

9 April 2026

## NSX Announcement

# STL and QSL Execute Transition Agreement for insourcing of Terminal Operations

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**Sugar Terminals Limited (STL, NSX:SUG)** has today entered into a Terminal Operating Transition Agreement (**Transition Agreement**) with Queensland Sugar Limited (**QSL**) which provides for the transfer of control and operational assets at STL's bulk sugar terminals from QSL to STL on 1 July 2026.

The transition has been carefully planned, with a staged implementation of critical IT systems to minimise the risk of disruption to the Queensland sugar industry as it approaches the start of the 2026 season.

In making today's announcement, STL Executive Chair Peter Trimble recognised QSL's longstanding role in operating the bulk sugar terminals and the critical importance of an orderly transition for industry.

*"I want to specifically acknowledge the fundamental role QSL has played in operating STL's bulk sugar terminals for many years and the QSL Board and senior management for their approach throughout negotiations which at times were challenging and complex," Mr Trimble said. "The Transition Agreement includes some additional costs compared with earlier estimates but in the STL Board's view, the agreement reached with QSL will result in delivering a lower-risk transition and at a lower cost to industry than would have resulted from any alternative approach."*

Transition costs payable by STL to QSL will be reflected in STL's FY26 and FY27 financial reporting and include:

- Within 10 business days of signing, STL will pay QSL \$5M (plus GST) for the purchase of QSL-owned intellectual property relating to terminal operations and maintenance and to cover the cost of certain transition support items, with the major cost components being associated with the staged implementation of critical IT systems. While this payment is additional to earlier estimates, the STL Board considers them to be essential to a smooth transition to operating the terminals. This payment constitutes a condition precedent to the substantive obligations under the Transition Agreement taking effect and is non-refundable in the event the Transition Agreement is terminated; and
- A payment on 1 July 2026 of 50% of the purchase price (based on written-down book value as at 30 June 2026) of QSL's fixed assets and mobile equipment, with the remaining 50% payable by 1 December 2026. These payments are estimated at a total of \$9M (plus GST and stamp duty) and are as previously planned.

In addition to the payments described above, on 1 July 2026, STL will assume all employee entitlements of the QSL employees who accept STL's offers of employment at a cost of approximately \$3.5M. This is consistent with STL's obligation under the Operating Agreement to make offers on terms no less favourable overall than their current terms with QSL, including honouring leave entitlements and continuity of employment. The liability for these

entitlements was not previously taken into account and will be reflected on STL's balance sheet. It will have no immediate cash impact but will result in payments over time as these entitlements are paid out to employees.

STL will also incur additional transition costs for items such as system development & replacement, project management, legal & professional fees and stamp duty on asset transfers. These costs were previously planned for and will be quantified in STL's FY26 and FY27 financial reporting as they crystallise.

As most of STL's payments to QSL are for equipment, intellectual property and other assets, they will be capitalised and added to the company's balance sheet. Where costs incurred by STL in relation to insourcing are expensed, they will be absorbed by STL and not passed on to terminal users.

The Transition Agreement also contains provisions addressing key matters as follows:

- The transfer of certain real property assets held by QSL (comprising terminal houses, land and fixtures) is subject to a separate condition precedent requiring approval (or deemed approval) under the *Foreign Acquisitions and Takeovers Act 1975* (Cth). If FIRB approval is not obtained or becomes incapable of being obtained, those assets will be excluded from the transaction and the parties will work together in good faith to arrange alternative access for STL.
- STL provides QSL with broad releases in respect of all claims arising from or in connection with QSL's operation and maintenance of the bulk sugar terminals under the Operating Agreement.
- STL indemnifies QSL in respect of certain liabilities connected with the transition, including in relation to the transferred assets, employees and intellectual property.

The STL Board considered the financial impact of the anticipated terms of the Transition Agreement when determining STL's recently announced interim dividend for FY26. Dividends will continue to be determined by the Board after consideration of the financial performance of the business and taking into account various matters including the costs of insourcing, the maintenance and capital expenditure needs of the business and the outcome of the previously agreed and announced terminal pricing review.

Mr Trimble said the transition to insourcing represented a key strategic realignment in the industry and the STL Board remained committed to ensuring it occurred as smoothly as is possible and with minimal disruption. *"We take very seriously our ongoing responsibilities to maintain and operate these key industry assets safely, efficiently and with high availability, while ensuring fair and equitable access to all customers,"* he said. *"I would like to acknowledge our small but committed STL team, and the STL Board for their openness and collaborative decision making that has helped us reach this point. We look forward to welcoming the QSL Operations team, working closely with them and continuing to build on the work they have done for the benefit of all stakeholders."*

ENDS

**Enquiries:** Robbie White | Chief Financial Officer & Company Secretary | Ph: (07) 3221 7017

Forward looking statements

This announcement contains forward-looking statements, including estimates of financial impacts, expected milestones and accounting treatment, which are based on current expectations and are subject to known and unknown risks and uncertainties. Actual outcomes may differ materially. STL undertakes no obligation to update forward-looking statements.