

Australia Pacific Airports Corporation Limited

ACN 069 775 266

Half Year Report - 31 December 2025

Australia Pacific Airports Corporation Limited

Contents

31 December 2025

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General information

The financial statements represent Australia Pacific Airports Corporation Limited and its controlled entities as a consolidated group. The financial statements are presented in Australian dollars, which is Australia Pacific Airports Corporation Limited's functional and presentation currency.

Australia Pacific Airports Corporation Limited ACN 069 775 266 is an unlisted public 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 Group'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 20 February 2026.

Australia Pacific Airports Corporation Limited
Directors' report
31 December 2025

The Directors of Australia Pacific Airports Corporation Limited (the Company) and its controlled entities (the Group or APAC) present their report for the financial period ended 31 December 2025 (HY26).

Directors

Name	Position	Period of directorship
Christine O'Reilly	Chair	Appointed 1 October 2024
Danny Elia	Director	Appointed 6 October 2015
James Fraser-Smith	Director	Appointed 15 September 2016
Samantha Lewis	Director	Appointed 24 October 2022
Michael Faulkner	Director	Appointed 13 November 2023
Stewart Brentnall	Director	Appointed 12 August 2024
Ben Samild	Director	Appointed 18 October 2024, resigned 15 September 2025
Nik Kemp	Director	Appointed 20 December 2024
Timothy May	Alternate Director	Appointed 31 August 2023
Daniel Fitzpatrick	Alternate Director	Appointed 13 November 2023

The above named Directors held office during and since the end of the current financial period, except as stated above.

Principal activities

During the financial period, the principal activity of the Group was the ownership and management of Melbourne Airport (APAM) and Launceston Airport (APAL).

Dividends

No dividend was paid or declared in the financial period (31 December 2024: a final dividend of \$54,585,000 for the year ended 30 June 2024 was paid).

Review of operations

The past six months delivered a strong period for the Group, with operating profit up 12.5% on the half-year ended 31 December 2024. A total of 19.9 million passengers passed through Melbourne and Launceston airports, a 4.3% increase on the corresponding period (31 December 2024: 19.0 million).

Melbourne Airport achieved strong passenger growth across the half, culminating in record passenger numbers in December 2025. International passengers through Melbourne Airport totalled 6.3 million for the six months ended 31 December 2025, reflecting a 4.8% increase on the corresponding period (31 December 2024: 6.0 million). This was supported by the addition of new carriers from strategic growth markets including Delta Air Lines, Hong Kong Airlines and Shenzhen Airlines. Future growth was also secured with Finnair set to launch daily flights from October 2026, Australia's first non-stop Maldives flights from May 2026 and Jetstar's new service to Sri Lanka in August 2026. The Group welcomed 13.6 million domestic passengers in the half-year ended 31 December 2025, a 4.1% increase on the corresponding period (31 December 2024: 13.1 million). This reflects strong demand and airlines achieving higher utilisation of available seats.

Melbourne Airport serves as Victoria's gateway to the world and is focused on meeting the growing demand for air travel. The ongoing capital program across the precinct continues to progress to cater for passenger demand, with \$691.0 million capital investment across the Group in the period (31 December 2024: \$559.0 million). Notable progress during the period included:

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

Australia Pacific Airports Corporation Limited
Directors' report
31 December 2025

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

Financial results:

The Group delivered a strong financial performance for the half-year ended 31 December 2025, with operating profit of \$538.3 million (31 December 2024: \$478.4 million) and a profit after tax of \$191.0 million (31 December 2024: \$144.3 million).

Operating Profit (m)	Dec-25	Dec-24
Operating Profit	538.3	478.4
Revenue (m)	Dec-25	Dec-24
Aeronautical	351.2	296.0
Security	84.3	75.9
Retail	101.9	97.3
Ground Transport	135.2	125.8
Property	85.5	76.0
Hotel	19.2	11.6
Outgoings / recharges	23.6	20.9
Other	0.9	3.5
	801.8	707.0

Revenue increased by 13.4% to \$801.8 million for the six months ended 31 December 2025 (31 December 2024: \$707.1 million). Strong passenger performance supported an uplift in revenue across aeronautical, retail and ground transport. Property revenue increased by 12.5% on the corresponding period, supported by annual rent escalations and new developments. Hotel revenue increased by 65.1% compared to the corresponding period, driven by higher occupancy and improved average room rates as the hotel continued to ramp up operations. The increase in security revenues is attributable to the uplift in passenger volumes.

