued)

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Company's:

- Net profit would decrease / increase by \$8.0 million (2025: decrease / increase \$6.7 million) as a result of the Company's exposure to variable interest rates on certain borrowings.
- Other equity reserves would decrease / increase by \$99.7 million (2025: decrease / increase \$99.0 million) mainly as a result of changes in fair value through other comprehensive income for derivative instruments designated as cash flow hedges.

(d) Foreign currency risk management

Cross currency exposures for the Company predominantly arise from foreign denominated interest bearing liabilities, creating exposure to exchange rate fluctuations. These exposures are managed within approved policy parameters utilising cross currency derivatives. The Company's policy is to hedge 100% of currency risk for both capital and interest for the life of the exposure. In both the current and prior year, these cross currency exposures were 100% hedged through cross currency swaps until maturity resulting in no other material currency risk exposure.

	Average Contracted Interest Rate	Average Exchange Rate	Notional Principal Amount		Fair Value of Cross Currency Interest Rate Derivatives	
			Up to 5 years \$'000	> 5 years \$'000	Up to 5 years \$'000	> 5 years \$'000
2026						
USPP (USD 305m)	5.7%	0.8894	191,077	151,844	99,003	7,121
USPP (USD 105m)	BBSW + 1.5%	0.6915	-	151,844	-	(15,388)
EMTN (EUR 246m)	5.9%	0.6152	-	400,000	-	19,578
EMTN (EUR 1,554m)	BBSW + 1.8%	0.6089	-	2,552,195	-	4,271
EMTN (NOK 1,500m)	4.2%	6.1730	242,994	-	(33,559)	-
			<u>434,071</u>	<u>3,255,883</u>	<u>65,444</u>	<u>15,582</u>

	Average Contracted Interest Rate	Average Exchange Rate	Notional Principal Amount		Fair Value of Cross Currency Interest Rate Derivatives	
			Up to 5 years \$'000	> 5 years \$'000	Up to 5 years \$'000	> 5 years \$'000
2025						
USPP (USD 305m)	5.7%	0.8894	191,077	151,844	107,984	10,964
USPP (USD 105m)	BBSW + 1.5%	0.6915	-	151,844	-	(7,933)
EMTN (EUR 246m)	5.9%	0.6152	-	400,000	-	45,406
EMTN (EUR 904m)	BBSW + 1.8%	0.6051	-	1,493,874	-	140,843
EMTN (NOK 1,500m)	4.2%	6.1730	-	242,994	-	(29,996)
			<u>191,077</u>	<u>2,440,556</u>	<u>107,984</u>	<u>159,284</u>

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17. Financial risk management (continued)

(e) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

As at 30 June 2026, the Company had \$2,340.8 million of available liquidity in the form of \$1,400.0 million of undrawn bank facilities and \$940.8 million of cash and cash equivalents. This provides sufficient liquidity to cover all financial liabilities due in the next 12 months.

The following table details the Company's exposure to liquidity risk as at 30 June 2026.

2026	1 to 3 months \$'000	3 months to 1 year \$'000	1 to 5 years \$'000	More than 5 years \$'000	Total \$'000
Financial liabilities					
Trade and other payables	247,708	3,440	-	-	251,148
Interest payable	37,757	-	-	-	37,757
Lease liability	322	966	6,437	-	7,725
Non-current payables	-	-	21,094	24,789	45,883
	<u>285,787</u>	<u>4,406</u>	<u>27,531</u>	<u>24,789</u>	<u>342,513</u>
Borrowings (principal and interest):					
Term bank debt	16,286	49,335	1,205,979	-	1,271,600
AMTN - senior secured	-	258,081	217,324	1,255,156	1,730,561
AMTN - subordinated	23,762	38,502	674,331	599,088	1,335,683
USPP	295,893	27,896	151,669	900,995	1,376,453
EMTN	5,893	124,284	741,524	3,399,425	4,271,126
	<u>341,834</u>	<u>498,098</u>	<u>2,990,827</u>	<u>6,154,664</u>	<u>9,985,423</u>
Cross currency interest rate swaps					
- Outflow	24,032	62,658	578,968	1,449,933	2,115,591
- Inflow	(5,893)	(47,445)	(433,571)	(1,355,392)	(1,842,301)
Interest rate swaps	<u>7,515</u>	<u>(6,129)</u>	<u>4,300</u>	<u>1,894</u>	<u>7,580</u>
	<u>25,654</u>	<u>9,084</u>	<u>149,697</u>	<u>96,435</u>	<u>280,870</u>
	<u>653,275</u>	<u>511,588</u>	<u>3,168,055</u>	<u>6,275,888</u>	<u>10,608,806</u>

