

Shareholder Newsletter

June 2026

Dear Shareholder

Kia Ora, Tēnā Koutou

Upturn in late-2025: Recovery Interrupted

From late 2025, some early signs of recovery began to emerge in the New Zealand economy. For Steel & Tube, this resulted in a lift in enquiry levels, 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.

Navigating Headwinds: Middle East Conflict Impact

The intensification of conflict across the Middle East has introduced renewed uncertainty into the economy, eroding the business confidence that had gradually been rebuilding. The impact 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 our operational and strategic decisions, alongside rebuilding balance sheet capacity, managing working capital and margin recovery. We were pleased to recently renew our banking arrangements with ANZ for a further one-year term until September 2027 on similar terms. This provides the company with the headroom and operational flexibility to navigate varying conditions across the business cycle and support ongoing working capital requirements.

Strength in Diversity

In challenging market conditions, the value of diversity becomes even more apparent. Across the business, we have intentionally built broad exposure across multiple market sectors, a diverse customer base, and an increasingly differentiated, higher-value product offering. This diversity is a significant strength, helping to smooth demand cycles, reduce concentration risk, and create opportunities for cross-selling. Importantly, it extends beyond sales and customers. Diversity is embedded throughout our supply chain and operations, providing greater flexibility, resilience, and operational safeguards.

In this newsletter, we share some of the projects and initiatives that are providing resilience for our company through this period of time.

Our Greatest Asset: People Who Make the Difference

What is consistent across everything is the quality of our people and their commitment to delivering for our customers. Customer satisfaction scores remain at high levels and we continue to hold our market share in the face of conditions that are testing many in our industry.

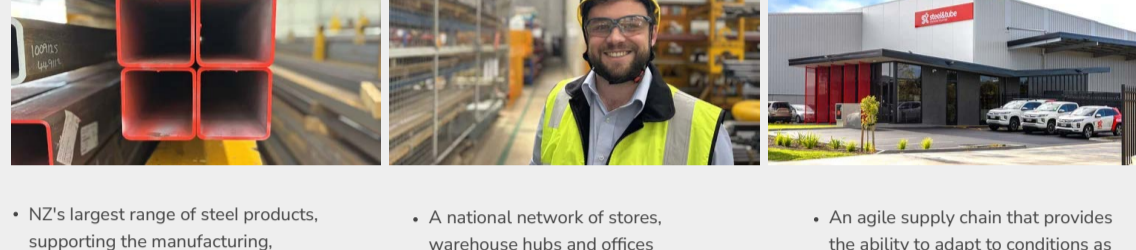
Positioned for Recovery

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. The diversification we have built, our deep customer relationships, strong brand reputation and experienced team are the foundations from which we will accelerate when conditions turn.

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.

Susan Paterson Chair
Mark Malpass Chief Executive Officer

Steel & Tube's intentional focus on diversity is reflected in its breadth and reach



- NZ's largest range of steel products, supporting the manufacturing, construction, rural, distribution and infrastructure sectors
- Wide range of customers from large scale enterprise businesses to SMEs
- A national network of stores, warehouse hubs and offices
- A customer base that stretches across New Zealand's regional and urban centres
- An agile supply chain that provides the ability to adapt to conditions as needed.

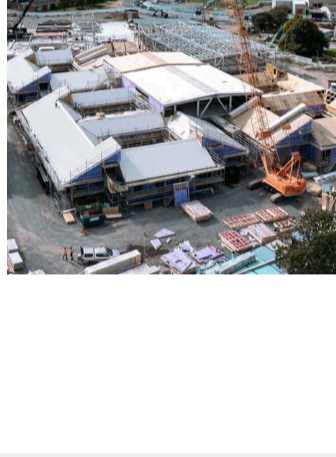
From retirement living to healthcare to infrastructure

From retirement living to healthcare to infrastructure: Three very different projects but with the same high quality steel running through them.

At **Hillmorton Hospital** in Christchurch, one of the country's most significant mental health infrastructure projects is steadily rising from the ground. Our reinforcing, mesh and CFDL flooring products are embedded in its structure, specified to meet the exacting demands of a facility where precision and permanence are non-negotiable. It is complex, considered work, and it will serve Canterbury's most vulnerable communities for generations to come.

Up on Auckland's Hibiscus Coast, the story looks quite different. The **Sunmset Milldale retirement village** is complete, its rooftops clean, appealing and weathertight, ready to welcome the residents who will make it home. For a development like Sunmset Milldale, long-term reliability and ease of maintenance were key considerations, supporting homes designed to remain comfortable and dependable over time. ST900, manufactured in COLORSTEEL® MAXAM®, provided a roofing solution well suited to these requirements.