Operating costs, excluding security passthrough costs, increased by \$26.3 million to \$180.8 million (31 December 2024: \$154.5 million). The uplift is a result of increased technology, cleaning and operational costs aligned to the uplift in passenger volumes, increased hotel operations and maintenance to support the Melbourne Airport Business Park.

The Group's balance sheet remains strong with \$1,753.1 million of liquidity at balance date including undrawn bank facilities of \$1,424.2 million and cash of \$303.1 million. Operating cashflow for HY26 was \$329.5 million (31 December 2024: \$189.6 million). Customer receipts increased significantly due to strong passenger numbers and revenue performance. Payments were lower as the comparative period included a significant lease incentive paid to a tenant (\$126.4 million) to fund the construction of assets on leased land. This was partly offset by higher tax payments of \$78.7 million, driven by an increased tax instalment rate and the comparative period utilising remaining carried forward tax losses.

Investing cash outflows of \$691.2 million for the period reflect the Group's ongoing capital works, with the increase on the comparative period attributable to an uplift in construction activity (31 December 2024: \$559.2 million).

Net financing cash outflows of \$117.7 million reflect net repayment of borrowings of \$112.0 million (31 December 2024: net repayment of \$11.1 million) and debt issue costs of \$5.5 million (31 December 2024: \$3.3 million).

Other matters

On 15 May 2025, APAC issued a default notice to APAC shareholder Dexu for a breach of the APAC Shareholders' Deed. The default notice requires the commencement of a compulsory process to offer for sale the Dexu shares to remaining APAC shareholders. Dexu has disputed the validity of the default notice and a court hearing to consider the dispute is scheduled for April 2026. While the dispute is being resolved, the APAC Board of Directors remains unchanged as a result of an injunction on the effect of the default notice. The Group is continuing to operate as usual. The dispute does not affect the ability of the Group to meet its obligations under financing arrangements.

Australia Pacific Airports Corporation Limited
Directors' report
31 December 2025

Significant changes in the state of affairs

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

Events occurring after balance sheet date

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

Future developments

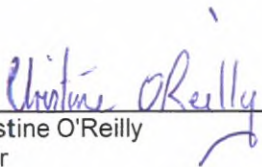
The Group's future developments and operations are included within the Master Plans of Melbourne Airport (2022) and Launceston Airport (2020), published every five years and eight years respectively. These plans set the strategic direction for each airport, providing plans for development, documenting to the public the intended uses of the sites and development proposals and ensuring compliance with environmental legislation and standards.

Rounding of amounts

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

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

On behalf of the Directors


Christine O'Reilly
Chair

20 February 2026
Melbourne

Independent Auditor's Review Report to the directors of Australia Pacific Airports Corporation Limited

Conclusion

We have reviewed the half-year financial report of Australia Pacific Airports Corporation Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes to the financial statements, including material accounting policy information and other explanatory information, and the declaration of the directors as set out on page 5.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying half-year financial report of the Group does not present fairly, in all material respects, the financial position of the Group as at 31 December 2025, and its financial performance and its cash flows for the half-year ended on that date, in accordance with AASB 134 *Interim Financial Reporting*.

Basis for Conclusion

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

Director's Responsibilities for the Financial Report

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

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that makes us believe that the half-year financial report does not present fairly, in all material respects, the financial position of the Group as at 31 December 2025 and its financial performance and its cash flows for the half-year ended on that date, in accordance with AASB 134 *Interim Financial Reporting*.

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to read 'J Thorne', written over a faint, illegible background.