17. Financial risk management (continued)

2025	1 to 3 months \$'000	3 months to 1 year \$'000	1 to 5 years \$'000	More than 5 years \$'000	Total \$'000
Financial liabilities					
Trade and other payables	233,497	-	-	-	233,497
Interest payable	28,799	-	-	-	28,799
Lease liability	322	966	6,437	1,287	9,012
	<u>262,618</u>	<u>966</u>	<u>6,437</u>	<u>1,287</u>	<u>271,308</u>
Borrowings:					
Term bank debt	16,778	244,271	1,239,791	-	1,500,840
AMTN - senior secured	-	184,561	421,074	1,309,487	1,915,122
AMTN - subordinated	14,719	33,800	230,096	1,088,627	1,367,242
USPP	7,202	35,765	469,413	944,689	1,457,069
EMTN	6,142	85,471	366,858	2,594,722	3,053,193
	<u>44,841</u>	<u>583,868</u>	<u>2,727,232</u>	<u>5,937,525</u>	<u>9,293,466</u>
Cross currency interest rate swaps					
- Outflow	7,192	10,325	71,035	413,055	501,607
- Inflow	(6,142)	(5,034)	(44,534)	(400,199)	(455,909)
Interest rate swaps	60	8,723	25,216	(5,449)	28,550
	<u>1,110</u>	<u>14,014</u>	<u>51,717</u>	<u>7,407</u>	<u>74,248</u>
	<u>308,569</u>	<u>598,848</u>	<u>2,785,386</u>	<u>5,946,219</u>	<u>9,639,022</u>

(f) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Significant classes of financial assets of the Company may include trade and other receivables and derivative financial instruments.

The carrying amount of each class of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral or other security. As the Company does not have enforceable offsetting arrangements for its financial instruments, gross amounts have been recognised in the Statement of Financial Position.

For derivative financial instruments, treasury counterparties may include banks and other financial institutions with which the Company may engage for banking, lending, derivatives and other treasury activities. The Company requires these counterparties to meet minimum ratings thresholds and concentration limits in line with policies, as a means of mitigating the risk of financial loss from defaults. The Company measures credit risk on a fair value basis.

For trade receivables, the Company adopts a policy of dealing with customers with appropriate credit quality and obtaining collateral support where appropriate for risk mitigation. The Company continues to monitor its trade receivables ageing and engages in follow up activity, which may include enforcement where receivables are overdue. A write off is recognised when there is no reasonable expectation of recovery. Refer to Note 7 for details on Expected Credit Losses.

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17. Financial risk management (continued)

