Simonds Group Equity Raising

25 November 2022

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The Offer is being made to eligible shareholders of Simonds in Australia and New Zealand under section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**) as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84* and *ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73)*.

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- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
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The Financial Information has been included in this Presentation in relation to the Offer and should not be used for any other purpose. The Financial Information is intended to present investors with information to assist them in understanding the underlying historical financial position of Simonds. The directors of Simonds (the **Directors**) are responsible for the preparation and presentation of the Financial Information.

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This Presentation contains pro forma financial information. In particular, it includes Simonds' liquidity position as at September 2022 and pro forma cash balance information for Q1FY23 (and taking into account the effect of the Offer). Investors should note that the pro forma financial information included in this Presentation is for illustrative purposes only, is not represented as being indicative of Simonds' views on its future financial condition or performance, and any pro forma historical financial information included in this Presentation does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission. Pro-forma financial information in this presentation has not been audited or reviewed in accordance with the AAS.

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The Lead Manager, together with its affiliates and related bodies corporate, is a full service financial institution engaged in various activities, which may include trading, financing, financial advisory, investment management, investment research, principal investment, hedging, marketing making, market lending, brokerage and other financial and non-financial activities and services including for which it has received or may receive customary fees and expenses. The Lead Manager (and/or its bodies corporate) has performed, and may perform, other financial or advisory services for Simonds, and/or may have other interests in or relationships with Simonds and its related entities or other entities mentioned in this Presentation for which they have received or may receive customary fees and expenses. Without limitation, in the ordinary course of their various business activities, the Lead Manager and other Limited Parties may have interests in the securities of Simonds, including being directors of, or providing investment banking services to, Simonds. Further, they may act as market maker or buy or sell those securities or associated derivatives as principal or agent. The Lead Manager may receive fees for acting in its capacity as the financial advisor and lead manager to the Offer.

Investors acknowledge and agree that determination of eligibility of investors for the purposes of the Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Simonds and the Lead Manager. Each of Simonds and the Lead Manager and each of their respective affiliates disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law.

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Withdrawal and cooling-off

Simonds reserves the right to withdraw, of vary the timetable for, the Offer without notice. Cooling-off rights do not apply to the acquisition of New Shares.

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Executive Summary

Rationale and reasons to support the Offer

1	**Increases balance sheet strength and flexibility**	▪ Strengthened balance sheet, with pro-forma liquidity after the Offer of $44.2 million (as at Sep-22) to support the Company's working capital requirements
2	**Allows Company to continue its focus on implementing its strategy and drive Shareholder returns**	▪ Resets the Company's capital structure, supports balance sheet and assists in stabilising earnings in a difficult market trading environment that is likely to continue into FY23
3	**The Company has a clear understanding of market conditions and has responded accordingly**	▪ Company cognisant of persistent market conditions that are impacting supply and productivity combined with impending conditions that are likely to slow demand considerably, with a view of preparing the Company for a difficult trading period in advance of continuing difficult market conditions
4	**Company positioned to benefit from improvement in input prices**	▪ Recent data suggests input costs are starting to moderate, while the Company has successfully increased Site Start Values (as highlighted on page 13), with further price increases to houses anticipated in FY23
5	**Opportunity to invest in Simonds on attractive terms**	▪ Simonds is a leading residential home building company operating across Australia with a 70+ year history, trusted brand and reputation and a high quality and diverse product offering ▪ The Offer allows shareholders to increase their investment at discounted offer price of $0.12 per new share – 14.2% discount to TERP[1] of $0.140 – 28.8% discount to the 30-day VWAP[2] of $0.168 – 4.0% discount to the last traded price of $0.125 on 24 November 2022

1. The Theoretical Ex-Rights Price ('TERP') is the theoretical price at which SIO shares should trade immediately after the ex-date of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which SIO shares will trade on the ASX immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to the TERP. TERP is calculated by reference to the 30-day VWAP of the Company's shares as traded on the ASX of $0.168 up to and including 24 November 2022, being a reasonable reflection of the Company's shares over a practical period given the limited trading and liquidity of the Company's shares prior to the announcement of the Entitlement Offer.
2. The Volume Weighted Average Price ('VWAP') in this presentation was calculated as the 30 day total value of SIO shares sold on the ASX divided by the total 30 day volume up to and including 24 November 2022.

Executive Summary

Trading conditions update	▪ A range of factors have adversely impacted Simonds Group Limited (**Simonds** or the **Company**) and the Australian residential building sector more generally, including the impact of prolonged wet weather and flooding, supply shortages and delivery delays for materials, reduced availability of skilled labour, interest rate rises, reduced customer borrowing capacity, delays to land registration and inflation ▪ These factors delay the improvement of margins, as Simonds must first trade through the older lower margin contracts in the pipeline, as detailed on page 15 ▪ Simonds now expects adverse market conditions to continue for longer than originally anticipated. It is uncertain how long these conditions will continue ▪ Additionally, the Company is experiencing adverse impacts on demand for new homes as a result of interest rate rises, continuing inflationary pressures and as a result of the demand generated by the HomeBuilder scheme coming to an end. In response to this, the Company is making targeted investments in advertising, marketing and display homes in growth corridors to drive sales
Update on operational initiatives	▪ Several operational initiatives considered by Simonds in its FY22 Annual Report released to the market on 11 October 2022 have since progressed, with a view of right-sizing the Company's cost base to trade through challenging trading conditions ▪ Progress on initiatives includes ~$8 million of annualised savings already implemented through a reduction in headcount, with a further ~$4 million in savings identified ▪ This progress is further supplemented by pricing increases which have already been implemented, with average Site Start Values already 17% higher in Q1 FY23 than Q1 FY22, alongside continued investment in advertising and marketing to drive new Site Starts

Executive Summary (Cont'd)

Balance sheet and funding position	▪ Simonds' pro forma average daily net cash balance in Q1 FY23 was ~$7.9 million[1] ▪ As at 30 September 2022, Simonds had pro forma available liquidity[2] (before proceeds of the Offer, as defined below) of ~$19.7 million ▪ Simonds' lender has provided a letter of support for updated borrowing facility terms (subject to completion of the proposed equity raising and certain other conditions, including entry into an amended facility agreement), with an extension of the facility maturity date to 30-Jun-24 and revised covenants, as detailed on page 20 ▪ With the continued availability of the overdraft and borrowing facilities and net proceeds of the Offer of ~$24.5 million (i.e. $25.5 million less Offer costs), Simonds will have pro forma liquidity of at least ~$44.2 million of available liquidity to sustain it through what is expected to be a more prolonged adverse trading period ▪ The Company has modelled various scenarios assuming continued adverse trading conditions impacting key drivers of performance. On the basis of that modelling, management believes the proceeds of the Offer will provide adequate liquidity to cover the fulfillment of lower gross margin contracts. However, the Company notes this is highly sensitive to key drivers of performance including the number of Site Starts, building margin, Extra to Schedule % (**ETS**)**,** Productivity and Site Start Values (**SSV**)**,** which by their nature are very challenging to predict given current market and macroeconomic conditions ▪ Please refer to Appendix 2 for a summary of the key risks associated with an investment in Simonds, including financing and liquidity risks
Equity raising	▪ Simonds is undertaking a traditional 13 for 9 pro-rata renounceable entitlement offer to raise approximately $25.5 million (**Entitlement Offer** or the **Offer**) ▪ Net proceeds of the Offer are required to support the Company's working capital requirements and reset its capital structure in light of difficult trading and macroeconomic conditions. To the extent that conditions improve earlier than anticipated, the Company may consider the appropriate allocation of working capital to future initiatives as conditions become clearer ▪ The Company's largest shareholder, Vallence Gary Simonds, who currently owns approximately 45.7% of the shares on issue, has entered into an underwriting agreement to fully underwrite the Offer (excluding his own entitlements, which he has committed to exercise in full)[3] ▪ Each of Simonds' Directors who hold shares in the Company are supportive of the Offer and intend to exercise their entitlements in full under the Entitlement Offer ▪ For further details of shareholder involvement and control implications, see Appendix 3

1. Q1 FY23 pro forma average daily net cash balance includes a $9.9 million tax refund received on 1 November 2022 through a loss carry back tax offset, given it is a one-off clawback that relates to tax payments made in prior years.
2. Pro forma available liquidity comprises the Company's overdraft and loan facilities (less drawn facilities) and includes the tax refund received on 1 November 2022 as discussed in footnote 1.
3. The Entitlement Offer is underwritten pursuant to the terms of the underwriting agreement entered into with an entity controlled by Vallence Gary Simonds. Refer to Appendix 4 for a summary of the underwriting agreement.

Investment Highlights

1. 70+ years of history and originally listed on ASX in 2014
2. Leading position as one of the largest volume residential builders in Australia, with a leading presence in Victoria and growing operations in Queensland
3. High quality and diverse product offering with four different design concepts and unique offerings for customers
4. A market leader with a trusted brand and reputation in a highly fragmented industry
5. Favourable medium-term tailwinds, aided by the Federal Government's recently announced National Housing Accord and a new national housing supply target

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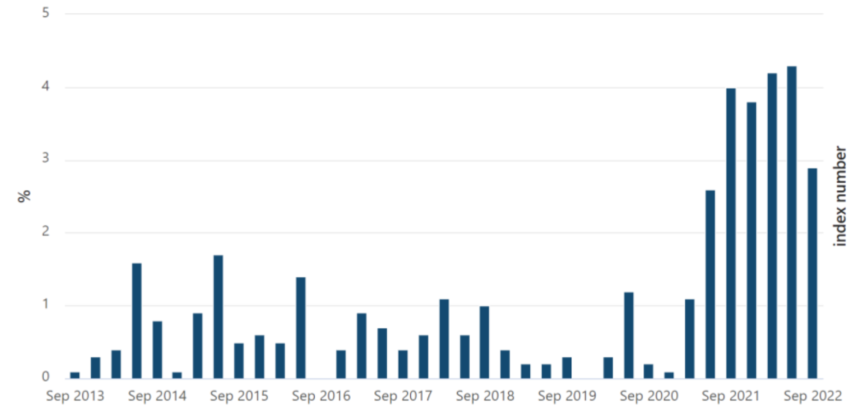
Current Trading Conditions

Industry Backdrop

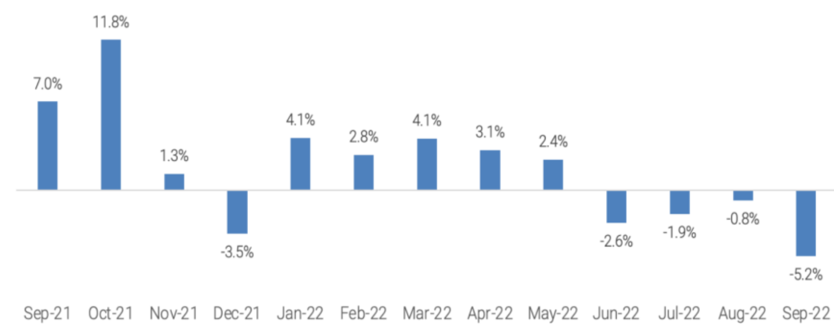
- According to data released by National Housing Finance and Investment Corporation (**NHFIC**) in October 2022, building material and labour cost inflation rose at its fastest pace in nearly 50 years on the back of supply constraints over the last 12 months (to Jun-22)
- The cost of structural timber, plywood and steel reinforcement have all increased by more than 25% over the past year, with some products such as structural timber rising by more than 40%
- NHFIC's analysis demonstrates that 83% of all residential building material cost inflation in 2021-22 has been due to supply constraints
- Recent data suggests that global supply chain pressures have moderated over the last few months, indicating that the supply influences on construction costs are likely to ease during 2023. For example, September quarter house construction input prices increased by 2.9% in Q3 FY22, vs. an average of 4% for each of the previous four quarters
- The availability and cost of labour continue to be an issue for the industry, albeit again with some recent easing in the last month with the construction sector reporting a 6% drop in jobs ads in Sep-22 (versus a 5.2% reduction for Australia as a whole)
- On the supply side, Australia continues to face significant housing pressures. In response, the Federal Government is implementing a comprehensive housing reform agenda with a target of one million new, well-located homes over 5 years from 2024. This is expected to continue to drive strong volumes for the industry over the medium to long term

