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NSX Announcement

Customers sign new Storage and Handling Agreement

Sugar Terminals Limited (STL, NSX:SUG) announces that it has signed a new 2-year Storage and Handling Agreement (SHA) with four of its customers with effect from 1 July 2025. The terms of the SHA will apply to all STL customers who utilise STL's services from 1 July 2025.

STL CEO David Quinn advised that following lengthy and at times challenging negotiations, STL issued a final execution version of the new SHA to all customers on 30 June 2025.

Key additional features of the new SHA are as follows:

- 10% reduction in Availability Charge over the term of the agreement
- 5.1% reduction in Activity Charges in FY27, reflecting the cost savings from the implementation of insourcing from 1 July 2026
- STL to absorb its transition costs of insourcing

The effect of these changes will be for STL to achieve a targeted return on assets of 7.1%, the same return achieved when the first SHA was implemented as part of STL's new business model in 2017. This in turn will be reflected in the dividend returns, as determined by the Board, over the term of the current SHA.

"The negotiations relating to the new SHA, which commenced in late 2024, have sought to address the ongoing challenges facing the sugar industry, whilst balancing the key commercial objectives of our Customers and the needs of our Shareholders, recognizing the significant overlap between the two groups" he said. "When compared to the previous 2022 agreement, STL has agreed to a number of the changes which provide a more favorable outcome for customers, albeit materially less than what Customers had claimed, whilst still meeting the key strategic objectives of STL and its shareholders".

STL Chair, Mr Gray commented that "The 2-year SHA spans the implementation of insourcing in just 12 months' time. This will enable STL to complete a wide-ranging review of its pricing and dividend policies, as previously outlined in our market update of 4 April 2025. During the course of this evaluation, STL remains committed to seeking

Our purpose is to be a sustainable, globally competitive provider of storage and handling solutions for bulk sugar and other commodities.

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feedback from all of our stakeholders, with a view to negotiating a new agreement to apply from 1 July 2027”.

Mr Quinn said “that he expected that the agreed cost reductions reflected in the new SHA will flow through to grass root growers. STL recognises the importance of maintaining the competitiveness of the services we provide and in particular, supporting the growing community as they face a variety of local and international challenges.”

At this point in time, MSF Marketing, Queensland Commodity Services, Tully Sugar, and Wilmar Sugar have all signed the SHA.

As of 1 July 2025, STL’s other raw sugar customers, Bundaberg Sugar Limited and Queensland Sugar Limited, have as yet not signed the SHA. However, STL remains committed to reaching agreement with these 2 customers as soon as possible as we believe it remains in the best interests of all parties to have long-term contractual certainty.

Mr Quinn noted “With the 2025 crushing season well underway, STL will continue to provide services to all its customers from 1 July 2025.”

“STL’s approach will be to apply the terms of the new SHA to all customers who utilise the bulk sugar terminals from 1 July 2025, even if they have not signed the new SHA. This approach has been consistently communicated to customers throughout the negotiation process” he said.

STL will advise the market of any further developments in line with its disclosure obligations.

Enquiries:

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