Hedge Accounting Relationship	Fair Value Hedge			Cash Flow Hedge				Total
Hedging Instrument	USD - CCIRS	EUR - CCIRS	AUD - IRS	USD - CCIRS	EUR - CCIRS	NOK - CCIRS	AUD - IRS	
Hedged Item	USD Fixed Debt	EUR Fixed Debt	AUD Fixed Debt	USD Fixed Debt	EUR Fixed Debt	NOK Fixed Debt	AUD Floating Debt	
Notional Amount	USD 105,000,000	EUR 1,553,936,718	AUD 500,000,000	USD 410,000,000	EUR 1,800,000,000	NOK 1,500,000,000	AUD 3,148,843,818	
Hedge Ratio	1:1	1:1	1:1	1:1	1:1	1:1	1:1	
Denomination	A\$'000's	A\$'000's	A\$'000's	A\$'000's	A\$'000's	A\$'000's	A\$'000's	A\$'000's
At 30 June 2026								
<i>Carrying amount of hedging instruments</i>								
Assets	-	23,956	-	106,304	24,921	-	66,138	221,319
Liabilities	(15,451)	(19,048)	(6,434)	(117)	(5,980)	(33,559)	(325)	(80,914)
Total	(15,451)	4,908	(6,434)	106,187	18,941	(33,559)	65,813	140,405
Cumulative fair value adjustment on hedged item ¹	15,562	(17,186)	5,832	-	-	-	-	4,208
Carrying amount of the hedged item recognised in the statement of financial position	135,411	2,564,334	492,876	-	-	-	-	3,192,621
Balance in cash flow hedge reserve for continuing hedges	-	14,055	-	(8,641)	(6,362)	9,443	(67,372)	(58,877)
Balance in cash flow hedge reserve from discontinued hedges	-	-	-	1,081	(1,380)	-	4,854	4,555
During the Year								
<i>Change in fair value of hedging instrument</i>								
used for calculating hedge effectiveness	802	(96,842)	(23,004)	(22,012)	(65,358)	(3,563)	85,165	(124,812)
due to cash payment on restructure of hedges	-	-	-	-	-	-	-	-
<i>Change in fair value of hedged item</i>								
used for calculating hedge effectiveness	(945)	97,948	23,045	23,540	69,544	3,052	(61,173)	155,011
<i>Change in hedge reserves</i>								
for continuing hedge relationships	-	1,194	-	(11,650)	(5,740)	(3,794)	(83,891)	(103,881)
for discontinued hedge relationships	-	-	-	(5,127)	200	-	(7,421)	(12,348)
<i>Change in profit or loss</i>								
Ineffectiveness recognised in profit and loss	(143)	1,105	42	(235)	(1,290)	-	1,274	753
Reclassified from CFHR to profit and loss on continued hedge relationships	-	-	-	29,041	(3,789)	3,104	8,153	36,509
Reclassified from CFHR to profit and loss on discontinued hedge relationships	-	-	-	(5,126)	200	-	(7,421)	(12,347)

¹ Excluding impact of changes in foreign exchange rates on notional amount

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17. Financial risk management (continued)

Hedge Accounting Relationship	Fair Value Hedge			Cash Flow Hedge				Total
Hedging Instrument	USD - CCIRS	EUR - CCIRS	AUD - IRS	USD - CCIRS	EUR - CCIRS	NOK - CCIRS	AUD - IRS	
Hedged Item	USD Fixed Debt	EUR Fixed Debt	AUD Fixed Debt	USD Fixed Debt	EUR Fixed Debt	NOK Fixed Debt	AUD Floating Debt	
Notional Amount	USD 105,000,000	EUR 903,936,718	AUD 500,000,000	USD 410,000,000	EUR 1,150,000,000	NOK 1,500,000,000	AUD 2,548,843,818	
Hedge Ratio	1:1	1:1	1:1	1:1	1:1	1:1	1:1	
Denomination	A\$'000's	A\$'000's	A\$'000's	A\$'000's	A\$'000's	A\$'000's	A\$'000's	A\$'000's
At 30 June 2025								
<i>Carrying amount of hedging instruments</i>								
Assets	-	101,750	16,570	127,268	84,499	-	4,840	334,926
Liabilities	(16,253)	-	-	-	-	(29,996)	(26,806)	(73,055)
Total	(16,253)	101,750	16,570	127,268	84,499	(29,996)	(21,966)	261,871
Cumulative fair value adjustment on hedged item ¹	16,507	(37,740)	(17,213)	-	-	-	-	(38,446)
Carrying amount of the hedged item recognised in the statement of financial position	(142,894)	(1,642,885)	(515,717)	-	-	-	-	(2,301,496)
Balance in cash flow hedge reserve for continuing hedges	-	12,861	-	3,009	(622)	13,237	16,519	45,004
Balance in cash flow hedge reserve from discontinued hedges	-	-	-	6,208	(1,580)	0	12,275	16,903
During the Year								
<i>Change in fair value of hedging instrument</i>								
used for calculating hedge effectiveness	5,566	143,177	16,570	9,340	76,367	6,355	(53,841)	203,534
due to cash payment on restructure of hedges	-	-	-	-	-	-	-	-
<i>Change in fair value of hedged item</i>								
used for calculating hedge effectiveness	(5,687)	(144,653)	(17,213)	(5,003)	(77,589)	(7,027)	45,048	(212,124)
<i>Change in hedge reserves</i>								
for continuing hedge relationships	-	10,298	-	(2,190)	(9,752)	8,781	53,080	60,217
for discontinued hedge relationships	-	-	-	(5,126)	(2,557)	-	(7,612)	(15,295)
<i>Change in profit or loss</i>								
Ineffectiveness recognised in profit and loss	(119)	(1,476)	(644)	157	1,903	-	(762)	(941)
Reclassified from CFHR to profit and loss on continued hedge relationships	-	-	-	(9,475)	230	(20,092)	6,943	(22,394)
Reclassified from CFHR to profit and loss on discontinued hedge relationships	-	-	-	(5,127)	(2,557)	-	(7,612)	(15,296)