Jason Thorne
Partner
Chartered Accountants
Sydney, 20 February 2026

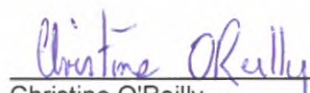
Australia Pacific Airports Corporation Limited
Directors' declaration
31 December 2025

In the Directors' opinion

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



Christine O'Reilly
Chair

20 February 2026
Melbourne

Australia Pacific Airports Corporation Limited
Consolidated statement of profit or loss and other comprehensive income
For the period ended 31 December 2025

		31 December 2025	31 December 2024
	Note	\$'000	\$'000
Revenue			
Aeronautical		351,195	296,037
Security	3	84,337	75,944
Retail		101,852	97,307
Ground Transport		135,164	125,801
Property		85,498	75,975
Hotel		19,188	11,619
Outgoings/recharges		23,599	20,933
Other income		908	3,426
Profit on sale of property, plant and equipment		40	73
Total revenue		801,781	707,115
Expenses			
Staff costs		(43,845)	(39,429)
Security	3	(82,608)	(74,242)
Services and utilities		(89,656)	(80,268)
Maintenance costs		(19,761)	(16,886)
Administration and marketing costs		(7,807)	(8,389)
Other costs		(19,775)	(8,545)
Allowance for expected credit losses		18	(1,005)
Total expenses		(263,434)	(228,764)
Operating Profit		538,347	478,351
Change in fair value of investment property		-	(6,962)
Borrowing costs	2	(147,004)	(143,529)
Interest income		14,180	9,415
Depreciation, amortisation and impairment losses	2	(132,580)	(131,051)
Profit before income tax expense		272,943	206,224
Income tax expense	4	(81,928)	(61,946)
Profit after income tax expense for the period		191,015	144,278
Other comprehensive profit/(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		77,913	(9,261)
Other comprehensive profit/(loss) for the period, net of tax		77,913	(9,261)
Total comprehensive income for the period		268,928	135,017

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

Australia Pacific Airports Corporation Limited
Consolidated statement of financial position
As at 31 December 2025

		31 December	30 June
	Note	2025	2025
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents		303,133	782,527
Trade and other receivables	5	101,202	181,494
Derivative financial instruments	13	108,303	-
Accrued revenue	6	122,274	50,786
Other assets	7	9,987	8,142
Total current assets		<u>644,899</u>	<u>1,022,949</u>
Non-current assets			
Property, plant and equipment	8	5,254,208	4,795,218
Investment properties	9	3,018,182	2,893,858
Intangible assets	10	677,812	677,025
Derivative financial instruments	13	198,204	326,606
Accrued revenue	6	269,398	272,618
Other assets	7	5,476	4,934
Total non-current assets		<u>9,423,280</u>	<u>8,970,259</u>
Total assets		<u>10,068,179</u>	<u>9,993,208</u>
Liabilities			
Current liabilities			
Payables	11	249,926	217,439
Borrowings - senior secured	12	698,087	319,571
Income tax payable		18,274	46,878
Employee benefit provisions		26,692	30,141
Lease liabilities		1,287	1,287
Unearned income		8,448	8,712
Total current liabilities		<u>1,002,714</u>	<u>624,028</u>
Non-current liabilities			
Payables	11	1,202	1,202
Borrowings - senior secured	12	5,296,602	5,890,993
Borrowings - subordinated	12	989,664	988,757
Deferred tax liability	4	848,756	807,475
Employee benefit provisions		2,325	2,026
Derivative financial instruments	13	44,015	64,735
Lease liabilities		1,038	1,285
Unearned income		17,253	17,025
Total non-current liabilities		<u>7,200,855</u>	<u>7,773,498</u>
Total liabilities		<u>8,203,569</u>	<u>8,397,526</u>
Net assets		<u>1,864,610</u>	<u>1,595,682</u>
Equity			
Issued capital		118,100	118,100
Hedging reserves	14	34,578	(43,335)
Retained profits		1,711,932	1,520,917
Total equity		<u>1,864,610</u>	<u>1,595,682</u>

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

Australia Pacific Airports Corporation Limited
Consolidated statement of changes in equity
For the period ended 31 December 2025