House construction input price growth



Source: ABS

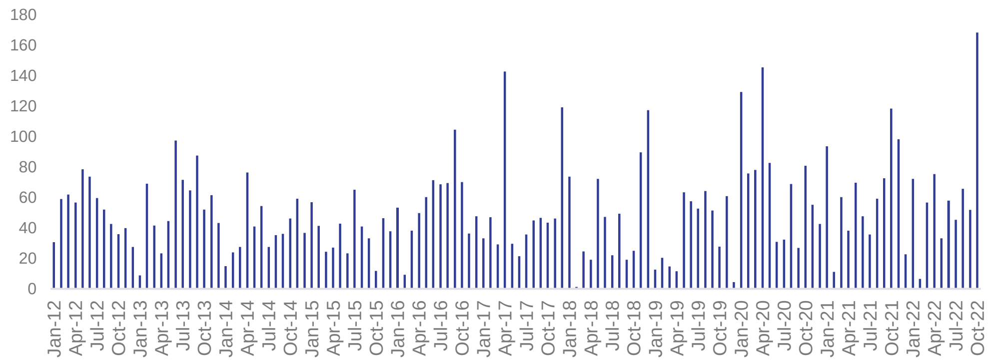
National SEEK job advert percentage change



Source: Seek

Weather Events and Labour Market

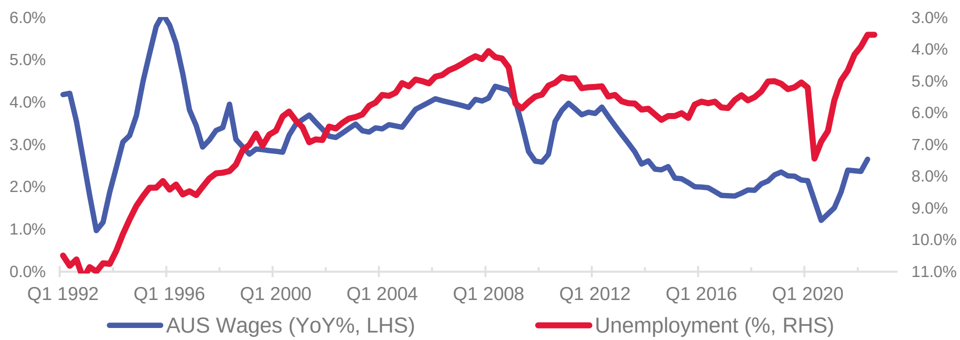
Melbourne CBD – Rainfall (Millimetres)



Source: Australian Government Bureau of Meteorology

In October 2022, Melbourne's CBD recorded its **highest rainfall since 1992** and its third wettest month since 1973[1], with prolonged wet weather and flooding being experienced across Victoria and the Australian Eastern Seaboard. These weather events caused significant delays in activity across the construction industry, particularly for Victorian-based companies

Australian Private Wages & Unemployment



Source: ABS; Thomson Reuters

Despite a recent slowdown in Australia's labour market, the **unemployment rate remains near record lows** of 3.5% (pcp: 4.7%). The trades sector has been the second hardest hit by staff shortages[2], causing delays to build times and placing upwards pressure on the cost of labour

1. Based on available data from Bureau of Meteorology.
2. Source: Australian Financial Review.

Favourable Medium-term Tailwinds

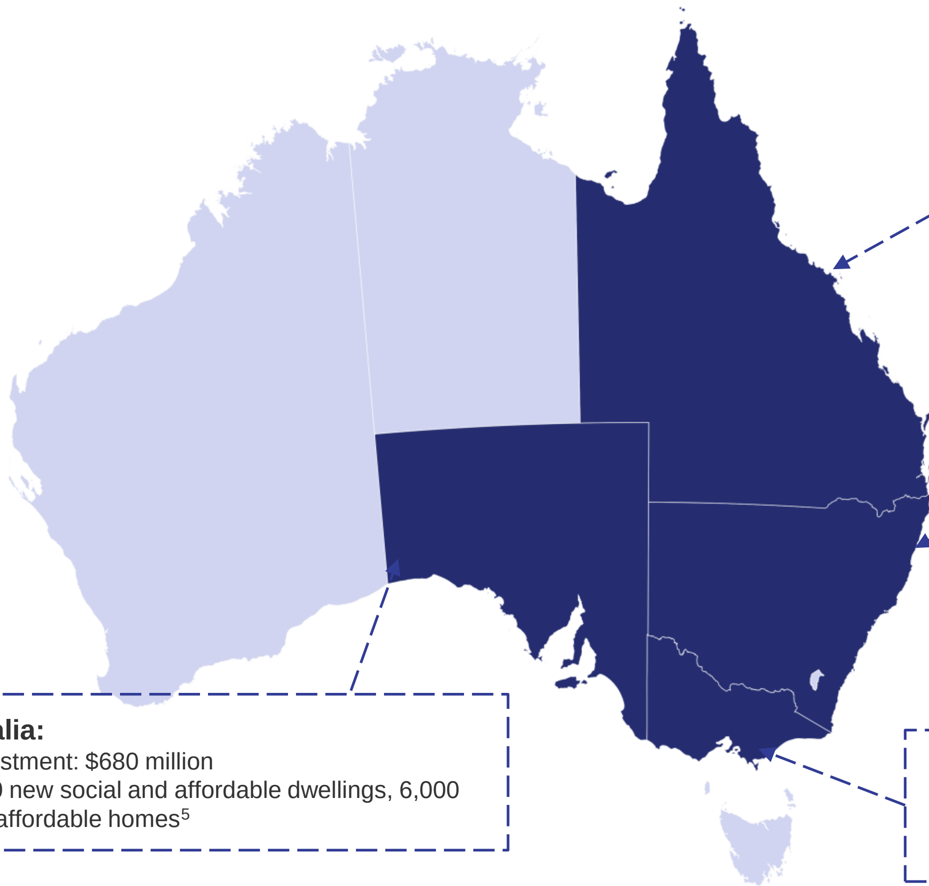
Although current market conditions are challenging, Simonds is positioning to benefit from the new National Housing Accord, which is expected to deliver one million new homes over 5 years from 2024[1]

Federal:

In its Oct-22 Budget, the Federal Government announced its plan for the construction of one million new homes over five years to boost housing supply

There is a direct investment to deliver 55,000 new social and affordable homes to be built over five years from 2024 – 2027, in addition to existing and standard housing construction[1]

Simonds existing product set is ideal to meet the increased demand expected from the stimulus



Queensland:
Cumulative investment: $2.9 billion
Objective: 13,000 new social and affordable homes[2]

New South Wales:
Cumulative investment: $3.6 billion
Objective: ~172,000 new dwellings, 70,000 potential new homes, 2,600 new social and affordable homes[3]

South Australia:
Cumulative investment: $680 million
Objective: 1,000 new social and affordable dwellings, 6,000 new social and affordable homes[5]

Victoria:
Cumulative investment: $5.3 billion
Objective: 12,000 new social and affordable homes, 2,400 new social homes[4]

1. Commonwealth of Australia – Budget 2022-2023, *Building a Better Future;* Budget 2022-23: Improving Housing Supply and Affordability. The Australian Government Department of Treasury 2022, https://treasury.gov.au/
2. Queensland Government – The Queensland Cabinet and Ministerial Directory, 13th September 2022; https://www.abc.net.au/news/2022-10-20/qld-housing-summit-property-social-affordable-housing/101552020; Queensland Government, Department of Communities, Housing and Digital Economies
3. New South Wales Government A pathway home (2022); New South Wales Government Housing Strategy 'Housing 2041' https://www.planning.nsw.gov.au/-/media/Files/DPE/Reports/Policy-and-legislation/NSW-Housing-Strategy-Report-2021.pdf
4. Victoria Government (2021) Homes Victoria https://www.homes.vic.gov.au/big-housing-build
5. Government of South Australia (2020) https://www.housing.sa.gov.au/our-housing-future

Current Trading and Outlook

Simonds is operating in an extremely challenging environment

- A range of factors have adversely impacted Simonds and the Australian residential building sector more generally, including the impact of prolonged wet weather and flooding, supply shortages and delivery delays for materials, reduced availability of skilled labour, interest rate rises, reduced customer borrowing capacity, delays to land registration and inflation
- Simonds had previously expected conditions to begin to improve by October 2022. However, trading performance remains impacted by several factors

Building Margins

- Simonds' building margins have shown no improvement in Q1 FY23
- Margins are expected to remain well below pre-COVID levels throughout FY23
- Margins will continue to be challenged as the Company continues to work through a backlog of lower margin contracts combined with continued productivity challenges as outlined above

Extra to Schedule %

- Extra to Schedule (**ETS**) reflects the extra costs associated with each build and results in a reduction to the order margin projected at site start
- ETS levels remain elevated compared to pre-COVID levels due to above average trade rates in the market as builders push to complete jobs and improve productivity

Productivity

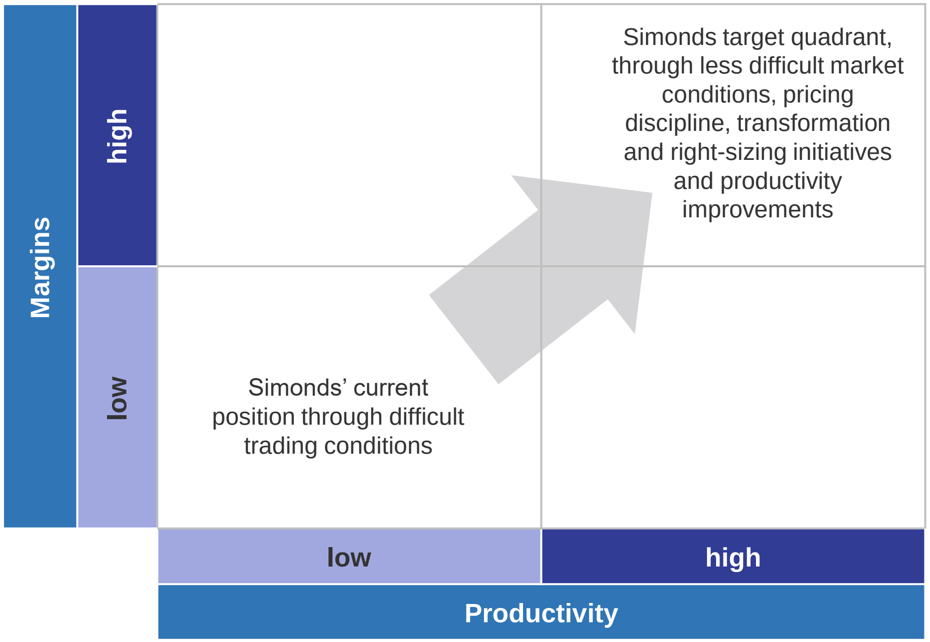
- Supply and labour constraints continue to impact build times and have been exacerbated by the wet weather and flooding in parts of Australia, which has made access to sites difficult
- Although Simonds have seen small monthly improvements in each month of Q1 FY23, productivity remains well below pre-COVID levels

- The above negative factors have been partially offset by an average Site Start Value which was 17% higher in Q1 FY23 compared to the prior corresponding period, evidencing the pricing improvements that Simonds has implemented over the past 12 months

Current Trading and Outlook (Cont'd)