¹ Excluding impact of changes in foreign exchange rates on notional amount

Australia Pacific Airports (Melbourne) Pty. Limited
Notes to the financial statements
30 June 2026

18. Lease liabilities

	2026	2025
	\$'000	\$'000
Lease liabilities		
Current	1,287	1,287
Non-current	791	1,285
	<u>2,078</u>	<u>2,572</u>
Total lease liabilities	<u>2,078</u>	<u>2,572</u>

The maturity profile of the Company's lease liabilities based on contractual undiscounted payments is set out in Note 17(e).

19. Lease arrangements - lessor

Some properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of properties are as follows:

	2026	2025
	\$'000	\$'000
Within one year	209,836	185,233
Later than one year but not later than 5 years	632,649	551,535
Later than 5 years	1,153,099	1,021,817
	<u>1,995,584</u>	<u>1,758,585</u>

20. Issued capital

	2026	2025
	\$'000	\$'000
100,000,000 Ordinary Shares - fully paid (30 June 2025: 100,000,000)	<u>100,000</u>	<u>100,000</u>

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

21. Hedging reserves

	2026	2025
	\$'000	\$'000
Opening balance	43,335	11,889
(Gain) / loss on amortisation / unwind of deferred restructuring impact	(8,865)	(11,127)
(Gain) / loss on hedge ineffectiveness	753	(941)
(Gain) / loss on amortisation of swaption premium	(137)	(330)
(Gain) / loss on interest rate swap and swaption fair value movement	(64,776)	34,659
(Gain) / loss on cross currency interest rate swap movements	(548)	(40,629)
(Gain) / loss on fair value adjustment to debt	(42,654)	63,291
(Gain) / loss on income tax related to amounts above	34,868	(13,477)
	<u>(38,024)</u>	<u>43,335</u>
Closing balance	<u>(38,024)</u>	<u>43,335</u>

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

Australia Pacific Airports (Melbourne) Pty. Limited
Notes to the financial statements
30 June 2026

22. Retained profits

	2026	2025
	\$'000	\$'000
Retained profits at the beginning of the financial year	1,438,552	1,117,776
Profit after income tax expense for the year	430,936	374,470
Dividends paid	-	(53,694)
	<u>1,869,488</u>	<u>1,438,552</u>
Retained profits at the end of the financial year	<u>1,869,488</u>	<u>1,438,552</u>

23. Commitments

	2026	2025
	\$'000	\$'000
Capital expenditure commitments		
No longer than 1 year	487,426	688,316
Longer than 1 year but no longer than 5 years	82,917	59,549
	<u>570,343</u>	<u>747,865</u>
Total capital expenditure commitments	<u>570,343</u>	<u>747,865</u>

Other commitments

The Company entered into a long-term power purchase agreement in FY24 to support its sustainability objectives. Under the agreement, the Company is required to purchase a fixed volume of renewable energy at predetermined prices. As of 30 June 2026, the Company has committed to purchasing 80,000 MWhrs of renewable energy annually through these agreements, with the flexibility of +/- 20%.

24. Related party transactions

(a) Key management personnel compensation

	2026	2025
	\$'000	\$'000
Short-term employee benefits	5,670	5,425
Long-term incentives	1,880	1,495
	<u>7,550</u>	<u>6,920</u>

(b) Transactions within the wholly-owned group

The ultimate parent entity of the wholly owned group is Australia Pacific Airports Corporation Limited (APAC).

The immediate parent entity is APAC (Holdings No. 2) Pty Limited.

During the year the Company charged a management fee to a related entity Australia Pacific Airports (Launceston) Pty Limited (APAL) of \$343,000 (2025: \$343,000).

In accordance with tax sharing arrangements (refer to Note 6) tax payments have been received or accrued to reflect the wholly owned Controlled Entity's share of the tax expense of the tax consolidated group.

Australia Pacific Airports (Melbourne) Pty. Limited
Notes to the financial statements
30 June 2026

(c) Transactions with Shareholders

Shareholders of the ultimate parent entity APAC are considered related parties. During FY26, APAC shareholder IFM Investors Pty Ltd provided resourcing support services totalling \$30,000 and APAC shareholder Utilities Trust of Australia recharged \$6,646 in respect of a GRESB Infrastructure Participant Member's fee.

