AURIZON

Aurizon Holdings Limited
ABN 14 146 335 622

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

BY ELECTRONIC LODGEMENT

12 August 2024

2024 Annual Report and AGM

Attached is a copy of Aurizon Holdings Limited's (**Aurizon**) 2023 Annual Report (**Annual Report**).

In accordance with the relief from dual lodgement of financial statements under *ASIC Corporations (Electronic Lodgement of Financial Reports) Instrument 2016/181*, the Annual Report will not be lodged separately with ASIC.

Copies of the Annual Report are expected to be dispatched in September 2024 to shareholders who have elected to receive a hard copy of the Annual Report.

Aurizon's 2024 Annual General Meeting will be held at 2.00pm (Brisbane time) on Thursday 10 October 2024 online or in person at Karstens Brisbane, Level 24/215 Adelaide Street, Brisbane, Queensland. A Notice of Annual General Meeting is expected to be released to the market and provided to shareholders in early September 2024.

In accordance with ASX Listing Rule 3.13.1, the closing time and date for receipt of nominations from persons wishing to be considered for election as a Director of Aurizon is 2.00pm on 21 August 2024.

Yours faithfully

David Wenck
Company Secretary

Authorised for lodgement by the Aurizon Holdings Limited Board of Directors.

2023 – 2024

Annual Report

AURIZON®

Contents

Our vision

To be the first choice for bulk commodity transport solutions.

Our purpose

To grow regional Australia by delivering bulk commodities to the world.

Our values

SAFETY
We know safe, we choose safe.

PEOPLE
We seek diverse perspectives.

INTEGRITY
We have the courage to do the right thing.

CUSTOMER
We strive to be the first choice for customers.

EXCELLENCE
We set and achieve ambitious goals.

FY2024 in Review

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Result highlights (Underlying and statutory continuing operations)

($M)	FY2024	FY2023	VARIANCE	VARIANCE %
Total revenue	3,844	3,511	333	9%
EBITDA	1,624	1,428	196	14%
EBIT	917	762	155	20%
Significant items — acquisition costs	–	(49)	49	100%
EBIT Statutory	917	713	204	29%
NPAT	406	367	39	11%
NPAT Statutory	406	324	82	25%
Free cash flow (FCF)[1]	661	297	364	123%
Final dividend (cps)	7.3	8.0	(0.7)	(9%)
Total dividend (cps)	17.0	15.0	2.0	13%
Earnings per share (cps)	22.1	19.9	2.2	11%
Return on invested capital (ROIC)	8.9%	7.5%	1.4ppt	–
EBITDA margin	42.2%	40.7%	1.5ppt	–
Operating ratio (OR)	76.1%	78.3%	(2.2ppt)	–
Above Rail Tonnes (m)	255.6	253.2	2.4	1%
Gearing (net debt / (net debt + equity))	52.2%	53.7%	(1.5ppt)	–

Performance Overview

› EBITDA up $196m (14%) to $1,624m with:
  - Network up $117m (14%) driven by higher (allowable) regulated revenue and a volume over-recovery
  - Coal up $73m (16%) driven by higher volumes and yield (customer/corridor mix and CPI)
  - Bulk up $15m (7%) driven by minerals and iron ore volumes, offset by lower grain volumes, rail network impacts from weather and the cessation of a rail maintenance contract in the Pilbara
  - Other down $9m (17%) driven by the ramp-up to full schedule operations for Containerised Freight.

› Final dividend declared of 7.3cps (60% franked), representing a payout ratio of 80% of underlying NPAT for 2HFY2024.

› Announced an on-market buy-back of up to $150m.

Outlook

Group underlying EBITDA for FY2025 is expected to increase and be in the range of $1,660m–$1,740m. Sustaining capital expenditure is expected to be $640m–$720m (including ~$80m of transformation capital) and growth capital expenditure is expected to be $125m–$175m.

Key assumptions:

› Network: EBITDA expected to be higher than FY2024 with an increase in the regulated revenue, partially offset by lower external construction works. No volume related over-recovery assumed

› Coal: EBITDA expected to be broadly consistent with FY2024, with higher volumes being offset by the normalisation (lower) of yield (due to customer/corridor mix) and higher traincrew and maintenance costs

› Bulk: EBITDA expected to be higher than FY2024 driven by volume growth in Bulk Central, more than offsetting an expected volume decline in Bulk West

› Other: Containerised Freight is expected to have a broadly neutral EBITDA contribution

› No significant disruptions to supply chains (such as major derailments or extreme/prolonged wet weather).

1 Free Cash Flow (Continuing operations) defined as net cash flow from operating activities (less non-growth capex) and interest paid. It excludes growth capex (FY2024: $204m, FY2023: $203m), payments for acquisitions (FY2024: $nil, FY2023: $1,434m) and cash cost associated with acquisitions (FY2024: $nil, FY2023: $49m (pre-tax)).

Chairman's Report

Dear Shareholders

I am pleased to present our FY2024 Annual Report.

Aurizon performed well in FY2024, delivering strong financial outcomes and improved returns for shareholders, while continuing a disciplined investment program in assets to support future growth in volumes and earnings.

Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) in FY2024 was $1,624 million, a 14% increase compared to FY2023. This represented a strong result and again reinforces the resilience of our business in the face of some specific customer and weather-related impacts during the year.

The Board has declared a final dividend of 7.3 cents per share, 60 % franked, taking total dividends for FY2024 to 17 cents. This compared to 15 cents per share paid in FY2023. We are pleased to increase dividends for shareholders and to also announce an on-market share buy-back of up to $150 million to be completed during FY2025. This outcome reflects strong free cash flow, lower gearing and reducing expenditure on growth capital as we round out previously announced investments in the Bulk and Containerised Freight businesses. Over the past five years, Aurizon has returned almost $3 billion to shareholders through dividends and share buy-backs.

The Company has continued to implement key initiatives during FY2024, as we look to tap into emerging and growing markets. Aurizon is a business that is leveraged to demand for high-quality Australian commodities, driven by infrastructure development, energy generation and storage, and global food consumption. We see this in the products we carry on our trains, across our track infrastructure and through our terminals and portside assets. These include metallurgical and thermal coal, iron ore, critical minerals, consumer goods, grains and phosphate.

Key initiatives progressed during FY2024 to tap into these opportunities included:

- investments to complement our 2022 acquisition of One Rail Australia, including the installation of mobile harbour cranes at the Port of Darwin and a major rail siding near Tennant Creek for one of our new customers. These investments are designed to capitalise on the latent capacity of the north-south rail corridor and the port, with the opportunity to significantly increase export and import volumes through Darwin. For example, in July 2024 our Containerised Freight team commenced trials moving imported cars through the Port of Darwin as we explore options for land-bridging freight by rail to southern markets.
- the completion in May 2024 of the ramp-up of national linehaul services by the Containerised Freight business, connecting key markets and import/export terminals. We see a strong future for containerised freight traffic in Australia, based on the underlying strength of the economy and the competitive advantage that rail freight offers as the nation pursues efficient, low-carbon supply chains to meet the needs of industry and consumers.
- approximately $200 million of investment in new locomotives and wagons, port and terminal equipment, terminal land and infrastructure, and track infrastructure. The majority of growth capital invested during the year was aligned to our business strategy where we invest in growing markets for Containerised Freight and Bulk, and continue to optimise the highly resilient and cash-generative businesses of Network and Coal.

On the following pages, our Managing Director & CEO, Andrew Harding covers the performance and highlights for FY2024 of each of the four business units: Bulk, Coal, Containerised Freight and Network. The Board is pleased with the progress of the strategic initiatives as we transform and re-shape the Company's position in supply chains across Australia. This recognises Aurizon's leading position in delivering coal haulage and infrastructure services for customers, together with our aspirations to achieve a larger share of the available bulk haulage and containerised freight markets.

During October last year, we farewelled Sam Lewis from the Aurizon Board after almost nine years of outstanding service. Sam was the Chair of Aurizon's Audit, Governance and Risk Management Committee for almost her entire time on the Board, a job she did exceptionally well. I would like to thank Sam for her tremendous contribution to Aurizon and wish her the very best for the future.

On behalf of the Board, I acknowledge the ongoing efforts and commitment of our employees across Aurizon's national footprint. The Board is also pleased to note the continuing improvements by the Aurizon team across key safety metrics during FY2024 and Andrew shares more detail in his report.

In closing, thank you to our shareholders for your continued support. By leveraging the strength of all business units in Aurizon, aligned to our strategy, we are well-positioned for continued growth in earnings and increasing returns to shareholders.

Tim Poole

Tim Poole

Chairman
12 August 2024

Managing Director & CEO's Report

Dear Shareholders

I am pleased to report that Aurizon continues to track well against our strategy, investing in growth markets while sustaining strong volumes and cash flow in the Coal and Network businesses. We delivered a significant investment program during FY2024, primarily committed to growth initiatives in the Bulk and Containerised Freight businesses. This has established a solid platform for continued expansion, with installed assets and capability to tap into growth markets. I will cover this work and the performance of Aurizon's four business units later in my report.

First, I will address operational safety performance. It is satisfying to see ongoing improvements achieved during the year across our two primary safety metrics: Total Recordable Injury Frequency Rate (TRIFR) and potential and Serious Injury and Fatality Frequency Rate including both actual and potential events (SIFR(a+p)). In FY2024, TRIFR improved by 15% and SIFR(a+p) improved 29%.

In addition to a range of operational safety initiatives, Aurizon in FY2024 commenced a major education and awareness campaign to support improved level crossing safety, 'Respect the sign. Lives are on the line.' Level crossings remain one of the greatest risks for Aurizon train crew and we are determined to support the collective efforts by industry, government and other agencies to improve community awareness and education, and to influence motorists' behaviour at level crossings.

The Chairman in his report details the financial performance of the Company and the strong result in delivering Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of $1,624 million (m), a 14% increase compared to FY2023. Below is an overview of business unit performance and the respective contributions to this result compared to FY2023.

Bulk

Bulk EBITDA was up 7% to $229m, primarily driven by strong minerals and iron ore volumes, partly offset by lower grain volumes, rail network impacts from weather and cessation of a rail maintenance contract. Volumes hauled of 66.6 million tonnes were down by 2% compared to FY2023.

The major contract activity included:

- Minara: A 10-year logistics contract plus a four-year off-road haulage contract commencing July 2024 (WA)
- Gold Valley: A 10-year contract for rail haulage of iron ore commencing in September 2024 (WA)
- South 32: A 15-year contract extension for haulage and rollingstock maintenance for Worsley Alumina (WA)
- Mineral Resources: The Yilgarn Hub will transition to care and maintenance by the end of CY2024, with rail haulage ceasing in line with this ramp down (WA).

The investment in additional assets for the business and its future growth continued through FY2024, including $135m to purchase standard-gauge locomotives and wagons. This rollingstock is used to service both Bulk and Containerised Freight customers. Likewise, our investment in mobile harbour cranes at the Port of Darwin are being utilised by both businesses, as we grow the volume of export and import goods through Australia's northernmost port and the gateway to Asian economies.

Coal

Coal EBITDA increased by $73m or 16% to $528m, driven by higher yield and higher volumes. Volumes increased 4 million tonnes (2%) to 189 million tonnes, primarily driven by volume growth in New South Wales and South-East Queensland, partly offset by volume reductions in Central Queensland. During the year, new volumes were transported from New Acland (New Hope), Malabar (Maxwell), Olive Downs (Pembroke) and SIMEC (Tahmoor). The Coal business also commenced the rail maintenance contract for BMA Rail. Contract extensions were executed with Yancoal for the Yarrabee mine and also with Sungela for the Ensham mine, both in Central Queensland. Aurizon ceased haulage for New Wilkie (New Wilkie Energy) which entered voluntary administration.

We are implementing one of our major technology transformation initiatives, TrainGuard in the Coal business. TrainGuard supports safer and more efficient train operations, and also provides a pathway to expanding our driver-only operations in Central Queensland. A number of major milestones were achieved in FY2024 with deployment of the technology on all AC electric trainsets on the Blackwater System (Callemondah to Bluff) and initial deployment in the Goonyella System.

Containerised Freight

In May 2024, Containerised Freight completed the ramp-up of national linehaul rail services, with East-West (Sydney/Melbourne-Adelaide-Perth) and North-South (Melbourne-Sydney-Brisbane) services now available for our customer base. This milestone was a great achievement, coming just over a year from the stand-up of the Containerised Freight business.

At our July 2023 Strategy Day, we shared our aspirations for the growth of the Containerised Freight business, including the opportunity to leverage our rail infrastructure through Central Australia and port terminal assets in Darwin for the land-bridging of freight to southern markets. This is an emerging market as the Australian economy grows, and shippers look for alternate and faster supply chains. We are currently undertaking trials for the movement of imported cars through Port of Darwin, and on rail to Adelaide and Melbourne. It is early days but we will be working hard to convert this commercial opportunity for Aurizon.

With its establishment in February 2023, Containerised Freight is not considered a separate reportable segment and is reported in 'Other' for the purpose of the FY2024 financial results.

Network

Network EBITDA increased $117m or 14% to $930m in FY2024. Volumes transported across the Central Queensland Coal Network (CQCN) increased by 1% to 209.6 million tonnes. The Network business operates Australia's largest rail supply chain for export coal, with 2,670 kilometres of track connecting customers from more than 40 mines to five export terminals located at three ports. The business remains core to Aurizon's commercial strength and is responsible for more than 50% of total Company earnings, which in turn supports investment in other parts of Aurizon's business.

Sustainability

Aurizon's work in decarbonising our operations continued to progress well during FY2024 with a target of achieving net-zero operational emissions by 2050. We have major initiatives underway to develop low or zero-emissions locomotives using battery electric and hydrogen solutions, or a combination of both. In July 2024, we also completed our first nature-based carbon-offsetting tree reserve in Central Queensland, comprising 59,000 trees on 118 hectares. The project was registered by the Clean Energy Regulator in December 2022, with Australian Government funding supporting the establishment of the project. You can read about our sustainability work in our Climate Strategy and Action Plan and our Sustainability Report, available on our website.

In closing, I extend my thanks to all of our employees across Australia for their work and dedication during FY2024. While the Company enjoys quality rollingstock and infrastructure assets, it is the commitment and capability of our 6,000 strong workforce that makes a difference in the highly competitive markets in which we operate.

Andrew Harding

Managing Director & CEO
12 August 2024

Directors' Report

Aurizon Holdings Limited
For the year ended 30 June 2024

The Directors of Aurizon Holdings Limited present their Directors' Report together with the Financial Report of the Company and its controlled entities (collectively the **Consolidated Entity** or the **Group**) for the financial year ended 30 June 2024 and the Independent Auditors' Report thereon.

This Directors' Report has been prepared in accordance with the requirements of Division 1 of Part 2M.3 of the *Corporations Act*.

Board of Directors

The following people are Directors of the Company, or were Directors during the reporting period:

Tim Poole
(Appointed 1 July 2015)
(Chairman, Independent Non-Executive Director).

Andrew Harding
(Appointed 1 December 2016)
(Managing Director & CEO).

Marcelo Bastos
(Appointed 15 November 2017)
(Independent Non-Executive Director).

Russell Caplan
(Appointed 14 September 2010)
(Independent Non-Executive Director).

Samantha Lewis
(Appointed 17 February 2015)
(Independent Non-Executive Director)
Ms Lewis retired from the Board effective 12 October 2023.

Tim Longstaff
(Appointed 1 June 2023)
(Independent Non-Executive Director).

Sarah Ryan
(Appointed 1 December 2019)
(Independent Non-Executive Director).

Lyell Strambi
(Appointed 1 December 2019)
(Independent Non-Executive Director).

Samantha Tough
(Appointed 1 September 2023)
(Independent Non-Executive Director).

Details of each Director's experience, qualifications, special responsibilities and other Directorships of listed companies as at the date of this Directors' Report are set out in the pages following.

Tim Poole

Experience: Mr Poole began his executive career in 1990 at PricewaterhouseCoopers (then Price Waterhouse) before joining Hastings Funds Management in 1995.

He helped to build Hastings into a global investor in private market assets, principally equity and debt issued by infrastructure companies and was the Managing Director from 2005 to 2007.

Since retiring from Hastings, Mr Poole has been an investor and non-executive director of a range of public and private companies in sectors including infrastructure, transport, property, financial services and mining.

Qualifications: BCom.

Special responsibilities: Chair of Nomination & Succession Committee. Member of Remuneration and People Committee. Member of Audit, Governance & Risk Management Committee.

Australian Listed Company Directorships held in the past three years: McMillan Shakespeare Limited — Non-Executive Director (17 December 2013 – 31 August 2022); and Reece Limited — Non-Executive Director (28 July 2016 – ongoing); (Chairman from 22 May 2023).

Andrew Harding

Experience: Mr Harding was appointed Managing Director & CEO of Aurizon in December 2016.

Mr Harding has more than 30 years' experience across the resource and rail sectors, as a leader committed to creating sustainable, productive businesses that make meaningful contributions to the community.

Mr Harding has led initiatives to leverage Aurizon's core expertise in heavy haulage and rail infrastructure, and to drive improved safety and operational performance.

Mr Harding champions the role of rail in decarbonising the nation's supply chains, leveraging the environmental, safety and productivity benefits of rail freight for economic and community benefit.

Prior to starting with Aurizon, Mr Harding was the global Chief Executive of Rio Tinto's Iron Ore business with responsibility for managing supply chains for the world's largest integrated portfolio of iron ore assets.

Qualifications: BEng. (Mining Engineering), MBA.

Special responsibilities: Managing Director & CEO of Aurizon. Director of Aurizon subsidiary companies including Aurizon Network Pty Ltd. Member of Safety, Health & Environment Committee.

Australian Listed Company Directorships held in the past three years: None other than Aurizon Holdings Limited.

Marcelo Bastos

Experience: Mr Bastos has more than 35 years of experience globally in the mining industry. He has extensive experience in major project development, operations, logistics and senior leadership in most of the major sectors of the mining industry including iron ore, gold, copper, nickel, zinc and coal.

Previously, Mr Bastos was the Chief Operating Officer of MMG Limited with responsibility for the business in four continents and a member of many of the company Boards. Before MMG, he spent seven years with BHP Billiton where he served as President Nickel Americas, President Nickel West (based in Perth), and Chief Executive Officer and President of BHP Billiton Mitsubishi Alliance (based in Brisbane).

Mr Bastos also had a 19-year career with Vale in a range of senior management and operational positions in Brazil, including General Manager of Carajas in the northern region and also Director of Non Ferrous — Copper business.

Mr Bastos is currently a Non-Executive Director of Iluka Resources Limited — Chair of Sustainability Committee, Non-Executive Director of Anglo American PLC — Chair of Global Workforce Advisory Panel and was appointed a Non-Executive Director of IGO Limited on 1 July 2024. Mr Bastos is also a Technical Review Board Member of Sumitomo Corporation. He was an External Director (Non-Executive Independent) of Golder Associates from 2017 to 2021.

Qualifications: BEng. Mechanical (Hons), MBA (FDC-MG), MAICD.

Special responsibilities: Non-Executive Director of Aurizon Network Pty Ltd. Chair of Safety, Health & Environment Committee. Member of Nomination & Succession Committee.

Australian Listed Company Directorships held in the past three years: Iluka Resources Limited — Non-Executive Director (February 2014 – ongoing); and IGO Limited — Non-Executive Director (July 2024 – ongoing).

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Russell Caplan

Experience: Mr Caplan has extensive international experience in the oil and gas industry. In a 42-year career with Shell, he held senior roles in the upstream and downstream operations, and corporate functions in Australia and overseas. From 1997 to 2006, he had senior international postings in the UK, Europe and the USA. From 2006 to July 2010, he was Chairman of the Shell Group of Companies in Australia. Mr Caplan is Chairman and Non-Executive Director of Horizon Roads Pty Ltd. He is a former Chairman of the Melbourne and Olympic Parks Trust, the Australian Institute of Petroleum and Orica Limited and Non-Executive Director of Woodside Petroleum Limited.

Qualifications: LLB, FAICD, FAIM.

Special responsibilities: Member of Remuneration and People Committee. Member of Audit, Governance & Risk Management Committee.

Australian Listed Company Directorships held in the past three years: None other than Aurizon Holdings Limited.

Tim Longstaff

Experience: Mr Longstaff's over 35 year professional career brings a depth of experience in finance, accounting, strategy, acquisitions and divestments, debt and equity capital markets, risk management and investor engagement amongst asset-intensive industrial companies.

Mr Longstaff qualified as a Chartered Accountant with Price Waterhouse before a 25-year career in investment banking at first-tier global firms including JPMorgan, and Deutsche Bank in Australia and internationally. In this time, Mr Longstaff was a strategic partner, and advised the Boards and CEOs of leading Australian and global companies on transformational M&A and capital markets transactions.

More recently, Mr Longstaff served as Senior Advisor to a Federal Cabinet Minister in the Trade & Investment and Finance portfolios. Through this experience, he brings global geo-political perspectives and insights into transport and infrastructure policies, the workings of Government and regulated assets.

Mr Longstaff is a Non-Executive Director of the ASX-listed Inghams Group Limited and Perenti Limited, and also of Snowy Hydro Limited and The George Institute for Global Health. He is a member of the Takeovers Panel.

Qualifications: BEc, FCA, GAICD, SF Fin.

Special responsibilities: Non-Executive Director of Aurizon Network Pty Ltd. Chair of Audit, Governance & Risk Management Committee.

Australian Listed Company Directorships held in the past three years: Inghams Group Limited — Non-Executive Director (20 January 2022 – ongoing); and Perenti Limited — Non-Executive Director (16 August 2021 – ongoing).

Sarah Ryan

Experience: Dr Ryan has approximately 30 years of international experience in the oil and gas industry. Initially, Dr Ryan spent 20 years in various technical, operational and senior management positions, including 15 years with Schlumberger Limited both in Australia and overseas. Dr Ryan then spent 10 years as an equity analyst covering natural resources with institutional investment firm Earnest Partners, based in the US.

Dr Ryan is currently a Non-Executive Director of ASX-listed entities Viva Energy Group Limited, Transurban Group and Calix Limited, and a Non-Executive Director of Future Battery Industry Cooperative Research Centre. Dr Ryan is a former Non-Executive Director of ASX-listed Woodside Energy Group Ltd, Oz Minerals Limited and Norwegian-listed Akastor ASA.

Dr Ryan is a Fellow of the Australian Academy of Technology and Engineering.

Qualifications: PhD (Petroleum and Geophysics), BSc (Geophysics) (Hons 1), BSc (Geology), FTSE.

Special responsibilities: Member of Audit, Governance & Risk Management Committee. Member of Safety, Health & Environment Committee. Member of Nomination & Succession Committee.

Australian Listed Company Directorships held in the past three years: Calix Limited — Non-Executive Director (1 January 2024 – current); Transurban Group — Non-Executive Director (1 September 2023 – ongoing); Viva Energy Group — Non-Executive Director (18 June 2018 – ongoing); Woodside Energy — Non-Executive Director (24 October 2012 – 28 April 2023); and OZ Minerals Limited — Non-Executive Director (17 May 2021 – 2 May 2023).

Lyell Strambi

Experience: Mr Strambi has a wealth of experience in the aviation sector both in Australia and abroad, spanning 40 years. In June 2020, Mr Strambi concluded his tenure as CEO and Managing Director of Australia Pacific Airports Corporation (APAC). Having been appointed in September 2015, during his time at APAC he was responsible for the operation and development of both the Melbourne and Launceston airports, and for overseeing a direct workforce of 300 staff and assets valued in excess of $10 billion.

Prior to his role at APAC, Mr Strambi was the Chief Executive Officer of Qantas Airways Domestic, a role he held for three years following four years as the airline's Group Executive Operations. Between 2001 and 2008, Mr Strambi was based in London working in senior roles at Virgin Atlantic including Executive Director — Airline Services followed by six years as Chief Operating Officer.

Mr Strambi is currently a Non-Executive Director of Brisbane Airport Corporation. He is a former Non-Executive Director of APAC, StarTrack Express, Traveland and Southern Cross Distribution Systems, and was President of the Royal Flying Doctors SE.

Mr Strambi is a Graduate and Fellow of the Australian Institute of Company Directors, and a Member of the Australian Institute of Management.

Qualifications: BBus (Accy), FAICD.

Special responsibilities: Chair of Aurizon Network Pty Ltd. Member of Safety, Health & Environment Committee. Member of Nomination & Succession Committee.

Australian Listed Company Directorships held in the past three years: None other than Aurizon Holdings Limited.

Samantha Tough

Experience: Ms Tough has had a distinguished executive and non-executive career with experience in many industry sectors including energy, resources, agriculture, oil and gas, technology, water and engineering.

Ms Tough is Pro Vice Chancellor of Industry and Commercial at the University of Western Australia, Chair of Horizon Power, and a Director of the Clean Energy Finance Corporation and Rumin8 Pty Ltd.

Ms Tough has experience in the regions of Western Australia and Australia generally, and has served on over 20 boards of listed, private and government entities. She completed a Bachelor of Laws and Bachelor of Jurisprudence at UWA, and moved to the commercial sector early in her career. She has Fellow status with the Australian Institute of Company Directors.

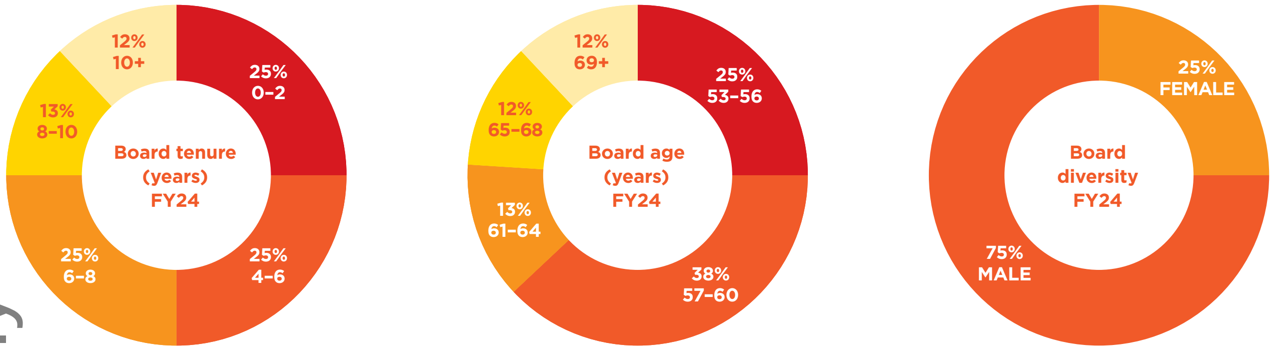
Qualifications: LLB, BJuris, FAICD.

Special responsibilities: Chair of Remuneration and People Committee.

Australian Listed Company Directorships held in the past three years: Fluence Corporation — Non-Executive Director (June 2021 – July 2023).

Directors' Report
(continued)

FIGURE 1 — BOARD DIVERSITY



Note: This reflects the position as at 30 June 2024.

Company Secretary

David Wenck

Mr Wenck was appointed Company Secretary in April 2021. He joined Aurizon in 2010 as Group General Counsel and has over 30 years' experience in corporate and commercial law. Prior to joining Aurizon, David was a partner in a leading Australian law firm practising in corporate, commercial and competition law.

David holds a Bachelor of Laws with Honours and is a member of the Australian Institute of Company Directors.

Qualifications: LLB (Hons.), GDLP (UTS), MAICD.

Nicole Allder

Ms Allder was appointed Company Secretary in February 2023, having joined Aurizon as a Legal Counsel in 2018. She has over 20 years' experience in providing in-house legal and company secretariat services. Prior to joining Aurizon, Nicole held positions at ASX-listed companies including General Counsel & Company Secretary at CSG Limited, and Deputy Company Secretary and Legal Counsel at the Virgin Australia Group. Nicole holds a Bachelor of Laws and a Graduate Diploma in Applied Corporate Governance.

Qualifications: LLB, GradDipLP, GradDipACG.

Board skills and experience

During the year, the Board reviewed and updated its Board Skills Matrix to reflect the mix of diverse skills and experience considered optimal for the Board.

The Board considers its Directors collectively have the range of skills, knowledge and experience necessary to direct the Company. The depth of experience held by the current Board members across key skill and experience areas is reflected in the matrix in Figure 2 on the following page.

The Board is an advocate for diversity of thinking and its gender, age and tenure diversity is depicted in Figure 1.

In instances where the Board recognises additional experience in a particular area would be beneficial to the Board's performance, the Board takes the approach of enhancing its experience in those areas, including through development opportunities such as conducting site visits, receiving further briefings from management and third parties, or undertaking workshops.

In identifying and selecting potential new Directors, the Skills Matrix assists in identifying the experience and skills that will best equip the Board to fulfil its role.

FIGURE 2 — BOARD SKILLS & EXPERIENCE

Significant skills and experience — Limited skills and experience

CATEGORY	DESCRIPTION	SKILLS AND EXPERIENCE MIX
1. Leadership	Both senior executive and non-executive director experience with a significant listed or private company.	
2. Strategy	Experience developing, assessing and executing strategic plans to drive long-term growth and transformation.	
3. Industry experience	Experience as a senior executive or advisor to a transport business, a regulated infrastructure business, or a business involved in bulk supply chains.	
4. Transactions and capital markets	Experience in completing significant corporate transactions, equity/debt capital markets and capital management.	
5. Customer and business development	Experience in business development and developing customer-focused strategies with detailed knowledge of Aurizon's customer base.	
6. Technology	Experience in managing and protecting information, identifying emerging or disruptive technologies and in critically assessing technology projects.	
7. People and culture	Experience in employee relations strategies, governing executive remuneration frameworks for listed companies, and overseeing workplace culture and safety.	
8. Sustainability	Experience in climate-exposed industries, transition strategies and emerging technologies or sources of energy.	
9. Government, industry and community	Experience working with government, government departments, relevant industry associations and community stakeholders.	
10. Financial expertise	Qualifications or experience in accounting or financial reporting, and in assessing related reporting and internal controls.	
11. Risk management	Experience in overseeing risk frameworks and controls, and in identifying and monitoring key risks and controls, and the effectiveness of risk and compliance functions.	
12. Governance	Knowledge and experience of high standards of corporate governance for listed companies.	

Note: This reflects the position as at 30 June 2024.

Directors' Report
(continued)

TABLE 1 — DIRECTORS' MEETINGS AS AT 30 JUNE 2024

DIRECTOR	AURIZON HOLDINGS BOARD		AUDIT, GOVERNANCE & RISK MANAGEMENT COMMITTEE		REMUNERATION AND PEOPLE COMMITTEE		SAFETY, HEALTH & ENVIRONMENT COMMITTEE		NOMINATION & SUCCESSION COMMITTEE	
	A	B	A	B	A	B	A	B	A	B
T Poole[1]	11	11	6	6	4	4			6	6
A Harding[1]	11	11					4	4		
M Bastos	11	11					4	4	6	6
R Caplan	11	11	6	6	4	4				
S Lewis[2]	4	3	2	2	2	2			1	1
T Longstaff[3]	11	11	6	6						
S Ryan	11	10	6	6			4	4	6	6
L Strambi	11	11					4	4	6	6
S Tough[4]	9	9			2	2				

A Number of meetings held while appointed as a Director or Member of a Committee.
B Number of meetings attended by the Director while appointed as a Director or Member of a Committee.
1 In addition to the meetings above, a Committee of the Board comprising T Poole and A Harding met on three occasions.
2 S Lewis retired from the Board on 12 October 2023.
3 T Longstaff was appointed Audit, Governance & Risk Management Committee Chair on 12 October 2023.
4 S Tough joined the Board on 1 September 2023, and was appointed Remuneration and People Committee Chair on 1 September 2023.

TABLE 2 — DIRECTORS' INTERESTS AS AT 30 JUNE 2024

DIRECTOR	NUMBER OF ORDINARY SHARES
T Poole	250,500
A Harding	2,513,926
M Bastos	65,947
R Caplan	82,132
T Longstaff	27,500
S Ryan	63,000
L Strambi	62,362
S Tough	–

Details regarding remuneration and shareholding of Directors is set out in the Remuneration Report.
Only Mr Harding, Managing Director & CEO, receives performance rights, details of which are set out in the Remuneration Report.

Directors' meetings

The number of Board meetings (including Board Committee meetings) and number of meetings attended by each of the Directors of the Company during the financial year are listed above.

During the year, the Aurizon Network Pty Ltd Board met on eight occasions.

Directors' interests

Directors' interests set out in Table 2 are as at 30 June 2024.

Principal activities

The principal activities of entities within the Group during the year were:

Network

This segment manages the provision of access to the CQCN below rail infrastructure, and operation and maintenance of the network.

Coal

This segment provides transport of metallurgical and thermal coal from mines in Queensland and New South Wales to domestic customers and coal export terminals.

Bulk

This segment provides integrated supply chain services, including rail and road transportation, port services and material handling for a range of mining, metal, industrial and agricultural customers throughout Australia. This segment also manages the Tarcoola-to-Darwin rail infrastructure, the intrastate rail freight network in South Australia, and containerised freight services between Adelaide and Darwin.

Other

This segment includes other Containerised Freight related to the National Interstate services, which is not considered a separate reportable segment, as well as other revenue and central costs not allocated such as Board, Managing Director & CEO, Company Secretary, strategy and investor relations.

Review of operations

A review of the Group's operations for the financial year and the results of those operations are contained in the Operating and Financial Review as set out on Pages 10—27 of this report.

Dividends

A final dividend of 8.0 cents per fully paid ordinary share (60% franked) was paid on 27 September 2023 and an interim dividend of 9.7 cents per fully paid ordinary share (60% franked) was paid on 27 March 2024.

Further details of dividends provided for, or paid, are set out in Note 15 to the consolidated financial statements.

Since the end of the financial year, the Directors have declared to pay a final dividend of 7.3 cents per fully paid ordinary share. The dividend will be 60% franked and is payable on 25 September 2024.

State of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

Events since the end of the financial year

The Directors are not aware of any events or developments which are not set out in this report or Note 31 of the Financial Report that have, or would have, a significant effect on the Group's state of affairs, its operations or its expected results in future years.

Likely developments

Information about likely developments in the operations of the Group and the expected results of those operations are covered in the Chairman's Report set out on Page 2 of this report and the Managing Director & CEO's Report set out on Page 3 of this report, and at a high level in the outlook provided on Page 1 of this report.

In the opinion of the Directors, disclosure of any further information would be likely to result in unreasonable prejudice to the Group.

CEO and CFO declaration

The Managing Director & CEO and Chief Financial Officer (CFO) have provided a written statement to the Board in accordance with Section 295A of the *Corporations Act*.

With regard to the financial records and systems of risk management and internal compliance in this written statement, the Board received assurance from the Managing Director & CEO and CFO that the declaration was founded on a sound system of risk management and internal control, and that the system was operating effectively in all material respects in relation to the reporting of financial risks.

Indemnification and insurance of officers

The Company's Constitution provides that the Company may indemnify any person who is, or has been, an officer of the Group, including the Directors and Company Secretary, against liabilities incurred while acting as such officers to the maximum extent permitted by law.

The Company has entered into a Deed of Access, Indemnity and Insurance with each of the Company's Directors. No Director or officer of the Company has received benefits under an indemnity from the Company during or since the end of the year.

The Company has paid a premium for insurance for Directors and officers of the Group. This insurance is against a liability for costs and expenses incurred by officers in defending civil or criminal proceedings involving them as such officers, with some exceptions. The contract of insurance prohibits disclosure of the nature of the liability insured against and the amount of the premium paid.

Proceedings against the Company

The Directors are not aware of any current civil litigation proceedings, arbitration proceedings, administration appeals or criminal or governmental prosecutions of a material nature that are not set out in this report or Note 30 of the Financial Report in which Aurizon Holdings is directly or indirectly concerned which are likely to have a material adverse effect on the business or financial position of the Company.

Remuneration Report

The Remuneration Report is set out on Pages 28—42 and forms part of the Directors' Report for the financial year ended 30 June 2024.

Rounding of amounts

The amounts contained in this report and in the financial statements have been rounded to the nearest $1,000,000 unless otherwise stated (where rounding is applicable) in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The Company is an entity to which the instrument applies.

Non-audit services

During the year, the Company's auditor, Deloitte Touche Tohmatsu (Deloitte), performed other services in addition to its audit responsibilities.

The Directors are satisfied that the provision of non-audit services by Deloitte during the reporting period did not compromise the auditor independence requirements set out in the *Corporations Act 2001*.

All non-audit services were subject to the Company's Non-Audit Services Policy and do not undermine the general principles relating to auditor independence set out in APES 110 *Code of Ethics for Professional Accountants* as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, or jointly sharing risks and rewards.

Ms Lewis, Chair of the Audit, Governance & Risk Management Committee, who retired from the Board on 12 October 2023, was a former partner of Deloitte. She had no ongoing financial arrangements with Deloitte. No other officer of the Company was a former Partner or Director of Deloitte.

Details of the amounts paid to the auditor of the Company and its related practices for non-audit services provided throughout the year are as set out below:

	2024 $'000
Other assurance services	
Total remuneration for other assurance services	217
OTHER SERVICES	
Total remuneration for other services	14

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration, as required under section 307C of the *Corporations Act*, is set out on Page 43.

The Directors' Report is made in accordance with a resolution of the Directors of the Company.

Tim Poole

Chairman
12 August 2024

Directors' Report (continued)
OPERATING AND FINANCIAL REVIEW

CONSOLIDATED RESULTS (Underlying continuing operations unless stated)

The Group's financial performance is explained using measures that are not defined under IFRS Accounting Standards and are therefore termed Non-IFRS measures. The Non-IFRS financial information contained within this Directors' Report and Notes to the Consolidated Financial Statements has not been audited in accordance with Australian Auditing Standards. The Non-IFRS measures used to monitor Group performance are EBITDA (Statutory and Underlying), EBITDA margin (Statutory and Underlying), EBIT (Statutory and Underlying), NPAT Underlying, Return on Invested Capital (ROIC), Net debt and Net gearing ratios. Each of these measures are discussed in more detail on Page 110. Unless otherwise noted, the Operating and Financial Review information excludes discontinued operations being One Rail Australia Holdings Limited (ORAH).