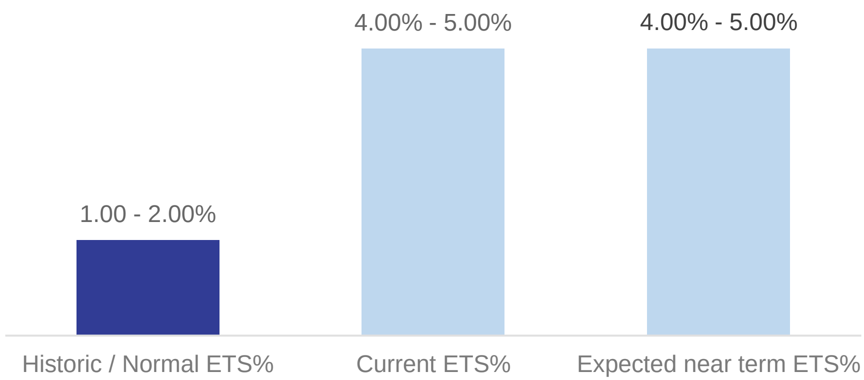
Simonds expects adverse market conditions to continue for longer than originally anticipated. It is uncertain how long these conditions will continue

Simonds targets high margin work and high productivity



ETS % expected to remain elevated near-term

- Management expects ETS % to remain elevated in the near-term, before normalising as labour supply moderates and comes back to balance with demand
- For every ~1.0% increase in ETS %, management anticipates a ~$7-8 million negative impact to gross margin

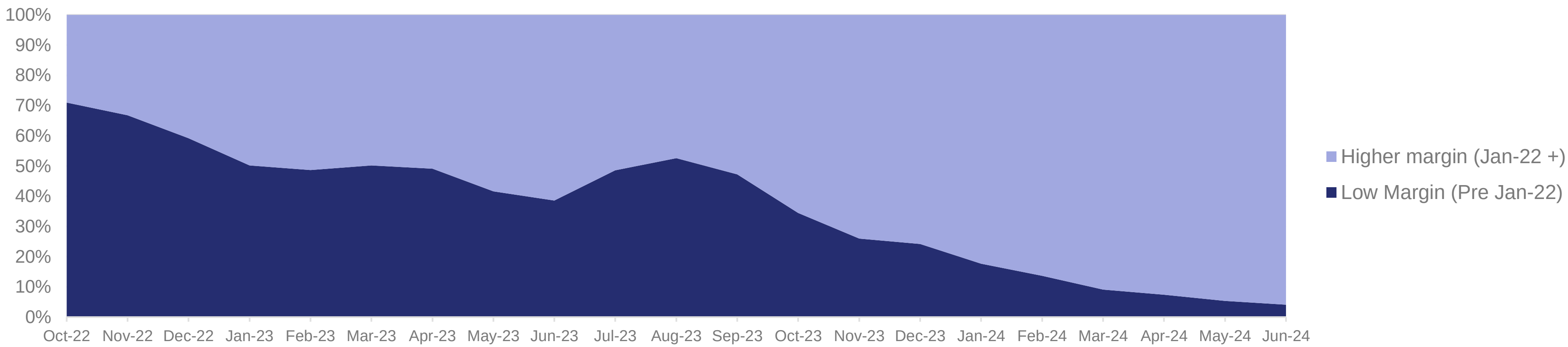


- The productivity challenges identified on the prior page will delay the improvement of margins, as Simonds must first trade through the older lower margin contracts in the pipeline (as detailed on the next page)
- Additionally, the Company is experiencing adverse impacts on demand for new homes as a result of interest rate rises, continuing inflationary pressures and as a result of the demand generated by the HomeBuilder scheme coming to an end. In response to this, the Company is making targeted investments in advertising, marketing and display homes in growth corridors to drive sales

Contract Profile Summary

- The high inflation environment coupled with fixed price contracts has resulted in many residential builders having a substantial pipeline of low margin contracts that needs to be delivered
- Simonds contracts signed prior to Jan-22 are considered low margin as the pricing methodology included a small risk premium, which was not sufficient to absorb all the future cost increases, adverse conditions and high ETS values. These contracts normally have a positive gross margin contribution but are negative at an EBITDA level
- Contracts signed from Jan-22 onwards included higher risk allowances to account for the adverse costing conditions and have higher gross margins. Simonds changed the contractual conditions from April onwards to allow improved flexibility to reprice contracts under certain conditions
- Based on the current pipeline, the chart below reflects the anticipated reduction of lower margin contract over the next 18 months. The reduced low margin contract profile is expected to result in improved margins over the course of FY24

Projected Low Margin Contract Run Off Profile (3 Month Moving Average)



The above profile is a management estimate, based on certain assumptions about market conditions, and may change. If market conditions do not normalise in the manner expected, the reduction in lower margin contracts may take longer, which will impact profitability. Management has made certain assumptions around reduced costs, improved supply chains and labour markets, macroeconomic conditions, consumer confidence and financing availability. There is a risk that these assumptions are not correct, or that the construction industry is again affected by prolonged weather events or other adverse industry conditions which delay site starts, or push out the time to complete low margin contracts further. See the "Key Risks" in Appendix 2 of this Presentation.

In certain circumstances Simonds is able to reprice the older contracts in which case they become profitable on an EBITDA basis.

Q1 FY23 Results Snapshot (unaudited)

Unaudited Q1 FY23 Results

$m	Q1FY22 Actuals	Q4FY22 Actuals	Q1FY23 Actuals	Variance (Q4FY22 to Q1FY23) (%)	Variance (Q1FY22 to Q1FY23) (%)
Revenue	171.3	178.9	199.5	11.5%	16.4%
Cost of Sales	(133.7)	(146.9)	(166.3)	13.2%	24.4%
Gross Margin	**37.7**	**32.0**	**33.2**	**3.8%**	**(12.0%)**
Gross Margin %	22.0%	17.9%	16.6%	(6.9%)	(24.4%)
Salaries & Wages	(22.3)	(23.2)	(23.4)	1.0%	5.0%
Advertising & Marketing	(3.3)	(2.2)	(2.6)	15.7%	(21.9%)
Display Centre Costs	(1.2)	(1.5)	(1.2)	(22.6%)	(6.9%)
Other	(7.2)	(7.5)	(7.8)	5.3%	9.4%
Total overheads	**(34.0)**	**(34.4)**	**(35.0)**	**2.0%**	**3.1%**
EBITDA	**3.7**	**(2.4)**	**(1.9)**	**(21.8%)**	**(150.3%)**
EBITDA (%)	2.2%	(1.3%)	(0.9%)	*(29.9%)*	*(143.2%)*
Depreciation & Amortisation	(5.0)	(5.2)	(5.4)	4.9%	7.8%
Interest Expense	(0.5)	(0.5)	(0.5)	(1.1%)	(3.2%)
(Loss) / Profit before Tax	**(1.8)**	**(8.0)**	**(7.8)**	**(3.2%)**	**328.3%**
Income tax benefit / (expense)	0.6	2.5	2.4	(3.2%)	331.0%
Profit from discontinued operations / (loss)	0.2	(0.5)	(0.4)	(17.0%)	(284.3%)
(Loss) / Profit after Tax	**(1.0)**	**(6.1)**	**(5.8)**	**(4.3%)**	**455.7%**
Site starts (#)	*675*	*599*	*617*	*3.0%*	*(8.6%)*
Average Site Start Value ($'000)	*276*	*311*	*323*	*3.9%*	*17.0%*
Operating Cash Flows ($m)	*4.2*	*(4.7)*	*(18.0)*	*280.6%*	*(531.1%)*
Overheads (% of revenue)	*(19.8%)*	*(19.2%)*	*(17.6%)*	*(8.5%)*	*(11.5%)*

Revenue has continued to grow, primarily as a result of increased **Site Start Values** flowing from repricing strategies that have already been implemented

Gross margin has been impacted by subdued productivity as a result of supply and labour constraints impacting build times, and lower building margins as the Company works through legacy contracts, which are loss making on an EBITDA level given input price increases against the fixed price contracts

Overheads as a percentage of revenue have begun to moderate as a result of right-sizing initiatives announced in August, as detailed on the next page

Site Starts have increased since the prior quarter but remain negatively impacted by labour shortages, supply chain constraints, weather events and land title delays

Combined with the Company's operating losses, **operating cash flows** in Q1 FY23 were impacted by a change in payment terms with vendors which will result in less lumpy intra-month cashflows going forward

Right-sizing Initiatives Update

Simonds continues to make good progress on the right-sizing initiatives communicated in August

Key Initiative	Communication in August	November Update
Redundancy Program	Reduce head count (~9%) through a targeted redundancy program	$12 million of annualised savings identified with $8 million in savings already implemented
Display Homes	Reduced capital investment (land & development) in FY23	Targeted investment in display homes in growth corridors to drive sales in those areas[1]
Pricing Increases	Increased profitability – fast tracking high margin contracts to enhance the gross margin profile	Average start site value already 17% higher in Q1 FY23 vs. Q1 FY22 and will continue as more higher value contracts come through pipeline
Consolidation of Premises	Not specifically communicated	Further savings identified that can be implemented in FY24 via consolidation of premises and reduction in build footprint
Other Expenses	Reduced advertising & marketing	Continued targeted advertising & marketing to continue to drive sales and new sites starts[1]

1. As outlined in SIO's market update on 7 November 2022, subsequent to the August announcement, Simonds now expects adverse trading conditions to continue for a prolonged period and a reduction in demand for new homes over the next 6 to 12 months. In response to this, the Company has resolved to continue investing in display homes, advertising and marketing (rather than implement reductions) to drive sales.

3

Balance Sheet and Funding Position

Sep-22 Balance Sheet Snapshot (unaudited)

Unaudited Sep-22 Balance Sheet

$m	Jun-22	Sep-22
Assets		
Cash / Equivalents	11.1	-
Receivables[1]	38.2	34.1
Tax receivables / Deferred tax assets	9.9	12.6
Accrued revenue	67.6	69.9
Inventories	18.4	23.7
PP&E	6.0	5.6
Intangible assets	4.6	4.1
Other (prepayments)	2.4	2.0
Right-of-use assets	25.6	24.6
Total assets	**183.9**	**176.6**
Liabilities		
Bank Overdraft	-	8.7
Payables, customer deposits & deferred revenue[1]	111.9	100.6
Lease liabilities	26.7	25.7
Borrowings	0.3	3.1
Provisions	24.8	24.1
Taxes	6.6	6.6
Total Liabilities	**170.5**	**168.9**
Net Assets	**13.5**	**7.7**

Bank overdraft and borrowings were $11.7 million as at Sep-22. Further details of the Company's borrowing arrangements are provided on the following page

$9.9 million of **tax receivables** were received as a cash refund from the ATO on 1 November 2022 for tax losses against historic tax payments as a result of a loss carry back tax offset

Receivables (on a like-for-like basis[1]) and **accrued receivables** increased as newer, higher priced contracts began to flow through in Q1 FY23

The increase in **inventories**, comprising land and display homes under construction/available for sale, is primarily due to timing with a number of display homes being completed in Sep-22, with their sales commencing at the end of Sep-22 and into Q2 FY23

Payables, customer deposits & deferred revenue (on a like-for-like basis[1]) reduced as a result of a change in payment terms which brought forward a number of vendor payments into the quarter

1. A statutory reclassification at Jun-22 increased both receivables and payables by $7.3 million. This reclassification has not been performed at Sep-22.
2. There is a risk that Simonds is unable to achieve this. Please refer to Appendix 2 for details of key risks relating to financing and liquidity.