	Issued capital \$'000	Hedging reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2024	118,100	(11,889)	1,186,959	1,293,170
Profit after income tax expense for the period	-	-	144,278	144,278
Other comprehensive loss for the period, net of tax	-	(9,261)	-	(9,261)
Total comprehensive profit/(loss) for the period	-	(9,261)	144,278	135,017
<i>Transactions with owners in their capacity as owners:</i>				
Dividends paid	-	-	(54,585)	(54,585)
Balance at 31 December 2024	<u>118,100</u>	<u>(21,150)</u>	<u>1,276,652</u>	<u>1,373,602</u>
	Issued capital \$'000	Hedging reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2025	118,100	(43,335)	1,520,917	1,595,682
Profit after income tax expense for the period	-	-	191,015	191,015
Other comprehensive income for the period, net of tax	-	77,913	-	77,913
Total comprehensive income for the period	-	77,913	191,015	268,928
Balance at 31 December 2025	<u>118,100</u>	<u>34,578</u>	<u>1,711,932</u>	<u>1,864,610</u>

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

Australia Pacific Airports Corporation Limited
Consolidated statement of cash flows
For the period ended 31 December 2025

	31 December	31 December
Note	2025	2024
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	909,414	784,099
Payments to suppliers and employees	(362,524)	(447,854)
Interest received	13,520	10,069
Interest paid	(128,229)	(133,200)
Income tax paid	(102,643)	(23,905)
	<u> </u>	<u> </u>
Net cash from operating activities	16 329,538	189,209
Cash flows from investing activities		
Payments for investment property	(121,441)	(112,178)
Payments for property, plant and equipment	(567,191)	(442,770)
Payments for intangibles	(2,610)	(4,283)
Proceeds from disposal of property, plant and equipment	40	73
	<u> </u>	<u> </u>
Net cash used in investing activities	(691,202)	(559,158)
Cash flows from financing activities		
Proceeds from borrowings	8,000	500,000
Repayment of borrowings	(120,000)	(511,051)
Dividends paid	-	(54,585)
Repayment of lease liabilities	(247)	(275)
Payment for debt issue costs	(5,483)	(3,342)
	<u> </u>	<u> </u>
Net cash used in financing activities	(117,730)	(69,253)
Net decrease in cash and cash equivalents	(479,394)	(439,202)
Cash and cash equivalents at the beginning of the financial period	782,527	587,987
	<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial period	<u>303,133</u>	<u>148,785</u>

The Group paid a significant lease incentive of \$126.4 million to a tenant during the comparative period, which was used to fund the construction of assets on leased land. The assets are not recognised as the Group's assets in accordance with Australian Accounting Standards. Consequently, the payment has been classified as an operating expense in the cash flow statement. This is a one-off transaction in the comparative period that will lead to operating cashflows in the future. Excluding this payment, net cash from operating activities in the comparative period was \$316.0 million.

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

Australia Pacific Airports Corporation Limited
Notes to the consolidated financial statements
31 December 2025

1. Material accounting policy information

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

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

Basis of preparation

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

Comparative amounts

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

Rounding

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

Net current liability position

The Group was in a net current liability position of \$357.8 million at 31 December 2025 (30 June 2025 net current asset position of \$398.9 million). This is due to \$698.0 million of current borrowings maturing in June 2026, September 2026 and November 2026. The net current liability position as at 31 December 2025 is adequately covered by available liquidity in the form of cash and cash equivalents of \$303.1 million (30 June 2025: \$782.5 million) and total secured undrawn bank facilities of \$1,424.2 million (30 June 2025: \$1,432.2 million).

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

New or amended accounting standards and interpretations adopted

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

Effective in the 2026 financial year (FY26)

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

1. Material accounting policy information (continued)

Sustainability related standards

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

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

New or amended accounting standards and interpretations not yet adopted

Effective in financial periods beyond FY26

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

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

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

Australia Pacific Airports Corporation Limited
Notes to the consolidated financial statements
31 December 2025

2. Profit for the year

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

	31 December 2025 \$'000	31 December 2024 \$'000
Depreciation of property, plant and equipment	130,250	130,123
Amortisation of intangible assets	1,543	928
Impairment of assets	787	-
Total depreciation, amortisation and impairment	132,580	131,051
Borrowing costs:		
Interest:		
- Senior secured debt	147,892	155,379
- Subordinated debt	29,265	-
Interest capitalised during the period	(39,345)	(23,493)
Amortisation of deferred borrowing costs	4,969	4,160
Hedge reserve unwind	2,747	6,633
Interest - lease liabilities	397	369
Other finance costs	1,079	481
Total borrowing costs	147,004	143,529

3. Security

	31 December 2025 \$'000	31 December 2024 \$'000
Security revenue	84,337	75,944
Security costs	(82,608)	(74,242)
Security depreciation and other costs	(1,729)	(1,702)
	-	-

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.

