NZX RELEASE

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Refreshed capital allocation framework

Channel Infrastructure NZ Limited (NZX:CHI) is pleased to announce that the Board has today refreshed its Capital Allocation Framework resulting in the following key changes:

- The dividend policy pay-out ratio has increased to 70-90% of Normalised Free Cash Flow from 60-70% of Normalised Free Cash Flow
- The Board expects to pay a total FY25 dividend of between 12.0 and 12.5 cents per share, towards the lower end of the policy range (up from 11.0 cents per share in FY24)
- The Board will undertake a review of Channel Infrastructure's leverage range over the coming months to ascertain whether or not additional leverage can be accommodated within the target range whilst ensuring the preservation of the right balance between funding growth opportunities, enhancing returns and safeguarding Channel Infrastructure's financial resilience.

At its Annual Shareholders Meeting today, Channel Infrastructure will also:

- Reiterate FY25 Guidance released in February, based on the financial performance to 30 April 2025
- Announce the proposed introduction of a Dividend Reinvestment Plan at the time of the FY25 Interim Dividend
- Announce that the Channel Board will consider a foreign-exempt dual-listing on the ASX should a significant growth opportunity convert in the next 12 to 24 months

Commenting, Chair James Miller said: "The Board is focused on a stable and growing dividend and being efficient with our shareholder's capital. I'm delighted today to confirm that, alongside our plans to continue to invest in the resilience of our import terminal and in future growth, we are able to increase our dividend policy pay-out ratio."

Capital Allocation Framework updated

Since 1 April 2022, Channel Infrastructure has undergone a significant transformation and is now a growth-focused infrastructure business with stable earnings, long-term customer contracts with PPI indexation and maintains credit metrics consistent with a shadow BBB+ investment grade credit rating. The conversion project has been significantly de-risked and is nearing completion, and the growth projects announced last year will generate an additional ~$8.5 million of fixed revenue, with limited additional operating expenditure, by 2027.

Over the last 18 months, Channel Infrastructure has undertaken a successful $100 million unsecured, unsubordinated retail bond issue in November 2023, a refinancing of the Company's $235 million bank facilities and $50 million capital raise in November 2024. Given this demonstrated strong support from Channel's debt and equity providers, the Company has a high degree of confidence over its ability to fund future growth.

The Board has refreshed the Capital Allocation Framework to reflect its confidence in the business outlook for Channel and the Company's access to capital for growth initiatives, while seeking to be efficient with shareholder's capital. The Board will today increase the dividend policy payout ratio to 70-90% from 60%-70% of Normalised Free Cash Flow[1].

Channel Infrastructure has an established track record of safe and reliable import terminal operations, and around 50% of our revenue is now fixed (other than PPI indexation). The demonstration of growth opportunities and the expected availability of capital means the Board can now review Channel's leverage range over the coming months to ascertain whether or not additional leverage can be accommodated within the target range whilst ensuring preservation of the right balance between funding growth opportunities, enhancing returns and safeguarding Channel's financial resilience.

There remains a significant pipeline of growth opportunities ahead of Channel. Any increase in target leverage would provide further flexibility for Channel in evaluating the optimal mix of funding for these opportunities.

The Board recognises that some shareholders would prefer the opportunity to increase their investment in Channel instead of receiving a cash dividend. Therefore, the Board intends to introduce a Dividend Reinvestment Plan ahead of the interim dividend payment in September. The details of the plan and amount of the discount (if any) are yet to be determined and will be released at the time of the half year results in August 2025.

The Board will also assess the merits of a foreign-exempt dual-listing on the ASX to access a broader pool of institutional and retail investors, if a significant growth opportunity should convert in the next 12 to 24 months.

FY25 Guidance reiterated

The Board today confirms that, based on Channel's financial performance to 30 April 2025, it remains comfortable with the financial guidance provided in February. FY25 EBITDA from continuing operations is expected to be in the range of $89-94 million. Maintenance capital expenditure for FY25 is expected to be between 8-10% of revenue and the Normalised Free Cash flow conversion factor expected to be broadly in line with FY24. The Board also confirms today that, based on the new dividend policy, it expects to pay a total FY25 dividend of between 12.0 and 12.5 cents per share (up from 11.0 cents per share in FY24).

