

Renewed Bank Facilities and Trading Update

Steel & Tube Holdings Limited (NZX: STU) is pleased to advise the renewal of its banking arrangements with ANZ for a further one-year term until September 2027 on similar terms, and has also provided an update on trading in the 2026 year to date.

The renewed facilities provide the Company with the headroom and operational flexibility to navigate varying conditions across the business cycle and support ongoing working capital requirements. Amended covenants have been agreed, aligned to expected performance. The Directors are satisfied that the Company's financing position remains sound and will continue to review its funding requirements in line with the evolving needs of the business.

Trading Update

Following improving trading early in 2026, headwinds have increased, with intensification of the conflict across the Middle East introducing renewed uncertainty into the economy and impacting on demand.

From late 2025, some early signs of recovery began to emerge in the New Zealand economy. Enquiry levels lifted, forward orders improved, and customer sentiment showed some recovery. The improving trend continued in the first quarter of the 2026 year (Q3 of Steel & Tube's financial year), with the company delivering increasing revenue and volumes, and a return to positive normalised earnings (EBIT) for March 2026. Gross margin improved, supported by structural changes embedded over recent periods, including cost disciplines, operational efficiencies and a continued focus on higher value products and services.

The impact of the Middle East conflict has been uneven — some sectors such as manufacturing, rural and the South Island have shown more resilience, while others, including construction, are under pressure. Trading conditions remain variable and demand for steel has softened as headwinds return.

Ensuring sustainable earnings through the cycle remains the core focus of operational and strategic decisions, alongside rebuilding balance sheet capacity, managing working capital and margin recovery.

The Company expects trading conditions to remain variable through the remainder of 2026 (1H27), with uncertainty in the Middle East, new US tariffs, and the lead-up to New Zealand's general election contributing to cautious business and investment decision-making. Longer-term, there is significant underlying infrastructure demand with broader market activity expected to improve as business confidence returns.

CEO Mark Malpass said: "The start to 2026 was encouraging and demonstrates the value in our stronger operating leverage, however the recent macro uncertainty highlights the importance of continuing to evolve our business model to be less dependent on construction cycles. We remain focused on delivering for our customers through our high-value product and service offering, supported by a capable and committed team.

The renewed banking arrangements provide additional financial stability as we continue to execute our strategy with discipline and focus.”

ENDS

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