4. Income tax

(a) Income tax recognised in profit

	31 December 2025 \$'000	31 December 2024 \$'000
Income tax expense comprises of:		
Current tax expense	74,060	59,445
Deferred tax expense	7,890	2,501
Current tax in respect of prior years	(22)	-
Aggregate income tax expense	81,928	61,946

Australia Pacific Airports Corporation Limited
Notes to the consolidated financial statements
31 December 2025

4. Income tax (continued)

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	272,943	206,224
Tax at the statutory tax rate of 30% (31 December 2024: 30%)	81,883	61,867
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	67	79
Current tax in respect of prior years	(22)	-
Income tax expense	<u>81,928</u>	<u>61,946</u>

(b) Deferred tax balances

Taxable and deductible temporary differences arise from the following:

31 December 2025

	Opening balance 1 July 2025 \$'000	Consolidated Charged to income \$'000	Charged to equity \$'000	Closing balance 31 December 2025 \$'000
Gross deferred tax liabilities:				
Property, plant & equipment	(177,863)	(6,880)	-	(184,743)
Accrued revenue	(59,038)	1,089	-	(57,949)
Investment property	(609,118)	(1)	-	(609,119)
Hedge reserve	-	-	(14,819)	(14,819)
Other	(1,439)	50	-	(1,389)
	<u>(847,458)</u>	<u>(5,742)</u>	<u>(14,819)</u>	<u>(868,019)</u>
Gross deferred tax assets:				
Provisions & accruals	13,676	(4,320)	-	9,356
Unearned income	7,892	(172)	-	7,720
Hedge reserve	18,380	(517)	(18,572)	(709)
Other	35	2,861	-	2,896
	<u>39,983</u>	<u>(2,148)</u>	<u>(18,572)</u>	<u>19,263</u>
Net deferred tax liability	<u>(807,475)</u>	<u>(7,890)</u>	<u>(33,391)</u>	<u>(848,756)</u>

Australia Pacific Airports Corporation Limited
Notes to the consolidated financial statements
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4. Income tax (continued)

31 December 2024

	Consolidated			Closing balance
	Opening Balance	Charged to	Charged to	31 December
	1 July 2024	income	equity	2024
	\$'000	\$'000	\$'000	\$'000
Gross deferred tax liabilities:				
Property, plant & equipment	(158,996)	(3,671)	-	(162,667)
Accrued revenue	(60,065)	443	-	(59,622)
Investment property	(558,549)	2,089	-	(556,460)
Other assets	(1,426)	3	-	(1,423)
	<u>(779,036)</u>	<u>(1,136)</u>	<u>-</u>	<u>(780,172)</u>
Gross deferred tax assets:				
Provisions & accruals	11,497	(1,106)	-	10,391
Unearned income	7,455	(230)	-	7,225
Hedge reserve	4,669	(29)	3,969	8,609
Property, plant & equipment	35	-	-	35
	<u>23,656</u>	<u>(1,365)</u>	<u>3,969</u>	<u>26,260</u>
Net deferred tax liability	<u>(755,380)</u>	<u>(2,501)</u>	<u>3,969</u>	<u>(753,912)</u>

5. Trade and other receivables

	31 December	30 June
	2025	2025
	\$'000	\$'000
Trade and other receivables	101,365	189,195
Less: allowance for expected credit losses	<u>(163)</u>	<u>(7,701)</u>
Total trade and other receivables	<u>101,202</u>	<u>181,494</u>

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

Included in the Group's trade receivable balance are debtors with a carrying amount of \$424,000 (30 June 2025: \$526,000) net of allowance for expected credit losses, which were overdue (90 days +) as at the reporting date.