Borrowing Arrangements

- Simonds' lender has provided a letter of support for updated borrowing facility terms, subject to completion of the proposed equity raising (including raising at least $25.0 million) and certain other conditions, including finalisation of an amended facility agreement
- Under the updated terms, the facility maturity date will be extended to 30-Jun-24, and will be amended with net asset and liquidity covenants

Borrowing facilities[1]						
Facility	**Total Facilities ($m)**	**Utilised at Sep-22 ($m)**	**Unutilised at Sep-22 ($m)**	**Interest Charge**	**Description**	**Maturity Date[2]**
Market Rate Loan	3.0	3.0	0.0	Fixed Market Rate	Secured by all Simonds Group Limited corporate entities	30-Jun-24
Bank Guarantees	4.0	2.0	2.0	Fixed Market Rate		
Overdraft Facility	18.5	8.7	9.8	Variable Market Rate		
Facility agreement	**25.5**	**13.8**	**11.7**			
Business Corporate Credit Card	1.0	1.0	0.0	Option Index Rate	Charged Card facility made available to Simonds Group	30-Jun-24
Finance Lease	8.0	7.5	0.5	Fixed Market Rate	Asset under finance leases are secured by the assets leased with repayments periods not exceeding 5 years	Repayment period not exceeding 5 years
IT Financing	0.1	0.1	0.0	Fixed Interest Rate	Master Instalment Payment Agreement with De Lage Landen Pty Ltd, which covers license subscription for Microsoft products for the period from January 2022 to December 2022	31-Dec-22
Other arrangements	**9.1**	**8.7**	**0.5**			
Total	**34.6**	**22.4**	**12.2**			

1. Please refer to Appendix 2 for details of key risks relating to financing and liquidity.
2. Based on updated borrowing facility terms.

Capital Raising to Provide Additional Liquidity

Liquidity position[1] ($m)	As at Sep-22
Utilised overdraft and loans	(11.7)
Plus: overdraft and loan facilities	21.5
Available liquidity (Sep-22)[1]	**9.8**
Tax refund received[2]	9.9
Pro forma available liquidity (Sep-22)	**19.7**
Net proceeds from the Offer	24.5
Pro forma liquidity after the Offer	**44.2**

Net working capital ($m)	As at Sep-22
Receivables	34.1
Accrued revenue	69.9
Other (prepayments)	2.0
Payables, customer deposits & deferred revenue	(100.6)
Net working capital	**5.4**

Key Liquidity Assumptions

- Simonds' pro forma average daily net cash balance in Q1 FY23 was ~$7.9 million[2]
- As at Sep-22, Simonds had pro forma available liquidity[2] (before proceeds of the Offer) of ~$19.7 million
- With the continued availability of the overdraft and borrowing facilities (as discussed on the previous page)[3] and net proceeds of the Offer of ~$24.5 million (i.e. $25.5 million less Offer costs), Simonds will have pro forma liquidity of at least ~$44.2 million to sustain it through what is expected to be a more prolonged adverse trading period
- The Company's budgeting is predicated on raising approximately $25.5 million proceeds from the Offer
- The Company has modelled various scenarios assuming continued adverse trading conditions impacting key drivers of performance
- On the basis of that modelling, management believes the proceeds of the Offer will provide adequate liquidity to cover the fulfillment of lower gross margin contracts. However, the company notes this is highly sensitive to key drivers of performance including Building Margin, Extra to Schedule %, Productivity and Site Start Values
- Please refer to Appendix 2 for a summary of the key risks associated with an investment in Simonds, including financing and liquidity risks

1. Liquidity position shown is based on the Company's updated borrowing facility terms.
2. On 1 November 2022, Simonds received a $9.9 million refund for tax losses against historic tax payments as a result of a loss carry back tax offset. This has been added into pro forma average daily net cash and pro forma available liquidity given it is a one-off clawback that relates to prior years.
3. Subject to entry into an amended facility agreement with the lender on terms acceptable to the lender which provides for the agreed covenant relief, term extension and variation and additions to covenants disclosed in this presentation.

5

Equity Raising

Overview of the Offer

Offer size and structure	▪ 13 for 9 traditional pro-rata renounceable entitlement offer to raise approximately $25.5 million (**Entitlement Offer**) ▪ Approximately 212.7 million new fully paid ordinary shares in the Company (**New Shares**) to be issued under the Entitlement Offer (representing approximately 144% of current issued capital)
Offer price	▪ Offer price of $0.12 represents: – 14.2% discount to TERP[1] of $0.140 – 28.8% discount to the 30-day VWAP[2] of $0.168 – 4.0% discount to the last traded price of $0.125 on 24 November 2022
Entitlement Offer	▪ Entitlement Offer opens on Monday, 5 December 2022 and closes 5.00pm (Melbourne time) on Wednesday, 14 December 2022
Ranking	▪ New shares issued under the Entitlement Offer will rank pari passu with existing Simonds shares from the date of issue
Use of Funds	▪ Provide financial flexibility and support working capital requirements of the business ▪ Reset Simonds' capital structure to stabilise earnings, provide balance sheet support and better position itself in light of difficult trading and macroeconomic conditions
Record Date	▪ The Record Date for the Entitlement Offer is 7.00pm (Melbourne time) on Wednesday, 30 November 2022
Offer Booklet	▪ Despatch of the Entitlement Offer Booklet will occur on Monday, 5 December 2022. A copy of the Entitlement Offer Booklet has been lodged with ASX today

1. The Theoretical Ex-Rights Price ('TERP') is the theoretical price at which SIO shares should trade immediately after the ex-date of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which SIO shares will trade on the ASX immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to the TERP. TERP is calculated by reference to the 30-day VWAP of the Company's shares as traded on the ASX of $0.168 up to and including 24 November 2022, being a reasonable reflection of the Company's shares over a practical period given the limited trading and liquidity of the Company's shares prior to the announcement of the Entitlement Offer.
2. The Volume Weighted Average Price ('VWAP') in this presentation was calculated as the 30 day total value of SIO shares sold on the ASX divided by the total 30 day volume up to and including 24 November 2022.

Overview of the Offer (Cont'd)

Oversubscription Facility	▪ Eligible Shareholders who exercise their full Entitlement will be able to apply for additional Shares under the Oversubscription Facility at the Offer Price to the extent permitted by law ▪ To the extent there is greater demand than there is a shortfall, Eligible Shareholders who have applied for overs will have their applications scaled back on a pro-rata basis and to the extent considered necessary to prevent the issue of New Shares contrary to the law or ASX Listing Rules
Shortfall Facility	▪ Any shortfall shares at the completion of the Entitlement Offer (after taking into account any allotment of over-subscriptions) will be offered to new and existing institutional and sophisticated investors to the extent permitted by law in a bookbuild process ▪ The bookbuild process will be a bookbuild as to volume only, with the Offer Price being the bookbuild price ▪ An Independent Board Committee of the Company's directors (**IBC**) will determine allocations in the bookbuild in consultation with the Lead Manager
Underwriting	▪ The Entitlement Offer is fully underwritten by Simonds' largest shareholder, Vallence Gary Simonds (excluding his own entitlements, which he has committed to exercise in full).[1] A summary of the underwriting agreement is provided in Appendix 4
Director Support	Each of Simonds' Directors who hold shares in the Company are supportive of the Offer and intend to exercise their entitlements in full under the Entitlement Offer
Impact on Control	▪ For a discussion of potential impacts of the Entitlement Offer on control, please refer to the cleansing notice released to the ASX by Simonds today, and to Appendix 3

1. The Entitlement Offer is underwritten pursuant to the terms of the underwriting agreement entered into with an entity controlled by Vallence Gary Simonds. Refer to Appendix 4 for a summary of the underwriting agreement.

Source and Use of Funds

Net proceeds of the Offer will be used to support the Company's working capital requirements and reset its capital structure in light of difficult trading and macroeconomic conditions

	$ million
Sources	
Equity Raising	25.5
Total sources	**25.5**
Uses	
Working capital and liquidity requirements	24.5
Offer costs	1.0
Total uses	**25.5**

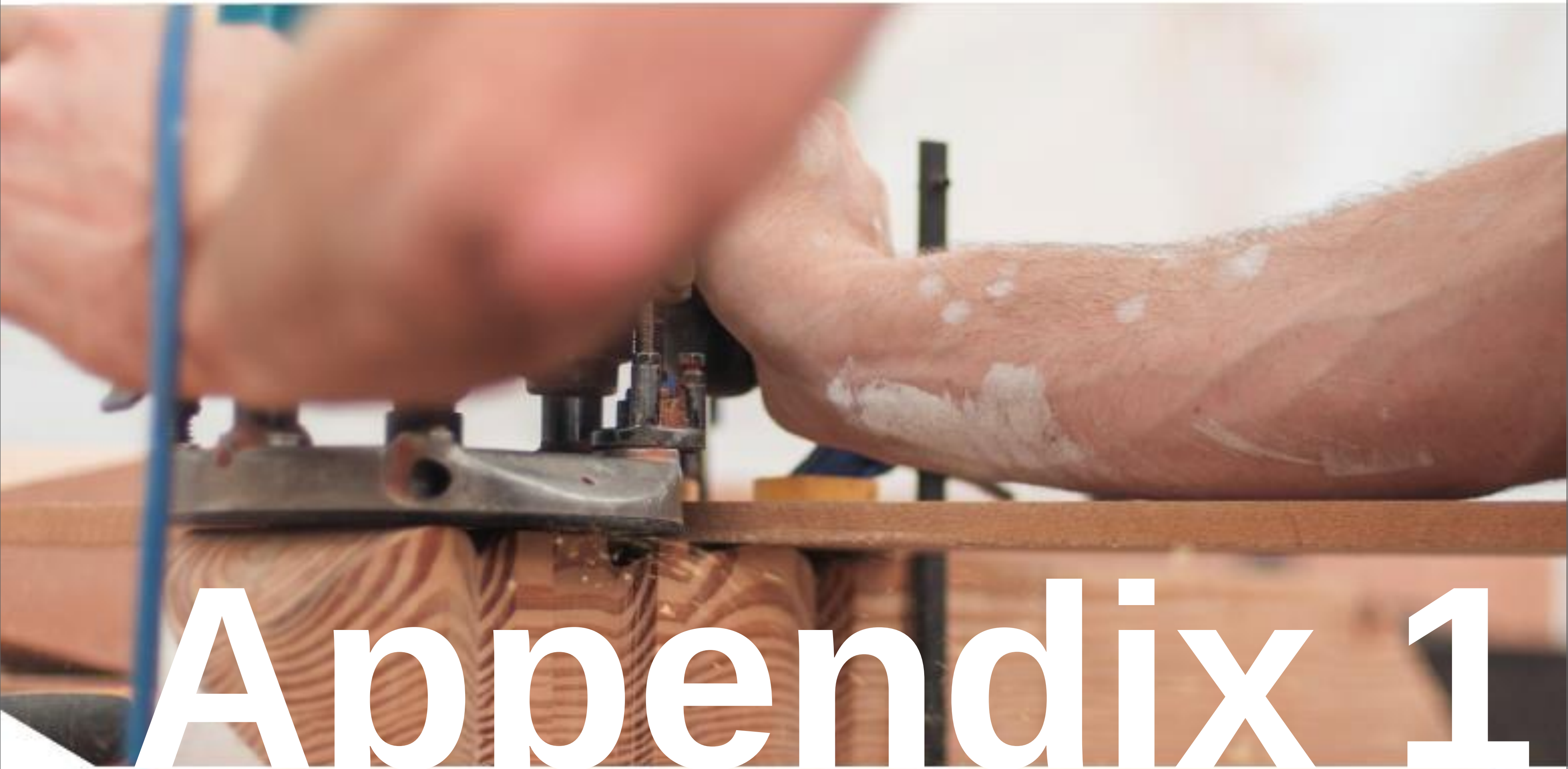
Commentary

- Proceeds of the Offer are required to support the Company's working capital requirements and reset its capital structure in light of difficult trading and macroeconomic conditions.
- To the extent that conditions improve earlier than anticipated, the Company may consider the appropriate allocation of working capital to future initiatives as conditions become clearer.