1. Annual Comparison

FINANCIAL SUMMARY

($M)	FY2024	FY2023	VARIANCE
Total revenue and other income	**3,844**	**3,511**	**9%**
Operating costs			
Employee benefits	(1,086)	(977)	(11%)
Energy and fuel	(391)	(438)	11%
External track access	(146)	(110)	(33%)
Consumables	(582)	(539)	(8%)
Other	(15)	(19)	21%
EBITDA	**1,624**	**1,428**	**14%**
Statutory EBITDA	1,624	1,379	18%
Depreciation and amortisation	(707)	(666)	(6%)
EBIT	**917**	**762**	**20%**
Statutory EBIT	917	713	29%
Net finance costs	(333)	(230)	(45%)
Income tax expense	**(178)**	**(165)**	**(8%)**
Statutory Income tax expense	(178)	(159)	(12%)
NPAT	**406**	**367**	**11%**
Statutory NPAT	406	324	25%
Statutory NPAT from discontinued operations	–	(48)	100%
NPAT (group) Statutory	**406**	**276**	**47%**
Earnings per share[1]	**22.1**	**19.9**	**11%**
Statutory	22.1	17.6	26%
Earnings per share[1] (continuing and discontinued operations)	**22.1**	**21.8**	**1%**
Statutory	22.1	15.0	47%
Return on invested capital (ROIC)[2]	8.9%	7.5%	1.4ppt
Net cash flow from operating activities	1,616	1,015	59%
Total dividend per share (cps)	17.0	15.0	13%
Gearing (net debt / (net debt + equity)) (group)	52.2%	53.7%	(1.5ppt)
Net debt / EBITDA[3]	3.0x	3.5x	0.5x
Net tangible assets per share ($) (group)	2.3	2.2	5%
People (FTE)	5,930	5,618	6%
Labour costs[4] / Revenue	28.1%	27.7%	(0.4ppt)

1 Calculated on weighted average number of shares on issue — 1,841m for both FY2024 and FY2023.

2 ROIC is defined as underlying rolling 12-month EBIT divided by the average invested capital. The average invested capital is calculated as the rolling 12-month average of net assets (excluding cash, borrowings, tax, derivative financial assets and liabilities).

3 Net debt is defined as borrowings (both current and non-current) less cash and cash equivalent. Net debt for Network and Operations is adjusted for funds drawn under the Intra Group Loan Agreement. Network — Net debt / EBITDA: 3.9x (FY2023: 4.5x), Operations — Net debt / EBITDA: 1.8x (FY2023: 2.3x).

4 FY2024 excludes $5m in redundancy costs (FY2023 excludes $5m in redundancy costs).

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EBITDA BY SEGMENT

($M)	FY2024	FY2023	VARIANCE
Coal	528	455	16%
Bulk	229	214	7%
Network	930	813	14%
Other	(63)	(54)	(17%)
Group (Continuing operations)	**1,624**	**1,428**	**14%**

Group Performance Overview

Group EBITDA increased $196m or 14% with earnings growth across Coal, Bulk and Network. Higher (allowable) revenue and a volume over-recovery were the primary drivers for Network. Higher volumes and yield (customer/corridor mix and CPI) were the primary drivers for Coal. Bulk was supported by additional minerals and iron ore volumes, offset by lower grain volumes, rail network impacts from weather and the cessation of a rail maintenance contract in the Pilbara. Other EBITDA was lower primarily driven by the Containerised Freight ramp-up to full schedule, with costs installed ahead of revenue growth.

Operating costs increased by $137m or 7% due to increased volumes across all business units, the ramp-up of Containerised Freight (Other segment) and the additional contribution of Bulk Central during the period. This was partly offset by lower energy and fuel costs.

Depreciation increased $41m or 6% primarily due to capital expenditure in Bulk and Containerised Freight to support growth. EBIT increased by $155m or 20%, contributing to a 1.4ppt increase in ROIC.

Reconciliation to Statutory Earnings

Underlying earnings is a non-statutory measure and is the primary reporting measure used by management and the Group's chief operating decision-making bodies for managing and assessing the financial performance of the business. Underlying earnings is derived by adjusting statutory earnings for significant items as noted in the following table:

($M)	FY2024	FY2023
Underlying EBITDA — Continuing operations	**1,624**	**1,428**
Depreciation and amortisation	(707)	(666)
Underlying EBIT	**917**	**762**
Continuing operations significant items — acquisition costs	–	(49)
Statutory EBIT	**917**	**713**
Net finance costs	(333)	(230)
Statutory Profit before tax	**584**	**483**
Income tax expense	(178)	(159)
Statutory NPAT — Continuing operations	**406**	**324**
Continuing operations significant items, net of tax	–	43
Underlying NPAT — Continuing operations	**406**	**367**
Statutory NPAT — Discontinued operations	**-**	**(48)**
Discontinued operations significant items, net of tax	–	82
Underlying NPAT — Discontinued operations	**-**	**34**
Statutory NPAT — Continuing and discontinued operations	**406**	**276**
Underlying NPAT — Continuing and discontinued operations	**406**	**401**

Directors' Report (continued)
OPERATING AND FINANCIAL REVIEW

2. Other financial information

BALANCE SHEET SUMMARY

($M)	30 JUNE 2024	30 JUNE 2023
Current assets	991	1,193
Property, plant and equipment (PP&E)	10,153	9,945
Other non-current assets	452	541
Total assets	**11,596**	**11,679**
Total borrowings	4,897	5,142
Other current liabilities	772	744
Other non-current liabilities	1,489	1,440
Total liabilities	**7,158**	**7,326**
Net assets	**4,438**	**4,353**
Gearing (net debt / (net debt + equity))	**52.2%**	**53.7%**
Gearing (net debt / (net debt + accumulated fair value adjustments[5] + equity))	**52.8%**	**54.4%**

Balance Sheet Movements

Current assets decreased by $202m largely due to:

- a decrease in trade and other receivables following receipt of the $125m deferred consideration from the sale of One Rail Australia Holdings Limited (ORAH) in February 2024 and minimal Network Take-or-Pay accruals
- a decrease in current tax receivable of $101m following the lodgement of the FY2023 Income Tax Return and receipt of the refund in February 2024
- a decrease in cash and cash equivalents of $43m
- partly offset by an increase in derivative financial instruments of $85m related to the reclassification of cross-currency interest rate swaps maturing September 2024 associated with the Network EMTN 1 bond to current assets and an increase in inventory of $13m related to components to support growth.

Property, plant and equipment increased by $208m due to capital purchases of $914m, offset by depreciation of $679m. Other non-current assets decreased by $89m, predominately related to a $77m reduction in derivative financial instruments due to the reclassification of cross-currency interest rate swaps to current assets.

Total borrowings decreased by $245m due to the net repayments, including transaction costs, of $270m including debt drawn as part of the One Rail Australia acquisition and the maturity of a Medium-Term Note. This was partly offset by new debt issuances including bank debt facilities, Medium-Term Notes and private placement EMTN.

Other current liabilities increased by $28m due to an increase in trade and other payables of $54m, and an increase in provisions of $8m related to annual and long service leave. This was partly offset by a decrease in other liabilities of $34m including the amortisation of contract liabilities.

Other non-current liabilities increased by $49m largely related to a $48m increase in deferred tax liabilities due to accelerated fixed asset adjustments and minimal Network Take-or-Pay accruals. An increase in other non-current liabilities of $22m related to leases were offset by a favourable movement of $16m in derivative financial instruments and a $5m reduction in provisions.

Gearing (net debt / (net debt + equity)) was 52.2% as at 30 June 2024, an improvement of 1.5ppts due to the reduction in borrowings.

5 FY2024 accumulated fair value adjustment of $124m (FY2023: $140m).

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CASH FLOW SUMMARY

($M)	FY2024	FY2023
Statutory EBITDA (Continuing operations)	**1,624**	**1,379**
Working capital and other movements	1	(183)
Non-cash adjustments — asset impairments	1	13
Net cash inflow from Continuing operations	**1,626**	**1,209**
Interest received	8	3
Income taxes paid	(26)	(204)
Principal elements of lease receipts	8	7
Net cash inflow from operating activities from Continuing operations	**1,616**	**1,015**
Net operating cash flows from Discontinued operations	–	48
Net operating cash flows	**1,616**	**1,063**
Cash flows from investing activities		
Payments for PP&E and intangibles, net of interest paid on qualifying assets	(825)	(762)
Payments for business acquisitions and investment in joint venture	–	(1,434)
Distributions from joint ventures and proceeds from sale of PP&E	6	7
Net cash outflow from investing activities from Continuing operations	**(819)**	**(2,189)**
Net investing cash flows from Discontinued operations	125	(662)
Net investing cash flows	**(694)**	**(2,851)**
Cash flows from financing activities		
Net (repayment) / proceeds from borrowings	(258)	1,850
Payment of transaction costs related to borrowings	(12)	(15)
Payment for share buy-back, share-based payments and transaction costs	(4)	(7)
Interest paid	(340)	(210)
Dividends paid to Company shareholders	(326)	(329)
Principal elements of lease payments	(26)	(20)
Net cash (outflow)/inflow from financing activities from Continuing operations	**(966)**	**1,269**
Net financing cash flows from Discontinued operations	–	439
Net financing cash flows	**(966)**	**1,708**
Net (decrease) / increase in cash from Continuing operations	**(169)**	**95**
Net increase / (decrease) in cash from Discontinued operations	**125**	**(175)**
Free Cash Flow (FCF)[6] from Continuing operations	**661**	**297**

Cash Flow Movements

Net cash inflow from operating activities from continuing operations increased by $601m or 59% to $1,616m largely due to:

- an increase in EBITDA and a favourable working capital movement due to an increase in revenue and a reduction in trade and other receivables
- a reduction in income taxes paid as FY2024 includes the refund of $112m for the FY2023 Income Tax Return, $12m for prior year assessments and the One Rail Australia pre-acquisition tax return, partly offset by instalments of $151m.

Net cash outflow from investing activities from continuing operations decreased by $1,370m (63%) to $819m, due to the prior comparative period including the acquisition of One Rail Australia. Excluding the impact of acquisitions, the increase was $64m or 8% due to additional capital expenditure.

Cash flows from financing activities from continuing operations decreased by $2,235m (176%) to a net outflow of $966m due to the prior comparative period including a net inflow from the drawdown of debt for the acquisition of One Rail Australia, compared to a net repayment of debt in FY2024. Interest paid has also increased by $130m due to an increase in interest rates compared to the prior year.

6 Free Cash Flow (Continuing operations) defined as net cash flow from operating activities (less non-growth capex) and interest paid. It excludes growth capex (FY2024: $204m, FY2023: $203m), payments for acquisitions (FY2024: $nil, FY2023: $1,434m) and cash costs associated with acquisitions (FY2024: $nil, FY2023: $49m (pre-tax)).

Directors' Report (continued)
OPERATING AND FINANCIAL REVIEW

Funding

The Group continues to be committed to diversifying its debt investor base, lengthening tenor and smoothing its debt maturity profile.

Aurizon Network funding activity during FY2024:

- $150m bilateral bank debt facility ($100m revolving component) established in October 2023 across $50m 5-year, $50m 6-year and $50m 7-year tenors with maturities in FY2029, FY2030 and FY2031
- $500m Syndicated Institutional Term Facility ($115m revolving component) established in December 2023 across $260m 5-year and $240m 6-year tenors with maturities in FY2029 and FY2030
- $350m AMTN issued in March 2024 for a tenor of 7.5-years, maturing in September 2031, with funds initially used to repay drawn bank debt, which have been subsequently re-drawn to support the repayment of the $425m June 2024 AMTN
- $68m private placement EMTN issued in May 2024 for a tenor of 10-years
- The number of lenders increased by 10 during the year to a total of 22, with four additional Japanese banks, three Taiwanese banks and three Indian banks.

Aurizon Operations funding activity during FY2024:

- $503m United States Private Placement Notes (USPP) settled in July 2023 across tenors of 7, 10, 11 and 12 years, with funds used to repay a bridge facility established as part of the One Rail Acquisition
- Re-financed bilateral bank debt facilities in June 2023, of which $50m became effective July 2023
- Subsequent reduction in total bilateral bank debt capacity due to $65m bilateral facility maturity and repayment in November 2023.

In respect of FY2024:

- Weighted average debt maturity tenor was 4.6 years as at 30 June 2024 (FY2023: 3.6 years)
- Group interest cost on drawn debt was 6.2% (FY2023: 4.1%)
- Available liquidity (undrawn facilities + cash) as at 30 June 2024 was $2,031m (FY2023: $1,244m)
- Network net debt / EBITDA as at 30 June 2024 was 3.9 times (FY2023: 4.5 times)
- Operations net debt / EBITDA as at 30 June 2024 was 1.8 times (FY2023: 2.3 times)
- Group gearing (net debt / (net debt + equity)) as at 30 June 2024 was 52.2% (FY2023: 53.7%)
- Aurizon Network's gearing (net debt / Regulatory Asset Base (excluding Access Facilitation Deeds)) as at 30 June 2024 was 64.4% (FY2023: 63.8%)
- Aurizon Operations' gearing (net debt / (net debt + equity)) as at 30 June 2024 was 25.9% (FY2023: 29.8%)
- Aurizon Operations' and Aurizon Network's credit ratings have each been maintained at BBB+/Baa1.

Dividend

The Board has declared a final dividend for FY2024 of 7.3cps (60% franked) based on a payout ratio of 80% in respect of underlying NPAT from continuing operations.

The relevant final dividend dates are:

- 26 August 2024 — ex-dividend date
- 27 August 2024 — record date
- 25 September 2024 — payment date.

Tax

Statutory income tax expense from continuing operations for FY2024 was $178m. The Group statutory effective tax rate was 30.5%, which is more than 30% due to certain non-deductible expenses and movement in employee share plans. The Group cash tax rate for continuing operations was 21.7%, which is less than 30% primarily due to accelerated fixed asset related adjustments. The underlying effective tax rate[7] for FY2025 is expected to be in the range of 29–31% and the underlying cash tax rate[8] is expected to be less than 25% for the medium term.

Aurizon publishes additional tax information in accordance with the voluntary Tax Transparency Code in its Sustainability Report. See the Sustainability section of the Aurizon website for further detail.

Discontinued Operations

The Group completed the sale of ORAH to Magnetic Rail Group Pty Ltd (Magnetic) on 17 February 2023 for consideration of $438m including completion adjustments. The total consideration includes $313m cash proceeds received on completion of the sale and $125m cash proceeds received on 16 February 2024. On completion of the sale, Magnetic assumed ORAH's existing borrowings of $474m.

7 Underlying effective tax rate = income tax expense excluding the impact of significant items / underlying consolidated profit before tax.
8 Underlying cash tax rate = cash tax payable excluding the impact of significant items / underlying consolidated profit before tax.

BUSINESS UNIT REVIEW

COAL

Aurizon's Coal business transports coal from mines in the Newlands, Goonyella, Blackwater, Moura and West Moreton systems in Queensland (QLD) and the Hunter Valley and Illawarra coal systems in New South Wales (NSW), to domestic customers and coal export terminals. Coal hauled is split approximately evenly between metallurgical coal and thermal coal, with demand linked to Asian steel production and energy generation, respectively.

FINANCIAL SUMMARY

($M)	FY2024	FY2023	VARIANCE
Revenue			
Above Rail	1,266	1,175	8%
Track Access	460	350	31%
Other	17	6	183%
Total revenue	**1,743**	**1,531**	**14%**
Track Access costs	(474)	(400)	(19%)
Operating costs	(741)	(676)	(10%)
EBITDA	**528**	**455**	**16%**
Depreciation and amortisation	(213)	(204)	(4%)
EBIT	**315**	**251**	**25%**

METRICS

	FY2024	FY2023	VARIANCE
Total tonnes hauled (m)	189.0	185.0	2%
CQCN	132.5	133.6	(1%)
NSW & SEQ	56.5	51.4	10%
Contract utilisation	83%	80%	3ppt
Total NTK (b)	43.4	42.2	3%
CQCN	33.1	33.0	–
NSW & SEQ	10.3	9.2	12%
Average haul length (km)	230	228	1%
Total revenue / NTK ($/'000 NTK)	40.2	36.3	11%
Above Rail Revenue / NTK ($/'000 NTK)	29.2	27.8	5%
Operating Ratio	81.9%	83.6%	(1.7ppt)
Opex / NTK ($/'000 NTK)	32.9	30.3	(9%)
Opex / NTK (excluding access costs) ($/'000 NTK)	22.0	20.9	(5%)
Locomotive productivity ('000 NTK / Active locomotive day)	373.7	373.2	–
Active locomotives (as at 30 June)	323	311	4%
Wagon productivity ('000 NTK / Active wagon day)	14.2	14.2	–
Active wagons (as at 30 June)	8,618	8,201	5%
Payload (tonnes)	7,494	7,859	(5%)

Coal Performance Overview

Coal EBITDA increased by $73m or 16% to $528m driven by higher yield and higher volumes.

Volumes increased 4.0mt or 2% to 189.0mt primarily driven by NSW and South-East Queensland (SEQ) partly offset by volume reductions in the Central Queensland Coal Network (CQCN).

- Across the CQCN, volumes decreased by 1.1mt (1%) to 132.5mt with an uplift in Blackwater and Moura offset by declines in both Goonyella and Newlands.
- In NSW and SEQ, volumes increased by 5.1mt or 10% to 56.5mt due to commencement of new contracts for SIMEC mining, a recovery of Hunter Valley volumes from wet weather events in FY2023 and growth in SEQ volumes in addition to increased customer production.

Directors' Report (continued)
OPERATING AND FINANCIAL REVIEW

Total Coal revenue increased by $212m or 14% to $1,743m largely due to the increase in volumes, increase in track access revenue (largely pass through in higher access costs) and higher revenue yield. Revenue yield improved due to CPI and customer mix partly offset by lower fuel revenue from lower prices.

Total operating costs increased by $139m (13%) to $1,215m largely due to higher access and traincrew costs partly offset by lower fuel costs. The major drivers of these movements are:

- track access costs increased by $74m (19%) due to higher CQCN access tariffs
- other operating costs increased $65m (10%) to $741m due to higher traincrew and maintenance costs associated with volume growth along with the escalation of labour and materials partly offset by lower fuel costs due to lower prices.

Depreciation increased by $9m (4%), resulting in an underlying EBIT of $315m, a 25% increase compared to the prior year.

Operationally, key productivity metrics were generally higher against the prior year due to increased volumes. Active locomotives increased with the volume growth in SEQ and Illawarra.

Contract update (impacting FY2025)

- 10-year contract renewal for Ensham (Sungela) effective July 2024
- 10-year contract renewal for Yarrabee (Yancoal) effective July 2024
- Ceased haulage for New Wilkie (New Wilkie Energy) following on from entering voluntary administration.

TrainGuard

TrainGuard is a platform utilising European Train Control System (ETCS) technology to support driver decision-making, particularly in relation to speed control and signal enforcement. TrainGuard supports safer and more efficient train operations with reduced rail process safety issues and improved train handling. TrainGuard technology is the pathway to expanding our driver-only operations in Central Queensland. The technology is deployed on all Alternating Current electric trainsets (and associated track infrastructure) in Blackwater (Callemondah to Bluff) with the first driver-only operational service having commenced in the first quarter of FY2024, and full ramp-up of driver-only operations completed by the end of the first quarter. The deployment in the Goonyella System (Mainline) is now operational with the first services in the fourth quarter of FY2024 and driver-only operation ramp-up to commence in the first quarter of FY2025. The final Goonyella and Blackwater Branch line deployment phase is progressing to plan with the first operational service deployed with TrainGuard technology expected to commence in the fourth quarter of FY2025.

BULK

Aurizon's Bulk business provides integrated supply chain services, including rail and road transportation, port services and material handling for a range of mining, metal, industrial and agricultural customers throughout Australia. Aurizon's Bulk business also manages the Tarcoola-to-Darwin rail infrastructure, the intrastate rail freight network in South Australia and containerised freight services between Adelaide and Darwin.

FINANCIAL SUMMARY

($M)	FY2024	FY2023	VARIANCE
Revenue			
Freight Transport	1,060	1,035	2%
Other	36	28	29%
Total revenue and other income	**1,096**	**1,063**	**3%**
Operating costs	(867)	(849)	(2%)
EBITDA	**229**	**214**	**7%**
Depreciation and amortisation	(128)	(108)	(19%)
EBIT	**101**	**106**	**(5%)**
Total tonnes hauled (m)	66.6	68.2	(2%)
Operating Ratio	90.8%	90.0%	0.8ppt

Bulk Performance Overview

Bulk EBITDA increased by $15m or 7% to $229m driven by minerals and iron ore volumes, offset by lower grain volumes, rail network impacts from weather and cessation of a rail maintenance contract in the Pilbara (February 2024).

Revenue increased $33m or 3% to $1,096m, driven by:

- an additional month of Bulk Central trading (acquired 29 July 2022)
- volume growth across minerals in QLD and iron ore in Western Australia (WA) and Central
- insurance recoveries from significant derailment events that occurred in FY2023.

This was partly offset by some customer specific production issues in QLD and lower grain volumes (in NSW, QLD and WA), significant weather events in 2HFY2024 and cessation of a rail maintenance contract in the Pilbara.

Operating costs increased $18m (2%) with:

- an additional month of Bulk Central trading (acquired 29 July 2022)
- costs incurred to support contract growth.

This was partly offset by the ongoing benefits from the Bulk Transformation program.

Depreciation increased $20m (19%) due to increased capital expenditure supporting growth and an additional month of Bulk Central trading.

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Contract update (impacting FY2025)

- Minara — 10-year logistics contract (including transport, handling and terminal activities) effective July 2024 in WA
- Gold Valley — 10-year contract for rail haulage of iron ore (1.3mtpa) in WA, commencing in September 2024
- Aeris Resources — 3.5-year contract for the rail haulage of cement in NSW
- South 32 — 15-year contract extension (and rollingstock maintenance) for Worsley Alumina in WA
- Contract extensions: MMG (zinc and lead, QLD), Centrex (phosphate rock, QLD)
- Mineral Resources: Yilgarn Hub to transition to care and maintenance, with shipments ceasing by the end of 2024.

NETWORK

Network refers to the business of Aurizon Network Pty Ltd (Network) which operates the 2,670km CQCN. The open access network is the largest coal rail network in Australia, connecting multiple customers from more than 40 mines to five export terminals located at three ports. The CQCN includes four major coal systems (Moura, Blackwater, Goonyella and Newlands) and a connecting link, the Goonyella to Abbot Point Expansion (GAPE).

FINANCIAL SUMMARY

($M)	FY2024	FY2023	VARIANCE
Revenue			
Track Access	1,340	1,255	7%
Services and other	95	82	16%
Total revenue	**1,435**	**1,337**	**7%**
Energy and fuel	(160)	(215)	26%
Operating costs	(345)	(309)	(12%)
EBITDA	**930**	**813**	**14%**
Depreciation and amortisation	(353)	(351)	(1%)
EBIT	**577**	**462**	**25%**

METRICS

	FY2024	FY2023	VARIANCE
Tonnes (m)	209.6	207.6	1%
NTK (b)	51.0	50.4	1%
Operating Ratio	59.8%	65.4%	5.6ppt
Maintenance / NTK ($/'000 NTK)	3.0	2.8	(7%)
Opex / NTK ($/'000 NTK)	16.8	17.4	3%
Cycle Velocity (km/hr)	21.9	21.5	2%
Usable Capacity[9]	80.3%	83.4%	(3.1ppt)
Average haul length (km)	244	243	–

Network Performance Overview

Network EBITDA increased $117m or 14% to $930m in FY2024, with increased revenue of $98m (7%) and decreased operating and energy and fuel costs of $19m (4%).

Regulatory access revenue has been accounted for based on actual railed tonnes using tariffs approved by the Queensland Competition Authority (QCA) on 26 May 2023 and the subsequent Electric Energy Charge approved on 21 June 2023, the QCA Levy variation approved on 24 August 2023 and the GAPE and Newlands Pricing DAAU approved on 22 February 2024.

Total access revenue increased by $85m (7%) with the main drivers being:

- Allowable Revenue increased by $101m, driven by the preliminary reset WACC of 8.18% in FY2024 compared to 6.30% in FY2023
- increased volumes above the regulatory forecast resulted in an over-recovery of $19m (inclusive of a transfer fee of $4m) in FY2024 compared to an under-recovery of $21m (inclusive of $76m of Take-or-Pay) in FY2023
- net favourable Revenue Cap (excluding GAPE) movements of $30m received in FY2024 relating to FY2021 and FY2022
- WIRP Fees were $19m lower due to a termination fee received in FY2023
- Electric Energy Charge (EC) was $62m lower in FY2024 due to the EC tariff reducing from $2.82 to $1.66 per EGTK'000.

Services and other revenue were $13m (16%) higher in FY2024 primarily due to higher external construction revenue.

9 Usable Capacity measures all the possible rail traffic pathways (including branch line and unload site capacity) available at a point in time on the network with consideration of all known supply chain and infrastructure constraints (such as maintenance schedules).

Directors' Report (continued)
OPERATING AND FINANCIAL REVIEW

Total operating costs decreased by $19m (4%) with the main drivers being:

- energy charges decreased $55m (offset in Access Revenue) due to lower wholesale energy prices, partially offset by higher connection costs
- other operating costs increased $36m primarily due to higher maintenance costs ($17m) and higher operating costs as a result of inflationary pressures and higher external construction costs associated with higher revenue.

Depreciation was in line with the prior year.

Network's 2023–2024 Regulatory Asset Base (RAB) roll-forward is estimated to be $6.1bn[10] (including Access Facilitation Deeds (AFDs) of $0.3bn) as at 1 July 2024.

Regulation Update

Network continues to implement the 2017 Access Undertaking (UT5) which was approved by the QCA on 19 December 2019 and ceases on 30 June 2027. The status of key aspects of UT5 are summarised below.

Capacity Assessments

- The QCA published the Independent Expert's (IE) Initial Capacity Assessment Report (ICAR) on 1 November 2021 which identified Existing Capacity Deficits (ECD) within each Coal System.
- On 16 November 2022, the QCA made an initial determination on Transitional Arrangements proposed by Network to be implemented, the most notable being the installation of remote-control signalling in the Newlands System which the IE subsequently assessed as being prudent and efficient and was commissioned in early July 2024.
- The QCA published the IE's Annual Capacity Assessment Report 2024 (ACAR) on 16 July 2024. The ACAR identified some differences between it and the findings in the ICAR in relation to the average annual deliverable network capacity of each coal system for the period FY2022–FY2024, when measured as a percentage of the current contracted capacity for each coal system, which are as follows:
  - Goonyella System: ~ 102%
  - Blackwater System: ~108%
  - GAPE System: ~79%
  - Moura System: ~104%
  - Newlands System: ~88%.
- Following its 21 April 2023 determination on the implementation of Transitional Arrangements, on 21 September 2023 the QCA published its decision on the remaining Transitional Arrangements to address ECDs identified in the ICAR. The QCA decided that the remaining Transitional Arrangements would benefit from further expansion studies to assess both the costs and potential benefits associated with the projects prior to deciding which Transitional Arrangements should be implemented.
- On 12 June 2024, Network shared the Newlands and GAPE Transitional Arrangement Concept Study findings and recommends a signalling investment of approximately $2m to reduce the ECD. The recommendation is subject to customer approval, following which a recommendation will be made to the IE to approve the efficiency and prudency of the investment, as is forecast for delivery in 2026.

UT5 Reset Values

- UT5 provided for certain components of allowable revenue and WACC (predominately risk-free rate, debt risk premium, inflation and the tax allowance) (together the Reset Values) to be reset on 1 July 2023 to take account of prevailing market conditions at that time. The reset process involved the establishment of:
  - Preliminary Reset Values in FY2023 which formed the basis of tariffs that applied in FY2024 and were approved by the QCA on 25 May 2023; and
  - Final Reset Values which were approved by the QCA on 19 October 2023.
- Allowable Revenues and Reference Tariffs for FY2024 were based on the QCA's approved preliminary WACC of 8.18%.
- On 19 October 2023, the QCA approved Network's Final Reset Values with a final reset WACC of 8.51% based on a risk-free rate of 3.87% and a debt risk premium of 2.48%.
- While the Final Reset Values took effect from 1 July 2023, FY2024 Allowable Revenues and Tariffs were not amended during the year to reflect the QCA's decision on the Final Reset Values. The difference between the Preliminary and Final Reset Allowable Revenues for FY2024 (1 July 2023 to 30 June 2024) will be reconciled through the usual Revenue Adjustment Amounts (Revenue Cap) process in two years' time and will be incorporated into FY2026 Reference Tariffs.

Infrastructure Rebates and GAPE Remote Control Signalling DAAU

- On 14 June 2024, Network submitted a DAAU which seeks to modify the FY2025 reference tariffs to:
  - cease the deferral of the Goonyella to Newlands connection Remote Control Signalling (RCS) investment following the forecast completion of the Newlands RCS installation in July 2024 (value as at 1 July 2024 is $24m); and
  - reduce the relevant System Allowable Revenue by applying discounts to Reference Tariffs for certain Access Holders in place of Infrastructure rebate payments associated with AFDs. This change is at the request of relevant access holders and results in no revenue impact to Network.
- The QCA published DAAU is currently subject to stakeholder consultation, following which a decision will be made by the QCA.

Operational Update

During FY2024:

- CQCN volumes increased by 1% to 209.6mt. Volumes in 2HFY2024 were impacted by planned and unplanned supply chain maintenance, increased supply chain cancellations and a serious traffic incident at Raglan in the Blackwater System
- access and competition for skilled labour and rising sub-contractor costs impacted maintenance and asset renewal expenditure
- Fair Work Australia approved the Aurizon Infrastructure Enterprise Agreement (QLD) which had been voted in favour of by employees in FY2023
- Usable Capacity[10] decreased from 83.4% to 80.3% driven by Coal terminal outages and increased access requirements for Network maintenance and renewal activities
- cancellations due to the Network rail infrastructure increased from 2.3% to 2.9%
- cycle velocity increased from 21.5km/h to 21.9km/h.

10 Includes deferred capital.

11 Usable Capacity measures all the possible rail traffic pathways (including branch line and unload site capacity) available at a point in time on the network with consideration of all known supply chain and infrastructure constraints (such as maintenance schedules).

OTHER

Other includes other Containerised Freight, which is not considered a separate reportable segment, as well as other revenue and central costs not allocated such as the Board, Managing Director & CEO, Company Secretary, strategy and investor relations.

Other performance overview

EBITDA decreased by $9m (17%), primarily driven by the ramp-up to full schedule operations for Containerised Freight.

($M)	FY2024	FY2023	VARIANCE
Total revenue and other income	**76**	**19**	**300%**
Operating costs	(139)	(73)	(90%)
EBITDA	**(63)**	**(54)**	**(17%)**
Depreciation and amortisation	(13)	(3)	(333%)
EBIT	**(76)**	**(57)**	**(33%)**

ADDITIONAL INFORMATION

Risk

Aurizon has a commitment to effective risk management as a key element of business success to sustain shareholder value, recognising that risk is characterised by both threat and opportunity. Aurizon fosters a risk-aware culture through a combination of leadership focus, training and the application of high-quality, integrated risk assessments to support informed decision-making and enable effective risk management.

The Board is ultimately responsible for risk management, considering a wide range of risks within strategic planning, approving Aurizon's Enterprise Risk Management Framework and Appetite, and monitoring management's performance against the framework, including whether it operates within the Board's risk appetite (see Principal 7 on Page 49 of this report).

Aurizon's Enterprise Risk Management Framework and Appetite, and supporting Risk Assessment Procedure, are aligned to the international standard for risk management (AS/NZS ISO 31000:2018).

Risk management procedures and templates deployed throughout the business further integrate the assessment of safety and non-safety risks, and support a consistent approach to comprehensive, proportionate and effective risk management.

The Enterprise Risk and Assurance functions are responsible for providing oversight of the risk management framework, enterprise risk reporting to facilitate the early identification and proactive management of risk, as well as assurance on the effectiveness of the management of significant risks, to the Executive Committee and the Board.

Aurizon's Enterprise Risk Profile is actively managed and regularly reported to the Board. It includes those material inherent risks related to the enduring nature of Aurizon's business, those that present an exposure linked to the changing operating landscape or point-in-time external factors, and those risk exposures we encounter driven by our strategy and aspirations to grow.

These risks have been grouped around three themes of operational, market and strategic risk. The commentary has been provided to describe and summarise each key risk, the nature of the potential impacts to Aurizon, our view on our ability to influence the risk and consequences being realised, and a description of management's response to that risk. This is not intended to be a comprehensive list of all risks that the business is or could be exposed to.

It represents Aurizon's own assessment of these risks at a point in time and, given the complexities and nature of these risks, this information is subjective and may be subject to change. Investors need to form their own assessment and conclusions.

LEGEND

RISK IMPACT ICONS

- Health & Safety
- Strategy & Execution
- Stakeholder & Reputation
- Operational
- Financial
- Environment & Climate

RISK INFLUENCE METER

The risk influence meter is provided to acknowledge that there are internal and external contributions to all of the risks that the business is exposed to. The meter is subjective and reflects only one way to consider further the risks presented.

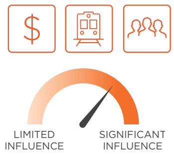
A risk influence rating here means that Aurizon can significantly influence this risk; for instance, it is largely driven by internal factors or is readily managed.

A risk influence rating here means that Aurizon has limited ability to influence this risk; for instance, it is largely driven by external factors or is complex to manage.

Directors' Report (continued)
OPERATING AND FINANCIAL REVIEW

RISK	RISK DESCRIPTION AND POTENTIAL IMPACTS	IMPACTS AND INFLUENCE	MANAGEMENT RESPONSE
OPERATIONAL RISK			
Major Hazard, Serious Injury or Fatality	Given the nature and scale of Aurizon's operations, there are hazards in the business that, if not managed, have the potential to cause a serious injury or fatality. Aurizon's safety risk exposure is impacted by the diversity and scale of its operations — from train operations, on-track works, port operations, and heavy vehicle haulage. Incidents could include: › Level Crossing collisions — can result in death or significant injury to our people or members of the public. › Exposure to moving rollingstock — can result in death or significant injury to our people. › Road Vehicle Incident — death or injuries to our people from operating road vehicles. › Trespass — safety risks to employees and individuals due to persons illegally entering the rail corridor intentionally (theft or protest) or otherwise. The potential realisation of these risks could have direct safety, operational disruption, and reputational consequences including licence to operate.		Aurizon's commitment is keeping people safe and healthy. Our safety value 'We know safe, we choose safe' promotes leadership and personal accountability for safety. Aurizon's leadership team and Board regularly review safety performance, improvement strategies and activities across the business, aligned to a defined enterprise safety strategy. Refer to Page 26 for further information on safety.
Cyber Security and Technology Reliance	The rapidly evolving cyber threat landscape continues to challenge industry. Malicious attacks resulting in business interruptions, nationally and internationally, are increasing. Aurizon relies on technology and is exposed to cyber-related risks which can arise through a multitude of vectors including malicious external hackers, insider threats, unintentional human error, obsolete or unsupported systems or through links to third parties. A cyber breach or other technology-related disruption could impact Aurizon's operations and impair its ability to provide services. Such an event could potentially result in financial losses, reputational damage, consequential safety, legal or regulatory action or other adverse consequences. Aurizon is reliant on fit-for-purpose technology to deliver services, maintain assets and transact business. Technology is rapidly evolving and if Aurizon does not effectively leverage advances in technology, it may become less efficient relative to competitors.		Aurizon has implemented cyber security controls to prevent, detect and respond to potential cyber security incidents including business continuity plans and response plans. Aurizon participates in external cross-industry collaboration forums and briefings where threat intelligence is shared, and specialist third-party advisers are used for monitoring and response capabilities. Aurizon continues to implement a multi-year cyber security transformation program to continue to enhance and uplift its ability to protect from, and respond to, cyber security incidents or other technology-related disruptions. Technology roadmaps are refreshed annually and technology upgrades progress through Aurizon's capital approval process including benefit identification.
Severe Weather	Aurizon owns and maintains rail track infrastructure in addition to other assets (rail and non-rail), maintenance facilities, depots and worksites across Australia. Maintaining a large physical footprint exposes Aurizon to risks caused by the increasing severity and prolonged nature of extreme weather events, such as flooding, bushfires, heatwaves and cyclones. These extreme weather events also impact our customers' ability to produce. Damage caused by destructive weather events could cause safety, health and environmental risks and operational disruption, increasing operational costs or driving financial losses, in addition to a reduction in demand for our services.		For Aurizon owned networks, management is responsible for infrastructure asset management, including condition monitoring and maintenance and renewal programs, to identify, prepare and remediate locations at greater risk of severe weather events. Aurizon invests in operational assets and maintains inventories to reduce the impact of weather events. Assessments of operational resilience are undertaken and consideration is made of resilience in engineering design. In addition, climate resilience and risk assessments are being progressively undertaken and updated on key assets. Seasonal planning, forecast and weather monitoring provide early warning of potential severe weather and planning time for safe provision of service. Incident management and business continuity planning, protocols and expertise are essential to manage a safe and effective response to severe weather events alongside periodic testing of readiness.