6. Accrued revenue

	31 December	30 June
	2025	2025
	\$'000	\$'000
<i>Current</i>		
Straight line leases	18,098	17,896
Aviation revenue	64,931	-
Other accrued revenue	39,245	32,167
Accrued rebates	<u>-</u>	<u>723</u>
	<u>122,274</u>	<u>50,786</u>
<i>Non-current</i>		
Straight line leases	<u>269,398</u>	<u>272,618</u>
Total accrued revenue	<u>391,672</u>	<u>323,404</u>

Australia Pacific Airports Corporation Limited
Notes to the consolidated financial statements
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6. Accrued revenue (continued)

Accrued revenue represents amounts the Group 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.

7. Other assets

	31 December 2025 \$'000	30 June 2025 \$'000
<i>Current</i>		
Prepayments	9,489	7,962
Other current assets	498	180
Total current	<u>9,987</u>	<u>8,142</u>
<i>Non-current</i>		
Prepayments	<u>5,476</u>	<u>4,934</u>
Total other assets	<u><u>15,463</u></u>	<u><u>13,076</u></u>

8. Property, plant and equipment

	Leasehold land \$'000	Buildings and services \$'000	Roads, runways & infra- structure \$'000	Plant and equipment \$'000	Assets under construction \$'000	Total \$'000
31 December 2025						
Gross carrying amount						
Balance at 1 July 2025	238,843	2,500,688	1,801,106	1,626,918	1,559,775	7,727,330
Additions	-	-	-	-	589,364	589,364
Disposals	-	-	-	(219)	-	(219)
Impairment	-	-	-	-	(90)	(90)
Transfers to/(from) assets under construction	-	85,573	22,873	63,376	(171,822)	-
Balance at 31 December 2025	<u>238,843</u>	<u>2,586,261</u>	<u>1,823,979</u>	<u>1,690,075</u>	<u>1,977,227</u>	<u>8,316,385</u>
Accumulated depreciation						
Balance at 1 July 2025	(30,283)	(1,113,591)	(613,621)	(1,174,617)	-	(2,932,112)
Depreciation expense	(1,156)	(52,482)	(25,575)	(51,037)	-	(130,250)
Disposals	-	-	-	185	-	185
Balance at 31 December 2025	<u>(31,439)</u>	<u>(1,166,073)</u>	<u>(639,196)</u>	<u>(1,225,469)</u>	<u>-</u>	<u>(3,062,177)</u>
Net book value at 31 December 2025	<u><u>207,404</u></u>	<u><u>1,420,188</u></u>	<u><u>1,184,783</u></u>	<u><u>464,606</u></u>	<u><u>1,977,227</u></u>	<u><u>5,254,208</u></u>

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8. Property, plant and equipment (continued)

	Leasehold land \$'000	Buildings and services \$'000	Roads, runways & infra- structure \$'000	Plant and equipment \$'000	Assets under construction \$'000	Total \$'000
30 June 2025						
Gross carrying amount						
Balance at 1 July 2024	238,843	2,329,039	1,520,705	1,438,973	1,206,362	6,733,922
Additions	-	-	-	-	993,669	993,669
Disposals	-	-	-	(261)	-	(261)
Transfers to/(from) assets under construction	-	171,649	280,401	188,206	(640,256)	-
Balance at 30 June 2025	238,843	2,500,688	1,801,106	1,626,918	1,559,775	7,727,330
Accumulated depreciation						
Balance at 1 July 2024	(27,970)	(1,007,167)	(562,472)	(1,073,428)	-	(2,671,037)
Depreciation expense	(2,313)	(106,424)	(51,149)	(101,450)	-	(261,336)
Disposals	-	-	-	261	-	261
Balance at 30 June 2025	(30,283)	(1,113,591)	(613,621)	(1,174,617)	-	(2,932,112)
Net book value at 30 June 2025	208,560	1,387,097	1,187,485	452,301	1,559,775	4,795,218

9. Investment properties

The Group 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 Group provide investment properties (along with land and buildings in Note 8) as security for loans as disclosed in Note 12.