Equity Raising Timetable

Key Event	Indicative Date[1]
Announcement of Entitlement Offer	Friday, 25 November 2022
Ex Date for Entitlement Offer	Tuesday, 29 November 2022
Entitlement trading commences on a deferred settlement basis	Tuesday, 29 November 2022
Record Date of Entitlements	Wednesday, 30 November 2022
Offer Booklet and Entitlement and Acceptance Forms Despatched	Monday, 5 December 2022
Entitlement Offer Opens (9.00am)	Monday, 5 December 2022
Entitlement Trading Ends	Wednesday, 7 December 2022
New Shares quoted on a deferred settlement basis	Thursday, 8 December 2022
Entitlement Offer Closes (5.00pm)	Wednesday, 14 December 2022
Announcement of results of Entitlement Offer and under-subscriptions	Monday, 19 December 2022
Shortfall Bookbuild and determination of allocation under Oversubscription Facility and Shortfall Bookbuild	Tuesday, 20 December 2022
Issue of New Shares Under Entitlement Offer	Wednesday, 21 December 2022
Appendix 2A Lodged (Entitlement Offer)	Wednesday, 21 December 2022
Shortfall Notification	Wednesday, 21 December 2022
New Shares commence trading on ASX on a normal settlement basis / Settlement of Shortfall Shares allocated in bookbuild	Thursday, 22 December 2022
Expected date to issue Shortfall Shares to Eligible Shareholders and third-party investors	Friday, 23 December 2022
Commencement of trading of Shortfall Shares	Wednesday, 28 December 2022

1. The timetable is indicative only and may change. Simonds reserves the right to amend any or all of these dates and times without notice, subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Simonds reserves the right to extend the closing date of the Entitlement Offer, to accept late applications under the Entitlement Offer (either generally or in particular cases) and to withdraw the Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the issue date of New Shares. The commencement of quotation of New Shares is subject to confirmation from ASX. All references are to Melbourne time. Simonds also reserves the right not to proceed with the Entitlement Offer in whole or in part at any time prior to the allotment and issue of the New Shares. In that event, the relevant application monies (without interest) will be returned in full to applicants. Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted.



Appendix 1

Company Overview

About Simonds

Simonds is a proudly Australian residential home builder with over 70 years of experience building Australian homes

- Founded in 1949 by Gary Simonds, Simonds Homes is one of the largest detached homebuilders in Victoria, and while Victoria remains Simonds heartland, operations reach across New South Wales, Queensland and South Australia
- Simonds' business model is primarily focused on selling, marketing, arranging and constructing homes for customers. Simonds does not typically own land; rather it works with land developers and owners
- Across Simonds' seven decades of operations, over 21,000 new homes have been built and more than 150 display centres created. Simonds has more than 650 employees and operates with more than 4,800 vendors
- Simonds listed on the ASX in 2014, making Simonds one of the first publicly listed residential builders in Australia and is one of Australia's largest volume home builders
- Simonds offering includes single and double storey detached residential homes across its different design ranges:
  - **Simonds Range**: single and double storey homes with wide range of housing prices and options
  - **Metro**: contemporary and affordable intended for first home-owners, young families and investors
  - **Precinct by Simonds**: turnkey, affordable and convenient townhouses
  - **Masterpiece**: luxury, architecturally designed homes with premium inclusions and stand out facades
- Simonds also offers two "journeys" for its consumers, the slower, standard Gallery journey and the Xpress journey with pre-designed structural options, pre-designed colour palettes, fast contracts and instant pricing

Simonds Range

Metro

Precinct

Masterpiece

Corporate Overview

Key Statistics

ASX code	SIO
Ordinary Shares	147,234,268
52-week Low-High ($ per share)	$0.125 – $0.445
Market Capitalisation as at 24 November 2022	$18.4 million

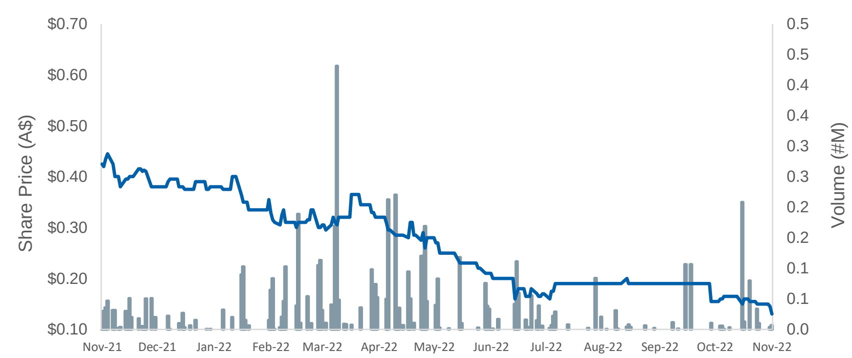
Top Shareholders

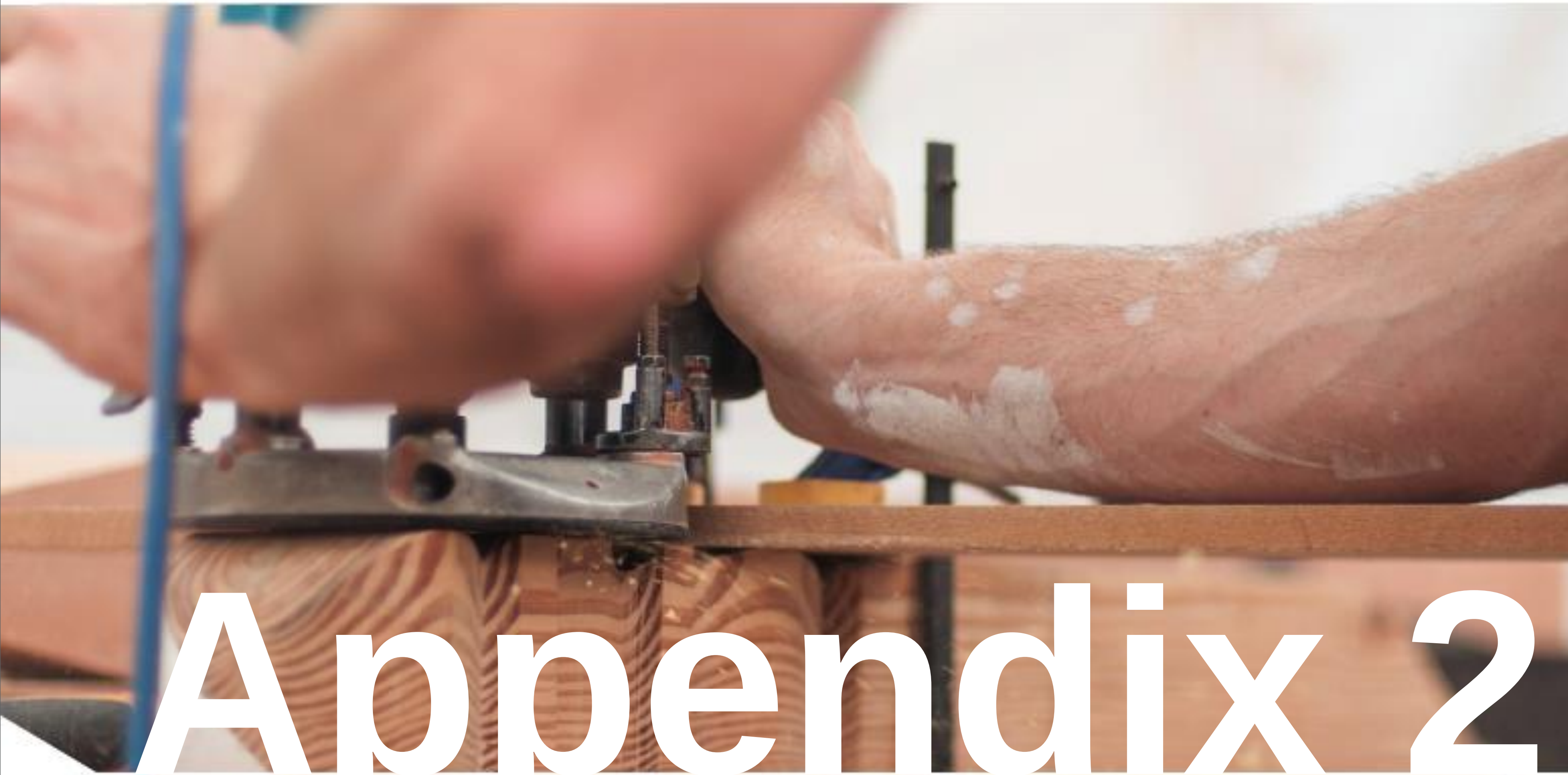
Shareholder	% Shareholding
Vallence Gary Simonds	45.7%
McDonald Jones Homes Investments Pty Ltd	26.5%
F.J.P. Pty Ltd	13.8%

Board of Directors and Senior Executives

- **Rhett Simonds**: Exec. Chairman, Group CEO and Managing Director
- **Iain Kirkwood**: Independent Non-Executive Director
- **Piers O'Brien**: Non-Executive Director
- **Mark Simonds**: Executive Director
- **Andrew Bloore**: Non-Executive Director
- **David Denny**: Independent Non-Executive Director
- **Bertus Strydom**: Interim Chief Financial Officer
- **Cameron Worth**: Chief Experience Officer
- **Duncan Brand**: Chief Operating Officer

Share Price and Volume





Appendix 2

Key Risks

Key Risks

Key Risk	Description
Specific risks relating to an investment in Simonds	
Failure in strategic product development	Failure to deploy new brand and product ranges in a timely fashion to meet consumer expectations may lead consumers to choose products from other builders. A failure to effectively manage its products and brands may therefore impact the Simonds' ability to generate sales, and in turn, have a negative impact on its profitability.
Supply delays	Supply chain issues, coupled with exceptional demand for inputs, continue to adversely impact Simonds Group's business. Supply chain challenges persist on the back of COVID-19 lockdowns in China, the war in Ukraine, and resultant shipping delays.In the event that a key supplier or trade contractor is unable to meet its contractual commitments on time, whether due to supply issues, production issues, plant closure, insolvency or otherwise, there is a risk that Simonds Group may be unable to find a suitable replacement. Replacing a large supplier may increase Simonds Group's costs, which is difficult to pass on to customers given the legislation governing the residential construction industry.
Strategy execution and forecasting	Simonds has developed new business initiatives and marketing strategies as a driver of organic growth for the business, including expansion into new housing segments. There is no guarantee that Simonds' strategies will be successfully executed, deliver the expected returns or ultimately be profitable. There is also a risk that the strategies may be subject to increased government or regulatory scrutiny, unexpected delays and additional implementation costs. Budgeted assumptions may be incorrect and actual business performance may not align with management's budget and expectations about future performance. Lower vendor rebates, increased costs, variation in budgeted headcount, higher than forecasted advertising and marketing spend and other factors may have an adverse impact on Simonds and result in its financial performance differing from management's expectations, potentially materially. The Company has modelled various scenarios assuming continued adverse trading conditions and how long it expects it will take to trade out of its lower margin contracts. The length of time it takes to complete these lower margin contracts impacts on when the Company can take on higher margin, and therefore more profitable, contracts. There is a risk that the assumptions used to forecast a return to profitability are not met, and additional capital is required for Simonds to continue its operations.
Deterioration in economic conditions resulting in a fall in consumer demand	Fluctuations in general economic conditions locally and globally may result in a sustained downturn in property markets, increased cost of construction and reduced demand for housing. Interest rate raises (which reduce consumer's borrowing capacity), fluctuations in currency exchange rates, changes to government fiscal policy and unemployment rates may all impact overall levels of consumer confidence, softening the demand for construction of new homes. For example, in prior years lower interest rates and stimulus provided by the Federal Government's HomeBuilder scheme, announced by the Morrison government in June 2020 generated greater levels of consumer demand and saw increased sales volumes for Simonds. However, the withdrawal of this scheme combined with rising interest rates, inflationary pressures and supply chain challenges is anticipated to reduce housing demand significantly over the next 6-12 months. These factors may adversely impact Simonds' revenue and profitability as well as the sufficiency of the Company's working capital if alternative volumes cannot be generated.