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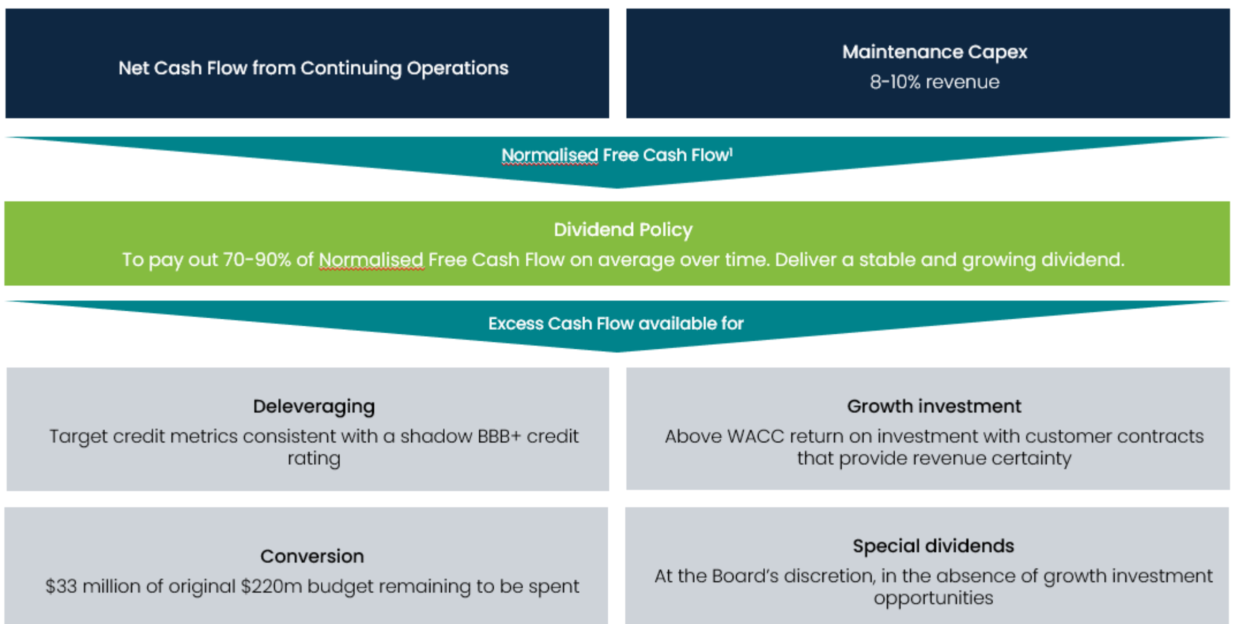
[1] Net cash generated from continuing operations less maintenance capex, excluding conversion costs and growth capex

Appendix 1: New Dividend Policy

Channel Infrastructure's dividend policy is to pay out 70-90% of Normalised Free Cash Flow[2] each year targeting a split of 50% for the interim dividend and 50% for the final dividend.

The Board reserves the right to amend the dividend policy at any time. Each dividend will be determined after due consideration of the capital requirements, operating performance, financial position and cash flows of the Company at the time.

Appendix 2: Revised Capital Allocation Framework



[2] Net cash generated from continuing operations less maintenance capex, excluding conversion costs and growth capex

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About Channel Infrastructure

Channel Infrastructure is New Zealand's largest fuel import terminal, storing and distributing 40% of New Zealand's transport fuel, including 80% of New Zealand's jet fuel. We receive, store, test and distribute petrol, diesel, and jet fuel that our customers import and supply to Auckland and Northland.

Fuel is imported via our deep-water harbour and jetty infrastructure at Marsden Point and stored in more than 290 million litres of contracted storage tanks on site. The fuel is then distributed via our 170-kilometre pipeline to Auckland, or by our customers (bp, Mobil, and Z Energy) via truck into Northland. We underpin the resilience of New Zealand's fuel supply chain with our tank capacity, which enables increased storage of fuel in New Zealand, and through efficient, low-emission distribution of the fuel into the Auckland market. Given our proximity to Auckland, and critical role in the jet fuel supply chain, Channel is well positioned to support the renewable fuel transition in New Zealand.

Our plan for growth includes supporting fuel resilience for New Zealand through additional fuel storage on our site, unlocking the strategic value of the Marsden Point Energy Precinct Concept which reflects the significant role Channel could play in supporting New Zealand's energy transition – through potential opportunities including supporting the manufacture of lower-carbon future fuels, as well as a range of potential energy security opportunities, and exploring expansion beyond Marsden Point through the acquisition of other terminals infrastructure in New Zealand.

Channel Infrastructure's wholly-owned subsidiary, Independent Petroleum Laboratory Limited, provides fuel quality testing services throughout New Zealand.

For more information on Channel Infrastructure, please visit: www.channelnz.com