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Storage and Handling Agreement Renewal

Customer Collective position on next Storage and Handling Agreement

Sugar Terminals Limited (**STL, NSX:SUG**) advises that it has received correspondence from the collective of all six of STL's customers (the "**Customer Collective**") authorised under the Australian Competition and Consumer Commission (**ACCC**) collective bargaining process. The correspondence relates to the next Storage and Handling Agreement (**SHA**), which is currently due to commence from 1 July 2027 upon expiry of the current SHA which commenced on 1 July 2025 (**2025 SHA**).

The Customer Collective holds approximately 64% of STL's total shareholding.

The Customer Collective has proposed that the 2025 SHA be extended for one year to enable a review of the pricing model to be undertaken subject to a reduction of \$16 million in storage and handling charges, with the reduction passed through as lower Availability Charges (and hence reducing STL's Total Asset Return). The proposal is being considered by the board of STL and, if agreed, it would likely reduce STL's Net Profit After Tax by around 40%. The Customer Collective's rationale for the reduction is that returns to shareholders are not appropriately balanced against the cost of a competitive service to the sugar industry and the prevailing market conditions of the sugar industry.

STL has previously taken a number of steps to reduce customer charges and respond to industry conditions including:

- In September 2024, the Board approved a \$1.8 million rebate to the Customer Collective via lower activity charges.
- As part of the negotiations for the 2025 SHA, STL agreed to a \$6.3 million or ~10% reduction in Availability Charges over the two-year term. These changes were expected to reduce STL's return on assets from ~8.34% to a targeted 7.1%, consistent with the return achieved when the current business model was introduced in 2017. The financial effect of the lower customer pricing has subsequently been partially reflected in STL's FY26 results and will be fully reflected in its FY27 results. STL's FY26 results also reflected one-off preparation costs of \$9.2 million associated with the transition to insourced operations.

As previously announced, STL committed under the 2025 SHA to undertake an independent review of its pricing and dividend policies. Following the successful commencement of the insourced operating model on 1 July 2026, the first phase of this review will commence shortly. It will assess STL's risk and return profile and will include consultation with shareholders and other stakeholders.



The Company will provide further updates in relation to the review in due course.

STL intends to engage constructively with the Customer Collective and progress negotiations in a timely manner ahead of the 2025 SHA's expiry on 30 June 2027. At this stage, no decision has been made regarding the Customer Collective's proposal or the pricing arrangements that will apply from 1 July 2027.

STL will keep shareholders informed in accordance with its continuous disclosure obligations and through further industry consultation.

Enquiries:

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