RISK	RISK DESCRIPTION AND POTENTIAL IMPACTS	IMPACTS AND INFLUENCE	MANAGEMENT RESPONSE
Supply Chain Reliability	Building resilient supply chains and effective inventory management is critical to optimise levels of supply and minimise costs, and ensure Aurizon's operational assets are appropriately maintained to enable uninterrupted service delivery. Ongoing global events continue to have increased supply chain complexity and challenged reliability, including evolving international trade relations tensions, cyber security risks, labour shortages, constraints on the availability of raw materials and risk of engaging with suppliers who are either directly or indirectly implicated in modern-day slavery. These risks may increase supply chain costs, lead times and delays in obtaining goods and services, which could result in operational disruption.		Aurizon is addressing these challenges by working closely with key suppliers, assessing and managing supply chain resilience and taking action to diversify supplier bases, including the creation of dual supply where possible. Our key focus remains on demand forecasting, refreshing inventory management approaches and strengthening inventory levels, and monitoring of emerging supply chain risks. In December 2023, Aurizon published its fourth Modern Slavery Statement, which addresses the Company's obligations contained in the *Modern Slavery Act 2018* (Cth).
People and Capability	Aurizon's workforce comprises individuals with a wide array of specialist skills, technical knowledge and subject matter expertise. An inability to plan, attract and retain talent with the right skill sets necessary to drive the business forward could have material negative impacts on Aurizon's market value proposition and ability to compete. This could result in adverse financial impacts, reputational damage, suboptimal service delivery, employee disengagement, impairment of our strategic growth and other adverse impacts.		Talent attraction and retention strategies have been implemented, including a multi-media brand campaign, Aurizon's Employee Value Proposition, career progression pathways, remuneration and other incentives, and investment in learning and internal development opportunities. People and capability planning also forms part of organisational and business strategy development, such as the identification of critical roles to inform recruitment strategies.
Greenhouse Gas Emissions, Metrics and Targets	Aurizon is an emitter of greenhouse gases (GHG) through consumption of fossil fuels used in delivering services to customers and in the creation, purchase and utilisation of our assets. Under the Safeguard Mechanism reforms which commenced on 1 July 2023, Aurizon is required to maintain its Scope 1 emissions below an annually declining regulated baseline. Failure to do so exposes Aurizon to direct carbon costs and/or regulatory action. Due to current technology constraints, Aurizon will be required to purchase and retire Australian Carbon Credit Units (ACCUs) to meet its Safeguard compliance obligation. Australian and international governments will continue to evolve expectations on emissions management and reporting, which could impact Aurizon. Aurizon has set targets for the reduction of emissions, while also focusing on operational growth. With a large, complex and multi-year decarbonisation program, there are risks relating to: › the ability to reduce those emissions as committed to the market, particularly as operations expand › the availability of technology at scale to meet those ambitions › the availability, efficiency and affordability of renewable energy and/or drop in fuels to power the transition › reliance on third parties, including the implementation of government policy, to facilitate the transition › costs such as decarbonisation technologies, energy sources or ACCUs › the targets, or actions taken in progressing towards those targets, not being considered sufficient to key stakeholders › the ability to attract and retain talent to support transition to net zero and decarbonisation program. These risks could result in increasing operational costs, damage to social licence, shareholder action or litigation or other reputational impacts.		Aurizon is taking action to: › design, invest and support the delivery of fleet decarbonisation projects and carbon abatement initiatives › incorporate the assessment of the impact on GHG emissions as part of investment decision-making › explore and engage opportunities via partnership agreements › upskill existing staff and future candidates with appropriate skills › continue engagement with government and regulators regarding policy and advocacy to promote fair and equitable treatment of rail as a low carbon form of land-based freight transportation, and to stimulate the domestic biodiesel production industry › implement and progressively update its ACCU purchasing strategy. Aurizon provides accurate and timely reporting of emissions and provides information about the programs in hand to reduce those emissions. For more information on our approach to climate change, including risks relating to decarbonising and reporting, also refer to our annual Sustainability Report.

RISK	RISK DESCRIPTION AND POTENTIAL IMPACTS	IMPACTS AND INFLUENCE	MANAGEMENT RESPONSE
Volume Throughput	Aurizon has a key role in national and international supply chains, providing logistics solutions for customers across the country. Aurizon also manages and operates major rail infrastructure assets in Queensland, South Australia, and the Northern Territory, and relies on other network providers to enable operations in other locations. Ensuring efficient transportation of materials is critical for Aurizon and our customers to maximise volume and value. A deterioration in volumes transported could be driven by below rail asset condition, complexity in alignment and planning between key stakeholder interests, inadequate funding, operational performance, or impacts stemming from disruption, including weather related events. This risk could impact railed volumes, revenue, costs, customer sentiment and reputation.		For Aurizon owned networks, management is responsible for the development and delivery of network infrastructure asset management programs, including condition monitoring and maintenance and renewal programs, alongside structured funding arrangements with independent oversight. Management engages with operators and customers through customer forums, with oversight by regulatory bodies. For all networks which Aurizon operates on, management employs the following tools to drive: › engagement and structured access arrangements with Rail Infrastructure Managers › Government lobbying and advocacy through Freight on Rail Group (FORG) › Performance monitoring and management initiatives › Programs to enhance operational planning and ability to respond flexibly › Business continuity and asset resilience programs.
Regulation and Compliance	Aurizon's operations and financial performance are subject to legislative and regulatory oversight. Unfavourable regulatory changes may occur with respect to access regimes, rail accreditations, taxation, carbon reduction, environmental and industrial (including occupational health and safety) regulation and government policy and approval processes. Implementation of these changes may have a material adverse impact on project investment, Aurizon's profitability and business in general, as well as Aurizon's customers. Aurizon is also exposed to the risk of material regulatory breaches resulting in the loss of operating licences (e.g. rail accreditations), additional regulatory oversight and financial penalties. In the event of a loss of licence, critical business operations may not be supplied to customers, impacting profitability and reputation.		Aurizon is an active participant in consultation on future legislation, and provides participation and leadership within industry advocacy groups to bring influence on regulatory change as needed. In relevant jurisdictions where Aurizon is the Access Provider, prior to submissions being made to the relevant regulator, engagement with industry groups is sought to reduce the risk of adverse regulatory outcomes. To enable our people to support the business compliance with legislative requirements, employee training and education is provided, systems of work are designed to enable compliance with our obligations along with the Employee Code of Conduct, and internal quality assurance, checks and controls.
MARKET RISK			
Competition	Aurizon may face competition from parties willing to compete at reduced margins, with lower returns or greater risk positions than Aurizon would accept. Market factors and changes in customer expectations may compel Aurizon to take on more risk or reduce rates to retain customers or win new work. Increased competition may come from new entrants or existing competitors and could include customers in-sourcing services, impacting Aurizon's competitiveness and posing a risk to future financial performance.		To reduce exposure to competition risk, management is focused on the delivery of high-quality service to support re-contracting of existing key customers on long-dated terms wherever possible. In addition, strategic targeting of suitable growth and new work winning opportunities is in place across all business units supported by a central strategy team.

RISK	RISK DESCRIPTION AND POTENTIAL IMPACTS	IMPACTS AND INFLUENCE	MANAGEMENT RESPONSE
Counterparty	Macroeconomic drivers may degrade overall counterparty quality and creditworthiness. A move from some to divest coal assets and new customer profiles are changing Aurizon's counterparty exposures. Deterioration of counterparty quality could stem from volatile commodity demand, production rates and commodity price, which increase the risk of a counterparty default, challenges of operator solvency, stranded asset risk or financial losses.		The Aurizon Market Intelligence, Strategy and Business Unit teams work together to assess long-term demand planning and mine viability or customer commodity analysis, and support the strategic targeting of suitable growth opportunities. Counterparty credit quality is assessed and monitored by Treasury and Business Unit leadership teams, with appropriate steps taken to implement additional controls as needed.
Evolving Commodity Demand	Aurizon is linked to the demand for and supply of Australian commodities, and notably to metallurgical and thermal coal, and those commodities are almost entirely destined for export markets in Asia. A quicker transition away from global seaborne coal demand could impact Aurizon's coal customer volumes, exacerbate key market dependencies and commodity mix, and negatively impact customer pricing. A failure to recognise this transition could also lead to suboptimal investment decisions and missed opportunities for non-coal customers.		The Bulk Growth and Containerised Freight Strategies have been developed to set out a proactive approach to the evolution of commodity supply and demand, targeting diversification of revenue streams, including fleet cascade opportunities from the Coal fleet to support Bulk and Containerised Freight growth. The Strategy in Uncertainty Framework enables the monitoring of key market indicators and, alongside Free Cash Flow modelling, supports informed decision-making relating to growth pipeline and opportunity management, capital investment and other core business decisions. For more information on our approach to climate change, including risks relating to supply and demand of commodities, refer to the annual Sustainability Report.
Sustainability and Funding	Investor and shareholder expectations will continue to focus increasingly on Sustainability, and in particular on Environmental, Social and Governance (ESG) related issues and associated enterprise performance. As the transition to a lower carbon global economy continues to gain momentum, the availability and cost of debt or insurance may become more challenging for the mining and logistics sectors. Where these risks are unmitigated, they could impact the financial viability of our customers, restrict future mining investments, lead to increasing costs of finance and insurance, reduction in credit rating or, where investor expectations are unmet, damage to reputation and social licence to operate.		In addition to the activities noted above, diversification of funding sources and early renegotiation of maturing debt helps to ensure capacity of funding and reduce impacts of increasing costs of funding. For the details of the maturity profile of existing financing arrangements, please refer to Note 18 of the Financial Report. Ongoing engagement with insurers and brokers allows closer understanding of market developments to allow policy design and renewal programs to be designed accordingly. For more information on our approach to climate change, including risks relating to financing and insurance, refer to our Climate Strategy and Action Plan and our annual Sustainability Report.
Geopolitics	Aurizon's customer base is exposed to fluctuating overseas demand for Australian bulk commodities, predominantly in key export markets in Asia. Ongoing civil unrest, global instability and potential for conflict could have the ability to impact trade, particularly Australian coal, other bulk commodity exports and freight trade. Instability in trade relations could impact demand, resulting in changes to end customer profitability or viability, or disrupt global supply chains, which in turn affect Aurizon's financial performance.		Bulk Growth and Containerised Freight strategies have been developed to target attractive and diversified revenue streams. Our Strategy in Uncertainty Framework enables the monitoring of key market indicators, including geopolitical risk factors, which then supports informed decision-making relating to growth pipeline and opportunity management, capital investment and other core business decisions. Active situation monitoring of political and international trade performance allows for the identification of impacts and appropriate planning.

Directors' Report (continued)
OPERATING AND FINANCIAL REVIEW

RISK	RISK DESCRIPTION AND POTENTIAL IMPACTS	IMPACTS AND INFLUENCE	MANAGEMENT RESPONSE
Macroeconomic	Aurizon is exposed to changes in the macroeconomic environment. This includes economic growth driving or restricting demand for commodities hauled, as well as exposure to increasing costs in the delivery of services, in servicing debt obligations and through an exposure to the financial viability of key customers and suppliers.		Aurizon sources funding from both bank and debt capital markets (AMTN, EMTN, USPP) providing access to a diversified investor base. The ability to raise capital in a variety of markets allows Aurizon flexibility in its approach to refinancing activities and future capital raisings. Hedging strategies are employed to manage some financial exposures, including interest rate and foreign exchange risk. Aurizon employs a duration based hedging strategy which is annually refreshed and presented to the Board. Escalation clauses in haulage contracts provide some protection against increasing costs through inflation recovery, and counterparty credit monitoring and supply chain resilience reviews consider financial viability to manage credit risk. Please refer to Note 18 of the Financial Report which sets out Aurizon's approach to Financial Risk Management.
STRATEGIC RISK			
Delivering Bulk Growth	Aurizon aspires to materially increase earnings from the Bulk business unit and therefore faces the risk of failing to achieve this growth. This could occur due to an inability to retain and extend existing contracts and identify and execute suitable growth opportunities, or a lack of available resources and funding or other associated factors. Materialisation of these risks could result in financial losses, stranded assets, negative investor sentiment, reputational damage and failure to achieve strategic objectives.		A clear strategy has been developed to achieve this aspiration by diversifying our Bulk portfolio and expanding our supply chain services. To support the delivery of our Bulk Growth strategy, allocation has been made of appropriate resources, funding and expertise, along with the identification and targeting of multiple success pathways for organic and inorganic growth, to support delivery of this strategic objective.
Expansion of Containerised Freight	Aurizon is establishing a nationally significant containerised freight supply chain, leveraging existing national footprint and expertise. As this service offering expands, Aurizon will be exposed to increased volume risk and is reliant on being able to deliver suitable growth opportunities (including land-bridging) to capitalise on the investment. Aurizon may not be successful in executing this strategy as a result of lower than expected demand, ineffective planning, insufficient talent, resources and assets. Materialisation of these risks could result in financial losses, stranded assets, negative investor sentiment, reputational damage and failure to achieve strategic objectives.		Aurizon has formulated a strategy to facilitate the expansion of our Containerised Freight service offering. This strategy includes a prioritised plan for attracting customer demand in key corridors and to support the Landbridge concept. From an operational execution perspective, there are strategies for accessing and developing key terminals and pathing, procuring and managing the required rollingstock and other assets, and implementing suitable IT systems. It also includes leveraging existing containerised freight expertise and operations, and recruiting additional personnel with the necessary expertise and skill sets.

RISK	RISK DESCRIPTION AND POTENTIAL IMPACTS	IMPACTS AND INFLUENCE	MANAGEMENT RESPONSE
Fleet strategy	Aurizon's ability to effectively serve its customers is largely dependent on its ability to make optimal use of its long-life operational assets. Suboptimal management of the Aurizon fleet resulting in degraded operational performance could result in financial losses attributable to performance penalties, foregone demand or failure to deliver on key strategic objectives, such as growing Bulk earnings or expanding Containerised Freight services. Lack of alignment with organisational strategy or suboptimal development or execution of the near-and longer-term fleet strategy can impact the pursuit of opportunities, erode customer and investor confidence, and pose safety risks for employees and the broader public. As we prepare to decarbonise our fleet, new technology will be employed that may not be economically viable, resulting in financial losses or delays in meeting our climate commitments.		Aurizon regularly reviews both fleet allocation and performance to optimise service delivery. Track-based condition monitoring equipment and on-train telemetry systems provides real-time data to support efficient maintenance practices and asset performance management. Specific transformation initiatives have been undertaken to improve asset availability, reliability and utilisation while optimising total operating costs across the fleet. The Fleet Strategy Model combines operational, financial and market intelligence to understand the value implications of fleet positions (e.g., long/short; surplus/deficit) and prioritise strategic and tactical interventions accordingly and: › it identifies deviations to planned outcomes, analysing them for potential risks and opportunities based on fleet dynamics › informs fleet allocation decisions such as redeploying assets from one business unit to another or reinstating stowed assets to the active fleet › helps calibrate the optimal spend on assets including the appropriate level and type of intervention (e.g. renewal, upgrade, conversion) based on life cycle plans and use case strategies › supports growth plans through calculated investment in new fleet based on target risk-return criteria and time horizon considerations › how Aurizon thinks about and plans potential decarbonisation pathways for different corridors using key assumptions and scenario-based outputs. For more information on our approach to climate change, including risks relating to decarbonising and reporting, refer to our annual Sustainability Report.

Directors' Report (continued)
OPERATING AND FINANCIAL REVIEW

Sustainability

Aurizon keeps stakeholders informed of our corporate governance and financial performance via announcements to the Australian Securities Exchange (ASX) and our website. In addition, we take a direct approach to reporting environmental, social and governance (ESG) disclosures to our stakeholders with the publication of our annual Sustainability Report.

We recognise that our climate change disclosures are one of the key interests to stakeholders. Since 2017, we have aligned our climate-related disclosures to the Task Force on Climate-related Financial Disclosures (TCFD) as recommended by the Financial Stability Board. This framework enables consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers and other stakeholders.

In FY2021, we published our Climate Strategy and Action Plan (CSAP). The strategy builds on our existing work in reducing our carbon footprint. We recognise that we all have a responsibility to act on climate change — government, business, and the general community — so we can achieve an effective transition to a low-carbon future.

Aurizon is committed to managing its operational activities and services in a sustainable manner, and has continued to monitor performance against key sustainability targets and objectives, which include:

- a net-zero operational emissions (Scope 1 and 2) by 2050 target
- an additional emissions intensity reduction target of 10% by 2030 to maintain an emphasis on improving existing capabilities and assets in the near term
- two primary safety metrics to measure safety outcomes across the enterprise: Total Recordable Injury Frequency Rate (TRIFR) and Serious Injury and Fatality Frequency Rate (SIFRa+p)
- gender representation on the Board
- representation of women in senior executive roles
- representation of women in the workforce
- representation of Aboriginal and Torres Strait Islander men and women in the workforce.

Details on our progress against the targets and objectives, together with the steps that are taken by the Board to ensure there is effective governance and oversight, are published in Aurizon's Sustainability Report.

Safety

At Aurizon, we are committed to protecting our people and the communities in which we operate.

During FY2024, our Safety Strategy has continued to prioritise building and implementing simple systems and processes, understanding and controlling safety risks, and building leadership and capability with a strong in-field presence. In FY2024, we launched three significant safety initiatives:

- Contractor Safety Management — Planning, Evaluation and Engagement is part of our enhanced framework designed to support managing contractor safety consistently across our operations. Our enterprise approach recognises common risks and enables us to plan, evaluate and engage entities more effectively.
- Design of the Fatigue Risk Management framework represents a significant change to a more contemporary, flexible and responsive approach to managing fatigue. Our approach has introduced simple tools and processes to enable our people to identify fatigue risk and implement appropriate controls within the context of the task and work being undertaken.
- A national level crossing education and awareness campaign — 'Respect the sign. Lives are on the line'. The campaign is told through the eyes of those directly impacted by level crossing events, especially train crew and the first responders that see the impacts of near-misses and collisions. The campaign includes several resources available for people to engage with their local schools and communities for a multi-faceted approach from Aurizon on this key safety risk.

Aurizon uses two primary safety metrics to measure safety performance across the enterprise: TRIFR and SIFR(a+p). As of 1 July 2023, Aurizon Bulk Central has been included in Aurizon's enterprise safety performance reporting. For comparison purposes, any percentage improvement compares FY2024 performance to the combined Aurizon and Aurizon Bulk Central FY2023 performance.

FY2024 TRIFR was 7.36 injuries per million hours worked compared to 8.65 for FY2023, an improvement in our overall TRIFR of 15%. FY2024 SIFR(a+p) was 1.63 events per million hours worked compared to 2.28 for FY2023, representing a 29% improvement.

In FY2025, business units will broaden attention from the enterprise deep dive on musculoskeletal injuries to their own unique injury risks, as relevant. Each business unit will then review and develop relevant programmes at a local level, focused on lower end injury trends.

Environment

Aurizon is committed to managing its operational activities and services in an environmentally responsible manner to meet legal, social and moral obligations. To deliver on this commitment, Aurizon seeks to comply with all applicable laws and regulations that have a planning, environmental or cultural heritage focus.

In FY2024, statutory approvals obtained and land use planning enabling non-coal growth and expansion included:

- the West Kalgoorlie terminal development approval pursuant to the *Planning and Development Act 2005* (WA) that enables the operation of the 10-year iron ore haulage contract between West Kalgoorlie and Esperance for Gold Valley; and
- referral of the Berrimah terminal expansion project to the Northern Territory EPA, pursuant to the *Environment Protection Act 2019* (NT) resulting in the decision that the project does not have potential to have a significant impact on the environment and no environmental impact assessment is required under NT regulations. The project was also referred to the Federal Government pursuant to the *Environment Protection and Biodiversity Conservation Act 1999* (Cth) and is awaiting assessment.

The National Greenhouse and Energy Reporting Act 2007 (NGER) (Cth) requires the Group to report its annual greenhouse gas emissions and energy use. The Group has implemented systems and processes for the collection and calculation of the data required and is registered under the NGER Act.

In March 2023, Aurizon Operations Limited successfully transitioned to a National Transport Facility (NTF), with a production-adjusted baseline, under the Safeguard Mechanism. The NTF, effectively, combined Aurizon's existing three Safeguard facilities along with emissions generated by Bulk Central. In January 2024, the Clean Energy Regulator confirmed emissions generated by Aurizon's NTF in FY2023 were below its baseline, in full compliance with Safeguard. Aurizon is undertaking appropriate steps to prepare for, and effectively manage its obligations under the Safeguard mechanism's declining baseline, which commenced in FY2024.

Aurizon continues to engage with the Federal Government regarding the emissions benefits associated with shifting freight from road to rail, which supports the Government's transport sector decarbonisation roadmap.

Aurizon maintained compliance with stringent noise requirements related to locomotive engines and wheel/rail interface outlined in both NSW and South Australia EPA rollingstock licencing. Aurizon also complied with obligations applicable to locomotive engine noise in all other jurisdictions across its operational footprint.

Aurizon continues to work collaboratively with supply chain partners to minimise coal dust emissions associated with Aurizon's coal haulage operations. Data from the CQCN opacity monitoring stations indicated FY2024 again yielded low rates of coal dust loss from tops of wagons. On the South-West System (QLD), the results of air quality monitoring undertaken by the Department of Environment and Science continues to demonstrate rail transport (including coal haulage) complies with air quality criteria. In the Hunter Valley (NSW), Aurizon has maintained focus on compliance with its Environment Protection Licence for rollingstock operation on licensed rail networks that requires minimisation of dust generation.

Environmental and Cultural Heritage prosecutions compliance reporting in FY2024:

- Aurizon has not incurred any fines or sanctions for non-compliance related to environmental harm or cultural heritage regulations; and
- Aurizon has had two notifiable environmental incidents. Remedial actions were implemented as required and no ongoing material environmental impacts are anticipated.

People

At Aurizon, our people are our greatest asset. We have over 6,100 employees living and working across our national footprint of operations. Our Aurizon values (Safety, People, Integrity, Customer and Excellence) guide our people's work in delivering bulk commodities to the world, and are underpinned by a workplace culture of connection to enable great outcomes.

Through our commitment to safe and efficient delivery for our customers, we are building our workforce for the future. Strong leadership, culture and values-aligned people practices lay the foundation to achieve this. During the year we progressed key initiatives, including:

- targeted leadership programs to ensure leaders at all levels have the skills to support their teams to perform at their best. During the year, 'Leading for Results' has been refreshed and Aurizon's Just and Fair methodology incorporated into our foundational leadership program. 'Leading for Safety' was also redesigned to improve outcomes with an opportunity identified to roll-out masterclasses for senior leadership.
- In addition to leadership development, we remain focused on developing the capability we need for the future. Programs such as 'Careers in Action' to support recent graduates and those transitioning to the rail industry. Our 'Rail 101' program stitches our diverse organisation together to demonstrate to participants of all experience levels how their role contributes to the bigger picture. During FY2024, 455 of our people participated in a development program.
- We are continuing to invest in training for our biggest employee group — train drivers. In the past three years, we have more than tripled the number of trainees, with 200 completing their training in FY2024. To support our trainee drivers on their learning journey, a new app, 'KeepTrack', was developed to give them visibility of their progress.

Directors' Report (continued)
REMUNERATION REPORT

Dear Shareholders

On behalf of the Board, we are pleased to present Aurizon's Financial Year (FY) 2024 Remuneration Report.

Aurizon delivered Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) in FY2024 of $1,624 million, 14% higher than the prior year. The Company continued to be resilient, generated strong cash flow, and delivered again on its earnings guidance.

The Coal business recorded higher Underlying EBITDA of $528 million, up 16% on the prior year, driven by higher volumes and yield.

The Bulk business recorded a 7% increase in Underlying EBITDA of $229 million, driven by minerals and iron ore volumes, offset by lower grain volumes, rail network impacts from weather and the cessation of a rail maintenance contract in the Pilbara.

The Network business realised 14% higher Underlying EBITDA compared to FY2023, driven by higher (allowable) regulated revenue and volume over-recovery.

The Short Term Incentive (STI) Award for FY2024 continued to be based on the three annual performance measures of Underlying EBITDA, Safety and Individual Key Deliverables. A Business Unit Underlying EBITDA measure continues to be used for Bulk and Coal.

The Group Underlying EBITDA outcome was between Threshold and Target in the scorecard. Coal achieved an above Target result and Bulk Underlying EBTIDA was below Threshold.

During FY2024, Aurizon continued to use two primary safety metrics in the STI remuneration framework: Total Recordable Injury Frequency Rate (TRIFR) and Serious Injury and Fatality Frequency Rate (SIFR), including both actual and potential events. We have seen significant improvements across both measures, resulting in a Stretch outcome.

The STI Award also considers performance against individual deliverables which vary for Key Management Personnel (KMP). These performance measures make up 30% of the STI Award scorecard and focus on delivering against our strategic levers of accelerating cost competitiveness (optimise), achieving competitive advantage (excel) and positioning for growth (extend).

Management delivered solid progress against a majority of individual deliverables in FY2024, with milestones achieved on several multi-year transformation projects. These projects are delivering safety, operational and financial benefits for the Company. Milestones achieved included our TrainGuard project, with driver-only operations commenced on the Blackwater corridor, and technology deployment now live on the Goonyella mainline. We completed our Above Rail Asset Management program, resulting in above target transformation benefits, and our Enterprise Support Model Review, which is on track to deliver direct cost and process efficiencies across our support functions.

Individual Key Deliverables continued to measure progress against our Climate Strategy and Action Plan, with three key projects converted from concept to committed projects, and a national rail level crossing campaign was launched to support improved safety outcomes for our people and the community.

The national ramp-up of our Containerised Freight business was also delivered on schedule, and we continued to execute growth opportunities across the Bulk and Containerised Freight businesses.

While FY2024 saw solid delivery against a majority of Individual Key Deliverables, outcomes against these measures varied between Threshold and Target for Executive KMP, noting the growth target for Bulk was not met and the operational performance of both Network and Coal was below expectations.

Overall performance across the STI measures is reflected directly in the STI payments for our Executive KMP. The Board has determined that overall outcomes between Threshold and above Target will be awarded for Executive KMP.

During FY2024, the 2020 Long Term Incentive (LTI) Award was subject to testing. It included relative Total Shareholder Return (TSR) and Return On Invested Capital (ROIC) measures. No portion of the LTI Award vested and these rights have lapsed.

The Board considers that these overall remuneration outcomes reach an appropriate balance between business performance, shareholder outcomes and recognising the contribution of the Leadership Team.

During FY2024, the Board completed a review of Aurizon's Remuneration Framework. The Board will continue to monitor feedback and market insights but have determined the framework continues to deliver against our remuneration principles, long-term strategic outlook, and remains effective in driving operational and financial performance. No changes to the framework have been made for FY2025.

Yours faithfully

Tim Poole
Chairman

Samantha Tough
Chair, Remuneration and People Committee

1. Remuneration Report Introduction

Aurizon's remuneration practices are aligned with the Company's strategy of providing rewards that drive and reflect the creation of shareholder value while attracting and retaining Directors and Executives with the right capability to achieve results.

The Remuneration Report for the year ended 30 June 2024 is set out as per Table 1. The information in this Report has been audited.

TABLE 1 — TABLE OF CONTENTS

2. Directors and Executives

The Key Management Personnel (KMP) of the Group (being those whose remuneration must be disclosed in this Report) include the Non-Executive Directors and those Executives who have the authority and responsibility for planning, directing and controlling the activities of Aurizon.

The Non-Executive Directors and Executives that formed part of the KMP for FY2024 are identified in Table 2.

Table 3 identifies other persons who were KMP at some time during FY2024.

TABLE 2 — KEY MANAGEMENT PERSONNEL

NAME	POSITION
NON-EXECUTIVE DIRECTORS	
T Poole	Chairman, Independent Non-Executive Director
M Bastos	Independent Non-Executive Director
R Caplan	Independent Non-Executive Director
T Longstaff	Independent Non-Executive Director
S Ryan	Independent Non-Executive Director
L Strambi	Independent Non-Executive Director
S Tough[1]	Independent Non-Executive Director
EXECUTIVE KMP	
A Harding	Managing Director & Chief Executive Officer (MD & CEO)
P Bains	Group Executive Network
A Dartnell	Group Executive Bulk
G Lippiatt	Chief Financial Officer & Group Executive Strategy
E McKeiver	Group Executive Coal

1 S Tough was appointed Director on 1 September 2023.

TABLE 3 — FORMER KEY MANAGEMENT PERSONNEL

NAME	POSITION
NON-EXECUTIVE DIRECTORS	
S Lewis[1]	Independent Non-Executive Director

1 S Lewis retired on 12 October 2023.

Directors' Report (continued)
REMUNERATION REPORT

3. Remuneration Framework components

Total potential remuneration

Aurizon's Remuneration Framework for each Executive comprises three components:

- **Fixed remuneration** (not 'at risk') that comprises salary and other benefits, including superannuation
- **Short Term Incentive Award (STIA)** ('at risk' component, awarded on the achievement of performance conditions over a 12-month period) that comprises both a cash component and a component deferred for 12 months into equity which is subject to a service condition and claw-back for financial misstatements and misconduct
- **Long Term Incentive Award (LTIA)** ('at risk' component, awarded on the achievement of performance and service conditions over a four-year period) that comprises only an equity component.

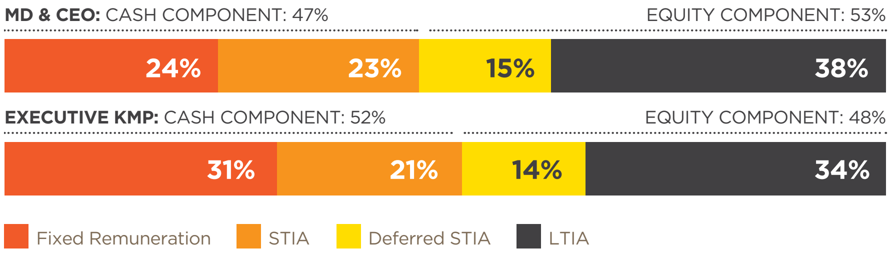
The structure is intended to provide an appropriate mix of fixed and variable remuneration, and provide a combination of incentives intended to drive performance against the Company's short and longer-term business objectives.

The mix of potential remuneration components for FY2024 for the MD & CEO and Executive KMP is set out in Figure 1: Total potential remuneration. The remuneration mix for MD & CEO and remaining Executive KMP remains unchanged from prior year.

Executive remuneration governance

Figure 2 represents Aurizon's remuneration governance framework. Details on the composition of the Remuneration and People Committee (Committee) are set out on Page 8 of this report. The Committee's Charter is available in the Governance section of the Company's website at **www.aurizon.com.au**

FIGURE 1 — TOTAL POTENTIAL REMUNERATION[1]



1 Assumes achievement of the stretch performance hurdle outcomes for STIA, full vesting of the Deferred STIA and LTIA at a value equal to the maximum opportunity of the original award i.e. assuming no share price appreciation.

FIGURE 2 — REMUNERATION GOVERNANCE FRAMEWORK

BOARD

The Board:

- approves the overall remuneration policy and ensures it is competitive, fair and aligned with the long-term interests of the Company
- approves the remuneration for Non-Executive Directors, MD & CEO, Executive KMP and the remaining Group Executives
- assesses the performance of, and determines the STIA outcome for, the MD & CEO giving due weight to objective performance measures while retaining discretion to determine final outcomes
- considers and determines the STIA outcomes of the Executive KMP and remaining Group Executives based on the recommendations of the MD & CEO.

REMUNERATION AND PEOPLE COMMITTEE

The Remuneration and People Committee is delegated responsibility by the Board to review and make recommendations on:

- the remuneration policies and framework for the Company
- Non-Executive Director remuneration
- remuneration for MD & CEO, Executive KMP and the remaining Group Executives
- Executive incentive arrangements.

MANAGEMENT

- Provides information relevant to remuneration decisions and makes recommendations to the Remuneration and People Committee
- Obtains remuneration information from external advisors to assist the Remuneration and People Committee (i.e. market data, legal advice, accounting advice, tax advice).

CONSULTATION WITH SHAREHOLDERS AND OTHER STAKEHOLDERS

REMUNERATION CONSULTANTS AND OTHER EXTERNAL ADVISORS

In performing duties and making recommendations to the Board, the Remuneration and People Committee may from time to time appoint and engage independent advisors directly in relation to Executive remuneration matters.

These advisors:

- review and provide recommendations on the appropriateness of the MD & CEO and Executive remuneration
- provide independent advice, information and recommendations relevant to remuneration decisions.

Any recommendations and advice provided by external advisors are used to assist the Board — they do not substitute for the Board and Remuneration and People Committee processes.

Remuneration Framework and Objectives

The Board continues to review Aurizon's Remuneration Framework annually. Summarised in Figure 3 are the changes that were implemented in FY2024 with no changes made to the framework for FY2025. For the purposes of section 206L of the *Corporations Act 2001* no remuneration recommendations were made by remuneration consultants in relation to key management personnel.

FIGURE 3 — REMUNERATION FRAMEWORK AND OBJECTIVES

	PERFORMANCE MEASURE	STRATEGIC OBJECTIVES AND LINK TO PERFORMANCE	FY2024 FRAMEWORK CHANGES
FIXED REMUNERATION	Considerations: › Experience and qualifications › Role and responsibility › Retain key capability › Reference to remuneration paid by similar sized companies in similar industry sectors › Internal and external relativities.	› To attract and retain Executives with the right capability to achieve results.	Effective 1 July 2023, fixed remuneration increases were provided to ensure alignment with external peer group: › **MD & CEO:** from $1.8m to $1.836m (2.0%) › **Other Executive KMP:** between 0% and 4%. The Board reviews Executive remuneration annually but increases are not guaranteed.
SHORT TERM INCENTIVE AWARD	› Underlying EBITDA (Enterprise and, if applicable, Business Unit) (60%) › Safety improvement (10%) TRIFR and SIFR(a+p) equally weighted 5% › Individual (30%). Measured over a one-year performance period. Participants can earn up to a maximum of 150% of 'at-target' percentage. In assessing outcomes, the Board considers relevant health and safety events and retains discretion to adjust STIA outcomes accordingly. STIA at Risk: **MD & CEO:** Target 100% of Fixed Remuneration and maximum 150% of Fixed Remuneration. **Other Executive KMP:** Target 75% of Fixed Remuneration and maximum 112.5% of Fixed Remuneration.	The financial and non-financial performance measures were chosen because: › **Underlying EBITDA** delivers direct financial benefits to shareholders › **Safety** drives a continuous safety improvement culture and embeds safe, efficient and effective processes across all aspects of a heavy industry business › **Individual** aligns employee contribution to the achievement of Aurizon's strategy. At the start of the performance year, the Board determines the MD & CEO's individual deliverables. Relevant measures are cascaded to the Executive Committee and throughout the organisation.	› From FY2024 the Network Business Unit scorecard does not include a Business Unit EBITDA measure, reverting to Group EBITDA measure to align Network with enterprise performance outcomes.
LONG TERM INCENTIVE AWARD	› Relative Total Shareholder Return (TSR) (25%) › Strategic Transformation (25%) › Return on Invested Capital (ROIC) (50%). Measured over a four-year performance period. LTIA at Risk (Maximum): **MD & CEO:** 150% of Fixed Remuneration **Other Executive KMP:** 112.5% of Fixed Remuneration.	› **Relative TSR** is a measure of the return generated for Aurizon's shareholders over the performance period relative to a peer group of companies (from the ASX100 Index). › **Strategic Transformation** reflects the growing aspirations of the Bulk business and other non-coal investments. › **ROIC** reflects the fact that Aurizon operates a capital-intensive business and our focus should be on maximising the level of return generated on the capital we invest. Note: Minimum shareholding requirements for Executive KMP and the remaining Group Executive encourages retention of shares and alignment with shareholder interests.	› No changes to the 2024 Award.

Total Remuneration

Overall, Executive remuneration is designed to support the delivery of superior shareholder returns by placing a significant proportion of an Executive's total potential remuneration at risk and awarding a significant portion of at risk pay in equity.

Directors' Report (continued)
REMUNERATION REPORT

4. Company performance for Financial Year 2024

Aurizon reported Group Underlying EBITDA of $1,624 million for continuing operations for year ended 30 June 2024 in line with EBITDA guidance range ($1,590m–$1,680m).

Aurizon performed well in FY2024, delivering solid financial outcomes and improved returns for shareholders, while continuing a disciplined investment program in assets to secure future growth.

Table 4 shows historical Company performance across a range of key measures. Performance across earnings and individual measures is reflected directly in STIA payments. Detail related to performance against the FY2024 STIA performance measures is provided in Table 6 (Page 35). Table 9 (Page 37) provides additional information related to the LTIA performance outcomes.

TABLE 4 — HISTORICAL COMPANY PERFORMANCE AGAINST KEY MEASURES

KEY PERFORMANCE MEASURES	DESCRIPTION	FY2024	FY2023	FY2022	FY2021	FY2020
Group Underlying EBITDA[1]	$m	1,624	1,428	1,467	1,482	1,468
Bulk Underlying EBITDA[1]	$m	229	214	135	140	110
Coal Underlying EBITDA[1]	$m	528	455	541	533	616
Network Underlying EBITDA[1]	$m	930	813	801	849	798
Return on Invested Capital (ROIC)	%	8.9	7.5	10.3	10.7	10.9
Total Recordable Injury Frequency Rate (TRIFR)	per million work hours	7.36	8.36	8.51	10.21	9.92
SIFR(a+p)[2]	per million work hours	1.63	1.92	–	–	–
4-year TSR	%	(2.3)	(14.9)	13.8	(11.1)	–
Share Buy-Back	$m	–	–	–	300	400
Share price at beginning of year[3]	$	3.98	3.83	3.73	4.80	5.40
Share price at end of year[3]	$	3.65	3.92	3.80	3.72	4.92
Dividends per share[4]	cps	17.0	15.0	21.4	28.8	27.4
Dividends[5]	$m	313	275	395	533	529

1 Continuing operations.
2 From FY2023 the safety metric Serious Injury and Fatality Frequency Rate, including both actual and potential events (SIFR(a+p)) replaced Rail Process Safety (RPS) in the Short Term Incentive Award scorecard.
3 Share price at close of day.
4 Dividends per share for each Financial Year (the final dividend is paid in the following financial year).
5 Dividends for each Financial Year (the final dividend is paid in the following financial year).

5. Take home pay

Table 5 identifies the actual remuneration earned during FY2024 for Executive KMP.

The table has not been prepared in accordance with accounting standards but has been provided to ensure shareholders are able to clearly understand the remuneration outcomes for Executive KMP. Remuneration outcomes, which are prepared in accordance with the accounting standards, are provided in Section 10 (Page 42).