Key Risks (Cont'd)

Key Risk	Description
Specific risks relating to an investment in Simonds	
Financing and liquidity risk and interest rate risk	Although Simonds monitors cashflow management and cashflow forecasts, in the event that Simonds does not maintain sufficient cash reserves to meet the requirements of its business, there is a risk that it may exceed its banking facilities, or fail to pay its suppliers, trades and employers on time. Simonds' ability to secure suppliers, trades, employees and also new customers depends on maintaining a strong reputation for creditworthiness. If Simonds were to breach any of its obligations under its financing facilities, it could face actions that have an adverse impact on Simonds' cashflow and ability to operate. Simonds is conducting the Offer in order to provide additional working capital for the business during a period of longer than anticipated adverse trading conditions. There is no guarantee that the proceeds of the Offer will be sufficient for this purpose, as it is not possible to predict with certainty when trading conditions will stabilise. Simonds might need to raise further debt or equity capital in the future, and there is a risk that this will not be possible to achieve on acceptable terms or at all. The inability to obtain funding to finance current and future activities may result in reduced financial liquidity, which may adversely impact Simonds' ability to fund its daily operations and new business initiatives. Simonds is exposed to interest rate risk at variable interest rates. Simonds has interest rate exposure for utilised facilities which are used during each financial year. An increase in interest rates may result in a decrease in the Group's profitability. The Company has in place a debt facility and overdraft facility to fund its working capital needs. The Company anticipates that certain of its financial covenants under those facilities will be breached, even after applying the minimum expected proceeds from the Offer. The Company's continued ability to operate within its financial covenants will depend on receiving covenant relief from its lender, as well as on market and industry conditions, which may deteriorate further. If Simonds were to breach its financial covenants, the lender could revoke or reduce the current facilities. The Company's current lender has agreed to waivers of covenants and to amend its financial covenants and to extend the term of the facilities to provide a greater level of liquidity from debt facilities (supplemented by the funds raised from the Offer) conditional on successful completion of the Entitlement Offer (ie raising at least $25.0m) and execution of an amended facility agreement (amongst other customary conditions). The key liquidity assumptions in this Presentation are predicated on the continued availability of the borrowing and overdraft facilities which will require the lenders conditions to be met, including the agreement and entry into an amended facility agreement by the Company with its lender. Although the Entitlement Offer is underwritten, the underwrite may be terminated by the underwriter upon the occurrence of certain events. Accordingly, there is a risk that the Company is not able to raise the minimum amount required for the Company's lender to agree to the amendments noted above (see 'Underwriting risk' below). If Simonds is unable to successfully restructure its borrowing arrangements with its existing lender or with a new financier, the disclosed liquidity position in this Presentation will be lower than presented.
Increased raw material and input costs	Disruption to global supply chains, including as a result of the war in Ukraine, shipping delays and COVID-19 lockdowns in China, may negatively affect Simonds' profitability, as Simonds relies on suppliers that source construction materials overseas. Heightened demand for supplies, together with supply shortages, has led to a significant price increase in raw materials and other input costs, including fuel. This may result in construction delays and reduced productivity, adversely impacting Simonds' financial position. Furthermore, Simonds only has limited ability to pass on unforeseen costs to its customers due to legislative requirements that constrain companies from passing on costs once an agreement has been signed. This means that even where the cost of building increases, there is limited ability for Simonds to offset this with price increases (which would increase revenue). In FY22 and in the year to date in FY23, the Company has experienced a reduction in profitability (ie it has been loss making) due to significant delays in site starts and increased costs across the supply chain, with limited ability to reprice the contracts signed with customers. Compounding this, Simonds has limited ability to quickly reduce its fixed overhead costs.

Key Risks (Cont'd)

Key Risk	Description
Specific risks relating to an investment in Simonds	
Labour shortages	There are severe trade labour shortages in the construction industry, resulting from the impact of reduced migration levels during COVID-19 and the infrastructure and mining boom, which has attracted trade labour at a higher rate relative to other sectors, and increased competition in the construction industry to attract labour. Low availability of specific trade labour at certain stages of the build process also creates significant construction delays to the balance of the project. The failure to successfully retain existing labour and attract new labour throughout various stages of the construction process may adversely impact Simonds Group's productivity and extend building timelines. Heightened demand for trades may also drive price increases on new home building contracts and in turn, affect customer demand. There is a risk that an increase in government spending in the commercial and infrastructure sectors may further pull resources, including labour, away from residential constructions. As noted below, when insurance claims are made for large-scale events like flooding, trade labour that would have been available to work with Simonds Group may be diverted to complete work for insurers instead. This dynamic would increase existing labour constraints applicable to Simonds Group.
Uneconomic contracts	As site starts are delayed and costs increase, the gross margin that Simonds can achieve on its planned jobs decreases. Simonds currently has a large pipeline of low margin contracts that must be delivered. In some cases, where there are delays in commencement coupled with unprecedented cost and supply chain pressures, and where Simonds is unable to renegotiate the price, the Simonds Group could suffer a loss once the project has completed. With respect to these lower margin contracts, there is a risk that it takes the Company longer than anticipated to complete the lower margin contracts in its pipeline, and therefore that its ability take on new higher margin (and therefore, more profitable) contracts is delayed. This would impact on the Company's working capital and could impact the timeframe that Simonds has forecast will take it to return to profitability.
Delay or non-completion of projects	Delays or non-completion of construction projects may negatively affect Simonds' brand, productivity and financial position. Further the inability of contractors or sub-contractors to perform their work in accordance with their obligations, defective work, delivery of sub-standard components, latent defects arising from poor workmanship, liquidated damages for late delivery, cost overruns and liability claims arising from negligence may adversely impact Simonds' revenue and profitability, potentially resulting in brand damage and financial cost for repairs and rectification.
Design changes	The National Construction Code has introduced changes to design requirements for the construction of new houses, including improved disability access (under the Livable Housing Design Guidelines) and new energy efficiency requirements which is the equivalent of 7 stars under the Nationwide House Energy Rating Scheme known as NatHERS. These changes are likely to increase the cost of building new houses, which may lower consumer demand and adversely affect Simonds' profitability.
Housing availability and affordability and reduced borrowing capacity	The availability of land to build on, and delays in land titles being registered, can lead to delays in site starts and contribute to delayed revenue generation. In addition, the cost of greenfield land has risen significantly. Historically high inflation has meant the cost of materials and labour has increased significantly which in turn has meant that the cost of building a new house has risen. As interest rates rise the borrowing capacity of consumers is reduced. For many consumers buying land and building a new house has become unaffordable due to price rises and reduced borrowing capacity. This may mean more consumers default on land purchase contracts and or choose not to build a new house given the inability to obtain banking finance.

Key Risks (Cont’d)

Key Risk	Description
Specific risks relating to an investment in Simonds	
Loss or theft of data	There is a risk of security breaches of data (whether that of Simonds or that of its clients) by unauthorised access, theft, destruction, loss of information or misappropriation or release of confidential customer data. Any data security breaches or Simonds’ failure to protect confidential information could cause significant disruption to its business and trigger mandatory data breach notification obligations. Such an event may adversely impact Simonds’ operations and financial performance, exposing Simonds to reputational damage and regulatory scrutiny and fines as well as potentially material costs associated with remediation and other costs and payments relating to such a breach.
Climate change, abnormal weather events and natural disasters	Simonds’ operations could be negatively impacted by climate change including adverse weather conditions on construction sites, water shortages, temperature increases and flooding. The frequency and severity of adverse weather events has increased over time. Construction may be delayed because of abnormal and/or prolonged weather events, which can restrict site access and delay site starts, the receipt of progress payments and site settlements, all of which will adversely affect cash flow. Damage from severe weather events, such as flooding, may increase insurance claims. When insurance claims are made, trade labour and supplies that would have been available to work with Simonds may be diverted to complete work for insurers instead. This dynamic would increase existing labour and supply constraints applicable to Simonds and therefore impact on Simonds’ timeframes for performing contracts. The failure to manage or mitigate climate change adaptation risks may adversely affect Simonds’ future financial position. Additionally, unpredictable and widespread natural disasters, such as fires and flooding, may impact construction and the ability to access construction sites, leading to delays and adversely affecting Simonds’ productivity and revenue due to lower turnover of completed projects.
Competition	The construction industry is subject to strong competition. Simonds faces competition from several organisations, some of which may have or may develop a competitive advantage over Simonds, or may have greater access to capital or other resources. The market share of Simonds’ competitors may increase or decrease because of various factors which include, securing customers, and implementing pricing strategies and new business initiatives designed to gain a competitive advantage. This may adversely impact Simonds’ cashflow and financial performance.
Disruptions to technology systems	Simonds’ technology systems may be inadequate or fail to perform as expected or be adversely impacted by factors outside its control, including disruption, failure, service outages or data corruption that could occur as a result of computer viruses, malware, cyber-attacks, including external malicious interventions such as hacking or denial of service attacks, or other disruptions including natural disasters, power outages or other similar events. Any such disruption could have a material adverse impact on Simonds’ operations.
Work health and safety incidents	Accidents on construction work sites may result in workers’ compensation, related common law claims and potential penalties for Simonds, which may adversely impact Simonds’ profitability and revenue.
Personnel	The loss of personnel, and the inability to attract effective replacements in a timely manner, may adversely impact Simonds’ business operations and future financial performance.
ASX Compliance	Simonds is a publicly listed company and therefore subject to the ASX Listing Rules. If Simonds were to breach the ASX Listing Rules and be suspended or excluded from trading this could have an adverse impact on Simonds’ liquidity and ability to fund product development.

Key Risks (Cont'd)

Key Risk	Description
General investment risks	
Underwriting risk	The Entitlement Offer is fully underwritten by the Company's largest shareholder, Vallence Gary Simonds (excluding his own entitlements, which he has committed to exercise in full), pursuant to the terms of the underwriting agreement summarised in Appendix 4 of this presentation (**Underwriting Agreement**).[1] Under the Underwriting Agreement, Vallence Gary Simonds has agreed to fully underwrite the Entitlement Offer (excluding his own entitlements, which he has committed to exercise in full), subject to the terms and conditions of that agreement. If certain conditions are not satisfied or certain customary termination events occur, the Vallence Gary Simonds may terminate the underwriting agreement, which would have an adverse impact on the amount of proceeds raised under the Entitlement Offer or result in the Entitlement Offer not proceeding at all. As Simonds is undertaking the capital raising to provide it with necessary additional working capital to trade through a downturn in its trading environment, failure to receive anticipated funds may mean that Simonds is exposed to liquidity risk or is required to seek alternate funding to avoid an impact on its business operations. Proceeds raised (net of Offer costs) of approximately \$25.0m are required to support the Company's working capital requirements. See also the risk factor above titled 'Financing and liquidity risk and interest rate risk' as failure to raise at least \$25.0m will also result in the conditions imposed by the Company's lender to the restructuring of its facility agreement and covenant relief to be incapable of being satisfied.
Share price and liquidity	The Company is subject to a general market risk inherent in all securities traded on a stock exchange. The market price for the Company's shares may fluctuate over time as a result of a number of factors, including the financial performance and prospects of the Group, prevailing market conditions, commodity prices and foreign exchange movements, general investor sentiment, inflation, geo-political conditions, fiscal policy and interest rate rises, as well as the liquidity and volume of the shares being bought or sold at any point in time. Simonds' shares may therefore rise above or below the current share price, depending on its financial performance and various other factors which are outside of its control.
Renouncing Entitlements under the Offer	If a Shareholder is an Eligible Shareholder, and they do not take up or sell their Entitlements on the ASX under the Offer, then their Entitlements will be treated as renounced and will be offered for sale on their behalf in the Bookbuild at the Offer Price (which means that there will not be any proceeds of sale of their Entitlements). If a Shareholder sells their Entitlements on ASX during one stage of the Entitlement Trading Period, they may receive a higher or lower price than a Shareholder who sells or transfers their Entitlement at a different stage of the Entitlements Trading Period. See below for more information on this risk. At the date of this presentation, Simonds has 147,234,268 Shares on issue. The Offer, if fully subscribed, could significantly dilute the existing ordinary Shareholders (to the extent that they do not take up their full Entitlement) through the issuance of approximately 212.7 million new Shares. It is possible that the Offer could adversely affect the value of Shares. This may cause Shares to trade on ASX at a value less than the Offer Price following the issuance of new Shares.
Selling or transferring Entitlements under the Offer	If a Shareholder is an Eligible Shareholder and does not wish to take up their Entitlements, they can sell them on ASX or transfer them to another person or entity other than on ASX during the Entitlement Trading Period. Prices obtainable for Entitlements may rise and fall over the Entitlement Trading Period and liquidity may vary. If an Eligible Shareholder sells or transfers their Entitlements at one stage in the Entitlement Trading Period they may receive a higher or lower price than a shareholder who sells or transfer their Entitlements at a different stage in the Entitlement Trading Period or through the Bookbuild. There is no guarantee that there will be a viable market during, or on any particular day in, the Entitlement Trading Period, on which to sell Entitlements on ASX. Eligible Shareholders who wish to sell their Entitlements may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for Entitlements.

