



Sugar Terminals Limited
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Dear Shareholder

SHAREHOLDER UPDATE – FIRST HALF BUSINESS PERFORMANCE

I am pleased to provide you with an update of STL's performance for the first half of FY23, which has resulted in a 6.8% increase in profit to \$14.7 million. Directors have declared an interim dividend of 3.9 cents per share (fully franked), an increase of 5.4% over the previous corresponding period.

This result is consistent with STL's ongoing aim to achieve steady, reliable and sustainable returns to investors, whilst maintaining responsible cost control and high levels of service for customers, and investing in the upgrade of critical industry infrastructure for the long term.

STL remains fully committed to providing strong stable leadership to achieve ongoing improvements in the productivity and efficiency of our operations. We need to be sufficiently robust, responsive and adaptive to meet future challenges.

Key highlights for the first half of financial year are outlined in the following NSX release (<https://www.nsx.com.au/ftp/news/021741929.PDF>).

Insourcing of Operations

As detailed in my earlier correspondence to shareholders dated 3 February 2023, STL has recently decided to insource its terminal operations, and therefore terminate the Operating Agreement with QSL.

By insourcing operations, STL will remove unnecessary corporate overhead costs and drive greater efficiencies at the Bulk Sugar Terminals with the goal of managing cost performance without compromising the quality of our services. This is critical to maintaining the ongoing competitiveness of the Australian sugar industry in international markets.

This decision has been made to benefit the entire Sugar Industry through lower costs, and we look forward to your ongoing support as we transition to the new operating arrangements.

STL is currently undertaking a very active communications program in all regions to further explain the rationale for this decision. Alternatively if you would have specific questions please do not hesitate to call 1800 318 239 where we have set up a dedicated phone line or email: operations@sugarterminals.com.au

Share Registry Activity

As per my letter to shareholders on 23 February 2023, it has also come to STL's attention that some of STL's shareholders may be receiving unsolicited offers seeking to purchase their STL shares.

STL is concerned that shareholders may unwittingly accept an unsolicited offer for their STL shares, without proper consideration of all relevant factors. Prior to electing to sell STL shares, we encourage shareholders to:

- check the terms and conditions of the offer.
- consider your financial situation (including providing for retirement)
- seek independent advice from a qualified professional advisor (including possible tax, financial and/or legal implications).



- check the current price of STL shares on NSX. The share price is available on the NSX website, <https://www.nsx.com.au/summary/SUG> (Code: SUG)
- contact STL on (info@sugarterminals.com.au) or phone (07) 3221 7017.

Standing Proxy Form

We are also aware that certain shareholders have been approached selectively by a 3rd party with a request to provide that 3rd party with a standing proxy form. This form is general in nature and does not contain specific resolutions to be considered by shareholders at any particular shareholder meeting.

This form would allow this 3rd party to direct voting rights on STL shares for the term of the standing proxy form, or until such time as the form is revoked by the shareholder. This would have the effect of shareholders giving away their rights to vote to a 3rd party for a shareholder meeting, regardless of the specific resolution or resolutions being considered by shareholders that general meeting. As a result, shareholders may, for example, inadvertently support a resolution that is not necessarily in their best interests to support, either financially or otherwise.

STL recommends that if a shareholder is approached by a 3rd party to sign a standing proxy form, they should reject it or seek independent advice before they sign it.

STL encourages shareholders to participate in any meeting of STL shareholders by either attending the meeting in person or voting by the proxy provided by STL. This allows shareholders to consider the merits of the specific resolution being voted upon at the shareholders' meeting.

If shareholders have any queries regarding the standing proxy form or wish to revoke a form that has already been provided to a 3rd party, please contact STL either via email (info@sugarterminals.com.au) or phone ((07) 3221 7017).

Inactive Growers

As consistently communicated to shareholders, the Board encourages increased ownership of the G Class shares in the Company by active sugar cane growers. STL reminds any inactive G Class shareholders of their requirement, as set out in the STL Constitution, to sell their shares so that these shares can be purchased by active growers.

If inactive growers would like to sell their shares, please contact STL and we will advise the avenues available for the sale process.

I'd like to thank you for your ongoing support of STL and wish you all the best for the forthcoming 2023 season.

Yours sincerely

A handwritten signature in black ink that reads 'Mark Gray'. The signature is written in a cursive style with a long, sweeping underline.

Mark Gray
Chair