Fixed remuneration is reviewed annually but no increases are guaranteed. In reviewing fixed remuneration, consideration is made to overall individual and business performance, as well as positioning against market peers. Effective 1 July 2023, fixed remuneration increases were provided to the MD & CEO (2%) and the other Executive KMP (4%), excluding the Group Executive Bulk who did not receive an increase.

The remuneration outcomes identified in Table 5 are directly linked to the Company performance described in Section 6 (Page 35) and Section 7 (Page 36).

The actual STIA is dependent on Aurizon, Business Unit and individual performance as described in Section 6.

Varying performance across our key measures is also reflected directly in the STIA payments for our Executive KMP, which range from 43% to 68% of their potential maximum.

The actual vesting of the LTIA is dependent on Aurizon's performance and the outcomes are further described in Section 7.

During FY2024, the 2020 LTI Award was subject to testing. Aurizon's performance resulted in no components of the Award vesting. All rights have lapsed under this Award.

Movement in the Aurizon share price over the various performance periods is reflected in the remuneration outcomes for Executive KMP, aligning Executive KMP outcomes with the shareholder experience.

TABLE 5 — REMUNERATION EARNED IN FINANCIAL YEAR 2024

NAME	FIXED REMUNERATION $'000	NON-MONETARY BENEFITS[1] $'000	STIA CASH[2] $'000	STIA DEFERRED FROM PRIOR YEAR[3] $'000	LTIA VESTING[4] $'000	SHARE PRICE APPRECIATION[5] $'000	ACTUAL FY2024 REMUNERATION OUTCOMES $'000
FORMER EXECUTIVE KMP EXECUTIVE KMP							
A Harding	1,836	–	994	380	–	6	3,216
P Bains	857	–	331	242	–	4	1,434
A Dartnell	670	–	193	14	–	0	877
G Lippiatt	832	–	338	121	–	2	1,293
E McKeiver	761	–	349	99	–	2	1,211

1 Non-monetary benefits represent the value of Reportable Fringe Benefits for the respective FBT year ending 31 March.
2 The amount relates to the cash component (60%) of the FY2024 STIA which will be paid in September 2024.
3 The amount relates to the deferred component (40%) of the FY2023 STIA which was awarded in performance rights and will become unrestricted in September 2024 (calculation assumes a share price of $3.59 at date of issue).
4 The 2020 Award, due to vest in October 2024, was subject to testing in FY2024. As the performance hurdles were not met no rights vested.
5 The amount is the number of rights which vest multiplied by the increase or decrease in the Aurizon share price over the period ended 30 June 2024 (calculation assumes share price appreciation of $0.06 Deferred Short Term Incentive Award (DSTIA)).

6. Short Term Incentive Award

What is the STIA and who participates?

The STIA is 'at risk' remuneration subject to the achievement of pre-defined Company, Business Unit and individual performance measures which are set annually by the Board at the beginning of the performance period.

For each component of the STIA, three performance levels are set:

- *Threshold*, below which no STIA is paid for that component
- *Target*, which typically aligns to relevant corporate plans and budgets, a business improvement targeted outcome or reflects an improvement on historical achievement
- *Stretch*, outcomes which are materially better than Target.

The STIA applies in a similar manner to other eligible employees. For the MD & CEO, Executive KMP and the remaining Group Executives a portion (40%) will be deferred into equity for a period of 12 months, which is subject to claw-back for financial misstatements or misconduct.

What are the Company performance measures?

The performance measures which generally apply to participants are Underlying EBITDA, Safety and individual performance.

Business Unit measures are included in the scorecard for Bulk and Coal.

Each measure has a defined level of performance. The measures drive a continuous safety improvement culture, and strengthen and grow our current business while continuing to transform the Enterprise.

This is achieved through a focus on people and asset efficiencies, while at the same time, delivering benefits to shareholders.

In assessing outcomes, the Board considers relevant health and safety events and retains discretion to adjust STIA outcomes accordingly.

Individual performance measures relate to each specific role and measure an individual's contribution against a range of operational and strategic performance measures. At the start of the performance year, the Board determines the MD & CEO's individual deliverables. Relevant deliverables are cascaded to the Executive Committee and throughout the organisation as reflected in Figure 4.

What is the amount that participants can earn through an STIA?

The employment agreements specify a target STIA, expressed as a percentage of Fixed Remuneration (100% for the MD & CEO and 75% for the remaining Executive KMP). Each participant can earn between 0% up to a maximum of 150% of this target percentage, depending on performance and subject to Board discretion.

Depending on performance assessed at year end, participants may earn for each enterprise measure: 0% for performance below Threshold, 50% at Threshold (for measures other than Underlying EBITDA, for which *Threshold* earnings are 30%) with a linear scale up to 100% at Target performance; and a further linear scale to 200% at Stretch performance.

STIA outcomes are determined by calculating the performance outcome against the relevant weighted performance measure. Figure 5 provides an example of an at-target performance outcome based on the FY2024 scorecard.

What are the outcomes for FY2024?

Table 6 identifies the performance measures, relevant weightings, and outcomes for FY2024. The overall FY2024 outcomes for Executive KMP are identified within Table 7.

Enterprise measures

Group Underlying EBITDA performance resulted in an outcome between Threshold and Target, and both TRIFR and SIFR(a+p) resulted in a Stretch outcome.

Business Unit measures

Underlying EBITDA performance resulted in an above Target outcome for Coal and a below Threshold outcome for Bulk.

Individual deliverable measures

The STIA also considers performance against individual deliverables which vary for Executives and are aligned to delivering against our key strategic levers of accelerating cost competitiveness (Optimise), achieving competitive advantage (Excel) and positioning for growth (Extend).

Management delivered solid progress against a majority of individual deliverables in FY2024, with milestones achieved on several multi-year transformation projects. These projects are delivering safety, operational and financial benefits for the Company. Milestones achieved included our TrainGuard project, with driver-only operations commenced on the Blackwater corridor, and technology deployment now live on the Goonyella mainline. We completed our Above Rail Asset Management program, resulting in above target transformation benefits, and our Enterprise Support Model Review, which is on track to deliver direct cost and process efficiencies across our support functions.

Individual Deliverables continued to measure progress against our Climate Strategy and Action Plan, with three key projects converted from concept to committed projects and a national level rail crossing campaign was launched.

The ramp-up of our Containerised Freight business was also delivered on schedule and we continued to execute growth opportunities across the Bulk and Containerised Freight businesses.

Outcomes varied between Threshold and Target for Executive KMP against the Individual Deliverables, with the MD & CEO receiving a Target outcome.

FIGURE 4 — STRATEGIC MEASURES CASCADING PROCESS

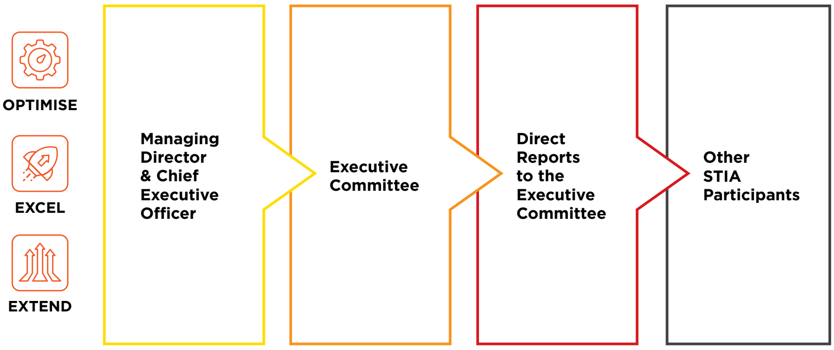


FIGURE 5 — STIA TARGET PERFORMANCE OUTCOME CALCULATION

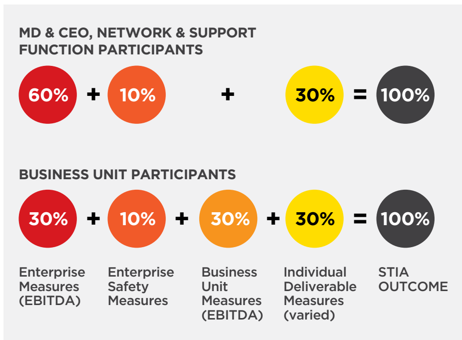


TABLE 6 — SHORT TERM INCENTIVE AWARD FINANCIAL YEAR 2024 OBJECTIVES[1]

PERFORMANCE MEASURE	WEIGHTING: MD & CEO, CFO & NETWORK	WEIGHTING: COAL & BULK	TARGET	FY2024 PERFORMANCE OUTCOME
ENTERPRISE				
Group Underlying EBITDA: Underlying EBITDA delivers financial benefit to shareholder through the achievement of underlying operating earnings	60%	30%	$1,645m	$1,624m
Group Safety: The measures drive a commitment to delivering a continuous safety improvement culture across all of the Company measured through equally weighted parameters which include:				
› Total Recordable Injury Frequency Rate (TRIFR)	5%	5%	7.79	7.36
› Serious Injury and Fatality Frequency Rate, including both actual and potential events (SIFR(a+p))	5%	5%	2.05	1.63
BUSINESS UNIT				
Coal Underlying EBITDA:	–	30%	$525m	$528m
Bulk Underlying EBITDA:			$266m	$229m
INDIVIDUAL: At the start of the performance year the Board determines the MD & CEO individual deliverables. These individual deliverables are based on the Aurizon strategy of continuing to optimise, excel and extend the business. Relevant measures are subsequently cascaded to the Group Executives and the organisation. During FY2024 key deliverables included: › Deliver efficiency through continued transformation and advancement of people and safety plans › Targeted capital investment and portfolio changes that support decarbonisation trajectory and optimise fleet composition › Ongoing execution of Aurizon's Climate Strategy and Action Plan › Progress growth initiatives in Bulk, Containerised Freight and other non-coal growth execution	30%	30%	Individual performance targets vary for each specific role	Individual outcomes for MD & CEO and Executive KMP were between Threshold and Target
TOTAL OUTCOME	100%	100%		Coal MD & CEO, CFO, Network & Bulk

1 Company performance hurdles relate to continuing operations

Stretch · Between Target & Stretch · Target · Between Threshold & Target · Threshold · Below Threshold

TABLE 7 — SHORT TERM INCENTIVE AWARDED IN FINANCIAL YEAR 2024

NAME	TARGET STIA $'000	MAXIMUM POTENTIAL STIA $'000	AWARDED FY2024 $'000: STIA CASH COMPONENT	AWARDED FY2024 $'000: STIA DEFERRED SHARE COMPONENT[1]	AWARDED FY2024 $'000: TOTAL STIA PAYMENT	% OF TARGET STIA	% OF MAXIMUM STIA	% OF MAXIMUM STIA FORFEITED
EXECUTIVE KMP								
A Harding	1,836	2,754	994	662	1,656	90	60	40
P Bains	643	964	331	220	551	86	57	43
A Dartnell	503	754	193	129	322	64	43	57
G Lippiatt	624	936	338	225	563	90	60	40
E McKeiver	570	856	349	232	581	102	68	32

1 A portion (40%) of the STIA awarded in the form of rights to shares, which vest on the first anniversary of payment of the cash component subject to Board's ability to 'claw-back'.

Directors' Report (continued)
REMUNERATION REPORT

7. Long Term Incentive Award

What is the LTIA and who participates?

The LTIA is the component of Total Potential Remuneration linked to providing long-term incentives for selected Executives whom the Board has identified as being able to contribute directly to the generation of long-term shareholder returns. This includes the MD & CEO, Executive KMP, the remaining Group Executives and a number of other management employees.

What is the amount that Executives can earn through an LTIA?

The maximum potential remuneration (expressed as a percentage of Fixed Remuneration) available through the LTIA is 150% in the case of the MD & CEO and 112.5% for the remaining Executive KMP.

What is the performance period?

The company hurdles for the LTIA are measured over a four-year period. Retesting does not form part of any award.

What are the performance hurdles?

The 2020 Award has two performance hurdles: Relative Total Shareholder Return and Average Return on Invested Capital. From the 2021 Award a Strategic Transformation measure was introduced to reflect the growing aspirations of the Bulk business and other non-Coal investments as outlined in Table 9.

How is the LTIA determined?

The number of performance rights issued under the LTIA to each Executive is calculated by dividing their respective LTIA potential remuneration (expressed as a percentage of Fixed Remuneration) by the five-day Volume Weighted Average Price (VWAP) of Aurizon shares at the time of their award.

Each performance right is a right to receive one share in Aurizon upon vesting.

The number of performance rights that vest is determined by performance outcomes compared against predetermined company hurdles as described in Table 8 and Table 9.

What happens when performance rights vest?

Performance rights awarded under the LTIA vest subject to the satisfaction of company hurdles. Rights vest and the resulting shares are transferred to the Executive at no cost to the Executive. Value of the award will be subject to movements in the Aurizon share price over the performance period, aligning Executive outcomes and shareholder experience.

Company performance and vesting outcomes for the 2020 LTIA is identified in Table 8. Aurizon's performance resulted in no component of this Award vesting.

TABLE 8 — COMPANY PERFORMANCE AGAINST LONG TERM INCENTIVE AWARDS SUBJECT TO TESTING IN FINANCIAL YEAR 2024

COMPANY HURDLE AND PERFORMANCE MEASUREMENT PERIOD		WEIGHTING	RESULT		% VESTED	% LAPSED
2020 AWARD: 01 JULY 2020 — 30 JUNE 2024						
Relative TSR: against peer group within ASX100 Index	30% of rights vest at the 50th percentile, 75% at the 62.5th percentile up to 100% at the 75th percentile	50%	Below 50th Percentile	● (Below Minimum)	0%	100%
ROIC: average annual ROIC FY2021 – FY2024	50% of rights vest with an average ROIC of 9.5%, up to 100% at 10.5%	50%	9.4%	● (Below Minimum)	0%	100%

● Maximum ● Between Minimum and Maximum ● Minimum ● Below Minimum

TABLE 9 — LONG TERM INCENTIVE AWARD PERFORMANCE OVERVIEW AND HURDLES FOR FUTURE AWARDS

DEFINITION	VESTING THRESHOLDS

RELATIVE TOTAL SHAREHOLDER RETURN

Measures the growth in share price plus cash distributions notionally reinvested in shares and is:

- conditional on Aurizon's TSR performance relative to a peer group of companies in the ASX 100 index that are broadly comparable to Aurizon (i.e. with which Aurizon competes for capital and/or capability, specifically companies in the industrials, energy, materials, real estate and utilities Industry Sectors (approximately 50))
- determined by reference to a VWAP over a period to smooth any short-term 'peaks' or 'troughs'
- verified by an independent expert.

Vesting Thresholds are consistent across all outstanding Awards

	WEIGHTING	MINIMUM VESTING		MAXIMUM VESTING
Outstanding				
2021 Award	25%	30% of Rights vest at the 50th percentile	75% of Rights vest at the 62.5th percentile	100% of Rights vest at the 75th percentile
2022 Award	25%			
2023 Award	25%			
Future				
2024 Award	25%			

All rights will vest pro-rata on a straight-line basis between the minimum and maximum vesting points

RETURN ON INVESTED CAPITAL

For the purposes of LTIA, ROIC is underlying EBIT divided by Invested Capital and will be calculated on the same basis as published ROIC with the following exceptions:

- adjusted, for Invested Capital, to exclude major (infrastructure investments with an approved budget capital expenditure over $250m) assets under construction until these investments are planned to generate income, subject to Board discretion (for example, in the case of a delay judged to be outside the control of management and not able to be foreseen or mitigated)
- adjusted (add-back depreciation charge and invested capital) to reflect asset impairments which occur during the performance period, excluding asset impairments driven by continued efficiency and productivity improvements.

Vesting Thresholds are consistent across all outstanding Awards

	WEIGHTING	MINIMUM VESTING	MAXIMUM VESTING
Outstanding			
2021 Award	50%	50% of Rights vest with an average ROIC of 9.5%	100% of Rights vest with an average ROIC of 10.5%
2022 Award	50%		
2023 Award	50%		
Future			
2024 Award	50%		

All rights will vest pro-rata on a straight-line basis between the minimum and maximum vesting points

STRATEGIC TRANSFORMATION

Measures the growth aspirations of the Bulk business and other non-Coal investments.

Aligns with the long-term strategic direction to more than double the size of the Bulk and Containerised Freight business by FY2030 by expanding across the bulk commodities supply chain.

- For the 2021 Award, determined by reference to non-coal gross revenue growth over the performance period.
- For the 2022 Award, determined by reference to Non-Coal Underlying EBITDA growth over the performance period. The 2022 Award baseline reflects combined Underlying EBITDA for Bulk and One Rail Australia (excluding East Coast Rail).
- From the 2023 Award, determined by reference to Non-Coal Underlying EBITDA growth over the performance period. The baseline reflects Total Underlying Group EBITDA less Network and Coal EBITDA.

Vesting Thresholds vary across outstanding Awards

	WEIGHTING	MINIMUM VESTING	MAXIMUM VESTING
Outstanding			
2021 Award	25%	50% of Rights vest with non-coal gross revenue growth of 29%	100% of Rights vest with non-coal gross revenue growth of 43%
2022 Award	25%	50% of Rights vest with Non-Coal Underlying EBITDA growth of 45%	100% of Rights vest with Non-Coal Underlying EBITDA growth of 60%
2023 Award	25%	50% of Rights vest with Non-Coal Underlying EBITDA growth of 121%	100% of Rights vest with Non-Coal Underlying EBITDA growth of 146%
Future			
2024 Award	25%	50% of Rights vest with Non-Coal Underlying EBITDA growth of 131%	100% of Rights vest with Non-Coal Underlying EBITDA growth of 157%

All rights will vest pro-rata on a straight-line basis between the minimum and maximum vesting points

How does Aurizon utilise retention awards?

In some circumstances, as approved by the Board, Management may recommend using retention awards where the services of an individual are considered critical to Aurizon over the short-to-medium term and the existing remuneration arrangements are thought to be insufficient to retain those services. Retention awards may be time-based or project-based and are governed by stringent performance conditions, and may be cash-based or equity-based. During FY2024, no retention awards were issued to Executive KMP and 127,681 performance rights were issued across a number of other employees. Further information is available in Note 27 of the Financial Report (Page 99).

8. Executive Employment Agreements

Executive Employment Agreements

Remuneration and other terms of employment for the MD & CEO and Executive KMP are formalised in an Employment Agreement as summarised in Table 10.

Minimum shareholding and retention policy

To align KMP and Group Executives with shareholders, the Company requires:

- Non-Executive Directors to accumulate and maintain one year's Total Directors' fees (consisting of Directors' fee plus applicable Committee fee/s) of shares in the Company
- the MD & CEO to accumulate and maintain one year's Fixed Remuneration of shares in the Company
- the remaining Executive KMP and Group Executives to accumulate and maintain 50% of one year's Fixed Remuneration of shares in the Company.

This is to be achieved within six years of the date of their appointment. This will be calculated with reference to the Total Directors' fees and Executives' Fixed Remuneration during the period divided by the number of years.

Details of KMP shareholdings as at 30 June 2024 are set out in Table 11.

Hedging and margin lending policies

Aurizon has in place a policy that prohibits Executives from hedging economic exposure to unvested rights that have been issued pursuant to a Company employee share plan. The policy also prohibits margin loan arrangements for the purpose of purchasing Aurizon shares. Adherence to this policy is monitored regularly and involves each Executive signing an annual declaration of compliance with the policy.

TABLE 10 — EMPLOYMENT AGREEMENTS

NAME	DURATION OF EMPLOYMENT AGREEMENT	FIXED REMUNERATION AT END OF FINANCIAL YEAR 2024[1]	NOTICE PERIOD[2] BY EXECUTIVE	NOTICE PERIOD[2] BY COMPANY[3]
EXECUTIVE KMP				
A Harding	Ongoing	1,836,000	6 months	12 months
P Bains	Ongoing	857,000	3 months	6 months
A Dartnell	Ongoing	670,000	3 months	6 months
G Lippiatt	Ongoing	832,000	3 months	6 months
E McKeiver	Ongoing	760,600	3 months	6 months

1 Fixed remuneration includes a superannuation component.
2 Post employment restraints in any competitor business in Australia are aligned to the notice period.
3 Any termination payment will be subject to compliance with the *Corporations Act 2001* and will not exceed 12 months (unless approved by shareholders).

TABLE 11 — KMP SHAREHOLDINGS AS AT 30 JUNE 2024

NAME	BALANCE AT THE START OF THE YEAR	RECEIVED DURING THE YEAR ON VESTING	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR	% OF FIXED REMUNERATION[1]
NON-EXECUTIVE DIRECTORS					
T Poole[2]	250,500	–	–	250,500	187%
M Bastos[2]	65,947	–	–	65,947	107%
R Caplan[2]	82,132	–	–	82,132	144%
T Longstaff	–	–	27,500	27,500	44%
S Ryan	63,000	–	–	63,000	111%
L Strambi	62,362	–	–	62,362	100%
S Tough[3]	–	–	–	–	0%
EXECUTIVE KMP					
A Harding[2]	2,162,262	351,664	–	2,513,926	500%
P Bains[2]	354,841	134,505	(50,000)	439,346	187%
A Dartnell	24,570	14,048	–	38,618	21%
G Lippiatt	168,944	90,097	–	259,041	114%
E McKeiver[2]	146,243	113,241	(144,000)	115,484	55%
FORMER NON-EXECUTIVE DIRECTOR					
S Lewis[4]	63,025	–	–	63,025	–

1 Assumes Total Directors' Fees and Fixed Remuneration as at 30 June 2024 and the calculation assumes a share price of $3.65.
2 KMP required to meet the minimum shareholding requirement due to length of service in a KMP role being longer than six years.
3 S Tough commenced on 1 September 2023.
4 S Lewis retired on 12 October 2023. Closing balance is shown as at this date.

9. Non-Executive Director remuneration

Fees for Non-Executive Directors are set at a level to attract and retain Directors with the necessary skills and experience to allow the Board to have a proper understanding of, and competence to deal with, current and emerging issues for Aurizon.

Remuneration for Non-Executive Directors is reviewed by the Committee and set by the Board, taking into account external benchmarking. Fees and payments to Non-Executive Directors are reviewed annually by the Board and reflect the demands which are made on, and the responsibilities of, the Directors.

The Chairman's fees are determined independently to the fees of Non-Executive Directors, based on comparative roles in the external market. The Chairman does not participate in any discussions relating to the determination of his own remuneration.

Fee structure

The current annual base fees for the Non-Executive Directors are set out in Table 12.

The Chairman's fee is inclusive of fees for Committee memberships.

In addition, to the base Directors' fee, the other Non-Executive Directors receive the applicable fee component for chairperson and/or membership responsibilities. These Committee fees are set out in Table 13.

The base Directors' fee and Committees fees include both cash and any contributions to a fund for the purposes of superannuation benefits.

There are no other retirement benefits in place for Non-Executive Directors. Non-Executive Directors do not receive a performance pay.

The actual remuneration outcomes for the Non-Executive Directors of the Company are summarised in Table 14. Details of the Non-Executive Director membership are disclosed on Page 8.

What are the aggregate fees approved by shareholders?

The aggregate fees are $2.5 million. The cap does not include remuneration for performing additional or special duties for Aurizon at the request of the Board or reasonable travelling, accommodation and other expenses of Directors in attending meetings and carrying out their duties.

TABLE 12 — DIRECTORS' FEES

DIRECTORS	TERM	FEES
Chairman	Directors' fees (inclusive of all responsibilities and superannuation)	$490,000
Other Non-Executive Directors	Directors' fees (inclusive of superannuation)	$170,000

TABLE 13 — COMMITTEE FEES

	NETWORK BOARD	AUDIT AND RISK COMMITTEE	REMUNERATION AND PEOPLE COMMITTEE	SAFETY, HEALTH & ENVIRONMENT COMMITTEE
Chairperson	$40,000	$40,000	$35,000	$35,000
Member	$20,000	$20,000	$17,500	$17,500

TABLE 14 — NON-EXECUTIVE DIRECTORS' REMUNERATION

		SHORT-TERM EMPLOYEE BENEFITS		POST-EMPLOYMENT BENEFITS	
NAME	YEAR	SALARY AND FEES[1] $'000	NON-MONETARY BENEFITS[2] $'000	SUPERANNUATION $'000	TOTAL REMUNERATION $'000
NON-EXECUTIVE DIRECTORS					
T Poole	**2024**	**463**	**–**	**27**	**490**
	2023	465	–	25	490
M Bastos	**2024**	**203**	**–**	**22**	**225**
	2023	204	–	21	225
R Caplan	**2024**	**187**	**–**	**21**	**208**
	2023	208	–	–	208
T Longstaff[3]	**2024**	**213**	**–**	**11**	**224**
	2023	9	–	1	10
S Ryan	**2024**	**208**	**–**	**–**	**208**
	2023	228	–	–	228
L Strambi	**2024**	**205**	**–**	**23**	**228**
	2023	206	–	22	228
S Tough[4]	**2024**	**146**	**–**	**16**	**162**
	2023	–	–	–	–
FORMER NON-EXECUTIVE DIRECTORS					
K Vidgen[5]	**2024**	**–**	**–**	**–**	**–**
	2023	194	–	20	214
S Lewis[6]	**2024**	**66**	**7**	**8**	**81**
	2023	243	–	25	268
Total	**2024**	**1,691**	**7**	**128**	**1,826**
	2023	1,757	–	114	1,871

1 Salary and fees include any salary sacrificed benefits.
2 Non-monetary benefits represent the value of Reportable Fringe Benefits for the respective FBT year ending 31 March.
3 T Longstaff commenced on 1 June 2023
4 S Tough commenced 1 September 2023.
5 K Vidgen retired on 31 May 2023.
6 S Lewis retired on 12 October 2023.

10. Executive Remuneration for Financial Year 2024

The table below details the number and value of movements in equity awards during FY2024[1].

TABLE 15 — RIGHTS GRANTED AS COMPENSATION

NAME	INCENTIVE PLAN	BALANCE AT BEGINNING OF YEAR	RIGHTS GRANTED DURING THE YEAR[2]	VALUE OF RIGHTS GRANTED IN YEAR	VESTED IN YEAR	VESTED IN YEAR	FORFEITED IN YEAR	FORFEITED IN YEAR
		NO.	NO.	$'000	%	NO.	NO.	%
EXECUTIVE KMP								
A Harding	2019[3]	347,454			35	(121,609)	(225,845)	65
	2020[4]	556,263						
	2021	654,613						
	2022 DSTIA[5]	230,055			100	(230,055)		
	2022	694,087						
	2023 DSTIA[6]	–	105,794	380				
	2023	–	750,409	1,902				
P Bains	2019[3]	149,494			35	(52,323)	(97,171)	65
	2020[4]	191,469						
	2021	224,439						
	2022 DSTIA[5]	82,182			100	(82,182)		
	2022	238,303						
	2023 DSTIA[6]	–	67,343	242				
	2023	–	262,704	666				
A Dartnell	2019[3]	40,135			35	(14,048)	(26,087)	65
	2020[4]	51,404						
	2021	61,097						
	2022	65,799						
	2023 DSTIA[6]	–	4,031	14				
	2023	–	205,381	521				
G Lippiatt	2019[3]	48,799			35	(17,080)	(31,719)	65
	2020[4]	170,086						
	2021	210,411						
	2022 DSTIA[5]	73,017			100	(73,017)		
	2022	231,362						
	2023 DSTIA[6]	–	33,760	121				
	2023	–	255,041	647				
E McKeiver	2019[3]	129,574			35	(45,351)	(84,223)	65
	2020[4]	165,956						
	2021	199,190						
	2022 DSTIA[5]	67,890			100	(67,890)		
	2022	211,494						
	2023 DSTIA[6]	–	27,653	99				
	2023	–	233,154	591				

1 Each equity instrument granted, vested or exercised (as applicable) were issued by Aurizon and resulted or will result in a right to receive one ordinary share in Aurizon being provided.
2 The number of performance rights awarded, as described in Section 7, is a function of the market price (5-day VWAP) at the time of the award, that is, 'face value'. For remuneration purposes, Aurizon does not use fair value to determine DSTI and LTI Awards.
3 Details of the vesting outcomes are described in Table 8 in the FY2023 Remuneration Report.
4 Aurizon's performance resulted in no component of this Award vesting. These rights will lapse in October 2024. Details of vesting outcomes are described in Table 8.
5 Deferred STIA component as described in Section 3 and Section 6 of this report and Table 7 in the FY2022 Remuneration Report.
6 Deferred STIA component as described in Section 3 and Section 6 of this report and Table 7 in the FY2023 Remuneration Report.

VALUE OF RIGHTS FORFEITED IN YEAR $'000	BALANCE AT END OF YEAR NO.	WEIGHTED FAIR VALUE PER RIGHT AT GRANT DATE $	GRANT DATE	DATE ON WHICH GRANT VESTS	EXPIRY DATE
791	–	3.95	17-Oct-19	17-Oct-23	31-Dec-23
	556,263	2.51	14-Oct-20	14-Oct-24	31-Dec-24
	654,613	2.72	13-Oct-21	13-Oct-25	31-Dec-25
	–	3.63	26-Sep-22	26-Sep-23	31-Dec-23
	694,087	2.43	14-Oct-22	14-Oct-26	31-Dec-26
	105,794	3.59	27-Sep-23	27-Sep-24	31-Dec-24
	750,409	2.54	13-Oct-23	13-Oct-27	31-Dec-27
340	–	3.95	17-Oct-19	17-Oct-23	31-Dec-23
	191,469	2.51	14-Oct-20	14-Oct-24	31-Dec-24
	224,439	2.72	13-Oct-21	13-Oct-25	31-Dec-25
	–	3.63	26-Sep-22	26-Sep-23	31-Dec-23
	238,303	2.43	14-Oct-22	14-Oct-26	31-Dec-26
	67,343	3.59	27-Sep-23	27-Sep-24	31-Dec-24
	262,704	2.54	13-Oct-23	13-Oct-27	31-Dec-27
91	–	3.95	17-Oct-19	17-Oct-23	31-Dec-23
	51,404	2.51	14-Oct-20	14-Oct-24	31-Dec-24
	61,097	2.72	13-Oct-21	13-Oct-25	31-Dec-25
	65,799	2.43	14-Oct-22	14-Oct-26	31-Dec-26
	4,031	3.59	27-Sep-23	27-Sep-24	31-Dec-24
	205,381	2.54	13-Oct-23	13-Oct-27	31-Dec-27
111	–	3.95	17-Oct-19	17-Oct-23	31-Dec-23
	170,086	2.51	14-Oct-20	14-Oct-24	31-Dec-24
	210,411	2.72	13-Oct-21	13-Oct-25	31-Dec-25
	–	3.63	26-Sep-22	26-Sep-23	31-Dec-23
	231,362	2.43	14-Oct-22	14-Oct-26	31-Dec-26
	33,760	3.59	27-Sep-23	27-Sep-24	31-Dec-24
	255,041	2.54	13-Oct-23	13-Oct-27	31-Dec-27
295	–	3.95	17-Oct-19	17-Oct-23	31-Dec-23
	165,956	2.51	14-Oct-20	14-Oct-24	31-Dec-24
	199,190	2.72	13-Oct-21	13-Oct-25	31-Dec-25
	–	3.63	26-Sep-22	26-Sep-23	31-Dec-23
	211,494	2.43	14-Oct-22	14-Oct-26	31-Dec-26
	27,653	3.59	27-Sep-23	27-Sep-24	31-Dec-24
	233,154	2.53	13-Oct-23	13-Oct-27	31-Dec-27

Details of the remuneration paid to Executives are set out below and has been prepared in accordance with the accounting standards.

TABLE 16 — EXECUTIVE REMUNERATION

		SHORT-TERM EMPLOYEE BENEFITS					POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	EQUITY-SETTLED SHARE-BASED PAYMENTS				
NAME	YEAR	CASH SALARY AND FEES[1] $'000	CASH BONUS[2] $'000	ANNUAL LEAVE[3] $'000	NON-MONETARY BENEFITS[4] $'000	OTHER[5] $'000	SUPER-ANNUATION[5] $'000	LONG-SERVICE LEAVE $'000	RIGHTS[6] $'000	CONTRACTUAL TERMINATION BENEFITS $'000	TOTAL $'000	PROPORTION OF COMPENSATION PERFORMANCE RELATED[7] %	REMUNERATION CONSISTING OF RIGHTS FOR THE YEAR %
EXECUTIVE KMP		**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**	**I**	**J**	**K**	**L**
A Harding	**2024**	**1,809**	**994**	**30**	**–**	**–**	**27**	**80**	**1,306**	**–**	**4,246**	**54%**	**31%**
	2023	1,775	570	(18)	–	–	25	72	2,128	–	4,552	59%	47%
P Bains	**2024**	**829**	**331**	**3**	**–**	**–**	**29**	**32**	**538**	**–**	**1,762**	**49%**	**31%**
	2023	797	363	9	–	–	27	31	779	–	2,006	57%	39%
A Dartnell	**2024**	**643**	**193**	**(5)**	**–**	**–**	**27**	**20**	**174**	**–**	**1,052**	**35%**	**17%**
	2023	85	22	24	–	–	3	21	20	–	175	24%	11%
G Lippiatt	**2024**	**805**	**338**	**(70)**	**–**	**–**	**27**	**25**	**440**	**–**	**1,565**	**50%**	**28%**
	2023	775	182	55	–	–	25	31	659	–	1,727	49%	38%
E McKeiver	**2024**	**734**	**349**	**22**	**–**	**–**	**27**	**(19)**	**390**	**–**	**1,503**	**49%**	**26%**
	2023	706	149	4	–	–	25	16	634	–	1,534	51%	41%
FORMER EXECUTIVE KMP													
C McDonald[8]	**2024**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2023	706	–	(29)	–	–	25	21	487	–	1,210	40%	40%
Total Executive KMP compensation (group)	**2024**	**4,820**	**2,205**	**(20)**	**–**	**–**	**137**	**138**	**2,848**	**–**	**10,128**	**50%**	**28%**
	2023	4,844	1,286	45	–	–	130	192	4,707	–	11,204	53%	42%

1 Cash salary and fees include any salary sacrifice benefits.
2 This amount relates to the cash component (60%) of the FY2024 STIA which will be paid in September 2024.
3 Annual leave represents annual leave accrued or utilised during the financial year and excludes periods of unpaid annual leave. Negative amounts represent the utilisation of annual leave.
4 Non-monetary benefits represent the value of Reportable Fringe Benefits for the respective FBT year ending 31 March.
5 Superannuation amounts represent employers' contribution to superannuation.
6 The accounting expense recognised in relation to rights granted in the year is the fair value independently calculated at grant date using an expected outcome model. This was consistent with the Monte-Carlo simulation conducted in the prior year and resulted in similar outcomes. This amount is progressively expensed over the vesting period. Refer to Note 27 for further details regarding the fair value of Rights. These values may not represent the future value that the Executive will receive, as the vesting of the Rights is subject to the achievement of performance conditions. This includes the cost of deferred short-term incentives and long-term incentives.
7 The short-term incentives (cash bonus), deferred short-term incentives and long-term incentives (equity settled share-based payments) represent the at-risk performance related remuneration.
8 Remuneration reflects the period 1 July 2022 to 1 May 2023, when C McDonald held the role of Group Executive Bulk.

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12 August 2024

Board of Directors
Aurizon Holdings Limited
900 Ann Street
Fortitude Valley, QLD, 4006
Australia

Dear Board Members

Auditor's Independence Declaration to Aurizon Holdings Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Board of Directors of Aurizon Holdings Limited.

As lead audit partner for the audit of the financial report of Aurizon Holdings Limited for the year ended 30 June 2024, 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

DELOITTE TOUCHE TOHMATSU

Matthew Donaldson
Partner
Chartered Accountants

Corporate Governance Statement

Aurizon Holdings Limited and the entities it controls (**Aurizon** or **Company**) believe corporate governance is a critical pillar on which business objectives and, in turn, shareholder value must be built.

The Board has adopted a suite of charters and key corporate governance documents that articulate the policies and procedures followed by Aurizon. These documents are available in the Governance section of the Company's website **aurizon.com.au**. These documents are reviewed periodically to address any changes in governance practices and the law.

This Statement explains how Aurizon complies with the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations — 4th Edition* (ASX Principles and Recommendations), and all the practices outlined in this Statement unless otherwise stated, have been in place for the full reporting period.

This Statement was adopted by the Board on 9 August 2024.

Principle 1: Lay solid foundations for management and oversight

RECOMMENDATION	AURIZON'S COMPLIANCE WITH RECOMMENDATIONS	
1.1 Role of Board and management which is set out in a Board Charter	The Board has established a clear distinction between the functions and responsibilities reserved for the Board and those delegated to management, which are set out in the Aurizon Board Charter (Charter). The Charter also provides an overview of the roles of the Chairman, individual Directors, the Managing Director & CEO and the Company Secretary. A copy of the Charter is available in the Governance section of the Company's website aurizon.com.au.	✓
1.2 Information regarding election and re-election of Director candidates and appropriate checks are undertaken on Director and senior executive appointments	Aurizon carefully considers the character, experience, education, skill set as well as interests and associations of potential candidates for appointment to the Board and conducts appropriate checks to verify the suitability of each candidate prior to their appointment. Aurizon has appropriate procedures in place to ensure material information relevant to a decision to elect or re-elect a Director is disclosed in the Notice of Meeting provided to shareholders. Aurizon also conducts checks in relation to character, experience, education, criminal records and bankruptcy history of each candidate before appointing a new Director or a senior executive (e.g. the Managing Director & CEO and their direct reports).	✓
1.3 Written agreements setting out terms of appointment	In addition to being set out in the Charter, the roles and responsibilities of Directors are also formalised in a letter of appointment entered into with each Director on their appointment. The letters of appointment specify the term of appointment, time commitment envisaged, expectations in relation to committee work and any other special duties attached to the position (if any), reporting lines, remuneration arrangements, disclosure obligations in relation to personal interests, confidentiality obligations, insurance and indemnity entitlements and details of the Company's key governance policies, such as the Securities Dealing Policy. A copy of the Company's key governance policies can be found on the Company's website aurizon.com.au. Each senior executive enters into a service contract which sets out the material terms of employment, including a description of the senior executive's position and duties, reporting lines, remuneration arrangements, termination rights and entitlements. The details and experience of each senior executive (known as the Executive Committee) are listed in the Leadership section of the Company's website aurizon.com.au. The material terms of the appointment of those senior executives who are Key Management Personnel can be found on Page 38 of the Annual Report.	✓
1.4 Company Secretary	Each Company Secretary is directly accountable to the Board, through the Chairman, for facilitating and advising on the Company's corporate governance processes and on all matters to do with the proper functioning of the Board. Each Director is entitled to access the advice and services of each Company Secretary. The Charter also sets out the responsibilities of the Company Secretary. In accordance with the Company's Constitution and Charter, the appointment or removal of a Company Secretary is a matter for the Board as a whole. Details of each Company Secretary's experience and qualifications are set out on Page 6 of the Annual Report.	✓

Principle 1: Lay solid foundations for management and oversight (continued)

RECOMMENDATION	AURIZON'S COMPLIANCE WITH RECOMMENDATIONS	
1.5 Diversity	Aurizon has had a Diversity and Inclusion Policy since 2011 which is reviewed periodically, and which sets out its objectives including its stated values and reporting practices with respect to inclusion and diversity. It is available in the Governance section of the Company's website aurizon.com.au. The Board and management remain committed to increasing female representation at all levels within the Company. The measurable objectives and outcomes for diversity, agreed by the Board for FY2024, are set out below:	✓

ENTERPRISE MEASURES	FY2024 TARGET	FY2024 ACTUAL
Gender representation on the Board	Minimum 30% (each gender)	25% women/75% men
Representation of women in senior executive roles (being the Group Executives)	30%	50%
Representation of women in the workforce	24%	23%
Representation of Aboriginal and Torres Strait Islander people in Aurizon	7%	7%

Note: This reflects the position at 30 June 2024.

