

4 April 2025

Dear Shareholder

SHAREHOLDER UPDATE – FY25 FIRST HALF BUSINESS PERFORMANCE

As the Chair of your Board, I am pleased to have this opportunity to update you on STL's performance for the first half of the current financial year. The business recorded a profit of \$15.7M, which is in line with expectations. This is a slight decline on the same period last year, due to STL's decision in September 2024 to provide a one-off \$1.8M rebate to customers. The rebate was designed to reduce Activity Charges payable by our customers and provide overall support to assist industry to be more competitive.

As a result of this performance, the Board announced a fully franked dividend of 4.1 cents per share, to be paid on 4 April 2025. This dividend matches the immediately prior half-year period, reinforcing our commitment to delivering consistent value to shareholders.

The 2024 Crushing Season saw STL receive almost 3.3 million tonnes of raw sugar and safely outloaded 61 vessels during the first half. Shed capacity as at end December 2024 was circa 51% of available capacity reflective no doubt of strong demand and pricing.

STL is heavily focused on the long-term reliability and efficiency of your terminals. This is demonstrated in the record FY25 Capital Budget that was approved by the Board for FY25 of \$30.1M. Prudent investments either completed or underway include:

- Lucinda Jetty Tail-End Girder Rectification (\$10.2M)
- Townsville Substation No. 1 Upgrade (\$2.1M)
- Mackay Stormwater Pipe Relining (\$1.9M)

Strategic Focus Areas

As a Board, one of our key responsibilities is to focus on longer-term strategic objectives of the business and in this context, let me provide an update on a number of important items:

Income Diversification: this continues to be an objective of the Board and Management without at any stage compromising our primary role to service the needs of the Sugar Industry. Recent highlights have included another successful export of silica sand via the Common User Infrastructure at the Bundaberg Terminal and a record 30,000-tonne wood pellet shipment also from the same location.

Inactive Growers: significant progress has been made in addressing this issue, and we appreciate the many shareholders who have responded to our requests for updated information. This will continue to be progressed in a structured and appropriate way.

Storage and Handling Agreement: negotiations have recently commenced with the customers collectively, following the approval of their application to the ACCC. STL is supportive of any measures that will improve the efficiency and reduce cost of the negotiations. We are keen for these collective discussions to be undertaken expeditiously, and we are committed to reaching a mutually acceptable agreement.



Importantly, your Board recognises the need to balance the interests of our shareholders and customers. In the context of the current negotiations on a new Storage and Handling Agreement to apply from 1 July 2025, STL will be undertaking a review of its pricing and dividend policies, including alternative pricing models which might be applied once insourcing has been successfully introduced.

Terminal Operations: STL is making strong progress in its transition activities for terminal operations from 1 July 2026. We are committed to ensuring a seamless process and appreciate QSL's recognition of its obligations to facilitate a smooth transition under the agreed terms of the Operating Agreement, benefiting all parties.

In conclusion, can I extend our heartfelt thoughts for those Growers in the Herbert and Burdekin regions who experienced the recent significant flooding event, and we wish you all the best in a speedy recovery.

Thank you for your continued support of STL. Wishing everyone a safe and successful upcoming crush.

Further details on the STL Half Year Result can be found on our website: www.sugarterminals.com.au

Yours sincerely

A handwritten signature in black ink that reads 'Mark Gray' with a stylized flourish underneath.

Mark Gray
Chair
Sugar Terminals Limited