1. The Entitlement Offer is underwritten pursuant to the terms of the underwriting agreement entered into with an entity controlled by Vallence Gary Simonds. Refer to Appendix 4 for a summary of the underwriting agreement.

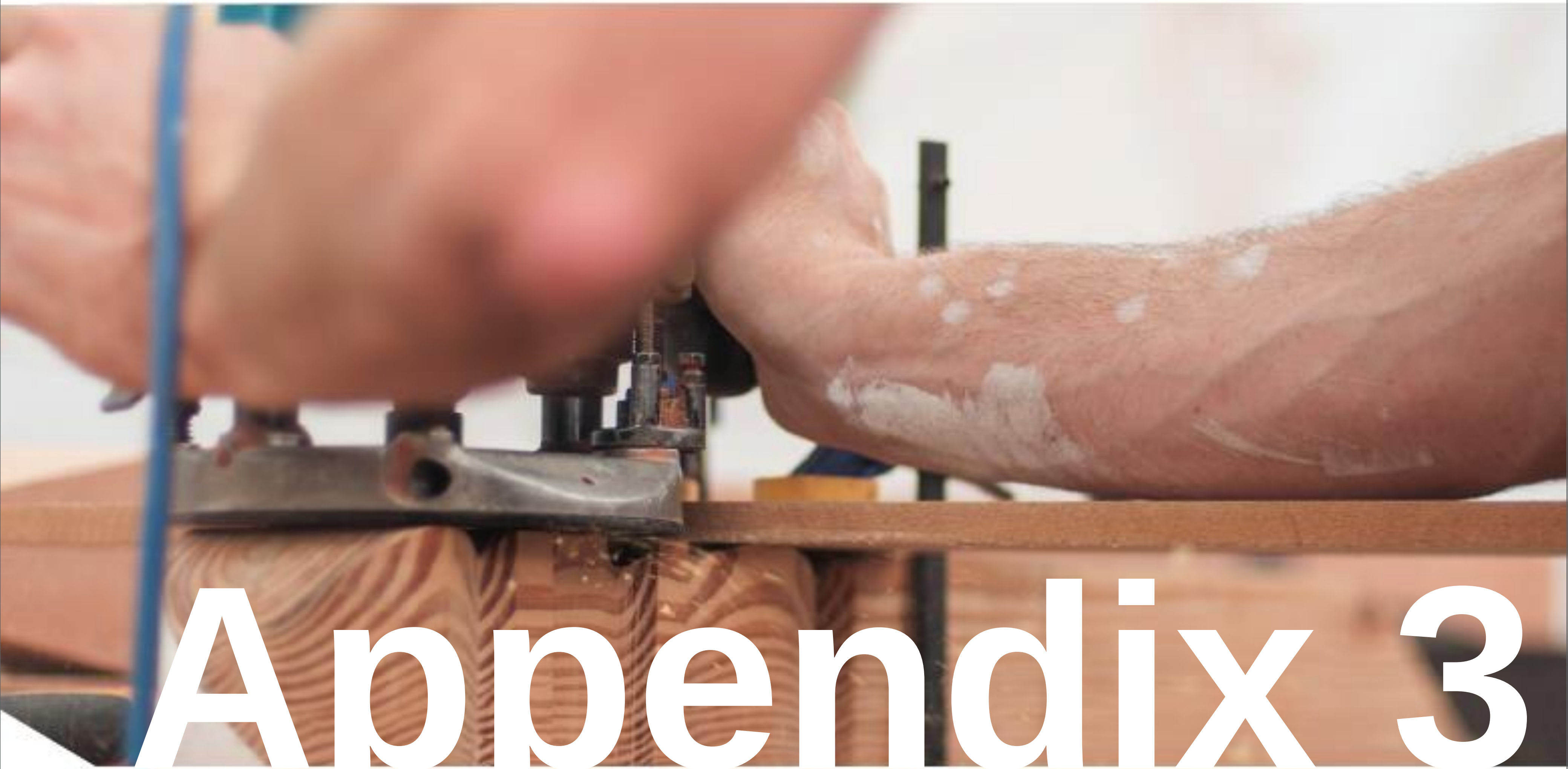
Key Risks (Cont'd)

Key Risk	Description
General investment risks	
Effect of the Offer on control	Vallence Gary Simonds has committed to exercise all of his Entitlements under the Offer and to fully underwrite the remainder of Offer.[1] Following the Offer, Vallence Gary Simonds' respective shareholding (and voting power) will increase to the extent that other shareholders do not participate in the Offer. Vallence Gary Simonds may increase his holding by relying on the exception contained in item 10 of Section 611 and Section 615 of the Corporations Act. The effect of the Offer on the control of Simonds will depend on a number of factors including: ▪ the level of shareholder participation; ▪ which shareholders participate; and ▪ the level of dispersion via the Oversubscription Facility and Shortfall Bookbuild (see page 24 and Appendix 3 for more information) As the offer is pro-rata, if all Shareholders were to take up their full Entitlement, there would be no effect on the control of Simonds (excluding the impact of ineligible shareholders). See Appendix 3 of this Presentation for a more detailed description of the potential effect of the Offer on the control of Simmonds Group at different levels of take-up by Shareholders.
Litigation, claims and disputes	Simonds may be subject to litigation and other claims and disputes in the course of its business and as a result of being a listed company, including in relation to delays or defects in construction of housing, employment disputes, contractual disputes, indemnity claims, occupational health and safety claims, or criminal or civil proceedings. Legal proceedings may also eventuate where parties seek to re-negotiate pricing once a contract has been signed. There is a risk that any such litigation, claims and disputes could materially and adversely affect Simonds' business, operations and financial performance, including the costs of bringing, defending or settling such claims as well as Simonds' reputation.
Shareholder dilution risk	In the future, Simonds may elect to issue shares to raise further funding. While Simonds will be subject to the constraints of ASX Listing Rules regarding the percentage of its capital it is able to issue within a 12-month period (other than where exceptions apply), shareholders may be diluted as a result of such fundraisings and shareholders may experience a loss in value of their equity as a result of such issues of shares and fundraisings. Shareholders who do not participate in the current Offer will have their ownership in Simonds diluted.
Regulation changes and regulatory delay	Government policy may influence a range of matters including bank lending conditions, population growth, immigration, household income, consumer confidence and the employment market. Government policy may also specifically target the building and construction industry, such as changes to licensing or zoning and development approvals. Government grants, such as the HomeBuilder program (and the discontinuance of such grants) may affect consumers' decision to undertake their building project. Changes in laws, regulations, the ASX Listing Rules and/or government policy and delay granting regulatory approvals may adversely impact the operations of Simonds, and therefore the attractiveness of an investment in the company.

1. The Entitlement Offer is underwritten pursuant to the terms of the underwriting agreement entered into with an entity controlled by Vallence Gary Simonds. Refer to Appendix 4 for a summary of the underwriting agreement.

Key Risks (Cont'd)

Key Risk	Description
General investment risks	
Force majeure events	Events beyond the control of Simonds may impact the operations of the company and its future profitability. These events include (but are not limited to) fire, flood, earthquake, other natural disaster, pandemics, civil unrest, war, terrorist attack and/or industrial action.
Exposure to changes in tax rules and their interpretation	Changes in tax laws and policies, standards and practices in Australia may impact on the operation of Simonds and its management. Tax laws in Australia are complex and are subject to change, as is their interpretation by the courts and the tax authorities. Legal reforms and proposals for further reforms, as well as new and evolving interpretations of existing laws, may give rise to uncertainty.



Appendix 3

Potential Control Implications

Implications of the Entitlement Offer on control

Background information relevant to assessing the potential impact of the Entitlement Offer on control

Based on publicly available information as at the date of this presentation, the Company's largest shareholder as at the Record Date is set out in the table below:

Shareholder	Expected Shareholding as at Record Date	Voting power
Vallence Gary Simonds[1]	67,335,199	45.7%

Vallence Gary Simonds has pre-committed to taking up his entire Entitlement. While the other two major shareholders (McDonald Jones Homes Pty Ltd and F.J.P. Pty Ltd) were approached prior to launch of the Entitlement Offer, neither of them were prepared to commit to taking up their entire Entitlement prior to the launch of the Entitlement Offer. Given the Company needs to raise net proceeds of $24.5 million under the Entitlement Offer, the Company determined that the Entitlement Offer should be underwritten to ensure that amount could be raised. The Company considered engaging a third-party professional underwriter, however, based on advice from the Lead Manager, it was not considered possible to do so unless sub-underwriting commitments could be obtained for the whole of the amount to be underwritten. Given the market capitalisation of the Company, the highly concentrated share register and the extremely limited trading liquidity, the Company was advised that it was unlikely that sub-underwriting commitments could be obtained from any investors other than the major shareholders of the Company. Accordingly, Vallence Gary Simonds has agreed to not only take up his entire Entitlement, but to also underwrite the remainder of the Entitlement Offer[2].

Entitlements to New Shares will firstly be issued to any Eligible Shareholder who submits a valid application for New Shares under the Entitlement Offer.

Ineligible Foreign Holders will not be entitled to participate in the Entitlement Offer. The Company is required by section 615 of the Corporations Act to appoint a nominee to sell the rights that would have otherwise been issued to foreign holders had they been entitled to participate in the Entitlement Offer. The Lead Manager will act in this capacity.

As the Entitlement Offer is renounceable, it is proposed that Eligible Shareholders who do not intend to take-up their Entitlements may transfer those Entitlements on ASX or privately in accordance with the Timetable.

In order to maximise the level of take-up under the Entitlement Offer and also reduce the scope for the Entitlement Offer to impact control, the Entitlement Offer includes the following shortfall dispersion mechanisms:

a) **Oversubscription Facility**: all Eligible Shareholders who accept and pay for their Entitlement in full will be entitled to apply for "overs" (subject to compliance with applicable laws and the ASX Listing Rules). To the extent there is greater demand than there is shortfall, Eligible Shareholders who have applied for additional new Shares will have their applications scaled back on a pro rata basis or to the extent considered necessary to prevent the issue of securities contrary to the law or ASX Listing Rules.

b) **Shortfall Bookbuild**: following completion of the Offer period, the lead manager and the Company will determine the number of any shortfall shares after acceptances by eligible shareholders (after taking into account any allotment of new Shares under the Oversubscription Facility). These shortfall shares will be offered at the Offer Price to new and existing institutional and sophisticated investors in a bookbuild process (**Shortfall Bookbuild**) which is intended to be a bookbuild as to volume only.