In compliance with the *Workplace Gender Equality Act 2012*, Aurizon submitted its annual compliance reports to the Workplace Gender Equality Agency in 2023. Aurizon's most recent Gender Equality Indicators (as defined in the *Workplace Gender Equality Act 2012*) are available on the Workplace Gender Equality Agency website **www.wgea.gov.au**.

Further details on the Company's inclusion and diversity performance and activities can be found on the Company website aurizon.com.au, including within Aurizon's Sustainability Report.

RECOMMENDATION	AURIZON'S COMPLIANCE WITH RECOMMENDATIONS	
1.6 Board reviews	A performance review is undertaken annually in relation to the Board and the Board Committees. Periodically the Board reviews the individual performance of the Directors (including the Chairman) and engages a professional independent consultant experienced in Board reviews to conduct a review of the Board and its Committees, and the effectiveness of the Board as a whole. In relation to FY2024, an external independent consultant was engaged to undertake a comprehensive review of both the collective and individual performance of the Board, its Committees and individual Directors including the Chairman.	✓
1.7 Management reviews	Each year the Board sets financial, operational, management and individual targets for the Managing Director & CEO. The Managing Director & CEO (in consultation with the Board) in turn sets targets for senior executives. Performance against these targets is assessed periodically throughout the year and a formal performance evaluation for senior executives is completed for the year-end. The Company's Remuneration and People Committee reviews the remuneration and performance management frameworks during the year. In addition, the Managing Director & CEO and each senior executive presents to the Board on the status of, progress made towards and their performance against their set key deliverables. A performance evaluation as described was undertaken for all senior executives in FY2024. In respect of the Managing Director & CEO, the evaluation was led by the Chairman and discussed with the Remuneration and People Committee.	✓

Corporate Governance Statement
(continued)

Principle 2: Structure the Board to be effective and add value

RECOMMENDATION	AURIZON'S COMPLIANCE WITH RECOMMENDATIONS	
2.1 Nominations Committee	The Nomination & Succession Committee comprises four members (including the Chairman), all of whom are Independent Non-Executive Directors. Details of the membership of the Nomination & Succession Committee, including the names and qualifications of the Committee members, are set out on Pages 4–5 of the Annual Report. The number of meetings held and attended by each member of the Nomination & Succession Committee during the financial year are set out on Page 8 of the Annual Report. The Nomination & Succession Committee assists the Board by facilitating and making recommendations on matters of Board composition, succession planning, the appointment and recruitment of Directors, together with the ongoing implementation of professional development programs as well as the Board review processes. During FY2024, the Nomination & Succession Committee assisted the Board in, among other things, reviewing the appropriate mix of skills, competencies and experience of its members, and assisted with the identification and recruitment of new Directors. The Charter governing the conduct of the Nomination & Succession Committee is reviewed annually and is available in the Governance section of the Company's website aurizon.com.au. Aurizon also has in place a policy on the election and appointment of Non-Executive Directors, which is reviewed annually.	✓
2.2 Board skills	During the reporting period, the Board reviewed and updated its Board Skills Matrix to set out the diverse mix of skills and experience considered optimal for the Board. The Board considers that Directors have an appropriate range of skills, knowledge and experience necessary to direct the Company. Detail regarding the Board Skills Matrix, and the skills and experience of each Director and the Board collectively is included on Pages 4—7 of the Annual Report.	✓
2.3 Disclose independence and length of service	Details regarding which Directors are considered independent and the length of their service are set out on Page 4 of the Annual Report. During FY2024, Mr Caplan has served as a Director of Aurizon for over 14 years. The Board remains satisfied that the interests of security holders are well served as Mr Caplan continues to bring independent judgement and deep operational understanding of the Company to bear on issues before the Board. During FY2024, Mr Bastos has been a Director of Anglo America PLC, a long-term customer of the Company. The Board remains satisfied that Mr Bastos continues to bring an impartial mind and judgement to his role as Director. Only the Managing Director & CEO is not considered independent, by virtue of the role being an Executive of the Company.	✓
2.4 Majority of Directors independent	In accordance with the Charter, the majority of Directors are considered to be independent and Directors abstain from participating in discussion or voting on matters in which they have a material personal interest. Details regarding which Directors are considered independent and the length of their service are set out on Page 4 of the Annual Report and in response to Recommendation 2.3 above.	✓
2.5 Chair independent	The role of Chairman is performed by Tim Poole, who in an Independent Non-Executive Director. The role of Managing Director & CEO is performed by Andrew Harding, who is an Executive Director. Further details regarding the Directors are set out on Pages 4–5 of the Annual Report.	✓
2.6 Induction and professional development	An induction process including appointment letters and ongoing education exists to promote early, active and relevant involvement of new and existing members of the Board. In addition to peer review, interaction and networking with other Directors and industry leaders, Directors participate, from time to time, in Aurizon leadership forums and actively engage with Aurizon employees by visiting operational sites to gain an understanding of the Company's operating environment. During the year, Directors receive accounting policy updates, especially around the time the Board considers the half-year and full-year financial statements. The Board also receives briefings periodically on relevant matters including legal, accounting, regulatory and technology developments. Directors are encouraged and given the opportunity to broaden their knowledge of the business by visiting offices and sites in different locations. During the financial year, Directors made visits to operational sites across the Bulk, Coal, Containerised Freight and Network businesses in Queensland, New South Wales, South Australia, Western Australia and Northern Territory.	✓

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Principle 3: Instil a culture of acting lawfully, ethically and responsibly

RECOMMENDATION	AURIZON'S COMPLIANCE WITH RECOMMENDATIONS	
3.1 The values of the Company are articulated and disclosed	The Company has a clear set of core values. These core values are Safety, People, Integrity, Customer and Excellence. A description of these values is set out in the Company's Code of Conduct and the Company's Annual Report. The Company's values, their articulation and their acknowledgement are embedded in all meetings of the Board, Board Committees and the Managing Director & CEO's Executive meetings, and form part of the performance and remuneration framework of the Company.	✓
3.2 Code of Conduct	The Board has a Code of Conduct for its Directors, senior executives and employees, a copy of which is available in the Governance section of the Company's website aurizon.com.au. The Company's Code of Conduct forms part of the induction of Directors as well as new employees. The code is reviewed periodically by the Board. The Board is informed of any material breaches of the code either through the whistleblower reports or the governance reports that are presented from time to time to the Company's Audit, Governance & Risk Management Committee.	✓
3.3 Whistleblower Policy	The Company has a Whistleblower Policy which supports the Company's values and Code of Conduct. The policy outlines how employees, contractors and suppliers can report concerns of improper conduct connected to Aurizon and is available to view in the Governance section at www.aurizon.com.au. The Head of Risk and Assurance coordinates or manages the investigation process for any matters reported under the policy. The Board, through the Audit, Governance & Risk Management Committee, receives regular reporting and reviews the progress and outcomes of investigations of all matters reported under the policy.	✓
3.4 Anti-Bribery and Anti-Corruption Policy	The Company has a firm commitment to conducting its business operations lawfully, ethically and fairly and has an Anti-Bribery and Anti-Corruption Policy which supports the Company's values. The policy is available to view in the Governance section at www.aurizon.com.au. Breaches of the policy are required to be reported to the Head of Risk and Assurance. The Board, through the Audit, Governance & Risk Management Committee reviews the progress and outcomes of investigations for any matters reported under this policy.	✓

Principle 4: Safeguard the integrity of corporate reports

RECOMMENDATION	AURIZON'S COMPLIANCE WITH RECOMMENDATIONS	
4.1 Audit Committee	The Audit, Governance & Risk Management Committee comprises four members, all of whom are Independent Non-Executive Directors. Details of the membership of the Audit, Governance & Risk Management Committee, including the names and qualifications of the Committee members, are set out on Pages 4–5 of the Annual Report. In addition to the Audit, Governance & Risk Management Committee members, the Managing Director & CEO, CFO, Head of Risk & Assurance, external auditors and each Company Secretary attend the Audit, Governance & Risk Management Committee meetings. The number of meetings held and attended by each member of the Audit, Governance & Risk Management Committee during the financial year are set out on Page 8 of the Annual Report. The Audit, Governance & Risk Management Committee reviews and makes recommendations to the Board on matters including the Company's financial and governance reporting processes, the governance and risk policies and frameworks of the Company, the internal and external audit functions, risk and control culture and the control environment. The Audit, Governance & Risk Management Committee Charter is reviewed annually and is available on the Company's website aurizon.com.au. Among other things, the Audit, Governance & Risk Management Committee reviews the processes that validate the Directors' Report and the Annual Report. The Board, as a whole, has oversight of other corporate reporting, such as investor presentations prepared for full-year and half-year results briefings or at other times.	✓
4.2 CEO and CFO certification of financial statements	The Board has obtained a written assurance from the Managing Director & CEO and CFO that the declaration provided under Section 295A of the *Corporations Act 2001* (and for the purposes of Recommendation 4.2) is founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to financial reporting and material business risks.	✓

Corporate Governance Statement (continued)

Principle 4: Safeguard the integrity of corporate reports (continued)

RECOMMENDATION	AURIZON'S COMPLIANCE WITH RECOMMENDATIONS	
4.3 Disclose processes to verify the integrity of periodic corporate reports released to the market	The periodic corporate reports, being the half-year and full-year financial statements, including the Company's Annual Report, are underpinned by a certification process whereby each Group Executive and finance partner for each Business Unit responds to set questionnaires and signs a certification. This process provides verification and sign off for the Managing Director & CEO and CFO, followed by a signed representation letter to the external auditors and a signed declaration to the Board that supports that the accounts provide a true and fair view, that there is integrity in the statements, and that the financial statements comply with the *Corporations Act 2001* and relevant Accounting standards. The certification process is reviewed annually with the view that it remains current having regard to any changes in the *Corporations Act 2001*, accounting standards or governance. For other types of periodic corporate reports (including the annual Directors' Report and the Annual Results Presentation), the Company conducts an internal review and verification process to ensure that such reports are materially accurate, balanced and provide investors with appropriate information. Where applicable, the relevant reports will be approved in accordance with the Company's Disclosure and Communication Policy. The annual Sustainability Report draws upon information that is substantiated by respective Business Units through existing verification processes as described above, and undergoes an internal review process. In addition, Aurizon's greenhouse gas emissions data (Scope 1, 2 and 3) provided in the Sustainability Report also undergoes an external, independent assurance process. A statement of limited assurance is provided in the annual Sustainability Report.	✓

Principle 5: Make timely and balanced disclosure

RECOMMENDATION	AURIZON'S COMPLIANCE WITH RECOMMENDATIONS	
5.1 Disclosure and Communications Policy	Aurizon has a Disclosure & Communications Policy which sets out the processes and practices to ensure compliance with the continuous disclosure requirements under the ASX Listing Rules and the *Corporations Act 2001*. Aurizon has guidelines to assist officers and employees of the Company comply with the Company's Disclosure & Communications Policy. A copy of the policy is available on the Company's website aurizon.com.au.	✓
5.2 Material Market Announcements	The Board receives a copy of all announcements under Listing Rule 3.1 immediately prior to those announcements being made to the ASX (noting that the Board may not approve or authorise all announcements made to the ASX).	✓
5.3 New and substantive investor or analyst presentation materials to be released to the ASX ahead of the presentation	Aurizon releases new and substantive presentations to the ASX prior to them being presented. This will typically occur at the half-year and full-year results briefings, prior to the Annual General Meeting and when an investor day is held. Where practicable, shareholders are provided with the opportunity to participate in such presentations, for example by providing dial-in details.	✓

Principle 6: Respect the rights of security holders

RECOMMENDATION	AURIZON'S COMPLIANCE WITH RECOMMENDATIONS	
6.1 Information on website	Aurizon keeps investors informed of its corporate governance, financial performance and prospects via announcements to the ASX and the Company's website. Investors can access copies of all announcements to the ASX, notices of meetings, annual reports, investor presentations, webcasts and/or transcripts of those presentations and a key event calendar via the 'Investors' tab. Investors can access general information regarding the Company and the structure of its business under the 'Company', 'What we do' and 'Sustainability' tabs.	✓
6.2 Investor relations programs	Aurizon conducts regular market briefings including in relation to its half-year and full-year results announcements, holds investor days and site visits, and attends regional and industry-specific conferences in order to facilitate effective two-way communication with investors and other financial markets participants. Access to senior executives and operational management is provided to investors and analysts at these events, with separate one-on-one or group meetings offered whenever possible. The presentation material provided at these events is sent to the ASX prior to commencement and subsequently posted on the 'Investors' tab on the Company's website, including the webcast and transcript if applicable.	✓
6.3 Facilitate and encourage participation at meetings of security holders	Aurizon uses technology to facilitate the participation of security holders in meetings including webcasting of the Annual General Meeting (AGM). In 2024, the Company will host a hybrid AGM in Brisbane, Queensland giving security holders (or their proxies or representatives) the opportunity to attend, comment and ask questions, and vote either online or in person.	✓
6.4 Resolutions decided by Poll	Shareholders are encouraged to participate and are given an opportunity to ask questions of the Company and its auditor at the AGM. All resolutions put to shareholders at the Company's AGM are determined by Poll.	✓
6.5 Option to receive communications electronically	Aurizon provides shareholders the option to receive communications from, and send communications to, the Company and the share registry electronically.	✓

Principle 7: Recognise and manage risk

RECOMMENDATION	AURIZON'S COMPLIANCE WITH RECOMMENDATIONS	
7.1 Risk Committee	Aurizon's Audit, Governance & Risk Management Committee oversees the process for identifying and managing material risks faced by the Company in accordance with the Aurizon Enterprise Risk Management Framework and Appetite, and undertakes the functions of a risk committee as set out in the ASX Principles and Recommendations. Further details regarding the Committee, its membership, charter and the number of meetings held during the financial year and attendance at those meetings, are set out in response to Recommendation 4.1 and on Page 8 of the Annual Report.	✓
7.2 Annual risk review	The Board reviews Aurizon's Enterprise Risk Management Framework and Appetite at least annually to approve updates, where required. In FY2024 the Board considered, reviewed and approved minor changes to the Enterprise Risk Management Framework and Appetite. The Audit, Governance & Risk Management Committee also monitors management's performance against the Enterprise Risk Management Framework and Appetite, including whether it is operating within the risk appetite set by the Board. The Executive Committee regularly reviews and updates the enterprise risk profile to satisfy itself that Aurizon is operating with due regard to the risk appetite set by the Board. The Company's Risk and Assurance Function is responsible for providing oversight of the Enterprise Risk Management Framework and Appetite and assurance on the management of significant risks to the Managing Director & CEO and the Board.	✓
7.3 Internal audit	The Company has an Assurance (internal audit) function that operates under a Board-approved Internal Audit Charter. The Assurance function is independent of management and the external auditor and is overseen by the Audit, Governance & Risk Management Committee. In accordance with the Committee Charter, the Committee's role includes making recommendations to the Board in relation to the appointment or removal of the Head of Risk & Assurance. The Head of Risk & Assurance provides ongoing Assurance reports to the Audit, Governance & Risk Management Committee, as well as an annual assessment of the adequacy and effectiveness of the Company's control processes and risk management procedures.	✓
7.4 Sustainability risks	Aurizon discloses material exposures to environmental, social and governance (ESG) risks and associated risk management strategies through our annual Sustainability Report. During FY2024, the Company published its tenth Sustainability Report. A copy of this report is available in the Sustainability section of the Company's website aurizon.com.au. Aurizon's 2024 Sustainability Report will be published in October 2024. This will be the eighth reporting period in which Aurizon incorporates recommendations from the Financial Stability Board's (FSB) Final Report: Recommendation of the Task Force on Climate-related Financial Disclosures (TCFD), released in June 2017. In FY2021, Aurizon published its inaugural Climate Strategy and Action Plan which consolidated Aurizon's position on climate change underpinned by long-term strategies, actions and targets to mitigate climate risk and leverage emerging opportunities. A copy of the Company's Climate Strategy and Action Plan is available in the Sustainability section of the Company's website. Aurizon commits to supporting and respecting the protection of internationally proclaimed human rights, as set out in the Universal Declaration of Human Rights. As outlined in our Human Rights Policy, Aurizon understands its responsibility to respect human rights and has committed to providing transparency on any risks that exist in the Company's operations and supply chain. In accordance with legislation, the Company publishes an annual Modern Slavery Statement, which describes the modern slavery risks associated with its business activities and actions taken to assess and address those risks. The Company's FY2024 statement will be its fifth statement. A copy of the Modern Slavery Statement is available in the Sustainability section of the Company's website.	✓

Corporate Governance Statement
(continued)

Principle 8: Remunerate fairly and responsibly

RECOMMENDATION	AURIZON'S COMPLIANCE WITH RECOMMENDATIONS	
8.1 Remuneration Committee	Aurizon's remuneration function is performed by the Remuneration and People Committee, comprising three members, all of whom are Independent Non-Executive Directors. Details of the membership of the Remuneration and People Committee, including the names and qualifications of the Committee members, are set out on Pages 4—5 of the Annual Report. The number of meetings held and attended by each member of the Remuneration and People Committee during the financial year are set out on Page 8 of the Annual Report. The Remuneration and People Committee makes recommendations to the Board on the remuneration policies and practices for Board members and senior executives (including the MD & CEO), as well as the Company's remuneration strategy and incentive programs, and the Company's people, diversity and inclusion policies and practices. During FY2024, the Remuneration and People Committee undertook its usual practices and activities in regard to remuneration and performance, and continued to have a focus on broader people-related priorities and initiatives. The Charter governing the conduct of the Remuneration and People Committee is reviewed annually and is available in the Governance section of the Company's website aurizon.com.au.	✓
8.2 Disclosure of Executive and Non-Executive Director remuneration policy	The Company seeks to attract and retain high-performing Directors and senior executives with appropriate skills, qualifications and experience to add value to the Company and fulfil the roles and responsibilities required. It reviews requirements for additional capabilities at least annually. Executive remuneration is to reflect performance and, accordingly, remuneration is structured with a fixed component and a performance-based component. Non-Executive Directors are paid fixed fees for their services in accordance with the Company's Constitution. The Chairman's fee is inclusive of fees for Committee membership and the other Non-Executive Directors are paid a fixed base fee plus Committee fees, as applicable. Further detail is set out in the Remuneration Report on Page 39. The Company has in place a Share Holding and Retention Policy which applies to Non-Executive Directors, the Managing Director & CEO and the direct reports of the Managing Director & CEO. Further details regarding remuneration and share retention policies, and the remuneration of senior executives and Non-Executive Directors, are set out on Pages 28—42 of the Annual Report. The Company also has in place a Related Party Transaction Policy. The policy and disclosures under that policy are reviewed annually by the Board. During the year, there were no agreements entered for the provision of consulting or similar services by a Director or senior executive, or by a related party of a Director or senior executive.	✓
8.3 Policy on hedging equity incentive schemes	Aurizon's Executives must not enter into any hedge arrangement in relation to any performance rights they may be granted or otherwise entitled to under an incentive scheme or plan, prior to exercising those rights or, once exercised, while the securities are subject to a transfer restriction. For the purposes of this policy, hedging includes the entry into any transaction, arrangement or financial product which operates to limit the economic risk of a security holding in the Company and includes financial instruments such as equity swaps and contracts for differences. The term 'Executive' is broadly defined to include the Managing Director & CEO and the role's direct reports and any other person entitled to participate in an Aurizon performance rights plan. Further details regarding the Company's hedging policy are set out in the Company's Securities Dealing Policy which is available on the Governance section of the website aurizon.com.au.	✓

Principle 9: Additional recommendations

RECOMMENDATION	AURIZON'S COMPLIANCE WITH RECOMMENDATIONS
9.1–9.3 Additional recommendations	Recommendations 9.1–9.3 of the ASX Principles and Recommendations do not apply to Aurizon, and did not at any stage during FY2024, and are therefore not relevant to the period.

Financial Report
for the year ended 30 June 2024

Financial statements

Notes to the consolidated financial statements

Signed reports

ASX information

Consolidated income statement

for the year ended 30 June 2024

	Notes	2024 $m	2023 $m
Revenue from continuing operations	2	**3,841**	3,511
Other income		**3**	–
Total revenue and other income		**3,844**	**3,511**
Employee benefits expense	3	**(1,086)**	(977)
Energy and fuel		**(391)**	(438)
Track access		**(146)**	(110)
Consumables		**(582)**	(539)
Depreciation and amortisation	3	**(707)**	(666)
Impairment losses		**(1)**	(13)
Other expenses		**(15)**	(56)
Share of net profit of investments accounted for using the equity method		**1**	1
Operating profit		**917**	713
Finance income		**9**	3
Finance expenses	3	**(342)**	(233)
Net finance costs		**(333)**	(230)
Profit before income tax		**584**	483
Income tax expense	4	**(178)**	(159)
Profit from continuing operations after tax		**406**	324
Loss from discontinued operations after tax		**–**	(48)
Profit for the year attributable to the owners of Aurizon Holdings Limited		**406**	**276**

		Cents	Cents
Earnings per share for profit from continuing operations attributable to the owners of Aurizon Holdings Limited	5		
Basic earnings per share		**22.1**	17.6
Diluted earnings per share		**22.0**	17.6
Earnings per share for profit attributable to the owners of Aurizon Holdings Limited	5		
Basic earnings per share		**22.1**	15.0
Diluted earnings per share		**22.0**	15.0

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

Consolidated statement of comprehensive income

for the year ended 30 June 2024

	Notes	2024 $m	2023 $m
Profit for the year		**406**	276
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Changes in the fair value of cash flow hedges	16(b)	**1**	(13)
Income tax relating to changes in fair value of cash flow hedges	16(b)	**-**	4
Exchange differences on translation of foreign operations	16(b)	**-**	4
Other comprehensive income for the year, net of tax		**1**	(5)
Total comprehensive income for the year attributable to the owners of Aurizon Holdings Limited		**407**	**271**

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

Consolidated balance sheet
as at 30 June 2024

	Notes	2024 $m	2023 $m
ASSETS			
Current assets			
Cash and cash equivalents		**49**	92
Trade and other receivables	6	**573**	728
Inventories	7	**250**	237
Derivative financial instruments	18(a)	**87**	2
Current tax receivables		**3**	104
Other assets	10	**29**	30
Total current assets		**991**	1,193
Non-current assets			
Trade and other receivables	6	**8**	–
Inventories	7	**67**	60
Derivative financial instruments	18(a)	**42**	119
Property, plant and equipment	8	**10,153**	9,945
Intangible assets	9	**209**	220
Other assets	10	**69**	86
Investments accounted for using the equity method	19	**57**	56
Total non-current assets		**10,605**	10,486
Total assets		**11,596**	11,679
LIABILITIES			
Current liabilities			
Trade and other payables	11	**416**	362
Borrowings	17	**954**	566
Provisions	12	**295**	287
Other liabilities	13	**61**	95
Total current liabilities		**1,726**	1,310
Non-current liabilities			
Borrowings	17	**3,943**	4,576
Derivative financial instruments	18(a)	**236**	252
Deferred tax liabilities	4(c)	**988**	940
Provisions	12	**47**	52
Other liabilities	13	**218**	196
Total non-current liabilities		**5,432**	6,016
Total liabilities		**7,158**	7,326
Net assets		**4,438**	**4,353**
EQUITY			
Contributed equity	16(a)	**3,674**	3,674
Reserves	16(b)	**25**	20
Retained earnings		**739**	659
Total equity		**4,438**	**4,353**

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

Consolidated statement of changes in equity

for the year ended 30 June 2024

	Notes	Contributed equity $m	Reserves $m	Retained earnings $m	Total equity $m
		Attributable to the owners of Aurizon Holdings Limited			
Balance at 1 July 2023		**3,674**	**20**	**659**	**4,353**
Profit for the year		**–**	**–**	**406**	**406**
Other comprehensive income	16(b)	**–**	**1**	**–**	**1**
Total comprehensive income for the year		**–**	**1**	**406**	**407**
Transactions with owners in their capacity as owners:					
Dividends paid	15	**–**	**–**	**(326)**	**(326)**
Share-based payments	16(b)	**–**	**4**	**–**	**4**
		–	**4**	**(326)**	**(322)**
Balance at 30 June 2024		**3,674**	**25**	**739**	**4,438**
Balance at 1 July 2022		3,674	26	712	4,412
Profit for the year		–	–	276	276
Other comprehensive income	16(b)	–	(5)	–	(5)
Total comprehensive income for the year		–	(5)	276	271
Transactions with owners in their capacity as owners:					
Dividends paid	15	–	–	(329)	(329)
Share-based payments	16(b)	–	(1)	–	(1)
		–	(1)	(329)	(330)
Balance at 30 June 2023		3,674	20	659	4,353

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

Consolidated statement of cash flows

for the year ended 30 June 2024

	Notes	2024 $m	2023 $m
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**4,268**	3,766
Payments to suppliers and employees (inclusive of GST)		**(2,642)**	(2,557)
Interest received		**8**	3
Income taxes paid		**(26)**	(204)
Principal elements of lease receipts		**8**	7
Net cash inflow from operating activities from continuing operations	24	**1,616**	1,015
Net cash inflow from operating activities from discontinued operations		**–**	48
Net cash inflow from operating activities		**1,616**	**1,063**
Cash flows from investing activities			
Payments for business acquisitions (net of cash acquired) and investment in joint venture	22	**–**	(1,434)
Payments for property, plant and equipment		**(801)**	(743)
Proceeds from sale of property, plant and equipment		**6**	6
Payments for intangibles		**(22)**	(15)
Interest paid on qualifying assets	3	**(2)**	(4)
Distributions from joint ventures		**–**	1
Net cash outflow from investing activities from continuing operations		**(819)**	(2,189)
Net cash inflow/(outflow) from investing activities from discontinued operations	23(a)	**125**	(662)
Net cash outflow from investing activities		**(694)**	**(2,851)**
Cash flows from financing activities			
Proceeds from borrowings		**1,437**	2,210
Repayment of borrowings		**(1,695)**	(360)
Payments of transaction costs related to borrowings		**(12)**	(15)
Principal elements of lease payments		**(26)**	(20)
Interest paid		**(340)**	(210)
Payments for shares acquired for share-based payments		**(4)**	(7)
Dividends paid to Company's shareholders	15	**(326)**	(329)
Net cash (outflow)/inflow from financing activities from continuing operations		**(966)**	1,269
Net cash inflow from financing activities from discontinued operations		**–**	439
Net cash (outflow)/inflow from financing activities		**(966)**	**1,708**
Net (decrease)/increase in cash and cash equivalents from continuing operations		**(169)**	95
Net increase/(decrease) in cash and cash equivalents from discontinued operations		**125**	(175)
Cash and cash equivalents at the beginning of the financial year		**92**	172
Effects of exchange rate changes on cash and cash equivalents		**1**	–
Cash and cash equivalents at the end of the financial year		**49**	**92**

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

Notes to the consolidated financial statements

30 June 2024

About this report

Aurizon Holdings Limited (the Company) is a for-profit entity for the purpose of preparing this financial report and is domiciled in Australia. The consolidated financial report comprises the financial statements of the Company and its subsidiaries (collectively referred to as the Group or Aurizon).

The financial report is a general purpose financial report which:

- has been prepared on the going concern basis of accounting;
- has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and IFRS Accounting Standards issued by the International Accounting Standards Board (IASB);
- has been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value;
- is presented in Australian dollars, which is the functional and presentation currency of the Company, with values rounded to the nearest $1,000,000 unless otherwise stated, in accordance with the *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*;
- presents reclassified comparative information where required for consistency with current year presentation;
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2023; and
- has applied the Group accounting policies consistently to all periods presented.

The general purpose financial report for the Group for the year ended 30 June 2024 (FY2024) has been authorised for issue in accordance with a resolution of the Directors on 12 August 2024.

Significant judgements and estimates

The preparation of the financial statements requires management to exercise judgement in applying the Group's accounting policies. It also requires the use of estimates and assumptions of assets, liabilities, income and expense.

The areas involving a higher degree of judgement or complexity are set out below and in more detail in the related notes:

	Note
Useful life of Network infrastructure assets	8
Useful lives of rollingstock	8
Recoverable amount of property, plant and equipment	8
Impairment tests for goodwill	9

Other material accounting policies

Other material accounting policies that summarise the measurement basis used, and are relevant to an understanding of the financial statements, are provided throughout the notes to the financial statements.

The notes to the financial statements

The following notes include information which is material and relevant to the operations, financial position and performance of the Group. Information is considered material and relevant due to its size and nature or if the information:

- is important for understanding the Group's current period results;
- provides an explanation of significant changes in the Group's business — for example acquisitions or divestments; or
- relates to an aspect of the Group's operations that are important to its future performance.

Key events and transactions for the reporting period

(a) Debt financing

Aurizon Operations Limited (via a wholly owned subsidiary Aurizon Finance Pty Ltd)

On 26 July 2023, Aurizon Finance Pty Ltd (Finance) settled the US Private Placement Notes (USPP) that included both USD and AUD tranches, totalling approximately $503 million (referred to as Finance USPP). The funds raised via the Finance USPP were allocated to repay the $350 million bridge facility that was utilised to purchase One Rail Australia, previously reduced from $650 million. The Finance USPP comprised several parts: a $50 million tranche maturing July 2033, another $50 million tranche maturing July 2034, a US$133 million tranche maturing July 2030, a US$70 million tranche maturing July 2033, and a US$70 million tranche maturing July 2035. To convert the total US$273 million fixed rate debt issued in USD to AUD floating rate debt, cross-currency interest rate swaps were executed.

The facility limit of the Finance Syndicated Term Loan maturing July 2027 was reduced from $400 million to $200 million in February 2024, following the receipt of deferred consideration from the sale of One Rail Australia Holdings Limited (refer to (c) below for further details).

The Finance Bilateral Facility limit was reduced by $15 million to $540 million with a $65 million tranche maturing November 2023 being offset by a additional $50 million established in July 2023, which matures in July 2026.

Notes to the consolidated financial statements
30 June 2024 (continued)

Key events and transactions for the reporting period (continued)

(a) Debt financing (continued)

Aurizon Network Pty Ltd (Network)

In December 2023, Network established a $500 million Syndicated Institutional Term Facility. The facility comprised several parts: a $115 million revolving tranche maturing December 2028, a $145 million term loan tranche maturing December 2028 and a $240 million term loan tranche maturing December 2029.

Network settled a $350 million fixed rate Medium-Term Note (referred to as Network AMTN 8) in March 2024 under its AMTN programme. Network AMTN 8 matures in September 2031. To convert fixed rate debt to floating, interest rate swaps were executed.

In May 2024, Network settled a ¥7 billion Private Placement, totalling approximately $68 million under its EMTN programme (referred to as Network EMTN 3). The Network EMTN 3 matures in May 2034. To convert the total ¥7 billion fixed rate debt issued to AUD floating rate debt, cross-currency interest rate swaps were executed.

Additionally, the Network Bilateral Facility limit was increased by $150 million to $1,240 million with three new $50 million tranches added. The new tranches include a term loan tranche maturing October 2028, a revolving tranche maturing October 2029 and another revolving tranche maturing October 2030.

Funding capacity added during the year was utilised to repay the $425 million Network AMTN 2 which matured in June 2024 and will be subsequently drawn upon, along with other pre-existing funding capacity, to repay the €500 million ($711 million equivalent) Network EMTN 1 maturing September 2024.

(b) Access revenue

2017 Access Undertaking (UT5)

The 2017 Access Undertaking (UT5) approved by the Queensland Competition Authority (QCA) on 19 December 2019 included a defined process for determining certain components of allowable revenue and the Weighted Average Cost of Capital (WACC), together the 'Reset Values' to be reset at 1 July 2023 (Preliminary Reset Values) and 1 July 2024 (Final Reset Values). On 25 May 2023, the QCA approved the Preliminary Reset Values, including a WACC of 8.18% (applying a risk-free rate of 3.47% and a debt risk premium of 2.60%), which has been incorporated into reference tariffs for FY2024.

On 19 October 2023, the QCA approved the Final Reset Values, including a WACC of 8.51% (applying a risk-free rate of 3.87% and a debt risk premium of 2.48%), to be incorporated into the reference tariffs for the period 1 July 2024 to 30 June 2027 (the conclusion of the UT5 regulatory period). The difference between the Preliminary Reset Values of 8.18%, used for the FY2024 reference tariffs, and the Final Reset Values of 8.51% will be reconciled through the FY2024 Revenue Adjustment Amount and reflected in the reference tariffs and related revenue for FY2026.

(c) Disposals

One Rail Australia Holdings Limited (ORAH)

The Group completed the sale of ORAH to Magnetic Rail Group Pty Ltd (Magnetic) on 17 February 2023 for consideration of $438 million. The total consideration included $313 million cash proceeds received on completion of the sale and $125 million cash proceeds received on 16 February 2024. On completion of the sale, Magnetic assumed ORAH's existing borrowings of $474 million.

The cash proceeds received are classified in discontinued operations in the cash flow statement.

Results for the year

In this section

Results for the year provides segment information and a breakdown of individual line items in the consolidated income statement that the Directors consider most relevant, including a summary of the accounting policies, judgements and estimates relevant to understanding these line items.

1. Segment information

The Group determines and presents operating segments on a business unit structure basis, as this is how the results are reported internally and how the business is managed. The Managing Director & CEO and the Executive Committee (the chief operating decision-makers) assess the performance of the Group based on underlying earnings before net interest, tax, depreciation and amortisation (EBITDA).

The following segment information has been presented for continuing operations only.

(a) Description of reportable segments

The following summary describes the operations of each reportable segment:

Network

This segment manages the provision of access to the Central Queensland Coal Network (CQCN) rail infrastructure and operation and maintenance of the network.

Coal

This segment provides transport of metallurgical and thermal coal from mines in Queensland and New South Wales to domestic customers and coal export terminals.

Bulk

This segment provides integrated supply chain services, including rail and road transportation, port services, and material handling for a range of mining, metal, industrial and agricultural customers throughout Australia. This segment also manages the Tarcoola-to-Darwin rail infrastructure, the intrastate rail freight network in South Australia, and containerised freight services between Adelaide and Darwin.

Other

This segment includes other Containerised Freight related to the National Interstate services, which is not considered a separate reportable segment, as well as other revenue and central costs not allocated such as Board, Managing Director & CEO, Company Secretary, strategy and investor relations.

Notes to the consolidated financial statements

30 June 2024 (continued)

1. Segment information (continued)

(b) Segment information

The results of the reportable segments, as set out below, are measured on the same basis as the accounting policies described in the consolidated financial statements.

	Network $m	Coal $m	Bulk $m	Other $m	Total Continuing Operations $m
30 June 2024					
External revenue					
Revenue from external customers					
Services revenue					
Track access	867	460	–	–	1,327
Freight transport	–	1,266	1,044	61	2,371
Other services	52	–	6	–	58
Other revenue	33	17	21	14	85
Total revenue from external customers	952	1,743	1,071	75	3,841
Internal revenue					
Services revenue					
Track access	473	–	–	–	473
Freight transport	–	–	16	–	16
Other services	10	–	7	–	17
Total internal revenue	483	–	23	–	506
Total external and internal revenue	1,435	1,743	1,094	75	4,347
Other income	–	–	2	1	3
Total revenue and other income	1,435	1,743	1,096	76	4,350
Internal revenue elimination					(506)
Consolidated revenue and other income					3,844
Continuing EBITDA (Underlying)	930	528	229	(63)	1,624
Depreciation and amortisation	(353)	(213)	(128)	(13)	(707)
Continuing EBIT (Underlying)	577	315	101	(76)	917
EBIT					917
Net finance costs					(333)
Profit before income tax from continuing operations					584

1. Segment information (continued)

(b) Segment information (continued)

	Network $m	Coal $m	Bulk $m	Other $m	Total Continuing Operations $m
30 June 2023					
External revenue					
Revenue from external customers					
Services revenue					
Track access	849	350	–	–	1,199
Freight transport	–	1,175	1,018	6	2,199
Other services	34	–	6	–	40
Other revenue	38	6	16	13	73
Total revenue from external customers	921	1,531	1,040	19	3,511
Internal revenue					
Services revenue					
Track access	406	–	–	–	406
Freight transport	–	–	17	–	17
Other services	10	–	6	–	16
Total internal revenue	416	–	23	–	439
Total external and internal revenue	1,337	1,531	1,063	19	3,950
Other income	–	–	–	–	–
Total revenue and other income	1,337	1,531	1,063	19	3,950
Internal revenue elimination					(439)
Consolidated revenue and other income					3,511
Continuing EBITDA (Underlying)	813	455	214	(54)	1,428
Depreciation and amortisation	(351)	(204)	(108)	(3)	(666)
Continuing EBIT (Underlying)	462	251	106	(57)	762
Significant items (Note 1(c))					(49)
EBIT					713
Net finance costs					(230)
Profit before income tax from continuing operations					483

Notes to the consolidated financial statements

30 June 2024 (continued)

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1. Segment information (continued)

(c) Significant items

The Group's underlying results differ from the statutory results. The exclusion of certain items permits a more relevant analysis of the Group's underlying performance on a comparative basis.