	31 December 2025 \$'000	30 June 2025 \$'000
Balance at beginning of the period	2,893,858	2,539,644
Additions for the period (at cost)	125,020	217,842
Impairment of assets under construction	(696)	-
Net gain from fair value adjustments for the period	-	136,372
Balance at end of the period	3,018,182	2,893,858

10. Intangible assets

	Goodwill \$'000	Masterplan \$'000	Software \$'000	Carbon credit \$'000	Total \$'000
31 December 2025					
Net book value					
Balance at 1 July 2025	671,866	1,232	3,927	120	677,145
Additions	-	-	2,210	-	2,210
Amortisation charge	-	(250)	(1,293)	-	(1,543)
	671,866	982	4,844	120	677,812
Cost	671,866	2,504	40,644	120	715,134
Accumulated amortisation and impairment	-	(1,522)	(35,800)	-	(37,322)
Net book value at 31 December 2025	671,866	982	4,844	120	677,812

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10. Intangible assets (continued)

30 June 2025	Goodwill \$'000	Masterplan \$'000	Software \$'000	Total \$'000
Net book value				
Balance at 1 July 2024	671,866	1,730	505	674,101
Additions	-	-	5,092	5,092
Amortisation charge	-	(498)	(1,670)	(2,168)
	<u>671,866</u>	<u>1,232</u>	<u>3,927</u>	<u>677,025</u>
Cost	671,866	2,504	37,627	711,997
Accumulated amortisation and impairment	-	(1,272)	(34,508)	(35,780)
Net book value at 30 June 2025	<u>671,866</u>	<u>1,232</u>	<u>3,119</u>	<u>676,217</u>

11. Payables

	31 December 2025 \$'000	30 June 2025 \$'000
Current liabilities		
Trade and other payables (i)	120,175	116,461
GST payable	-	6
Accrual for assets under construction	<u>90,807</u>	<u>72,009</u>
	<u>210,982</u>	<u>188,476</u>
Interest payable to:		
- Senior secured debt	28,262	26,534
- Subordinated debt	<u>10,682</u>	<u>2,429</u>
	<u>38,944</u>	<u>28,963</u>
Total payables	<u>249,926</u>	<u>217,439</u>
	31 December 2025 \$'000	30 June 2025 \$'000
Non-current liabilities		
Undistributed capital note liability (ii)	<u>1,202</u>	<u>1,202</u>

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

(ii) Capital notes are entitled to 1/9th of net profit of APAL with distribution equal to 1/9th of declared dividends. Capital notes are redeemable at the end of the Launceston Airport lease.

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12. Borrowings

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

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

Face value

	Drawn \$'000 31 December 2025	Undrawn \$'000 31 December 2025	Drawn \$'000 30 June 2025	Undrawn \$'000 30 June 2025
Drawn and undrawn				
Unsecured bank overdraft	-	21,953	-	22,214
Senior secured term bank debt	1,300,000	-	1,300,000	-
Senior secured bank facilities	40,800	1,424,200	32,800	1,432,200
Bank guarantee facilities	-	3,774	-	2,278
	<u>1,340,800</u>	<u>1,449,927</u>	<u>1,332,800</u>	<u>1,456,692</u>
Senior secured capital markets debt	4,481,633	-	4,601,633	-
Subordinated capital markets debt	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>
Total Borrowings	<u><u>6,822,433</u></u>	<u><u>1,449,927</u></u>	<u><u>6,934,433</u></u>	<u><u>1,456,692</u></u>

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12. Borrowings (continued)