Meanwhile, our galvanizing business has been busy working with fabricators, Grayson Engineering, on the **Moa Point Wastewater Treatment** plant upgrade in Wellington. This world-class plant will use thermal hydrolysis to reduce the volume of the sludge and will also cut carbon emissions. More than 680 tonnes of steel has been processed by Steel & Tube's business, Perry Metal Protection, providing hot dip galvanizing as a critical corrosion defence for this essential infrastructure. This project highlights our ongoing capacity not only to deliver large-scale galvanizing solutions, but also to successfully navigate complex technical challenges in collaboration with Tier 1 partners, supporting New Zealand's critical infrastructure upgrades with world-class asset protection.



Strength in the regions

One of the quiet strengths of our business is how deeply embedded we are across New Zealand's regional economies and the heartland communities that build and grow this country.

In Palmerston North, one of our longest mesh customers, ITM Manawatu, continues to demonstrate what a committed regional partnership looks like – with more than 35 years working alongside Steel & Tube to provide steel products and solutions to the region. Operating at the heart of one of New Zealand's most productive dairy regions, our mesh products are used across a wide range of applications including tank manufacture, commercial and residential building. With the wider Manawatu region supporting a diverse range of industries and businesses, there are strong opportunities to cross-sell and incorporate a broad range of our products into projects across multiple sectors.

That regional depth is replicated across the country. In Northland, we are further supporting healthcare infrastructure with the build of Mangawhai Medical Centre, while in the Bay of Plenty we are providing a mix of steel products for the new Ranguru Business Park. Further south, we have a strong pipeline of commercial and infrastructure work that keeps our teams busy.

Our connections and network across the country provide additional opportunity to extend our reach, with Kiwi Pipe & Fittings a great example. From an initial Auckland and Waikato-based business, we now offer distribution across New Zealand, with a growing presence in Wellington and the South Island.

No single region dominates our book and that is exactly the point. Our geographical spread across New Zealand provides a structural buffer, and it has served us well this year.



Beyond the horizon

Not all of our growth is coming from our home shores. In recent months, we have extended our project reach beyond New Zealand's shores, supplying steel into American Samoa and several other Pacific locations.

These are logistically complex jobs that require innovative thinking, careful coordination and a willingness to go where others won't. The returns have been strong, and the share of wallet we have captured on these projects reflects what can be achieved when a team backs itself to solve hard problems.

In a market where domestic conditions remain variable, the ability to look outward and execute well is a genuine differentiator. The Pacific is not a volume play for us, but it is a profitable one, and it speaks to an appetite for creative thinking that runs right through our dedicated teams.



Built on partnership

We are proud to be supplying Fosters Construction on the New Zealand Graduate School of Medicine building at the University of Waikato in Hamilton. This is a landmark project for the region and a fitting showcase for what a strong, long-term customer relationship looks like.

Fosters Construction are exactly the kind of contractor we work to support: quality-driven, proud of what they do and committed to working with proven suppliers. We have worked alongside them for many years, on more than 100 projects, from the new Waikato Regional Theatre, to Union Square and the Fonterra Boiler House.

More recently, we have joined forces with **New Zealand Construction Alliance**, a partnership of leading regional commercial construction companies reaching the length and breadth of New Zealand, working together to deliver national projects locally. As a preferred supplier, partner and supporter, Steel & Tube's national footprint aligns well with the NZCA members to fully deliver a local service, with nationally consistent outcomes.

Steel & Tube also recently hosted members of the New Zealand Chinese Building Industry Association for a **behind-the-scenes** tour across five of our Auckland production sites. Members had the opportunity to walk through our facilities, see our operations firsthand, and hear directly from our teams. Across Carbon and Plate Processing, Stainless and Aluminium, Fasteners, Reinforcing, and Roofing and Roll Forming, they gained a closer look at how we support construction projects across New Zealand. The diversity of the NZCIBIA membership is a perfect fit for Steel & Tube's range of steel products, services and solutions, with NZCIBIA member projects ranging from design and build residential homes to some of New Zealand's largest commercial construction projects.

Breadth of product

Product diversity continues to be one of our greatest strengths and a key point of difference in the market.

With one of the broadest product ranges in New Zealand, customers can source multiple categories from a single supplier that understands their business, projects and operational needs.

Over the last 12 months, half of Steel & Tube customers purchased across three different product categories, while more than 20% purchased from five or more categories.

From aluminium and rolled steel to pipes, fittings and Kiwi fire products, the breadth of our offering enables us to support a wide range of sectors and provide greater convenience, efficiency and supply confidence for customers.



Diversity provides supply chain resilience

Global disruption has continued to test supply chains across the world, but diversity in sourcing, logistics and distribution remains a distinct strength.

By partnering with a broad network of mills and manufacturers across New Zealand, Australia and international markets, we have maintained uninterrupted product supply despite ongoing instability linked to the Middle East conflict and wider shipping pressures.

Supported by trusted logistics and shipping partners, and backed by our nationwide network, we have also been able to respond quickly to severe weather events closer to home.

Strengthening that resilience even further, we have expanded our trucking fleet once again, with Auckland metro deliveries now serviced by our own trucks and drivers, giving us greater control, flexibility and reliability for customers.