	2024 $m	2023 $m
Acquisition costs for One Rail Australia[1]	–	(49)

1 Acquisition costs have been expensed to profit or loss and classified in other expenses.

(d) Customer disclosure

The nature of the Group's business is that it enters into long-term contracts with key customers. Two customers each contribute more than 10% of the Group's total revenue as detailed below, and relate to the Coal and Network reportable segments:

	2024 $m	2023 $m	2024 Credit Rating	2023 Credit Rating
Customer 1	**536**	532	**BBB+**	BBB+
Customer 2	**500**	570	**A-**	A-
Total	**1,036**	1,102		

2. Revenue

The Group recognises revenue primarily from the provision of freight haulage services across Australia and the provision of access to the CQCN, and the rail infrastructure in South Australia and the Northern Territory.

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

	2024 $m	2023 $m
Services revenue		
Track access[1]	**1,327**	1,199
Freight transport	**2,371**	2,199
Other services	**58**	40
Other revenue[2]	**85**	73
Total revenue from continuing operations	**3,841**	3,511

1 Track access includes Take-or-Pay revenue of $4 million (2023: $59 million).
2 Other revenue includes revenue from customer-funded infrastructure and property leases.

(a) Disaggregation of revenue from contracts with customers

Revenue is disaggregated by the Group's reportable segments, refer to Note 1(b).

(b) Contract assets and liabilities

(i) Contract assets

The Group has recognised the following revenue-related contract assets:

	2024 $m	2023 $m
Current		
Contract assets for freight transport	**12**	11
Non-current		
Contract assets for freight transport	**52**	64

Contract assets primarily represent amounts paid to customers to secure new, or extensions to, existing customer contracts. These amounts are capitalised and amortised against revenue as the performance obligations are satisfied over time. No provision for impairment of contract assets has been recognised, refer to the accounting policy in Note 6 (2023: $nil).

	2024 $m	2023 $m
Within one year	**12**	11
Later than one year but not later than five years	**37**	45
Later than five years	**15**	19
	64	75

(ii) Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	2024 $m	2023 $m
Current		
Advances for freight transport	**9**	9
Advances for other services	**25**	55
	34	64
Non-current		
Advances for freight transport	**8**	10
Advances for other services	**47**	70
	55	80

Contract liabilities primarily represent amounts received from customers as advances for external design and construction works and the provision of services under agreements for mine-specific infrastructure. These amounts are recognised in revenue either as volumes are delivered or on a straight line basis over the contract term, as performance obligations are satisfied over time.

	2024 $m	2023 $m
Within one year	**34**	64
Later than one year but not later than five years	**44**	61
Later than five years	**11**	19
	89	144

The decrease in contract liabilities represents revenue recognised for the provision of services under agreements for mine-specific infrastructure.

2. Revenue (continued)

(b) Contract assets and liabilities (continued)

(iii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	2024 $m	2023 $m
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Advances for freight transport	**9**	3
Advances for other services	**55**	42
	64	45

(iv) Unsatisfied performance obligations

The Group has a number of long-term contracts to provide services to customers in future periods. Revenue in most contracts is recognised on an as-invoice basis because the right to consideration corresponds directly to the Group's performance obligations completed to date. As a result the Group applies the practical expedient in AASB 15 *Revenue from Contracts with Customers* (AASB 15), paragraph 121 and does not disclose information in respect of future contracted revenues for these contracts.

For the other contracts, future contract revenues relating to track access, freight transport and other services at 30 June 2024 are approximately $1,604 million (2023: $1,799 million), of which $439 million is expected to be recognised in FY2025. Amounts have been determined in FY2024 dollars and exclude variable revenue. As such, the future contract revenues described represent only part of the Group's forecast revenues for FY2025 and beyond.

(c) Accounting policies

The Group recognises revenue as performance obligations are satisfied. Revenue includes the provision of track access and freight transport services as described below.

(i) Track access

Track access revenue is generated from the provision of access to, and operation of, the CQCN under an approved Access Undertaking. Track access revenue is recognised over time as access to the rail network is provided and is measured on a number of operating parameters including volumes hauled applied to regulator approved tariffs. The tariffs charged are determined with reference to the total allowable revenue, applied to the regulatory approved annual volume forecast for each rail system.

Where annual volumes railed are less than the regulatory forecast, Take-or-Pay may trigger. Take-or-Pay clauses in the contracts with customers enable Network to recover part of this shortfall where contractual railings were not achieved as a result of above rail operator cause, mine cancellations or port cancellations, rather than below rail cause. Take-or-Pay recognised is adjusted for Take-or-Pay revenue invoiced to Coal which is eliminated on consolidation. Take-or-Pay revenue is collected in the first half of the next reporting period.

Regulated access revenue is subject to a revenue cap mechanism that serves to ensure the rail network recovers its Allowable Revenue over the regulatory period. A revenue adjustment event results in the under or over recovery of regulatory access revenue (net of Take-or-Pay revenue) for a financial year being recognised in the accounting revenues of the second financial year following the financial year in which the event occurred as per the Access Undertaking.

Access revenue for the financial year has been recognised based on the 2017 Access Undertaking applying a WACC rate of 8.18% (2023: 6.30%). Refer to key events and transactions for further information.

(ii) Freight transport

Freight transport revenue is recognised as the relevant performance obligations are satisfied over time, being the provision of freight transport services. Freight transport revenue in Bulk, which relates to the integrated bulk rail haulage and general freight assets in South Australia and the Northern Territory, includes track access which is not separately invoiced to customers.

Freight transport revenue is billed monthly in arrears and recognised at rates specified in each contractual agreement, and adjusted for the amortisation of customer contract assets or contract liabilities. At each reporting date, freight transport revenue includes an amount of revenue for which performance obligations have been met under the respective contract, but have not yet settled. These amounts are recognised as trade receivables.

A contract modification is a separate contract if the scope of services is increased by distinct additional services and the total price increases by the market rate for those services over the remaining contract period. Where the additional distinct services are not at market rates and therefore the contract modification is not a separate contract, the weighted-average contract rates related to the remaining performance obligations are applied to recognise revenue. This may result in the recognition of a contract asset or liability that amortises over the term of the individual contract. Modifications to existing agreements where there is also a new agreement put in place are assessed based on the facts and substance of the individual contractual arrangements, and are accounted for as either combined or separate contracts.

A contract asset is recorded for revenue when the Group does not have an unconditional right to invoice the customer for performance obligations satisfied. A contract liability is recorded for revenue received in advance of satisfying a performance obligation and is recognised over the term of the contract.

3. Expenses

Profit before income tax from continuing operations includes the following specific expenses:

	2024 $m	2023 $m
Employee benefits expense		
Salaries, wages and allowances including on-costs	**983**	888
Defined contribution superannuation expense	**98**	84
Redundancies	**5**	5
	1,086	977
Depreciation and amortisation		
Depreciation of property, plant and equipment	**679**	637
Amortisation of intangibles	**28**	29
	707	666
Finance expenses		
Interest and finance charges paid/payable	**329**	218
Interest paid on lease liability	**10**	6
Amortisation of capitalised borrowing costs	**8**	6
Hedge ineffectiveness[1]	**(2)**	8
Other	**(1)**	(1)
	344	237
Capitalised interest paid on qualifying assets	**(2)**	(4)
	342	233

1 Refer to the accounting policy in Note 18.

4. Income tax

Income tax comprises current and deferred tax recognised in profit or loss or directly in equity or other comprehensive income.

(a) Income tax expense

	2024 $m	2023 $m
Current tax	**127**	47
Deferred tax	**52**	102
Current tax relating to prior periods	**1**	(8)
Deferred tax relating to prior periods	**(2)**	12
	178	153
Income tax expense is attributable to:		
Profit from continuing operations	**178**	159
Loss from discontinued operations	**-**	(6)
	178	153
Deferred income tax expense included in income tax expense comprises:		
Increase in deferred tax assets	**(8)**	(13)
Increase in deferred tax liabilities	**58**	127
	50	114

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2024 $m	2023 $m
Profit before income tax expense from continuing operations	**584**	483
Loss before income tax expense from discontinued operations	**-**	(54)
	584	429
Tax at the Australian tax rate of 30% (2023: 30%)	**175**	129
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible acquisition costs	**-**	9
Non-deductible sale and divestment costs	**-**	4
Non recognition of capital loss	**-**	5
Other	**4**	2
Adjustments for tax of prior periods	**(1)**	4
	178	153

4. Income tax (continued)

(c) Deferred tax balances

The table below outlines the items which comprise the deferred tax balances:

	Opening balance $m	Charged to income $m	Charged to equity $m	Acquisition of subsidiary[1] $m	Closing balance $m
2024					
Deferred tax assets					
Provisions and accruals	**109**	**2**	**–**	**–**	**111**
Contract liabilities	**13**	**(9)**	**–**	**–**	**4**
Financial instruments	**34**	**–**	**–**	**–**	**34**
Lease liabilities	**40**	**16**	**–**	**–**	**56**
Other items	**15**	**(1)**	**2**	**–**	**16**
Total deferred tax assets	**211**	**8**	**2**	**–**	**221**
Deferred tax liabilities					
Inventories	**(6)**	**(2)**	**–**	**–**	**(8)**
Property, plant & equipment	**(1,024)**	**(73)**	**–**	**–**	**(1,097)**
Intangible assets	**(32)**	**(1)**	**–**	**–**	**(33)**
Financial instruments	**(50)**	**(2)**	**–**	**–**	**(52)**
Other items	**(39)**	**20**	**–**	**–**	**(19)**
Total deferred tax liabilities	**(1,151)**	**(58)**	**–**	**–**	**(1,209)**
Net deferred tax liabilities	**(940)**	**(50)**	**2**	**–**	**(988)**
2023					
Deferred tax assets					
Provisions and accruals	101	(1)	–	9	109
Contract liabilities	10	3	–	–	13
Financial instruments	17	13	4	–	34
Lease liabilities	37	(3)	–	6	40
Other items	12	1	–	2	15
Total deferred tax assets	177	13	4	17	211
Deferred tax liabilities					
Inventories	(5)	(1)	–	–	(6)
Property, plant & equipment	(900)	(97)	–	(27)	(1,024)
Intangible assets	(29)	(3)	–	–	(32)
Financial instruments	(25)	(12)	–	(13)	(50)
Other items	(15)	(14)	–	(10)	(39)
Total deferred tax liabilities	(974)	(127)	–	(50)	(1,151)
Net deferred tax liabilities	(797)	(114)	4	(33)	(940)

1 Includes $23 million relating to the acquisition of One Rail Australia (refer to Note 22 for further information) and $10 million relating to the acquisition of the One Rail Australia Holdings Limited discontinued operation.

4. Income tax (continued)

(d) Accounting policies

The tax position is calculated based on the tax rates and laws enacted or substantively enacted at the reporting date, in the relevant operating jurisdiction. The tax laws and accounting standards have different rules in respect of timing and recognition of income and expense, resulting in temporary differences (which reverse over time) and non-temporary differences (which do not reverse over time or are temporary differences that do not meet the recognition criteria under the accounting standards).

Income tax expense is calculated as the profit or loss before tax, multiplied by the applicable tax rate, and adjusted for non-temporary differences. Income tax expense includes a current tax and deferred tax component and is recognised in the profit or loss, except to the extent that it relates to items recognised in equity or in other comprehensive income.

(i) Current tax

Current tax is the expected tax payable for the period, and any adjustment to tax payable in respect of prior periods. Current tax includes both temporary differences and non-temporary differences.

The positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation are periodically evaluated and provisions are provided where appropriate based on amounts expected to be paid to the tax authorities.

Current tax assets and liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(ii) Deferred tax

Deferred tax represents taxes to be paid or deductions available in future income years and any adjustment to deferred tax amounts in respect of prior periods. Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities, and their carrying amounts in the consolidated financial statements, except:

- when arising on the initial recognition of goodwill;
- when arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting or taxable profit; or
- where it is not probable that future amounts will be available to utilise those temporary differences or carried-forward tax losses.

(iii) Offsetting deferred tax balances

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset and when the deferred tax balances relate to taxes levied by the same tax authority.

(iv) Tax consolidation legislation

The Company and its wholly owned Australian entities elected to form a tax consolidated group, and are taxed as a single entity. The head entity of the tax consolidated group is Aurizon Holdings Limited.

The Company and the entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer.

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from entities in the tax consolidated group.

The entities have entered into tax sharing and tax funding agreements. The tax funding agreement sets out the funding obligations of members of the tax consolidated group in respect of income tax amounts and requires payments to the Company equal to the current tax liability assumed by the Company. The Company is required to make payments equal to the current tax asset or deferred tax asset arising from unused tax losses and tax credits assumed from a subsidiary member. The tax funding arrangement results in the Company recognising a current inter-entity receivable or payable equal to the tax liability or tax asset assumed.

The tax sharing agreement limits the joint and several liability of the wholly owned entities in the case of a default by the Company.

(v) Pillar Two income taxes

The Group has applied the temporary exception to recognising and disclosing information relating to Pillar Two income taxes under AASB 112 *Income Taxes*, paragraphs 88A-88D. Tax laws implementing the Pillar Two Model Rules were enacted in the United Kingdom but were not in effect for the Group during the reporting period. Pillar Two income taxes are expected to apply to the Group in the United Kingdom from 1 July 2024, however Pillar Two taxes are not expected to be payable by the Group based on modelling which indicates that the Group's effective tax rate in each relevant jurisdiction should exceed 15%. Transitional Country-by-Country Reporting safe harbours will be accessed where available.

5. Earnings per share

Earnings per share (EPS) is the amount of post-tax profit attributable to each share. Basic EPS is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares outstanding. Diluted EPS is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

	2024 Cents	2023 Cents
Basic earnings per share		
Continuing operations	**22.1**	17.6
Discontinued operations	**–**	(2.6)
	22.1	15.0
Diluted earnings per share		
Continuing operations	**22.0**	17.6
Discontinued operations	**–**	(2.6)
	22.0	15.0
Underlying basic earnings per share[1]		
Continuing operations	**22.1**	19.9
Discontinued operations	**–**	1.9
	22.1	21.8
Underlying diluted earnings per share[1]		
Continuing operations	**22.0**	19.9
Discontinued operations	**–**	1.9
	22.0	21.8

1. Underlying basic and diluted earnings per share have been calculated using profit from continuing operations after tax of $406 million (2023: $324 million) less significant items, net of tax of $nil (2023: $43 million).

	2024 Number '000	2023 Number '000
Weighted average number of ordinary shares for basic earnings per share	**1,840,704**	1,840,704
Dilution due to rights issued pursuant to performance rights plans	**2,408**	3,794
Weighted average number of ordinary shares for diluted earnings per share	**1,843,112**	1,844,498

Operating assets and liabilities

In this section

Operating assets and liabilities provides information about the working capital of the Group and major balance sheet items, including the accounting policies, judgements and estimates relevant to understanding these items.

6. Trade and other receivables

	2024 $m	2023 $m
Current		
Trade receivables	**477**	395
Provision for impairment	**(7)**	(2)
Net trade receivables	**470**	393
Other receivables[1]	**103**	335
	573	728
Non-current		
Other receivables	**8**	–
	8	–

1 Other receivables includes revenue for services performed but not yet invoiced under contracts including Take-or-Pay of $4 million (2023: $59 million) and GAPE fees of $nil (2023: $33 million). FY2023 also included deferred consideration of $125 million in respect of the sale of One Rail Australia Holdings Limited that was received on 16 February 2024.

(a) Accounting policies

(i) Trade receivables

Trade receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method. Trade receivables are generally due for settlement within 31 days and are therefore classified as current.

(ii) Provision for impairment

The collectability of trade and other receivables is reviewed on an ongoing basis. Individual debts which are known to be uncollectable are written off when identified.

The Group recognises a provision for impairment based on expected lifetime losses of trade and other receivables. The amount of the provision for impairment is recognised in profit or loss in other expenses.

(b) Credit risks related to receivables

In assessing an appropriate provision for impairment of trade and other receivables, consideration is given to historical experience of bad debts, the aging of receivables, knowledge of debtor insolvency and individual account assessment.

Customer credit risk is managed in accordance with the procedures and controls set out in the Group's credit risk management policy. Credit limits are established for all customers based on external and internal credit rating criteria. For some trade receivables, the Group may also obtain security in the form of guarantees, deeds of undertaking or letter of credit, which can be called upon if the counterparty is in default under the terms of the agreement.

7. Inventories

	2024 $m	2023 $m
Current		
Raw materials and stores — at cost	**259**	246
Provision for inventory obsolescence	**(11)**	(11)
Other inventories	**2**	2
	250	237
Non-current		
Raw materials and stores — at cost	**82**	73
Provision for inventory obsolescence	**(15)**	(13)
	67	60

(a) Accounting policies

Inventories include infrastructure and rollingstock items held in centralised stores, workshops and depots. Items expected to be consumed after more than 12 months are classified as non-current.

Inventories are valued at the lower of cost and net realisable value. The cost of individual items of inventory are determined using weighted average cost.

The Group recognises a provision for inventory obsolescence based on an assessment of damaged stock, slow-moving stock and stock that has become obsolete. The amount of the provision for inventory obsolescence is recognised in profit or loss in other expenses.

8. Property, plant and equipment

	Assets under construction $m	Land $m	Buildings $m	Plant and equipment $m	Rollingstock $m	Infrastructure $m	Other leased assets $m	Total $m
2024								
Opening net book amount	**297**	**232**	**219**	**351**	**2,442**	**6,303**	**101**	**9,945**
Additions	**828**	**–**	**–**	**–**	**–**	**–**	**86**	**914**
Transfers between asset classes	**(777)**	**1**	**15**	**136**	**230**	**395**	**–**	**–**
Adjustments to leased assets	**–**	**–**	**–**	**–**	**–**	**–**	**(6)**	**(6)**
Disposals	**–**	**–**	**–**	**(3)**	**(10)**	**(6)**	**(1)**	**(20)**
Depreciation	**–**	**(3)**	**(12)**	**(61)**	**(215)**	**(364)**	**(24)**	**(679)**
Impairment	**–**	**–**	**–**	**–**	**(1)**	**–**	**–**	**(1)**
Closing net book amount	**348**	**230**	**222**	**423**	**2,446**	**6,328**	**156**	**10,153**
At 30 June 2024								
Cost	**348**	**235**	**490**	**929**	**6,196**	**10,174**	**223**	**18,595**
Accumulated depreciation and impairment	**–**	**(5)**	**(268)**	**(506)**	**(3,750)**	**(3,846)**	**(67)**	**(8,442)**
Net book amount	**348**	**230**	**222**	**423**	**2,446**	**6,328**	**156**	**10,153**
2023								
Opening net book amount	278	128	225	307	2,127	5,267	84	8,416
Additions	764	–	–	–	–	–	11	775
Transfers between asset classes	(782)	28	4	83	292	375	–	–
Acquisitions through business combinations (Note 22)	37	78	4	16	227	1,026	21	1,409
Disposals	–	–	–	(3)	(1)	(5)	–	(9)
Depreciation	–	(2)	(14)	(52)	(195)	(359)	(15)	(637)
Impairment	–	–	–	–	(8)	(1)	–	(9)
Closing net book amount	297	232	219	351	2,442	6,303	101	9,945
At 30 June 2023								
Cost	297	234	475	823	6,055	9,808	160	17,852
Accumulated depreciation and impairment	–	(2)	(256)	(472)	(3,613)	(3,505)	(59)	(7,907)
Net book amount	297	232	219	351	2,442	6,303	101	9,945

8. Property, plant and equipment (continued)

Significant judgements and estimates

Useful life of Network infrastructure assets

The Group is the below rail operator and economic owner of the 2,670km CQCN through a long-term lease. Network is responsible for the provision of access to, and operation of the regulated infrastructure assets which connect over 40 coal mines to five export terminals, as well as to domestic customers. The useful life of infrastructure assets is determined based on the expected engineering life, capped at the remaining term of the infrastructure lease. In adopting this basis, the Group assumes that the infrastructure assets will remain economically viable throughout the lease term to 2109 which, as explained further below, is dependent on the ongoing future supply and demand for Australian coal.

Around 70% of volume hauled across the CQCN is metallurgical coal which is primarily used to produce steel. Thermal coal, which is used as a heat source in energy generation, accounts for the remaining 30% of volume hauled. Metallurgical coal is expected to be in demand for longer than thermal coal. The useful life of Network infrastructure assets will be primarily impacted by the future supply and demand for Australian metallurgical coal rather than thermal coal.

As part of the Group's Strategy in Uncertainty Framework, scenario analysis is used to test market drivers and evaluate capital, fleet and haulage opportunities, and sustainability in the context of climate change risks. A key component of this analysis is understanding the drivers of supply and demand for commodities transported over the short term as well as risks that emerge over the medium to long term. This analysis is extended over the lease term to 2109 where the timing and magnitude is less certain.

The future supply of Australian metallurgical coal is dependent on, amongst other things, government policies and the ability of customers to gain regulatory approvals and raise funding to support the development of their resource base. Demand for Australian metallurgical coal is dependent on seaborne-traded markets which are increasingly concentrated in Asia and linked to Asian steel production. Future demand is dependent on economic development in Asia including steel intensive growth, alternatives to steel and current steel production methods, technology advancements, competing supply of metallurgical coal, and changes in government policies including preference for domestic or imported coal and net-zero emission targets. Major import nations of Australian metallurgical coal with net-zero emissions targets include India (2070), Japan (2050), South Korea (2050) and China (2060).

Regulatory framework considerations

As the CQCN is a regulated asset, Network earns a Return of Capital as part of Allowable Revenue for each coal system under the QCA approved Access Undertaking. The Return of Capital compensates Network for depreciation of the Regulatory Asset Base (RAB) over QCA endorsed regulatory lives for individual asset classes which differ to the expected engineering life used for statutory reporting purposes. The QCA has also approved an accelerated depreciation profile for additions to the RAB from FY2010 onwards. As a result, at the commencement of each regulatory period, where an asset class has a remaining regulatory useful life:

- higher than 20 years, RAB depreciation is based on a 20-year rolling life, which resets to 20 years each regulatory period
- lower than 20 years, depreciation is calculated on a straight-line basis.

The accelerated depreciation profile adopted by the QCA increases the rate at which Network recovers the Return of Capital and increases Allowable Revenue in the near term.

The QCA approved economic life of the CQCN can be re-assessed at the commencement of each regulatory period and therefore the QCA approved economic life of the CQCN RAB is not an indicator that useful lives adopted for statutory reporting purposes should be revised.

The Group assumes the regulatory framework continues throughout the lease term.

Indicators

The key drivers for the future supply and demand for Australian metallurgical coal over the short term as well as risks that emerge over the medium to long term where the timing and magnitude is less certain are reviewed annually to assess the appropriateness of useful lives assigned to Network infrastructure assets. Indicators monitored include the following:

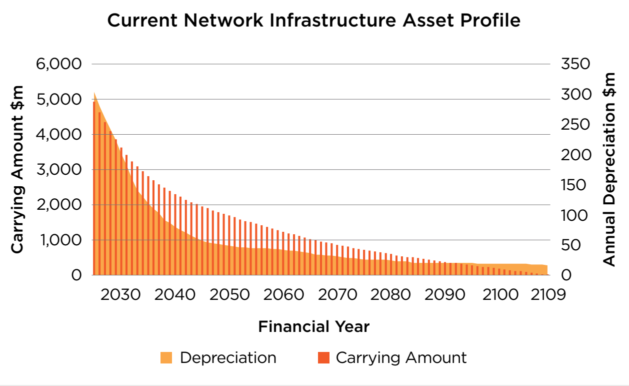
- Australian Government policies and the ability of customers to gain regulatory approvals and raise funding to support the development of metallurgical coal reserves in the CQCN
- the average remaining life of metallurgical coal mines in the CQCN
- global crude steel production and the share of Australian metallurgical coal used in the process
- the viability of new and alternative technologies that are developed to reduce emissions targets such as carbon capture, utilisation and storage (CCUS), and hydrogen-based steel making, that may positively or negatively impact future metallurgical coal demand
- the average age of steel plants for end markets of Australian metallurgical coal
- global supply competitiveness and Australia's share of seaborne metallurgical coal supply
- climate policy targets and how they are intended to be met at both a country and corporate level, including net-zero emissions targets set by major import nations of Australian coal.

8. Property, plant and equipment (continued)

Sensitivity

The indicators monitored are extended over the lease term where the timing and magnitude is less certain. Consequently, a change in indicators reviewed may result in a revision of useful lives assigned to the Network infrastructure assets in the future, resulting in a change in depreciation on a prospective basis. The graph below summarises the annual depreciation profile of the current written down value of Network infrastructure assets of $4,934 million (leased assets of $4,406 million and owned assets of $528 million) over the useful life applied for each class of assets described in Note 8(b)(i) and excludes future capital investments.

Figure 1 — Network infrastructure assets depreciation profile



The Network infrastructure assets have a maximum useful life of 85 years (ending FY2109). As an indication of sensitivity, the table below summarises the increase in annual depreciation if the maximum useful life of current Network infrastructure assets are reduced by 10, 20, 30 or 40 years.

Reduction in maximum useful life (years):	Increase in annual depreciation ($m p.a):
10	2
20	6
30	11
40	19

Useful lives of rollingstock

The Group has approximately 600 active locomotives and 14,000 wagons, including a mix of electric narrow gauge locomotives and standard and narrow gauge diesel locomotives and wagons. The useful life of rollingstock is determined based on the expected engineering life.

In adopting the expected engineering life of rollingstock, the Group monitors a range of indicators including:

- the flexibility of fleet capacity
- the risk of obsolescence as alternative technologies such as battery and hydrogen are developed
- continuous improvement in fleet investment strategies such as those predicated on condition-based and preventative maintenance approaches, as well as advancements in component change-out models
- competitors fleet mix and their associated investment profile over time.

There is a risk that the indicators monitored could positively or negatively impact the expected engineering life of rollingstock resulting in a change in depreciation on a prospective basis.

Recoverable amount of property, plant and equipment

The Containerised Freight CGU, which is part of the Other operating segment, provides rail line haul services for customers in Australia's growing interstate east-west (Brisbane, Sydney and Melbourne to Perth) and north-south (Brisbane to Melbourne) containerised freight market. This includes the transport of vital supplies for communities across Australia, including retail and supermarket goods, perishables and refrigerated goods, machinery and equipment. The Containerised Freight CGU has a carrying amount of $318 million and primarily includes rollingstock, right-of-use assets (i.e. leased assets) and working capital.

The recoverable amount of the Containerised Freight CGU has been estimated on a fair value less costs of disposal basis. The estimate uses a 10-year cash flow projection based on a pipeline of known opportunities, an estimated cost of carbon for an Australian Carbon Credit Unit (ACCU), a long-term growth rate of 2.5% and a post-tax discount rate of 8.4%.

The recoverable amount of the CGU supports the carrying amount, therefore no impairment has been recognised. If the timing of future growth opportunities is delayed or forecast growth in volumes is not achieved, it may lead to a future impairment of the Containerised Freight CGU.

8. Property, plant and equipment (continued)

(a) Leases

Network and Bulk leased assets

The Group is the below rail operator and economic owner of more than 5,100km of rail infrastructure including the 2,670km CQCN and the 2,245km Tarcoola-to-Darwin railway line through long-term leases. The infrastructure and land leases include corridor land and buildings. The assets associated with the leases are classified in infrastructure, land, buildings and plant and equipment.

The following table summarises the infrastructure and land leases:

Leases	Lessee	Lessor	Term	Expiry	Rental Amount	Extension Option
Network leased assets						
CQCN	Aurizon Network Pty Ltd	State of Queensland (land) and Queensland Treasury Holdings (infrastructure)	99 years	30 June 2109	$1 if demanded	99 years[1]
Part of the North Coast Line	Aurizon Network Pty Ltd	State of Queensland (land) and Queensland Rail (infrastructure)	99 years	30 June 2109	$1 if demanded	99 years[1]
Bulk leased assets						
Tarcoola-to-Darwin	Aurizon Bulk Central Network Pty Ltd	The AustralAsia Railway Corporation, The Northern Territory of Australia and the State of South Australia	32 years[3]	14 January 2054	$1 if demanded	None
Intrastate rail freight network in South Australia	Aurizon Bulk Central Pty Ltd	State of South Australia	25 years[3]	7 November 2047	$1 per annum (rail corridor land) and commercial rent (balance of land)	15 years[2]

1 The State of Queensland and Queensland Rail have an option to extend the leases by a further 99 years. The extension option is on the same terms as the initial lease period. Notice must be provided at least 20 years prior to the expiry of the existing term. The extension option under the corridor land leases are dependent on the infrastructure lease extension being exercised and granted.

2 The Group has an option to extend the lease by a further 15 years. The extension option is on the same terms as the initial lease period. Notice must be provided at any time after the expiry of 40 years and before the expiry of 45 years after the commencement date of 7 November 1997. The extension option is dependent on the Group providing and undertaking to carry out a Renewal Investment Plan.

3 Remaining lease term from 29 July 2022, being the date of acquisition of the lessee company.

Other leased assets

The Group primarily leases buildings with terms mostly ranging from one to 30 years. The leases generally provide the Group with the right to renewal at which time the lease terms are renegotiated. The Group applies the following practical expedients permitted by the standard:

- payments for short-term leases of less than 12 months are recognised as an expense in profit or loss as incurred; and
- payments for leases for which the underlying asset is of a low value are recognised as an expense in profit or loss as incurred.

8. Property, plant and equipment (continued)

(a) Leases (continued)

(i) Amounts recognised in the consolidated balance sheet

Property, plant and equipment includes the following amounts relating to leased assets:

	2024 $m	2023 $m
Network leased assets		
Network infrastructure	**4,406**	4,361
Corridor land	**28**	26
Buildings	**1**	1
	4,435	4,388
Bulk leased assets		
Bulk infrastructure	**997**	996
Land	**64**	66
Buildings	**2**	2
Plant and equipment	**2**	2
	1,065	1,066
Other leased assets		
Land	**5**	5
Buildings	**124**	83
Plant and equipment	**8**	7
Rollingstock	**19**	6
	156	101
Total leased assets	**5,656**	5,555

The lease liabilities are significantly smaller than the value of leased assets as the majority of the leased assets were prepaid.

Other liabilities includes the following amounts relating to lease liabilities:

	2024 $m	2023 $m
Lease liabilities		
Current	**25**	20
Non-current	**161**	114
Total lease liabilities	**186**	134

(ii) Amounts recognised in the consolidated income statement

The consolidated income statement includes the following amounts relating to leased assets:

	2024 $m	2023 $m
Depreciation of Network and Bulk leased assets		
Network leased assets	**279**	275
Bulk leased assets	**39**	34
	318	309
Depreciation of other leased assets		
Buildings	**15**	11
Plant and equipment	**1**	2
Rollingstock	**8**	2
	24	15
Total leased assets depreciation	**342**	324
Interest expense	**10**	6
Expenses relating to short-term leases	**1**	1
Expenses relating to variable lease payments not included in lease liabilities	**7**	5

The total cash outflow for leases during the financial year was $44 million (2023: $31 million).

(b) Accounting policies

(i) Property, plant and equipment

Carrying amount

Property, plant and equipment (including leased infrastructure, corridor land and buildings) is stated at historical cost, less any accumulated depreciation and impairment. Costs include expenditure that is directly attributable to the acquisition of the items and borrowing costs that are related to the acquisition or construction of an asset. Costs may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Group. All repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation

Depreciation is calculated on a straight-line basis, except for motor vehicles included in plant and equipment for which depreciation is calculated on a diminishing value method. Straight-line allocates the cost of an item of property, plant and equipment net of residual values over the expected useful life of each asset. Estimates of remaining useful life and residual values are reviewed and adjusted, if appropriate, on an annual basis.

The useful lives applied for each class of assets are:

	Range of useful lives (years)
Infrastructure, including:	
Tracks	7–50
Track turnouts	20–25
Ballast	8–20
Civil works	20–99
Bridges	30–99
Electrification	20–50
Field signals	15–40
Buildings	10–40
Rollingstock, including:	
Locomotives	25–35
Locomotives componentisation	8–12
Wagons	25–35
Wagons componentisation	10–17
Plant and equipment	3–20

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

8. Property, plant and equipment (continued)

(b) Accounting policies (continued)

(ii) Leases

An asset and a corresponding liability, except for where the lease is prepaid, are recognised at the date at which the asset is available for use by the Group. Where the Group is a sub-lessor and the sub-lease is for the duration of the head lease, the asset recognised from the head lease is derecognised and a lease receivable equal to the present value of future lease payments receivable is recognised.

Assets and liabilities arising from a lease are initially measured on a present-value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the Group's incremental borrowing rate, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Other leased assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received; and
- any initial direct costs.

Other leased assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the asset is depreciated over the underlying asset's useful life.

(iii) Impairment tests for property, plant and equipment

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

In testing for impairment, the recoverable amount is estimated for an individual asset or, if it is not possible to estimate the recoverable amount for the individual asset, the recoverable amount for the cash generating unit (CGU) to which the asset belongs. CGUs are the smallest identifiable group of assets that generate cash flows that are largely independent from the cash flows of other assets or group of assets. Each CGU is no larger than a reportable segment.

Assets are impaired if their carrying amount exceeds their recoverable amount. The recoverable amount of an asset or CGU is determined as the higher of its fair value less costs of disposal or value-in-use.

An impairment loss is recognised in profit or loss if the carrying amount of the asset or a CGU exceeds its recoverable amount. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amount of other assets in the CGU (group of CGUs).

Where there is an indicator that previously recognised impairment losses may no longer exist or may have decreased, the asset is tested for impairment. The impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount of the asset and is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

9. Intangible assets

	Goodwill $m	Software $m	Software under development $m	Total $m
2024				
Opening net book amount	**50**	**153**	**17**	**220**
Additions	**–**	**–**	**17**	**17**
Transfers between asset classes	**–**	**19**	**(19)**	**–**
Amortisation	**–**	**(28)**	**–**	**(28)**
Closing net book amount	**50**	**144**	**15**	**209**
At 30 June 2024				
Cost	**50**	**452**	**15**	**517**
Accumulated amortisation and impairment	**–**	**(308)**	**–**	**(308)**
Net book amount	**50**	**144**	**15**	**209**
2023				
Opening net book amount	27	143	39	209
Additions	–	–	17	17
Transfers between asset classes	–	39	(39)	–
Acquisitions through business combinations (Note 22)	23	–	–	23
Amortisation	–	(29)	–	(29)
Closing net book amount	50	153	17	220
At 30 June 2023				
Cost	50	452	17	519
Accumulated amortisation and impairment	–	(299)	–	(299)
Net book amount	50	153	17	220

(a) Impairment tests for goodwill

Goodwill is allocated to the Group's CGUs identified according to the group of assets at the time of acquisition. The Group tests goodwill for impairment on at least an annual basis.

The recoverable amount of a CGU is determined based on the higher of fair value less costs of disposal or value-in-use calculations which require the use of assumptions. The calculations use cash flow projections extrapolated using the estimated growth rates. The cash flow projections are developed using the Group's own information with benchmarking to external sources and are therefore Level 3 inputs in the fair value hierarchy (unobservable market data).

The following table presents a summary of the goodwill allocation:

	2024 $m	2023[1] $m
CGU		
Bulk	**50**	50

1 The FY2023 Bulk CGU is comprised of $5 million Bulk QLD, $22 million Bulk NSW and $23 million Bulk Central.

9. Intangible assets (continued)

(a) Impairment tests for goodwill (continued)

Significant judgements and estimates

Impairment tests for goodwill

The Bulk reportable segment has historically been made up of several geographically centric CGUs, some of which have previously been impaired. The acquisition of Bulk Central in FY2023 accelerated the transformation of Bulk from a regionally based centric business, with operations largely in Western Australia, Queensland and New South Wales, to a national operation. This has led to changes in the operational and management structure and Bulk now makes decisions about the prioritisation of contracts, allocation of capital, and service/solution design at a national level.

Bulk provides integrated supply chain services, including rail and road transportation, port services, and material handling for a range of mining, metal, industrial and agricultural customers throughout Australia. Bulk also manages the Tarcoola-to-Darwin rail infrastructure, the intrastate rail freight network in South Australia, and containerised freight services between Adelaide and Darwin.

The Bulk reportable segment has been reassessed to be the smallest identifiable group of assets that generate cash inflows that are largely independent of cash inflows from other assets or group of assets. As the prior period assessment was performed under different groupings, please refer to the FY2023 Annual Report for details on the calculations and assumptions applied.

The Bulk CGU has a carrying amount of $2,143 million (2023: $2,177 million) and primarily includes infrastructure, rollingstock, other property, plant and equipment, goodwill and working capital. The recoverable amount of the Bulk CGU has been determined based on a fair value less costs of disposal calculation. The estimate uses a 10-year cash flow projection based on a pipeline of known opportunities in the first four years and estimated volume growth rates between nil and 3.3% per annum in the later six years, an estimated cost of carbon for an ACCU, a long-term growth rate of 2.5% and a post-tax discount rate of 8.4%.

The recoverable amount of the CGU supports the carrying amount, therefore no impairment or impairment reversal has been recognised. If the timing of future growth opportunities is delayed or forecast growth in volumes is not achieved, it may lead to a future impairment of the Bulk CGU.