There were no other transactions in the period with Shareholders.

25. Notes to the Statement of Cash Flows

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments, net of outstanding bank overdrafts. Cash at the end of the financial period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position.

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

	2026	2025
	\$'000	\$'000
Profit after income tax expense for the year	430,936	374,470
Adjustments for:		
Amortisation of deferred borrowing costs	9,885	8,119
Hedge reserve unwind	8,112	12,068
Depreciation and amortisation of non-current assets	260,585	258,220
Gain on sale of non-current assets	-	(18)
Gain on fair value of investment property	(45,199)	(135,610)
Impairment of assets under construction	954	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(35,927)	(34,390)
Increase in other current assets	(781)	(443)
(Increase)/decrease in other non-current assets	(522)	439
Decrease/(increase) in accrued revenue	1,904	(7,359)
Increase/(decrease) in trade payables	1,425	(107,383)
Increase/(decrease) in interest payables	8,958	(434)
Increase in employee provisions	6,231	3,562
Increase/(decrease) in unearned income	2,804	(2,266)
Increase/(decrease) in tax payable / receivable	2,268	(122)
Increase in deferred tax liability	42,370	67,130
Net cash from operating activities	<u>694,003</u>	<u>435,983</u>

26. Remuneration of auditors

Audit fees for Australia Pacific Airports (Melbourne) Pty Limited are included in the audit fees for the ultimate parent entity Australia Pacific Airports Corporation Limited.

27. Contingent assets

During the current year and prior year, Melbourne Airport incurred and expensed legal costs in relation to court proceedings instituted by one of APAC's shareholders, Dexus, regarding the issuing of a default notice by the APAC Board under the Shareholders Deed. On 29 May 2026 the Supreme Court of New South Wales delivered a judgement dismissing Dexus's proceedings. A hearing on costs and the application of an indemnity in the APAC Shareholders Deed has been set down for 9 September 2026.

Melbourne Airport has applied to the Supreme Court of New South Wales to recover a substantial portion of these legal costs. Dexus and other parties have lodged appeals against aspects of the Court's decision and the extent of any recovery remains subject to the final outcome of those proceedings.

28. Contingent liabilities

In the ordinary course of business the Company receives legal claims, but the Directors do not consider there to be any specific matters to disclose.

29. Events after the reporting period

In July 2026, Melbourne Airport and the Qantas Group reached a commercial agreement on key terms supporting Melbourne Airport's long-term growth and development plans. The agreement supports Melbourne Airport's \$4,500.0 million international terminal expansion program and includes a 15-year commitment to Melbourne Airport's third runway. Melbourne Airport and the Qantas Group expect to finalise the agreements in the coming months.

No other matters or circumstances have arisen since 30 June 2026 that have significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Australia Pacific Airports (Melbourne) Pty. Limited
Consolidated entity disclosure statement
As at 30 June 2026

Australia Pacific Airports (Melbourne) Pty. Limited does not have any controlled entities and is not required by the Accounting Standards to prepare consolidated financial statements. Therefore, section 295(3A)(a) of the Corporations Act 2001 does not apply to the entity.

Australia Pacific Airports (Melbourne) Pty. Limited
Directors' declaration
30 June 2026

The Directors declare that:

- (i) The attached financial statements and notes are in accordance with the Corporations Act 2001, including compliance with accounting standards and give a true and fair view of the financial position and performance of the Company;
- (ii) The attached financial statements and notes are in compliance with International Financial Reporting Standards as stated in Note 1 to the financial statements; and
- (iii) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors

On behalf of the Directors



Mrs. Lorie Argus
Director

27 August 2026
Melbourne

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australia Pacific Airports (Melbourne) Pty Limited (the "Company") which comprises the statement of financial position as at 30 June 2026, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and the directors' declaration.

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

- Giving a true and fair view of the Company's financial position as at 30 June 2026 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (the Code) that are relevant to audits of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2026, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible:

- For the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Company in accordance with Australian Accounting Standards; and
- For such internal control as the directors determine is necessary to enable the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Company, and that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the 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 objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to read 'J Thorne', written in a cursive style.

Jason Thorne
Partner
Chartered Accountants
Sydney, 27 August 2026