Type	Maturity	Currency	Principal Drawn	Carrying Amount (ii)		
			Original Currency '000	Face Value (AUD) (i) \$'000	31 December 2025 \$'000	30 June 2025 \$'000
Capital market debt						
AMTN	11-Nov-25	AUD	120,000	-	-	120,000
USPP	15-Sep-26	USD	200,000	191,077	298,820	305,344
AMTN	4-Nov-26	AUD	200,000	200,000	200,000	200,000
USPP (\$A)	15-Jan-28	AUD	50,000	50,000	50,000	50,000
AMTN (iii)	16-Sep-30	AUD	450,000	450,000	450,000	450,000
EMTN	27-Sep-30	NOK	1,500,000	242,994	222,905	226,235
AMTN	25-Nov-31	AUD	700,000	700,000	700,000	700,000
USPP (iv)	4-Dec-31	USD	105,000	151,844	156,880	160,305
AMTN (iii)	16-Sep-32	AUD	550,000	550,000	550,000	550,000
AMTN (iv)	1-Nov-32	AUD	500,000	500,000	500,000	500,000
EMTN (iv)	24-May-33	EUR	500,000	812,799	876,578	895,095
EMTN (iv)	07-Jun-34	EUR	650,000	1,081,075	1,139,551	1,163,623
USPP	4-Dec-34	USD	105,000	151,844	156,880	160,305
USPP (\$A)	4-Dec-39	AUD	150,000	150,000	150,000	150,000
USPP (\$A)	4-Dec-44	AUD	250,000	250,000	250,000	250,000
Total capital market debt				5,481,633	5,701,614	5,880,907
Bank debt						
Cash Advance Facility (v)	28-Jul-28	AUD		40,800	40,800	32,800
Term Bank Debt	16-Jun-26	AUD		200,000	200,000	200,000
Term Bank Debt	13-Sep-27	AUD		292,000	292,000	292,000
Term Bank Debt	16-Jun-29	AUD		300,000	300,000	300,000
Term Bank Debt	13-Sep-29	AUD		508,000	508,000	508,000
				1,340,800	1,340,800	1,332,800
Total borrowings				6,822,433	7,042,414	7,213,707
Fair value hedge accounting adjustments (iii)					(10,108)	38,446
Deferred upfront borrowing costs (vi)					(47,953)	(52,832)
Total net borrowings				6,822,433	6,984,353	7,199,321
					31 December 2025 \$'000	30 June 2025 \$'000
Current - senior secured					698,087	319,571
Non-current - senior secured					5,296,602	5,890,993
Non-current - subordinated					989,664	988,757
Total net borrowings					6,984,353	7,199,321

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12. Borrowings (continued)

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

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

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

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

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

(v) Cash Advance Facility refers to the bank facility for Australia Pacific Airports (Launceston) Pty Ltd. The facility is for \$65.0 million of which \$24.2 million was undrawn at 31 December 2025.

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

13. Derivative financial instruments

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

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

14. Hedging reserves

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

14. Hedging reserves (continued)

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

15. Commitments

	31 December 2025 \$'000	30 June 2025 \$'000
Capital expenditure commitments		
No longer than 1 year	567,944	697,772
Longer than 1 year but no longer than 5 years	92,312	59,549
Total capital expenditure commitments	<u>660,256</u>	<u>757,321</u>

Other commitments

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

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16. Notes to the Statement of Cash Flows

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

	31 December 2025 \$'000	31 December 2024 \$'000
Profit after income tax expense for the period	191,015	144,278
Adjustments for:		
Impairment of property, plant and equipment	787	-
Amortisation of deferred borrowing costs	4,969	4,160
Hedge reserve unwind	2,747	6,633
Depreciation and amortisation of non-current assets	131,793	131,051
Gain on sale of non-current assets	(40)	(73)
Gain on fair value of investment property	-	6,962
Borrowing fees classified as financing costs	1,079	481
Change in operating assets and liabilities:		
Decrease in trade and other receivables	76,690	3,288
Increase in other current assets	(800)	(3,907)
(Increase)/decrease in other non-current assets	(583)	1,791
Increase in accrued revenue	(68,992)	(5,777)
Increase/(decrease) in trade payables	4,795	(130,686)
Increase/(decrease) in interest payables	9,981	(945)
Decrease in employee provisions	(3,151)	(4,672)
Decrease in unearned income	(37)	(1,416)
Increase/(decrease) in tax payable	(28,604)	35,541
Increase in deferred tax liability	7,889	2,500
Net cash from operating activities	<u>329,538</u>	<u>189,209</u>

17. Events after the reporting period

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