(b) Accounting policies

(i) Goodwill

The goodwill recognised by the Group is a result of business combinations and generally represents the future economic benefits that arise from assets that are not capable of being individually identified and separately recognised. Goodwill may also arise as a result of temporary differences recognised in a business combination. Goodwill is initially measured as the amount the Group paid to acquire a business over and above the fair value of net assets acquired.

(ii) Software

Costs incurred in developing products or systems, and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction, are capitalised to software and systems. Costs capitalised include external direct costs of materials and services, employee costs and an appropriate portion of relevant overheads. Software development costs include only those costs directly attributable to the development phase, and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

Software-as-a-Service (SaaS) arrangements are service contracts which provide the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing licence fees, are recognised as an expense in profit or loss. Some of these costs incurred are for the development of software code that enhances or creates additional capability to existing systems and are recognised as an intangible asset when the recognition criteria are met.

Software is stated at historical cost, less any accumulated amortisation or impairment. Amortisation is calculated using the straight-line method over the estimated useful life which varies from three to 15 years.

10. Other assets

	2024 $m	2023 $m
Current		
Contract assets (a)	**12**	11
Lease receivable (b)	**5**	8
Other current assets	**12**	11
	29	30
Non-current		
Contract assets (a)	**52**	64
Lease receivable (b)	**17**	22
	69	86

(a) Contract assets

Refer to Note 2(b) for further information relating to contract assets.

(b) Lease receivable

Lease receivables represent the present value of future lease payments receivable on sub-lease arrangements where the expiry of the term of the sub-lease is the same as the head lease. The collectability of lease receivables is reviewed on an ongoing basis. No provision for impairment of lease receivables has been recognised, refer to the accounting policy in Note 6 (2023: $nil).

Minimum lease payments receivable on sub-leases are as follows:

	2024 $m	2023 $m
Within one year	**5**	9
Later than one year but not later than five years	**16**	17
Later than five years	**3**	7
	24	33
Less: Unearned interest income	**(2)**	(3)
Total lease receivables	**22**	30
Interest income relating to sub-lease arrangements	**1**	1
Income relating to variable lease payments received	**10**	11

The total cash inflow for sub-leases in the financial year was $19 million (2023: $20 million).

Notes to the consolidated financial statements

30 June 2024 (continued)

11. Trade and other payables

	2024 $m	2023 $m
Current		
Trade payables	**350**	307
Other payables	**66**	55
	416	362

(a) Accounting policies

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 45 days or within the terms agreed with the supplier.

12. Provisions

	2024 $m	2023 $m
Current		
Employee benefits (a)	**264**	239
Self-insurance provision	**31**	47
Other provisions	**-**	1
	295	287
Non-current		
Employee benefits (a)	**19**	16
Self-insurance provision	**14**	12
Land rehabilitation	**11**	21
Make good	**3**	3
	47	52
Total provisions	**342**	339

(a) Employee benefits

	2024 $m	2023 $m
Annual leave	**89**	85
Long service leave	**129**	123
Other	**65**	47
	283	255

Long service leave includes all unconditional entitlements where employees have completed the required period of service and a provision for the probability that employees will reach the required period of service. The Group does not expect all employees to take the full amount of employee benefits or require payment within the next 12 months based on past experience. The current provision for employee benefits includes $122 million (2023: $120 million) that is not expected to be taken or paid within the next 12 months.

(b) Accounting policies

A provision is recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are measured at the present value of the best estimate of the expenditure required to settle the present obligation at the reporting date.

(i) Employee benefits

The provision for employee benefits includes accrued annual leave, leave loading, retirement allowances, long service leave, short-term incentive plans and termination benefits.

Liabilities for wages, salaries and accumulating non-monetary benefits expected to be settled within 12 months of the reporting date, are recognised in respect of employees' services up to the end of the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for annual leave and long service leave are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting date. Expected future payments that are not expected to be settled within 12 months are discounted using market yield at the reporting date of Australian corporate bond rates and reflects the terms to maturity. Remeasurements as a result of adjustments and changes in actuarial assumptions are recognised in profit or loss.

A liability for short-term incentive plans is recognised based on a formula that takes into consideration the Group and individual key performance indicators. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

A termination benefit is payable when the Group decides to terminate the employment, or when an employee accepts redundancy in exchange for these benefits. A provision is recognised at the earlier of when the Group can no longer withdraw the offer of those benefits or when the Group recognises costs for restructuring and is measured using the present value of the expected amounts to be paid to settle the obligation.

Employee benefits are presented as current liabilities in the balance sheet if the Group does not have any unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

(ii) Superannuation

Aurizon Holdings Limited and the following subsidiaries are members of the State Public Sector Superannuation Scheme (QSuper) multi-employer defined benefit superannuation plan and are required to contribute a specific percentage of employee benefits expense to fund the retirement benefits of 418 employees (2023: 482):

- Aurizon Operations Limited
- Aurizon Network Pty Ltd
- Australia Eastern Railroad Pty Ltd
- Australia Western Railroad Pty Ltd
- Aurizon Intermodal Pty Ltd
- Interail Australia Pty Ltd

In accordance with the requirements of AASB 119 *Employee Benefits*, given the lack of sufficient information available, the plan is accounted for as if it were a defined contribution plan. Defined contribution superannuation expense in Note 3 includes $8 million (2023: $8 million) relating to the QSuper defined benefit plan.

(iii) Self-insurance provision

Self-insurance provision represents the estimated liability for general and property claims and workers' compensation. The estimate is based on known claims and an allowance for Incurred But Not Reported claims.

Notes to the consolidated financial statements
30 June 2024 (continued)

12. Provisions (continued)

(b) Accounting policies (continued)

(iv) Land rehabilitation and made good provisions

A provision is recognised for the present value of estimated costs of land rehabilitation and make good where the Group has a legal or constructive obligation to restore a site. The present value of estimated costs is calculated by inflating estimated costs at 2.8% (2023: 2.9%) and discounting at a weighted average discount rate of 4.6% (2023: 4.1%). The unwinding of the discount is recognised in profit or loss in finance costs and the movement in the provision is recognised in profit or loss in other expenses or through property, plant and equipment where these were recognised in the initial cost of the asset.

CQCN

The Group is the below rail operator and economic owner of the 2,670km CQCN under long-term infrastructure and land leases as described in Note 8. The CQCN is required to be managed and maintained in accordance with good operating practice. At expiry of the long-term leases, the Group has the right, but not the obligation, to remove the infrastructure (or parts of it) by agreement with the lessor or to be paid the fair market value of the infrastructure that is not removed. Therefore, no land rehabilitation provision is recognised in respect of the CQCN.

Tarcoola-to-Darwin railway and intrastate rail freight network in South Australia

The Group is the below rail operator and economic owner of the 2,245km Tarcoola-to-Darwin railway line and 215km of intrastate rail freight network in South Australia under long-term infrastructure (the Concession Deed) and land leases as described in Note 8. At expiry of the Concession Deed, the Tarcoola-to-Darwin railway is required to be returned in a condition which is capable of continued operations. The Concession Deed does not require the removal of track infrastructure or other property installed. At expiry of the land lease for the intrastate rail freight network in South Australia, the lessor may elect to acquire all or any part of the track infrastructure for fair market value. For any unacquired track infrastructure, the Group may remove that part of the track infrastructure or return it to the lessor. Therefore, no land rehabilitation provision is recognised in respect of the Tarcoola-to-Darwin railway or the intrastate rail freight network in South Australia.

13. Other liabilities

	2024 $m	2023 $m
Current		
Contract liabilities (a)	**34**	64
Lease liabilities (b)	**25**	20
Other current liabilities	**2**	11
	61	95
Non-current		
Contract liabilities (a)	**55**	80
Lease liabilities (b)	**161**	114
Other non-current liabilities	**2**	2
	218	196

(a) Contract liabilities

Refer to Note 2(b) for further information relating to contract liabilities.

(b) Lease liabilities

Lease liabilities represent the present value of future lease payments.

Minimum lease payments are as follows:

	2024 $m	2023 $m
Within one year	**35**	26
Later than one year but not later than five years	**117**	77
Later than five years	**103**	78
	255	181
Less: Discounted using the Group's incremental borrowing rate	**(69)**	(47)
Total lease liabilities	**186**	134

Capital and financial risk management

In this section

Capital and financial risk management provides information about the capital management practices of the Group and shareholder returns for the year, and discusses the Group's exposure to various financial risks, explains how these affect the Group's financial position and performance, and what the Group does to manage these risks.

14. Capital risk management

The Group's objective is to maintain a strong capital base so as to maintain investor, creditor and market confidence, and to sustain future development of the business. The Group monitors its capital structure by reference to gearing ratio, ability to generate free cash flow and credit rating.

Net debt consists of borrowings (both current and non-current) less cash and cash equivalents. Net debt excludes lease liabilities. Net gearing ratio is defined as Net debt divided by Net debt plus Equity. Net debt and Net gearing ratio are measures of the Group's indebtedness and provides an indicator of the balance sheet strength.

	Notes	2024 $m	2023 $m
Total borrowings	17	**4,897**	5,142
Less: cash and cash equivalents		**(49)**	(92)
Net debt		**4,848**	5,050
Total equity		**4,438**	4,353
Total capital		**9,286**	9,403
Net gearing ratio		**52.2%**	53.7%

15. Dividends

	Cents per share	$m
Declared and paid during the period		
For the year ended 30 June 2024		
Final dividend for 2023 (60% franked)	**8.0**	**147**
Interim dividend for 2024 (60% franked)	**9.7**	**179**
		326
For the year ended 30 June 2023		
Final dividend for 2022 (100% franked)	10.9	201
Interim dividend for 2023 (100% franked)	7.0	128
		329
Proposed and unrecognised at period end		
For the year ended 30 June 2024		
Final dividend for 2024 (60% franked)	7.3	134
For the year ended 30 June 2023		
Final dividend for 2023 (60% franked)	8.0	147

Franked dividends

Franking credits are available to shareholders of the Company at the 30% corporate tax rate. The franking credit account balance as at 30 June 2024 was $6 million (2023: $58 million). The balance of franking credits available as at the reporting date, adjusted for franking credit impact that arises from the refund of current tax receivables or the payment of current tax liabilities, is a surplus of $3 million (2023: deficit of $34 million).

16. Equity

(a) Contributed equity

(i) Issued capital

	Number of shares '000	$m
At 1 July 2022	1,840,704	207
At 30 June 2023	1,840,704	207
At 30 June 2024	**1,840,704**	**207**

Ordinary shares are classified as equity. The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. Ordinary shares entitle the holder to participate in dividends, as declared from time to time, and are entitled to one vote per share at meetings of the Company. Where the Company purchases ordinary shares as a result of a share buy-back, the consideration paid, net of any related income tax benefits, is deducted from share capital and the ordinary shares are cancelled.

(ii) Other contributed equity

	2024 $m	2023 $m
Balance at 1 July	**3,467**	3,467
Balance 30 June	**3,467**	3,467

Prior to the Initial Public Offering in 2010, the Queensland Government (the State) made an equity contribution to the Company. Certain share buy-backs and incremental costs attributable to share buy-backs have been deducted from the initial contribution. The capital distribution account is treated as share capital for tax purposes.

16. Equity (continued)

(b) Reserves

	Notes	Cash flow hedges $m	Share-based payments $m	Foreign currency translation $m	Total $m
Balance at 1 July 2023		**9**	**8**	**3**	**20**
Fair value gains/(losses) taken to equity		**(1)**	**–**	**–**	**(1)**
Fair value (gains)/losses transferred to property, plant and equipment		**2**	**–**	**–**	**2**
Other comprehensive income		**1**	**–**	**–**	**1**
Transactions with owners in their capacity as owners:					
Share-based payments expense	27	**–**	**6**	**–**	**6**
Purchase of shares for performance rights plans		**–**	**(4)**	**–**	**(4)**
Aggregate deferred tax debited/(credited) to equity		**–**	**2**	**–**	**2**
Balance at 30 June 2024		**10**	**12**	**3**	**25**
Balance at 1 July 2022		18	9	(1)	26
Fair value gains/(losses) taken to equity		26	–	–	26
Fair value (gains)/losses transferred to property, plant and equipment		3	–	–	3
Fair value (gains)/losses taken to profit or loss		(42)	–	–	(42)
Tax expense/(benefit) relating to items of other comprehensive income		4	–	–	4
Other currency translation differences		–	–	4	4
Other comprehensive income		(9)	–	4	(5)
Transactions with owners in their capacity as owners:					
Share-based payments expense	27	–	7	–	7
Purchase of shares for performance rights plans		–	(7)	–	(7)
Aggregate deferred tax debited/(credited) to equity		–	(1)	–	(1)
Balance at 30 June 2023		9	8	3	20

(i) Cash flow hedge reserve

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

(ii) Share-based payment reserve

The share-based payment reserve is used to recognise the fair value of rights recognised as an expense. Refer to Note 27 for further details of the Group's performance rights plans.

The fair value of rights granted are recognised as an employee benefits expense in profit or loss, with a corresponding increase in the share-based payment reserve in equity, and is spread over the vesting period during which the employees become unconditionally entitled to the right.

Where the Company purchases ordinary shares to satisfy performance rights plans, the consideration paid is deducted from the share-based payment reserve.

(iii) Foreign currency translation reserve

On consolidation all exchange differences arising from translation of controlled entities with a financial currency that is not Australian dollars are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is disposed of, or ceases, the cumulative amount recognised within the reserve relating to that foreign operation is transferred to profit or loss.

17. Borrowings

The Group borrows money through bank debt facilities and the issuance of debt securities in capital markets.

The carrying amount of the Group's borrowings are as follows:

	2024 $m	2023 $m
Current — Unsecured		
Medium-Term Notes	**799**	427
Bank debt facilities	**155**	139
	954	566
Non-current — Unsecured		
Medium-Term Notes	**2,255**	2,600
US Private Placement Notes	**791**	305
Syndicated Institutional Term Facility	**385**	–
Bank debt facilities	**525**	1,680
Other borrowings	**6**	6
Capitalised borrowing costs	**(19)**	(15)
	3,943	4,576
Total borrowings	**4,897**	5,142

The Group's bank debt facilities and USPP contain financial covenants. The bank debt facilities, Medium-Term Notes, and USPP contain general undertakings including negative pledge clauses which restrict the amount of security that the Group can provide over assets in certain circumstances. The Group has complied with all required covenants and undertakings throughout the reporting period. At reporting date, the Group has a net current liability position of $735 million due to the classification of the Network Euro denominated Medium-Term Note (Network EMTN 1) with a notional amount of $711 million maturing September 2024 as a current liability. Pre-existing funding capacity, together with capacity added during the year will be used to repay the $711 million Network EMTN 1 maturing in September 2024.

The Group manages its exposure to interest rate risk as set out in Note 18(a). Details of the Group's financing arrangements and exposure to risks arising from borrowings are set out in Note 18(b)(i).

(a) Accounting policies

Borrowings are initially recognised at fair value of the consideration received, less directly attributable borrowing costs. Borrowings are subsequently measured at amortised cost using the effective interest rate method.

Directly attributable borrowing costs are capitalised and amortised over the expected term of the bank debt facilities, Medium-Term Notes, and Private Placement Notes.

Borrowings are classified as current liabilities, except for those liabilities where the Group has an unconditional right to defer settlement for at least 12 months after the reporting period which are classified as non-current liabilities.

18. Financial risk management

Financial risks, including market risk, liquidity and funding risk and credit risk, are managed through policies that have been approved by the Board. The policies outline principles and procedures with respect to risk tolerance, delegated levels of authority on the type and use of derivative financial instruments, and the reporting of these exposures. The policies are subject to periodic reviews. The Group typically uses derivative financial instruments to hedge underlying exposures arising from operational activities relating to changes in foreign exchange rates and interest rates.

Aurizon Operations Limited (via a wholly owned subsidiary Aurizon Finance Pty Ltd) relies on an annually reviewed duration based hedging strategy to minimise any negative impact to its financial position that may arise as a result of movements in underlying interest rates.

Under the QCA approved regulatory regime, Network receives compensation for its cost of debt through the WACC. The risk-free rate and debt risk premium used to determine WACC are based on observed market data in the 20 business days prior to a WACC reset date. This interest rate risk is managed through the establishment of financial derivatives to fix the underlying interest rate of forecast debt over this period.

The Group's overall financial risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance as set out in the table below:

Risk	Exposure	Mitigation
Market risks		
— Interest rate risk	The Group is exposed to interest rate risk in respect to short and long-term borrowings where interest is charged at variable rates and to fair value interest rate risk on fixed rate borrowings.	The Group mitigates interest rate risk primarily by maintaining an appropriate mix of fixed and floating rate borrowings. Where necessary, the Group hedges interest rates using derivative financial instruments — interest rate swaps to manage cash flows and interest rate exposure.
— Interest rate and foreign exchange risk	The Group is exposed to interest rate and foreign currency exchange risk in respect of the Euro (€) and Japanese Yen (¥) denominated Medium-Term Notes (EMTNs) and US dollar (US$) denominated Private Placement Notes (USPP).	To mitigate the risk of adverse movements in interest rates and foreign exchange in respect of foreign currency denominated borrowings, the Group enters into cross-currency interest rate swaps (CCIRS) to replace foreign currency principal and interest payments with Australian dollar repayments.
— Foreign exchange risk	The Group is exposed to foreign exchange risk in respect of purchases of inventory and property, plant and equipment denominated in a foreign currency.	The Group manages foreign currency risk on contractual commitments by entering into forward exchange and swap contracts.
Liquidity and funding risk	The Group is exposed to liquidity and funding risk from operations and borrowings, where the risk is that the Group may not be able to refinance debt obligations or meet other cash outflow obligations when required.	The Group mitigates liquidity and funding risk by ensuring a sufficient range of funds are available to meet its cash flow obligations when due under both normal and stressed conditions without incurring unacceptable losses or damage to the Group's reputation.
Credit risk	The Group is exposed to credit risk from financial instrument contracts, trade and other receivables, contract assets and lease receivables. The maximum exposure to credit risk at reporting date is the carrying amount, net of any provisions for impairment.	The Group is permitted to enter into financial instrument contracts with high credit quality financial institutions with a minimum long-term credit rating of BBB+ or better by Standard & Poor's. The Board approved policies set maximum individual counterparty credit limits based on long-term credit ratings. The Group manages counterparty risk through approval, granting and renewal of credit limits, regularly monitoring exposures against credit limits, and assessing overall financial stability and strength of counterparties on an ongoing basis. Refer to Note 6 for credit risk exposures relating to trade and other receivables, contract assets and lease receivables.

18. Financial risk management (continued)

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign currency risk through foreign denominated borrowings and capital purchases. The exposure is mitigated through hedging 100% of foreign denominated borrowings for both principal and interest for the life of the debt. As at 30 June 2024 and 2023, these foreign currency risk exposures were 100% hedged through cross-currency interest rate swaps. The Group's exposure to foreign currency risk for capital purchases is not considered to have a material impact.

The following sensitivity illustrates how a reasonable possible change in the US dollar, Euro or Japanese Yen would impact the financial results and position of the Group as at 30 June:

- If the Australian dollar had changed by 10% against the US dollar, with all other variables held constant, the impact on equity would have been $15 million (2023: $6 million) and no impact on profit or loss.
- If the Australian dollar had changed by 10% against the Euro, with all other variables held constant, the impact on equity would have been $5 million (2023: $8 million) and no impact on profit or loss.
- If the Australian dollar had changed by 10% against the Japanese Yen, with all other variables held constant, the impact on equity would have been $1 million (2023: $nil) and no impact on profit or loss.

(ii) Interest rate risk

The Group is exposed to interest rate risk through variable bank debt and fixed rate debt that has been swapped to variable through interest rates swaps, refer to Note 18(b)(i) for details on the Group's financing arrangements. The table below represents the Group's total variable rate exposure notional amount and the interest rate swaps outstanding at 30 June to convert variable interest payments to fixed:

	Balance $m
2024	
Variable rate exposure	**5,039**
Interest rate swaps (notional amount)	**(4,450)**
Net exposure to interest rate risk	**589**
2023	
Variable rate exposure	4,871
Interest rate swaps (notional amount)	(4,025)
Net exposure to interest rate risk	846

The Group's weighted average interest rate is 6.2% (2023: 4.0%) on its variable rate exposure. The Group currently has interest rate swaps in place to cover 88% (2023: 83%) of the variable rate exposure at a weighted average interest rate of 3.8% (2023: 1.2%). The weighted average maturity of interest rate swaps is 2.9 years (2023: 4.4 years).

The following sensitivity illustrates the gain/(loss) impact of a 100 basis points (bps) increase or decrease in interest rates with all other variables held constant:

- Net profit would decrease by $6 million (2023: decrease by $4 million) with a 100-bps increase in interest rate or increase by $6 million (2023: increase by $4 million) with a 100 bps decrease in interest rates; and
- Equity reserves would increase by $117 million (2023: increase by $140 million) with a 100-bps increase in interest rate or decrease by $120 million (2023: decrease by $149 million) with a 100 bps decrease in interest rates.

(iii) Effects of hedge accounting

The table below summarises the hedging instruments used to manage market risk:

	2024 $m	2023 $m
Current assets		
Foreign exchange contracts	**–**	2
CCIRS	**87**	–
	87	2
Non-current assets		
Interest rate swaps	**42**	41
CCIRS	**–**	78
	42	119
Total derivative financial instrument assets	**129**	121
Non-current liabilities		
Interest rate swaps	**180**	201
CCIRS	**56**	51
Total derivative financial instrument liabilities	**236**	252

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18. Financial risk management (continued)

(a) Market risk (continued)

(iii) Effects of hedge accounting (continued)

The following table summarises the hedging instruments and hedged items designated in hedging relationships.

	Cash flow hedge			Fair value hedge		
	Foreign exchange contracts[1]	Pay Fixed AUD interest rate swaps[2]	CCIRS[4]	Receive Fixed AUD interest rate swaps[3]	CCIRS[4]	
	Capital purchases $m	AUD Floating rate debt $m	EUR, USD & JPY Fixed rate debt $m	AUD Fixed rate debt $m	EUR, USD & JPY Fixed rate debt $m	Total $m
2024						
Notional amount	**22**	**4,450**	**2,155**	**1,768**	**2,155**	**-**
Carrying amount assets/(liabilities) of hedging instruments	**-**	**42**	**(32)**	**(180)**	**63**	**(107)**
At 30 June 2024						
Cumulative fair value adjustment on hedged item[5]	**-**	**-**	**-**	**181**	**(57)**	**124**
Carrying amount of borrowings subject to fair value hedges	**-**	**-**	**-**	**(1,587)**	**(2,212)**	**(3,799)**
Cumulative balance deferred in cash flow hedge reserve (before tax)[6]	**-**	**(40)**	**26**	**-**	**-**	**(14)**
During the year recognised						
Gain/(loss) on change in fair value of the hedging instrument for effectiveness testing	**(2)**	**2**	**1**	**20**	**3**	**24**
Gain/(loss) on change in fair value of the hedged item	**2**	**(1)**	**(3)**	**(20)**	**-**	**(22)**
(Gain)/loss on change in the value of the hedging instrument recognised in other comprehensive income (before tax)	**(2)**	**-**	**3**	**-**	**-**	**1**
Hedge ineffectiveness recognised in profit or loss	**-**	**(1)**	**2**	**-**	**(3)**	**(2)**
Amounts recognised in profit or loss for discontinued hedges	**-**	**(1)**	**-**	**-**	**-**	**(1)**

1 Foreign exchange contracts are designated in cash flow hedges that are hedging anticipated purchases of property, plant and equipment. The weighted average exchange rate of outstanding foreign exchange contracts are AUD:USD 0.6740 and AUD:EUR 0.6089.

2 Interest rate swaps are designated in a hedge relationship against a portion of the outstanding debt balances up to the notional amount of the swaps. The interest rate swaps have a weighted average pay fixed leg of 3.83% and a receive floating leg of BBSW.

3 Interest rate swaps are designated to be in a 100% hedge relationship against the identified fixed rate borrowings. The interest rate swaps have a weighted average pay floating leg of BBSW + 2.12% spread and a receive fixed leg of 4.22%.

4 CCIRS are split designated in cash flow hedge and fair value hedge relationships. CCIRS have a weighted average receive fixed EUR rate leg of 2.56% and pay floating AUD leg of BBSW + 2.93%, a weighted average receive fixed USD rate leg of 6.72% and pay floating AUD leg of BBSW + 3.61% spread and a weighted average receive fixed JPY rate leg of 2.00% and pay floating AUD leg of BBSW + 2.05% spread.

5 The cumulative fair value adjustment is included in borrowings.

6 Cash flow hedge reserve includes the cumulative impact of cross-currency basis recognised as cost of hedging of $9 million.

18. Financial risk management (continued)

(a) Market risk (continued)

(iii) Effects of hedge accounting (continued)

	Cash flow hedge			Fair value hedge		
	Foreign exchange contracts[1]	Pay Fixed AUD interest rate swaps[2]	CCIRS[4]	Receive Fixed AUD interest rate swaps[3]	CCIRS[4]	
	Capital purchases $m	AUD Floating rate debt $m	EUR & USD Fixed rate debt $m	AUD Fixed rate debt $m	EUR & USD Fixed rate debt $m	Total $m
2023						
Notional amount	97	4,450[7]	1,684	1,418	1,684	–
Carrying amount assets/(liabilities) of hedging instruments	2	40	(33)	(200)	60	(131)
At 30 June 2023						
Cumulative fair value adjustment on hedged item[5]	–	–	–	201	(59)	142
Carrying amount of borrowings subject to fair value hedges	–	–	–	(1,167)	(1,743)	(2,910)
Cumulative balance deferred in cash flow hedge reserve (before tax)[6]	(2)	(39)	29	–	–	(12)
During the year recognised						
Gain/(loss) on change in fair value of the hedging instrument for effectiveness testing	–	(2)	(12)	(5)	73	54
Gain/(loss) on change in fair value of the hedged item	–	2	11	(2)	(73)	(62)
(Gain)/loss on change in the value of the hedging instrument recognised in other comprehensive income (before tax)	–	(2)	(11)	–	–	(13)
Hedge ineffectiveness recognised in profit or loss	–	–	1	7	–	8

1 Foreign exchange contracts are designated in cash flow hedges that are hedging anticipated purchases of property, plant and equipment. The weighted average exchange rate of outstanding foreign exchange contracts are AUD:USD 0.6734 and AUD:USD 0.6129.
2 Interest rate swaps are designated in a hedge relationship against a portion of the outstanding debt balances up to the notional amount of the swaps. The interest rate swaps have a weighted average pay fixed leg of 3.86% and a receive floating leg of BBSW.
3 Interest rate swaps are designated to be in a 100% hedge relationship against the identified fixed rate borrowings. The interest rate swaps have a weighted average pay floating leg of BBSW + 2.12% spread and a receive fixed leg of 3.75%.
4 CCIRS are split designated in cash flow hedge and fair value hedge relationships. CCIRS have a weighted average receive fixed EUR rate leg of 2.56% and pay floating AUD leg of BBSW + 2.93% and a weighted average receive fixed USD rate leg of 6.72% and pay floating AUD leg of BBSW + 3.61% spread.
5 The cumulative fair value adjustment is included in borrowings.
6 Cash flow hedge reserve includes the cumulative impact of cross-currency basis recognised as cost of hedging of $15 million.
7 Notional amount includes $425 million of forward dated interest rate swaps commencing in June 2024.

18. Financial risk management (continued)

(b) Liquidity and funding risk

(i) Financing arrangements

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

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

		Utilised[1]		Facility limit	
	Maturity	2024 $m	2023 $m	2024 $m	2023 $m
Aurizon Finance Pty Ltd					
Working capital facility	Jun-25	**115**	62	**125**	125
Bilateral facility	Nov-23	**–**	65	**–**	65
Bilateral facility	Nov-25	**–**	–	**75**	75
Bilateral facility	Jul-26	**130**	195	**465**	415
Bridge loan facility	Jul-24	**–**	350	**–**	350
Revolver loan facility	Jul-25	**–**	25	**400**	400
Term loan facility	Jul-27	**200**	400	**200**	400
Finance AMTN 1[2]	Mar-28	**500**	500	**500**	500
Finance USPP[2]	Jul-30	**197**	–	**197**	–
Finance USPP[2]	Jul-33	**153**	–	**153**	–
Finance USPP[2]	Jul-34	**50**	–	**50**	–
Finance USPP[2]	Jul-35	**103**	–	**103**	–
		1,448	1,597	**2,268**	2,330
Aurizon Network Pty Ltd					
Working capital facility	Jun-25	**73**	36	**75**	75
Bilateral facility	Jan-26	**105**	575	**575**	575
Bilateral facility	Jan-27	**40**	135	**310**	310
Bilateral facility	Jan-28	**–**	–	**205**	205
Bilateral facility	Oct-28	**50**	–	**50**	–
Bilateral facility	Oct-29	**–**	–	**50**	–
Bilateral facility	Oct-30	**–**	–	**50**	–
Revolver loan facility	Dec-28	**–**	–	**115**	–
Term loan facility	Dec-28	**145**	–	**145**	–
Term loan facility	Dec-29	**240**	–	**240**	–
Network AMTN 2[2]	Jun-24	**–**	425	**–**	425
Network AMTN 3[2]	Mar-30	**82**	82	**82**	82
Network AMTN 4[2]	Sep-30	**500**	500	**500**	500
Network AMTN 5[2]	Dec-31	**75**	75	**75**	75
Network AMTN 6[2]	Dec-32	**80**	80	**80**	80
Network AMTN 7[2]	Dec-34	**20**	20	**20**	20
Network AMTN 8[2]	Sep-31	**350**	–	**350**	–
Network EMTN 1[2]	Sep-24	**711**	711	**711**	711
Network EMTN 2[2]	Jun-26	**778**	778	**778**	778
Network EMTN 3[2]	May-34	**68**	–	**68**	–
Network USPP[2]	Jun-33	**184**	184	**184**	184
Network USPP[2]	Jun-35	**122**	122	**122**	122
		3,623	3,723	**4,785**	4,142
Total Group financing arrangements		**5,071**	5,320	**7,053**	6,472

1 Amount utilised includes bank guarantees included in the working capital facility of $33 million (2023: $25 million) and excludes capitalised borrowing costs of $19 million (2023: $15 million) and discounts on Medium-Term Notes of $4 million (2023: $5 million). The facilities above exclude the Term Loan Facility with The AustralAsia Railway Corporation in connection with the Tarcoola-to-Darwin Concession Deed. The carrying amount (and related fair value) of the Term Loan Facility is $6 million (2023: $6 million).

2 Amounts utilised on EMTNs, AMTNs and USPPs excludes accumulated fair value adjustments of $124 million (2023: $140 million, including $2 million on discontinuation of hedge accounting on Network AMTN 2). EMTN 1 and EMTN 2 have a notional amount of €500 million each, converted to AUD at an exchange rate of 0.7036 and 0.6425 respectively. The USD tranches of the Network USPP have a total notional amount of US$132 million, converted to AUD at an exchange rate of 0.6748. The USD tranches of the Finance USPP have a total notional amount of US$273 million, converted to AUD at an exchange rate of 0.6770. The EMTN 3 has a total notional amount of ¥7 billion, converted to AUD at an exchange rate of 102.94.

18. Financial risk management (continued)

(b) Liquidity and funding risk (continued)

(ii) Maturities of financial liabilities

The table below analyses the Group's financial liabilities, including derivatives, into relevant maturity groupings based on the period remaining until the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interest) and will not reconcile with the amounts disclosed in the consolidated balance sheet:

	1 year or less $m	1–5 years $m	More than 5 years $m	Total contractual cash flows $m	Carrying amount (assets)/liabilities $m
2024					
Non-derivative financial instruments					
Trade and other payables	**416**	**–**	**–**	**416**	**416**
Borrowings (excluding the effect of CCIRS)	**1,112**	**2,600**	**2,595**	**6,307**	**4,897**
Financial guarantees	**33**	**–**	**–**	**33**	**–**
Total non-derivative financial instruments	**1,561**	**2,600**	**2,595**	**6,756**	**5,313**
Derivatives					
Interest rate swaps	**17**	**101**	**30**	**148**	**138**
CCIRS	**(47)**	**46**	**30**	**29**	**(31)**
Total derivatives	**(30)**	**147**	**60**	**177**	**107**
2023					
Non-derivative financial instruments					
Trade and other payables	362	–	–	362	362
Borrowings (excluding the effect of CCIRS)	789	3,956	1,272	6,017	5,142
Financial guarantees	25	–	–	25	–
Total non-derivative financial instruments	1,176	3,956	1,272	6,404	5,504
Derivatives					
Interest rate swaps	20	135	55	210	160
CCIRS	93	(64)	13	42	(27)
Gross settled forward exchange contracts (inflow)	2	–	–	2	(2)
Total derivatives	115	71	68	254	131

(c) Hedging instruments

(i) Accounting policies

Derivative financial instruments are recognised initially at fair value on the date the instrument is entered into and are subsequently remeasured at fair value or 'mark-to-market' at each reporting date. The gain or loss on remeasurement is recognised immediately in profit or loss unless the derivative is designated as a hedging instrument, in which case the remeasurement is recognised in equity.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

At inception of the hedge relationship, the Group formally designated the relationship between hedging instruments and hedged items, as well as its risk management objective for undertaking various hedge transactions. The Group also documents its assessment at hedge inception date and on an ongoing basis as to whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item and a qualitative assessment is performed to assess effectiveness. If changes in circumstances affect the terms of the hedged item, such as the terms no longer match exactly with the critical terms of the hedged instrument, a hypothetical derivative method is used to assess effectiveness.

The main source of hedge ineffectiveness is the effect of the credit risk differential between the Group and its respective counterparties (i.e. credit curves) on the fair value of interest rate swaps and CCIRS, which is not reflected in the fair value of the hedged item. Ineffectiveness may also arise due to differences in the critical terms between the interest rate swaps and loans, in the timing of forecast transactions or any off-market derivatives. Hedge ineffectiveness is recognised against the mark-to-market position of the derivative financial instrument and in profit or loss in finance expense.

Rebalancing

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for at the time of the hedge relationship rebalancing.

For the purpose of hedge accounting, hedges are classified as fair value hedges or cash flow hedges and are accounted for as set out in the table below.

	Fair value hedge	Cash flow hedge
What is it?	A derivative or financial instrument designated as hedging the change in fair value of a recognised asset or liability or firm commitment. A fair value hedge is used to swap fixed interest payments to variable interest payments in order to manage the Group's exposure to interest rate risk.	A derivative or financial instrument hedging the exposure to variability in cash flow attributable to a particular risk associated with an asset, liability or forecasted transaction. A cash flow hedge is used to swap variable interest rate payments to fixed interest rate payments, or to lock in foreign currency rates in order to manage the Group's exposure to interest rate risk and foreign exchange risk.
Movement in fair value	Changes in the fair value of the derivative are recognised in profit or loss, together with the changes in fair value of the hedged asset or liability attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings are recognised in profit or loss within finance expenses, together with the changes in fair value of the hedged fixed rate borrowing attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised separately to the effective portion in profit or loss within finance expense.	The effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated in equity in the cash flow hedge reserve. The change in the fair value that is identified as ineffective is recognised immediately in profit or loss within finance income or finance expense. Amounts accumulated in equity are transferred to profit or loss when the hedged item affects profit or loss. When the forecast transaction results in the recognition of a non-financial asset (property, plant and equipment), the gains or losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset.
Discontinuation of hedge accounting	If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss in finance income over the period to maturity using a recalculated effective interest rate.	When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

18. Financial risk management (continued)

(d) Fair value measurement

The carrying amount of cash and cash equivalents and non-interest bearing financial assets and liabilities approximates the carrying amount. The fair value of borrowings carried at amortised cost is $4,768 million (2023: $5,186 million).

The fair value of borrowings is estimated by discounting future contractual cash flows at the current market interest rates that are available to the Group for similar financial instruments. The market interest rates were determined to be between 4.8% and 8.2% (2023: 4.8% and 7.1%) depending on the type of facility.

The Group measures the fair value of financial instruments using market observable data where possible. Fair values are categorised into three levels with each of these levels indicating the reliability of the inputs used in determining fair value. The levels of the fair value hierarchy are:

Level 1: Quoted prices for an identical asset or liability in an active market

Level 2: Directly or indirectly observable market data

Level 3: Unobservable market data.

The fair value of forward foreign exchange contracts is determined as the unrealised gain/(loss) with reference to market rates. The fair value of interest rate swaps is determined as the net present value of contracted cash flows. The existing exposure method, which estimates future cash flows to present value using credit adjusted discount factors after counterparty netting arrangements, has been adopted for both forward foreign exchange contracts and interest rate swaps.

The fair value of CCIRS is determined as the net present value of contract cash flows. The future probable exposure method is applied to the estimated future cash flows to reflect the credit risk of the Group and relevant counterparties.

The Group's derivative financial instruments and fair value of borrowings are classified as Level 2 (2023: Level 2). During the period, there were no transfers between Level 1, Level 2 or Level 3 in the fair value hierarchy (2023: nil).

Group structure

In this section

Group structure provides information about particular subsidiaries and associates, and how changes have affected the financial position and performance of the Group.

19. Joint ventures

The Group has an interest in the following joint ventures:

		Ownership interest		
Name	Country of operation	2024 %	2023 %	Principal activity
Coal Network Capacity Co Pty Ltd	Australia	**7**	8	Independent Expert
Ox Mountain Limited[1]	United Kingdom	**69**	69	Software
ARG Risk Management Limited	Bermuda	**50**	50	Insurance
Integrated Logistics Company Pty Ltd	Australia	**14**	14	Consulting

1 The Group's investment in Ox Mountain Limited continues to be classified as a joint venture due to the Group having joint control and is accounted for using the equity method of accounting.

(a) Accounting policies

Investments in joint ventures are accounted for using the equity method of accounting. Investments are initially recognised at cost and subsequently adjusted for the Group's share of net profit or loss. The carrying amount of an investment is reduced by the value of dividends received from the joint venture.

Consideration transferred to acquire additional shares is added to the existing carrying amount of the investment without remeasurement of the previously held interest and without specific allocation to the underlying assets and liabilities of the investee.

The carrying amount of investments are tested for impairment in accordance with the policy described in Note 8.

20. Material subsidiaries

The ultimate parent of the Group is Aurizon Holdings Limited. The companies listed below are those whose results, in addition to the parent entity, principally affect the amounts shown in the financial report:

		Ownership interest	
Controlled entities	Country of operation	2024 %	2023 %
Aurizon Operations Limited	Australia	**100**	100
Aurizon Network Pty Ltd	Australia	**100**	100
Aurizon Finance Pty Ltd	Australia	**100**	100
Aurizon Property Pty Ltd	Australia	**100**	100
Australia Eastern Railroad Pty Ltd	Australia	**100**	100
Australia Western Railroad Pty Ltd	Australia	**100**	100
Aurizon Port Services Pty Ltd	Australia	**100**	100
Aurizon Port Services NSW Pty Ltd	Australia	**100**	100
Aurizon Bulk Central Pty Ltd	Australia	**100**	100
Aurizon Bulk Central Network Pty Ltd	Australia	**100**	100
Iron Horse Insurance Company Pte Ltd	Singapore	**100**	100

(a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at reporting date and the results of all subsidiaries for the financial year.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceases.

Inter-company transactions and balances are eliminated on consolidation.

The assets and liabilities of entities within the Group that have a functional currency different from the presentation currency are translated into Australian dollars at the rate of exchange at the balance sheet date and profit or loss are translated at the average exchange for the year. The exchange differences arising on the balance sheet translation are taken directly to a separate component in equity in the foreign currency translation reserve.

Notes to the consolidated financial statements

30 June 2024 (continued)

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21. Parent entity disclosures

The financial information for the parent entity Aurizon Holdings Limited has been prepared on the same basis as the consolidated financial statements, except for investments in subsidiaries which are carried at cost less accumulated impairment losses.

(a) Summary financial information

	2024 $m	2023 $m
Current assets	**63**	267
Non-current assets	**3,660**	3,534
Total assets	**3,723**	3,801
Current liabilities	**56**	135
Non-current liabilities	**1**	–
Total liabilities	**57**	135
Net assets	**3,666**	3,666
Equity		
Contributed equity	**3,674**	3,674
Reserves	**(4)**	(5)
Accumulated losses	**(4)**	(3)
Total equity	**3,666**	3,666
Profit for the year	**325**	282
Total comprehensive income	**325**	282

All costs associated with employees of the parent entity are borne by a subsidiary and recharged to the parent entity as they are incurred. The parent entity disclosure includes employee benefit provisions and other labour accruals for these employees.

(b) Guarantees entered into by the parent entity

The parent entity did not have any material contingent liabilities or contractual commitments for the acquisition of property, plant and equipment as at 30 June 2024 (2023: $nil).

22. Acquisition of businesses and interests in joint venture

(a) Summary of acquisitions in 2023

(i) One Rail Australia

The acquisition of One Rail Australia completed on 29 July 2022. Details of the purchase consideration, net assets acquired and goodwill are as follows:

	$m
Total purchase consideration (after working capital and completion adjustments)	2,404
	Fair value on acquisition date $m
Cash	50
Trade and other receivables	44
Inventories	31
Other assets	3
Property, plant and equipment[1]	1,409
Assets held for sale	984
Trade and other payables	(18)
Borrowings	(5)
Provisions	(31)
Other current liabilities	(11)
Other non-current liabilities	(18)
Deferred tax liabilities	(23)
Liabilities directly associated with assets classified as held for sale	(34)
Fair value of net identifiable assets acquired	2,381
Add: Goodwill	23
Fair value of net assets acquired	2,404

1 Included Bulk leased assets of $1,100 million and other leased assets of $21 million.

Goodwill of $23 million solely arose from the net deferred tax liability recognised on acquisition, in accordance with accounting standards. The net deferred tax liability arose on leased assets (comprising leasehold interests with below market rental payments) and the face value of the Term Loan Facility, offset by deferred tax assets associated with provisions. None of the goodwill is expected to be deductible for tax purposes.

The gross contractual amount due and fair value of trade receivables acquired was $44 million.

Borrowings acquired included a $50 million Term Loan Facility with The AustralAsia Railway Corporation in connection with the Tarcoola-to-Darwin Concession Deed issued at below market interest rates. The Term Loan Facility matures in 2054 at the expiry of the Concession Period. The fair value of the loan acquired was $5 million.

Acquisition costs of $49 million, included landholder duty, advisory fees and other costs that were expensed to profit or loss and classified in other expenses. This amount was classified as a significant item in continuing operations.

Total cash paid of $2,404 million included $1,454 million for continuing operations and $950 million for discontinued operations held for sale. Net cash outflow from investing activities for continuing operations was $1,404 million, representing cash paid net of cash acquired of $50 million.

22. Acquisition of businesses and interests in joint venture (continued)

(a) Summary of acquisitions in 2023 (continued)

(ii) Ox Mountain Limited

The Group increased its ownership interest in Ox Mountain Limited (UK registered), a maintenance software developer and distributor, from 42% to 69% for consideration of $30 million on 9 January 2023. The investment continues to be classified as a joint venture due to the Group having joint control and is accounted for using the equity method of accounting.

(b) Accounting policies

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. In accordance with the acquisition method, the Group measures goodwill, at acquisition date, as the fair value of the consideration transferred less the fair value of the identifiable assets and liabilities acquired. The fair value of the consideration transferred comprises the initial cash paid and an estimate for any future contingent or deferred payments the Group may be liable to pay.

The application of the acquisition method requires certain estimates and assumptions to be made particularly around the determination of fair value of any contingent or deferred consideration, the acquired intangible assets, property, plant and equipment, and liabilities assumed. Such estimates are based on information available at acquisition date.

Acquisition-related costs are expensed as incurred.

Predecessor value method of accounting is used to account for all business combinations that involve entities under common control. Acquired assets and liabilities are recorded at their existing carrying amount and no goodwill is recorded. Retrospective presentation of the acquired entity's results and balance sheet are incorporated as if both entities had always been combined.

23. Discontinued operation

(a) One Rail Australia Holdings Limited (ORAH)

The Group completed the sale of ORAH to Magnetic Rail Group Pty Ltd (Magnetic) on 17 February 2023 for consideration of $438 million including completion adjustments. The total consideration included $313 million cash proceeds received on completion of the sale and $125 million cash proceeds received on 16 February 2024. On completion of the sale, Magnetic assumed ORAH's existing borrowings of $474 million.

(b) Accounting policies

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated income statement.

Other notes

In this section

Other notes provides information on other items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements, however are not considered critical in understanding the financial performance or position of the Group.

24. Notes to the consolidated statement of cash flows

(a) Reconciliation of net cash inflow from operating activities to profit from continuing operations

	2024 $m	2023 $m
Profit from continuing operations	**406**	324
Depreciation and amortisation	**707**	666
Impairment of non-current assets	**1**	13
Finance expenses	**342**	233
Share-based payment expense	**6**	7
Net loss/(gain) on disposal of assets	**3**	4
Share of net profit of investments accounted for using equity method	**(1)**	(1)
Net exchange differences	**(1)**	–
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	**31**	(123)
(Increase)/decrease in inventories	**(21)**	(22)
(Increase)/decrease in other operating assets	**19**	(22)
Increase/(decrease) in trade and other payables	**36**	15
Increase/(decrease) in other liabilities	**(65)**	(15)
Increase/(decrease) in current tax liabilities	**101**	(171)
Increase/(decrease) in deferred tax liabilities	**50**	126
Increase/(decrease) in provisions	**2**	(19)
Net cash inflow from operating activities from continuing operations	**1,616**	1,015

(b) Reconciliation of liabilities arising from financing activities to financing cash flows

	Current borrowings $m	Non-current borrowings $m	Liabilities held to hedge borrowings[1] $m	Assets held to hedge borrowings[1] $m	Total $m
Balance as at 1 July 2023	**(566)**	**(4,576)**	**(252)**	**119**	**(5,275)**
Reclassification	**(794)**	**794**	**–**	**–**	**–**
Financing cash flows[2]	**409**	**(139)**	**–**	**–**	**270**
Changes in fair value (including foreign exchange rates)	**–**	**(13)**	**16**	**10**	**13**
Other non-cash movements[3]	**(3)**	**(9)**	**–**	**–**	**(12)**
Balance as at 30 June 2024	**(954)**	**(3,943)**	**(236)**	**129**	**(5,004)**
Balance as at 1 July 2022	(255)	(2,966)	(266)	80	(3,407)
Reclassification	(237)	237	–	–	–
Financing cash flows[2]	(74)	(1,761)	–	–	(1,835)
Changes in fair value (including foreign exchange rates)	–	(74)	14	39	(21)
Other non-cash movements[3]	–	(12)	–	–	(12)
Balance as at 30 June 2023	(566)	(4,576)	(252)	119	(5,275)

1 Assets and liabilities held to hedge borrowings exclude foreign exchange contracts included in Note 18(a).
2 Financing cash flows includes the net amount of proceeds from borrowings, repayment of borrowings and payments of transaction costs related to borrowings.
3 Other non-cash movements includes the amortisation of AMTN 2 fair value adjustment, amortisation of capitalised borrowing costs and amortisation of discounts on the face value of the AMTNs and EMTNs issued.

25. Related party transactions

Related parties include investments and Key Management Personnel (KMP). There were no transactions with related parties during the financial year (2023: $nil).

26. Key Management Personnel

KMP include the Non-Executive Directors and those Executives who have the authority and responsibility for planning, directing and controlling the activities of the Group.

	2024 $'000	2023 $'000
Short-term employee benefits	**8,703**	7,932
Long-term employee benefits	**138**	192
Post-employment benefits	**265**	244
Share-based payment expense	**2,848**	4,707
	11,954	13,075

Detailed remuneration disclosures are provided in the Remuneration Report section of the Directors' Report. Apart from the information disclosed in this note, no Director has entered into a material contract with the Group in the financial year and there were no material contracts involving Directors' interests existing at year end (2023: nil).

27. Share-based payments

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payment incentives. The performance rights plans were established by the Board to motivate and incentivise employees to develop and successfully execute against short and long-term strategies that grow the business and generate shareholder returns. The schemes under the plan include a Short Term Incentive Award (STIA), a Long Term Incentive Award (LTIA) and a Retention award. The schemes have various terms and performance measures.

This note should be read in conjunction with the Remuneration Report, as set out in the Directors' Report, which contains detailed information regarding the setting of remuneration for KMP.

The table below summarises the total movements in the performance rights issued by the Group:

	Balance at start of the year Number '000	Granted during the year Number '000	Exercised during the year Number '000	Forfeited during the year Number '000	Balance at end of the year[1] Number '000
2024					
STIA	**553**	**278**	**(509)**	**(44)**	**278**
LTIA	**10,475**	**4,301**	**(512)**	**(1,943)**	**12,321**
Retention	**201**	**130**	**(54)**	**-**	**277**
Total	**11,229**	**4,709**	**(1,075)**	**(1,987)**	**12,876**
2023					
STIA	541	553	(541)	–	553
LTIA	9,916	3,764	(1,129)	(2,076)	10,475
Retention	146	176	(92)	(29)	201
Total	10,603	4,493	(1,762)	(2,105)	11,229

1 Balance of rights at the end of the year remains unvested.

During the period, the Group recognised a share-based payment expense of $6 million (2023: $7 million).

The weighted average share price at the date performance rights were exercised during the period was $3.60 (2023: $3.98). The weighted average remaining contractual life of unvested rights at 30 June 2024 was 2.0 years (2023: 2.0 years).

Market valuation techniques were used to determine the fair value of performance rights granted and are summarised in the table below:

Scheme	Fair value	2024 $	2023 $
STIA	Share price at grant date	**3.59**	3.63
Retention	Share price at grant date	**3.85**	3.68
LTIA			
— ROIC	Share price at grant date less estimated dividend yield	**2.84**	2.72
— TSR	Monte-Carlo simulation technique	**1.62**	1.55
— Strategic Transformation[1]	Share price at grant date less estimated dividend yield	**2.84**	2.72

1 The Strategy Transformation Scheme is determined by reference to Non-Coal Underlying EBITDA Growth over the performance period.

The table below summarises the inputs to the fair value calculation under the Monte-Carlo simulation technique:

Inputs	2024	2023
Expected dividend yield (%)	**6.00**	6.60
Expected price volatility of the Company's shares (%)	**22.50**	22.50
Share price at grant date ($)	**3.61**	3.54
Risk-free interest rate (%)	**3.90**	3.60
Expected life of rights (years)	**4.00**	4.00

The expected price volatility of the Company's shares reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

28. Auditor's remuneration

During the year, the following fees were paid or payable for services provided by the auditor of the parent entity and its subsidiaries:

	2024 $'000	2023 $'000
Deloitte Touche Tohmatsu		
Audit and review of financial statements		
Group	**343**	618
Controlled subsidiaries	**1,052**	967
	1,395	1,585
Other assurance services	**217**	142
Other advisory services	**14**	187
Total remuneration of Deloitte Touche Tohmatsu	**1,626**	1,914

29. New and amended standards

(a) New and amended standards adopted by the Group

AASB 17 *Insurance Contracts* (AASB 17) became effective for the Group from 1 July 2023. The Group Insurance Program includes certain placements with a wholly owned captive insurance company, Iron Horse Insurance Company Pte Ltd (incorporated in the Republic of Singapore). The captive insurance company only underwrites the Group and its subsidiaries for property and liability insurance. As the Group and the Company does not have any contracts that meet the definition of an insurance contract under AASB 17, the new standard does not have a material impact on the Group or the Company.

The Group has also applied the following amendments for the first time for the reporting period commencing 1 July 2023:

› AASB 2021-2 *Amendments to Australian Accounting Standards — Disclosure of Accounting Policies and Definition of Accounting Estimates*; and
› AASB 2021-5 *Amendments to Australian Accounting Standards — Deferred Tax related to Assets and Liabilities arising from a Single Transaction*.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to materially affect the current or future reporting periods.

(b) New standards and interpretations not yet adopted

Certain new accounting standards and amendments to standards have been published that are not mandatory for reporting periods commencing 1 July 2023 and have not been early adopted by the Group. These standards are not expected to have a material recognition and measurement impact on the Group in the current or future reporting periods and on foreseeable future transactions.

AASB 18 *Presentation and Disclosure in Financial Statements* will be effective for the Group from 1 July 2027. The standard will affect the presentation and disclosure in the financial statements, including introducing new categories and subtotals in the statement of profit or loss, requiring the disclosure of management-defined performance measures, and changing the grouping of information in the financial statements.

Unrecognised items and events after reporting date

In this section

Unrecognised items provides information about items that are not recognised in the financial statements but could potentially have a material impact on the Group's financial position and performance. This section also includes events occurring after the reporting date.

30. Commitments and contingencies

(a) Contingent liabilities

Issues relating to common law claims, product warranties and regulatory breaches are dealt with as they arise. There were no material contingent liabilities requiring disclosure in the financial statements, other than as set out below.

Guarantees and letters of credit

The Group has issued guarantees of $33 million (2023: $25 million) to third parties including against workers' compensation self-insurance liabilities as required by State authorities based on independent actuarial advice. The probability of having to make a payment under these guarantees is considered remote.

(b) Capital commitments

At 30 June 2024, the Group has capital commitments contracted but not provided for in respect of the acquisition of property, plant and equipment of $149 million (2023: $232 million) which are due within one year, $25 million (2023: $64 million) which are due between one and five years and $14 million (2023: $14 million) which are due after five years.

31. Events occurring after the reporting period

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

Consolidated entity disclosure statement

30 June 2024

For personal use only

About this report

This statement has been prepared using supporting documentation, including company registration data and information provided to tax authorities, up to 30 June 2024. All Australian tax resident entities listed below (including Iron Horse Insurance Company Pte Ltd) are members of the Aurizon Holdings Limited tax consolidated group. Aurizon 3H (UK) Ltd is a United Kingdom company that holds the Group's investment in Ox Mountain Limited.

Name	Type of entity	Country of incorporation	Ownership interest (%)	Country of tax residence
Aurizon Holdings Limited	Body corporate	Australia	N/A	Australia
Aurizon Operations Limited[1]	Body corporate	Australia	100	Australia
Aurizon Network Pty Ltd	Body corporate	Australia	100	Australia
ACN 654 415 700 Pty Ltd[1]	Body corporate	Australia	100	Australia
Aurizon 3H Pty Ltd	Body corporate	Australia	100	Australia
Aurizon 3H (UK) Ltd	Body corporate	United Kingdom	100	United Kingdom
Aurizon Finance Pty Ltd	Body corporate	Australia	100	Australia
Aurizon Intermodal Pty Ltd	Body corporate	Australia	100	Australia
Aurizon International Pty Ltd	Body corporate	Australia	100	Australia
Aurizon Port Services Pty Ltd	Body corporate	Australia	100	Australia
Aurizon Port Services NSW Pty Ltd	Body corporate	Australia	100	Australia
Aurizon Property Pty Ltd	Body corporate	Australia	100	Australia
Aurizon Property Holding Pty Ltd	Body corporate	Australia	100	Australia
Aurizon Resource Logistics Pty Limited	Body corporate	Australia	100	Australia
Aurizon Surat Basin Pty Ltd	Body corporate	Australia	100	Australia
Aurizon Terminal Pty Ltd	Body corporate	Australia	100	Australia
Australia Eastern Railroad Pty Ltd	Body corporate	Australia	100	Australia
Australia Western Railroad Pty Ltd	Body corporate	Australia	100	Australia
Australian Rail Pty Ltd	Body corporate	Australia	100	Australia
Australian Railroad Group Employment Pty Ltd	Body corporate	Australia	100	Australia
AWR Lease Co Pty Ltd	Body corporate	Australia	100	Australia
Interail Australia Pty Ltd	Body corporate	Australia	100	Australia
Iron Horse Insurance Company Pte Ltd	Body corporate	Singapore	100	Australia
Logistics Australasia Pty Ltd	Body corporate	Australia	100	Australia
South Maitland Railways Pty Ltd	Body corporate	Australia	100	Australia
Aurizon Bulk Central Holdings LP	Partnership	N/A[2]	100	Australia
Aurizon Bulk Central Finance 2 Pty Ltd	Body corporate	Australia	100	Australia
Aurizon Bulk Central Holdings Pty Ltd	Body corporate	Australia	100	Australia
Aurizon Bulk Central Finance Pty Ltd	Body corporate	Australia	100	Australia
Aurizon Bulk Central Network Pty Ltd	Body corporate	Australia	100	Australia
Aurizon Bulk Central (SA Holdings) Pty Ltd	Body corporate	Australia	100	Australia
Aurizon Bulk Central (Northern) Pty Ltd	Body corporate	Australia	100	Australia
Viper Line Pty Ltd	Body corporate	Australia	100	Australia
Aurizon Bulk Central Pty Ltd	Body corporate	Australia	100	Australia
ARG Sell Down No 1 Pty Ltd	Body corporate	Australia	100	Australia
ARG Sell Down Holdings Pty Ltd	Body corporate	Australia	100	Australia
Aurizon Bulk Central (VW) Pty Ltd	Body corporate	Australia	100	Australia
Aurizon Bulk Central (SA Rail) Pty Ltd	Body corporate	Australia	100	Australia
Aurizon Bulk Central (Eastern) Pty Ltd	Body corporate	Australia	100	Australia
ARG Sell Down No 2 Pty Ltd	Body corporate	Australia	100	Australia
Aurizon Bulk Central (Operations North) Pty Ltd	Body corporate	Australia	100	Australia

1 Partner in a partnership (Aurizon Bulk Central Holdings LP).
2 Aurizon Bulk Central Holdings LP is an unincorporated limited partnership registered in the state of South Australia.

Directors' declaration

30 June 2024

In accordance with a resolution of the Directors of the Company, I state that:

In the opinion of the Directors of the Company:

(a) the consolidated financial statements and notes set out on Pages 52 to 102 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Accounting Standards and other mandatory professional reporting requirements as detailed above, and the *Corporations Regulations 2001*,

   (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(c) the consolidated entity disclosure statement, set out on Page 103 in accordance with the *Corporations Act 2001*, is true and correct.

Page 57 confirms that the consolidated financial statements also comply with IFRS Accounting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Managing Director & Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

Tim Poole
Chairman

Brisbane
12 August 2024

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Independent Auditor's Report to the Members of Aurizon Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Aurizon Holdings Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated balance sheet as at 30 June 2024, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, the directors' declaration and the Consolidated Entity Disclosure Statement.

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

- Giving a true and fair view of the Group's financial position as at 30 June 2024 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 Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter

Useful life of Network infrastructure assets
 	
At 30 June 2024, the carrying amount of the Central Queensland Coal Network infrastructure assets (Network infrastructure assets) was $4,934m. As disclosed in note 8, the Group estimates the useful lives of the Network infrastructure assets based on the expected engineering life of these assets, capped at the remaining term of the applicable leases. In adopting this basis, the Group assumes that the Network infrastructure assets will remain economically viable throughout the lease term.
 	
The Network infrastructure assets are primarily used to transport coal from mines to port for subsequent export. There is uncertainty as to the long-term future demand for coal with climate change widely considered to be one of the key issues facing the global community and increasing pressure on governments and industry to seek lower carbon solutions.
 	
Any change in the export market demand for Queensland coal or restrictions on the supply of that coal may indicate that the useful lives of the Network infrastructure assets should be reduced resulting in an increase in the future depreciation expense.
 	
Given the significant carrying amount of the Network infrastructure assets and the uncertainty associated with the long-term impact of climate change, the estimate of useful economic lives of the Network infrastructure assets is considered to be a key audit matter.
	To evaluate the useful economic lives adopted by the Group for the Network infrastructure assets, we performed the following procedures amongst others:
	
	• Obtained and evaluated relevant information which estimates the future demand for, and supply of, coal from Queensland. This included publicly available global and regional energy and coal forecasts and outlooks from industry specialists
	
	• As metallurgical coal is expected to be in demand longer than thermal coal, evaluated the period over which metallurgical coal demand could be supplied by Queensland mines, with reference to publicly available metallurgical coal reserves and production estimates
	
	• Obtained publicly available information on the current regulatory environment of the coal industry in Queensland including mine approvals and government policy statements to assess future supply of coal
	
	• As most publicly available information does not forecast coal demand beyond 2050, management undertook an analysis to assess the economic viability of the Network infrastructure assets beyond 2050. Our procedures on management's analysis included:
	  ◦ Understanding the methodology adopted
	  ◦ Testing the integrity and mechanical accuracy of management's calculations
	  ◦ Comparing key assumptions used by management to existing benchmarks and publicly available information.
	
	Evaluated the disclosures in the financial statements including the sensitivity analysis outlining the impact on depreciation expense of changes in the useful lives of assets (see note 8).

Assessment of the change in cash-generating units (CGUs) and the carrying amount of the Bulk and Containerised Freight CGUs Following recent changes to the management and operations of the Bulk business, the identification of CGUs was reassessed resulting in the merging of previously identified geographic Bulk CGUs into one Bulk CGU.	To evaluate the change in CGUs, we performed the following procedures amongst others: • Evaluated and challenged management's paper outlining the basis for the change in CGUs including assessing compliance with relevant guidance including AASB 136 *Impairment of Assets* • Obtained and evaluated relevant information and evidence in relation to the interdependence of cash inflows within the Bulk business, including national management of existing and future potential customers and fleet utilisation

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
At 30 June 2024, as disclosed in notes 8 and 9, management has estimated the recoverable value of: • The Bulk CGU, which has a carrying amount of $2,143m including goodwill of $50m • The Containerised Freight CGU, which has a carrying amount of $318m. As disclosed in notes 8 and 9, the recoverable value of these CGUs has been estimated using a fair value less costs of disposal (FVLCD) discounted cash flow model. The key assumptions included in these models relate to cash flows from customers, discrete period growth rates, discount rates and forecast capital expenditure. As these assumptions require management to exercise significant judgement, the assessment of the recoverable value of the Bulk and Containerised Freight CGUs is a key audit matter.	To evaluate the estimated recoverable value of the Bulk and Containerised Freight CGUs, we performed the following procedures amongst others: • Assessed the design and implementation of key controls over management's process for determining the recoverable value of the CGUs • Reconciled the assets and liabilities of the respective CGUs to the Group balance sheet and ensured that corporate assets were appropriately allocated to CGUs • Agreed the cash flows included in management's models to the latest board approved budgets • Evaluated the basis for determining the forecast cash flows attributable to customer contracts in management's model, including an assessment of key assumptions relating to volumes, contract renewals and potential new customers. This included, where relevant, a comparison of management's assumptions to publicly available information and evaluating the competency, qualifications and objectivity of management's expert and assessing the adequacy of their work • Assessed the treatment of forecast expenditure in respect of the Group's decarbonisation strategy and the Safeguard Mechanism • Evaluated, where relevant, the Group's ability to forecast future cash flows by comparing the current year and historical results to budget • Together with our valuation specialists, assessed the discount rates and terminal growth rates used to determine the recoverable value, the valuation methodology and the mathematical accuracy of the cash flow models • Performed analysis to understand the sensitivity of the recoverable value to changes in key assumptions Assessed the relevant disclosures included in the financial statements (see notes 8 and 9).

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, 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.

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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 Group 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 Group, and 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 Group 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 Group or to cease operations, or has 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 scepticism 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 Group'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 Group'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 Group to cease to continue as a going concern.

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- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 28 to 42 of the Directors' Report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Aurizon Holdings Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Matthew Donaldson
Partner
Chartered Accountants
Brisbane, 12 August 2024

Non-IFRS Financial Information related to the FY2024 Annual Report

In addition to using profit as a measure of the Group and its segments' financial performance, Aurizon uses EBITDA (Statutory and Underlying), EBITDA margin (Statutory and Underlying), EBIT (Statutory and Underlying), NPAT Underlying, Return On Invested Capital (ROIC), Net debt and Net gearing ratio. These measurements are not defined under IFRS Accounting Standards and are therefore termed 'Non-IFRS' measures.

EBITDA — Statutory is Group profit before net finance costs, tax, depreciation and amortisation, while EBIT — Statutory is defined as Group profit before net finance costs and tax. Underlying can differ from Statutory due to exclusion of significant items that permits a more relevant analysis of the underlying performance on a comparative basis. EBITDA margin is calculated by dividing Underlying EBITDA by total revenue. These measures are considered to be useful measures of the Group's operating performance because they approximate the underlying operating cash flow by eliminating depreciation and amortisation.

NPAT — Underlying represents the Underlying EBIT less finance costs, tax expense and the tax impact of significant items.

ROIC is defined as underlying rolling 12-month EBIT divided by average invested capital. Average invested capital is calculated as the rolling 12-month average of net assets (excluding cash, borrowings, tax, derivative financial assets and liabilities, and assets and liabilities held for sale). This measure is intended to ensure there is alignment between investment in infrastructure and superior returns for shareholders.

Net debt consists of borrowings (both current and non-current) less cash and cash equivalents. Net debt excludes lease liabilities. Net gearing ratio is defined as Net debt divided by Net debt plus Equity. Net debt and Net gearing ratio are measures of the Group's indebtedness and provides an indicator of the balance sheet strength. An alternative Net debt and Net gearing ratio are also disclosed to include derivative financial instruments used to hedge market risk on borrowings.

These above mentioned measures are commonly used by management, investors and financial analysts to evaluate companies' performance.

A reconciliation of the Non-IFRS measures and specific items to the nearest measure prepared in accordance with IFRS Accounting Standards is included in the table. The Non-IFRS financial information contained within this Directors' report and Notes to the Financial Statements have not been audited in accordance with Australian Auditing Standards.

	2024		2023	
	Continuing operations $m	Discontinued operations $m	Continuing operations $m	Discontinued operations $m
NPAT — Underlying	**406**	**–**	367	34
Significant items, net of tax	**–**	**–**	(43)	(82)
NPAT — Statutory	**406**	**–**	324	(48)
Income tax expense	**178**	**–**	159	(6)
Profit before income tax	**584**	**–**	483	(54)
Net finance costs	**333**	**–**	230	27
EBIT — Statutory	**917**	**–**	713	(27)
Add back significant items:				
— Acquisition costs	**–**	**–**	49	–
— Impairment of assets held for sale	**–**	**–**	–	75
— Sale and divestment costs	**–**	**–**	–	26
— Loss on disposal	**–**	**–**	–	2
EBIT — Underlying	**917**	**–**	762	76
Depreciation and amortisation	**707**	**–**	666	–
EBITDA — Underlying	**1,624**	**–**	1,428	76
Average invested capital (continuing operations)	**10,287**		10,111	
ROIC (continuing operations)	**8.9%**		7.5%	

Net Gearing Ratio	2024 $m	2023 $m
Total borrowings	**4,897**	5,142
Less: cash and cash equivalents	**(49)**	(92)
Net debt	**4,848**	5,050
Total equity	**4,438**	4,353
Total capital	**9,286**	9,403
Net Gearing Ratio	**52.2%**	53.7%

Alternative Net Gearing Ratio	2024 $m	2023 $m
Net debt	**4,848**	5,050
Accumulated fair value adjustments[1]	**124**	140
Alternative Net debt	**4,972**	5,190
Total equity	**4,438**	4,353
Total capital	**9,410**	9,543
Alternative Net Gearing Ratio	**52.8%**	54.4%

1 Refer to Note 18(a)(ii).

Shareholder Information

RANGE OF FULLY PAID ORDINARY SHARES AS AT 2 AUGUST 2024

RANGE	TOTAL HOLDERS	UNITS	% OF ISSUED CAPITAL
1 – 1,000	21,936	12,900,963	0.70
1,001 – 5,000	29,863	71,274,746	3.87
5,001 – 10,000	7,406	54,272,316	2.95
10,001 – 100,000	5,814	126,405,827	6.87
100,001 Over	170	1,575,850,130	85.61
Total	**65,189**	**1,840,703,982**	**100.00**

UNMARKETABLE PARCELS AS AT 2 AUGUST 2024

	MINIMUM PARCEL SIZE	HOLDERS	UNITS
Minimum $500.00 parcel at $3.71 per unit	135	1,356	91,686

The number of shareholders holding less than the marketable parcel of shares is 1,356 (shares: 91,686).

SUBSTANTIAL HOLDERS OF 5% OR MORE OF FULLY PAID ORDINARY SHARES AS AT 2 AUGUST 2024*

NAME	NOTICE DATE	SHARES
BlackRock Group	02/09/2022	114,082,981
State Street Corporation and subsidiaries	18/01/2022	112,656,938
The Vanguard Group Inc.	23/06/2022	92,070,702
Mondrian Investment Partners Limited	12/10/2023	130,466,677
Cooper Investors Pty Limited	02/11/2023	92,209,086
L1 Capital Pty Ltd	14/06/2024	92,281,057

* As disclosed in substantial shareholder notices received by the Company.

ASX code: AZJ

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aurizon.com.au

Investor Relations

For all information about your shareholding, including dividend statements and change of address, contact the share registry Computershare on 1800 776 476 or visit **investorcentre.com/azj.**

To request information relating to investor relations please contact our investor relations team on 13 23 32 or email: **investor.relations@aurizon.com.au.**

TOP 20 HOLDERS OF FULLY PAID ORDINARY SHARES AS AT 2 AUGUST 2024

NAME	UNITS	% OF UNITS
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	664,559,446	36.10
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	324,121,644	17.61
CITICORP NOMINEES PTY LIMITED	313,249,837	17.02
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	31,996,891	1.74
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING A/C>	30,539,194	1.66
BNP PARIBAS NOMS PTY LTD	29,337,125	1.59
NATIONAL NOMINEES LIMITED	28,879,322	1.57
ARGO INVESTMENTS LTD	22,752,730	1.24
BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	17,127,570	0.93
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	16,000,023	0.87
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	7,580,885	0.41
CITICORP NOMINEES PTY LIMITED <143212 NMMT LTD A/C>	7,438,566	0.40
BKI INVESTMENT COMPANY LIMITED	6,130,000	0.33
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	4,514,031	0.25
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,278,575	0.23
NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	3,708,858	0.20
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSI EDA	3,360,349	0.18
IOOF INVESTMENT SERVICES LIMITED <IISL NAL ISMA 2 A/C>	3,203,527	0.17
BNP PARIBAS NOMINEES PTY LTD <CLEARSTREAM>	2,842,899	0.15
BNP PARIBAS NOMS (NZ) LTD	2,668,227	0.14
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)	**1,524,289,699**	**82.81**
Total Remaining Holders Balance	**316,414,283**	**17.19**

Glossary

For personal use only

Some terms and abbreviations used in this document, together with industry specific terms, have defined meanings.

These terms and abbreviations are set out in this glossary and are used throughout this document.

A reference to dollars, $ or cents in this document is a reference to Australian currency unless otherwise stated. Any reference to a statute, ordinance, code or other law includes regulations and any other instruments under it and consolidations, amendments, re-enactments or replacements of any of them. Any reference to Annual Report is a reference to this document.

AASB
Australian Accounting Standards Board

ABN
Australian Business Number

Above Rail
Includes the business unit segments of Coal, Bulk, Containerised Freight and Other of Aurizon Holdings Limited

ACN
Australian Company Number

AGRMC
The Board Audit, Governance and Risk Management Committee

AMTN
Australian Medium-Term Note

ASIC
Australian Securities and Investments Commission

ASX
Australian Securities Exchange operated by ASX Limited (ABN 98 008 624 691)

ASX Listing Rules
The official listing rules of ASX

ATO
Australian Taxation Office

Aurizon or Company
Aurizon Holdings Limited (ABN 14 146 335 622) and where the context requires, includes any of its subsidiaries and controlled entities

Below Rail
The business unit segment of Network — Aurizon Network Pty Ltd (ACN 132 181 116) a wholly owned subsidiary of Aurizon Holdings Limited

Board
The Board of Directors of Aurizon Holdings Limited

CAGR
Compound Annual Growth Rate, expressed as a percentage per year

CAPEX
Capital Expenditure

CCIRS
Cross-currency interest rate swap, an agreement between two parties to exchange interest payments and principal denominated in two different currencies

CGU
Cash-generating unit, the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets

CH
Cultural Heritage

CHGF
Cultural Heritage Governance Framework

Company Secretary
Each Company Secretary of Aurizon Holdings Limited

Constitution
The constitution of Aurizon Holdings Limited

Corporations Act
Corporations Act 2001 (Cth)

CPI
Consumer Price Index

CPS
Cents Per Share

CQCN
Central Queensland Coal Network

CSAP
Climate Strategy and Action Plan

DSTIA
Deferred STI Award

EBIT
Earnings Before Interest and Tax

EBITDA
Earnings Before Interest, Tax, Depreciation and Amortisation

EBIT Margin
Underlying Earnings Before Interest and Tax divided by total revenue and other income

EFP
Enterprise Fleet Plan

EMTN
Euro Medium-Term Note

EPA
Environment Protection Agency

EPL
Environment Protection Licence

EPS
Earnings Per Share

FSB
Financial Stability Board

FY
Financial Year ended 30 June, as the context requires

GAAP
Generally Accepted Accounting Principles

GAPE
Goonyella to Abbot Point Expansion

Group Executives
Direct report to the MD & CEO and are either responsible for a Business Unit (Bulk, Coal, Network, Containerised Freight) or are the functional lead for the Finance and Corporate support units

GST
Goods and Services Tax

IASB
International Accounting Standards Board

IFRS Accounting Standards
International Financial Reporting Standards Accounting Standards issued by the International Accounting Standards Board

ISDA
International Swaps and Derivatives Association

km
Kilometre

KMP
Key Management Personnel

LTIA
Long Term Incentive Awards

M
Million

MAR
Maximum Allowable Revenue that Aurizon Network Pty Ltd is entitled to earn from the provision of coal carrying train services in the CQCN across the term of an access undertaking

mt
Millions of tonnes

mtpa
Millions of tonnes per annum

Network
Aurizon Network Pty Ltd (ACN 132 181 116) a wholly-owned subsidiary of Aurizon Holdings Limited

NGER Act
National Greenhouse Energy Reporting Act 2007 (Cth)

ntk
Net tonne kilometre, unit of measure representing the movement over a distance of one kilometre of one tonne of contents excluding the weight of the locomotive and wagons

OPEX
Operating Expense including depreciation and amortisation

PPT
Percentage Point

QCA
Queensland Competition Authority

RAB
Regulatory Asset Base, the value of the asset base on which pricing is determined by the price regulator

Rail Process Safety
The cumulative number of SPAD, derailment and rollingstock to rollingstock collision incidents, per million train kilometres, over a given recording period

ROIC
Return on Invested Capital

RSO
Rolling Stock Operator

Share
A fully paid ordinary share in Aurizon Holdings Limited

SIFR(a+p)
Serious Injury and Fatality Rate, including both actual and potential events

SPAD
Signal Passed At Danger

STIA
Short Term Incentive Award

TCFD
Taskforce on Climate-related Financial Disclosures

tonne
One metric tonne, being 1,000 kilograms

tonne kilometres
The product of tonnes and distance

TRIFR
The cumulative number of Lost Time Injuries, Medical Treatment Injuries and Restricted Work Injuries sustained by employees and contractors, per million hours worked, over a given recording period

TSR
Total Shareholder Return

USPP
United States Private Placement Note

WACC
Weighted Average Cost of Capital, expressed as a percentage

WICET
Wiggins Island Coal Export Terminal

WIRP
Wiggins Island Rail Project

Corporate Information

Aurizon Holdings Limited
ABN 14 146 335 622

Directors
Tim Poole
Andrew Harding
Marcelo Bastos
Russell Caplan
Tim Longstaff
Sarah Ryan
Lyell Strambi
Samantha Tough

Company Secretaries
David Wenck
Nicole Allder

Registered Office
Level 8, 900 Ann Street
Fortitude Valley QLD 4006

Auditors
Deloitte Touche Tohmatsu (Deloitte)

Share Registry
Computershare Investor Services Pty Limited

Level 1, 200 Mary Street
Brisbane QLD 4001

Tel: 1800 776 476
(or +61 3 9938 4376)

Aurizon Holdings Limited
ABN 14 146 335 622