To the extent there is any shortfall following the Shortfall Bookbuild, it will be taken up by Vallence Gary Simonds as underwriter to the Entitlement Offer (along with any sub-underwriters that have been appointed).

An Independent Board Committee of the Company's directors (**IBC**) was formed for the purpose of considering the terms and pricing of the Entitlement Offer, with support from external advisors. The IBC has reviewed and approved the terms and pricing of the Entitlement Offer. All allocation decisions will be made by the IBC in consultation with the Lead Manager.

1. Vallence Gary Simonds' interests are held via six registered holders, being Simonds Custodians Pty Ltd (ACN 050 199 365) as trustee for the Gary Simonds No 1 Family Trust, the Gary Simonds No 2 Family Trust and the Gary Simonds No 3 Family Trust, Simonds Constructions Pty Ltd (ACN 137 871 982) as trustee for the Simonds Homes Discretionary Trust, Madisson Constructions Pty Ltd (ACN 141 838 726) as trustee for the Madisson Homes Trust, Simonds Corporation Pty Ltd (ACN 082 436 495) as trustee for the Simonds Investment Trust, SFO Enterprises Pty Ltd ACN 603 266 333 as trustee for the SFO Enterprise Trust and Vallence Gary Simonds.
2. Please refer to Appendix 4 for a summary of the material terms of the underwriting agreement.

Implications of the Entitlement Offer on control (cont'd)

Ownership of the Company following completion of the Entitlement Offer

The potential effect that the issue of the New Shares will have on the control of the Company, and the consequences of that effect, will depend on a number of factors, including:

- the extent to which Eligible Shareholders other than Vallence Gary Simonds take up their Entitlements;
- the extent to which an active market for renounced Entitlements exists and the extent to which purchasers of any renounced Entitlements exercise those Entitlements to acquire New Shares;
- the extent to which Eligible Shareholders participate in the Oversubscription Facility;
- the number of New Shares placed to institutional and/or sophisticated investors under the Shortfall Bookbuild;
- the extent to which any investors agree to sub-underwrite the Offer; and
- the number of Entitlements sold by the foreign holder nominee on behalf of Ineligible Shareholders under the Entitlement Offer (to the extent that there are any Ineligible Shareholders as at the Record Date).

Depending on whether other Eligible Shareholders elect to take up their full Entitlement and the other factors outlined above, there are a range of potential ownership outcomes which may eventuate as a result of the Entitlement Offer, a number of which are shown below:

- If all Eligible Shareholders take up their full Entitlement, then each Eligible Shareholder's percentage ownership interest (and voting power) in the Company will remain the same and there will be no material effect on the control of the Company;
- If some Eligible Shareholders do not take up their full Entitlement, such Shareholders' interest will be diluted relative to those who did take up their full Entitlement (and potentially also applied for additional New Shares through participation in the Oversubscription Facility or the Shortfall Bookbuild), and Vallence Gary Simonds' interest will increase as a result of his underwriting commitment; and
- If no other Eligible Shareholders other than Vallence Gary Simonds participates in the Entitlement Offer, and assuming there are no investors under the Shortfall Bookbuild, Vallence Gary Simonds' ownership interest (and voting power) will increase from 45.7% to 77.8%.

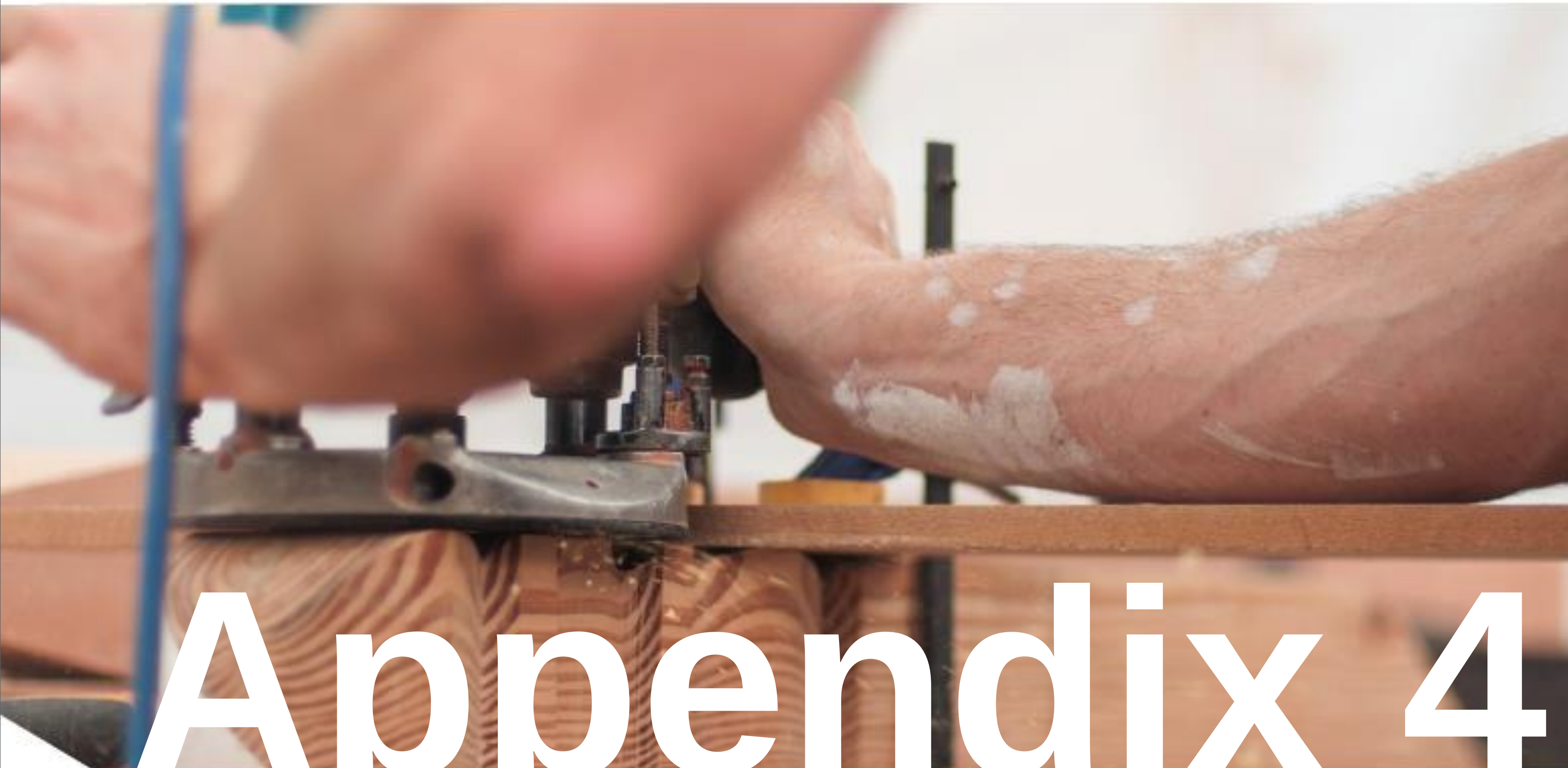
In accordance with section 708AA(7)(e) of the Corporations Act, the cleansing statement released by the Company to ASX today states the potential effect that the issue of the New Shares will have on control of the Company and the consequences of that effect.

The table below illustrates the effect of the Entitlement Offer on the control of the Company where all Eligible Shareholders take up 0%, 50% and 100% of their Entitlement:

		Vallence Gary Simonds post Entitlement Offer shareholding based on take-up from Eligible Shareholders other than Vallence Gary Simonds		
	Current Shareholding	0% take up[1]	50% take up	100% take up[2]
Vallence Gary Simonds	45.7%	77.8%	61.8%	45.7%

Vallence Gary Simonds has confirmed to the Company that should his shareholding interest in the Company increase as a result of the Entitlement Offer, he has no current intention to make any changes to the Company's business, the deployment of its fixed assets or the future employment of its employees other than has previously been disclosed by the Company.

1. Assumes there are no investors under the Shortfall Bookbuild and no sub-underwriting commitments have been obtained.
2. Assumes all Eligible Shareholders take up their entitlements (and that there are no ineligible shareholders), or that all shortfall shares are placed to new or existing shareholders through the Oversubscription Facility or the Shortfall Bookbuild.



Appendix 4

Underwriting Agreement Summary

Underwriting Agreement Summary

SFO Administration Pty Ltd (ACN 602 614 871) (**Underwriter**), acting as agent and trustee on behalf of and for the benefit of entities controlled by Simonds' largest shareholder, Vallence Gary Simonds, has agreed to fully underwrite the Offer (other than the entitlements of Vallence Gary Simonds and his controlled entities, which they have committed to take up in full) on the terms set out in an underwriting agreement entered into with Simonds on or before the date of this presentation (Underwriting Agreement).

A summary of the material terms of the Underwriting Agreement is set out below.

Conditions precedent and termination events

The obligations of the Underwriter to underwrite the Offer are subject to the satisfaction of certain conditions precedent documented in the Underwriting Agreement that are customary for a transaction of this nature. If those conditions are not satisfied or if certain events occur, the Underwriter may terminate the Underwriting Agreement.

The events which may trigger termination of the Underwriting Agreement include (but are not limited to) the following:

a) (**Listing**) Simonds ceases to be admitted to the official list of ASX or the shares are suspended from trading on, or cease to be quoted on ASX or it is announced by ASX or Simonds that such an event will occur.

b) (**Insolvency**) Simonds or a material subsidiary is insolvent or there is an act or omission, or a circumstance arises, which is likely to result in Simonds or a material subsidiary becoming insolvent.

c) (**Withdrawal**) Simonds withdraws the Offer or announces or discloses that that it does not intend to proceed with the Offer.

d) (**Offer force majeure**) There is an event or occurrence, including any statute, order, rule, regulation, directive or request of any governmental agency, which makes it illegal for the Underwriter to satisfy a material obligation under the Underwriting Agreement.

e) (**Unable to issue**) Simonds is unable to issue or prevented from issuing Offer shares as contemplated by this agreement by virtue of the ASX Listing Rules, applicable laws, a governmental agency or an order of a court of competent jurisdiction.

f) (**Repayment of application moneys**) Any circumstance arises that results in Simonds either repaying the money received from applicants or offering applicants an opportunity to withdraw their applications for Offer shares and be repaid their application moneys.

g) (**ASIC action**) ASIC:

    i. applies for an order under Part 9.5 of the Corporations Act 2001 (Cth) (Corporations Act) in relation to the Offer, the issue of the Offer shares or any Offer materials;

    ii. holds, or gives notice of intention to hold, a hearing, inquiry or investigation in relation to the Offer, the issue of the Offer shares or certain Offer materials under the Corporations Act or the Australian Securities and Investments Commission Act 2001 (Cth) (ASIC Act) (other than its consideration of an application for approval of the lead manager to act as sales nominee pursuant to its powers under s 615 of the Corporations Act);

    iii. prosecutes or gives notice of an intention to prosecute, or commences proceedings against, or gives notice of an intention to commence proceedings against, Simonds or any of its officers, employees or agents in relation to the Offer, the issue of the Offer shares or certain Offer materials under the Corporations Act or the ASIC Act,

    except in circumstances where the existence of the application, hearing, inquiry, investigation, prosecution or notice has not become public and it has been withdrawn by the date that is the earlier of:

    i. the business day immediately preceding the settlement date; or

    iv. the date that is 3 business days after the application, hearing, inquiry, investigation, prosecution or notice is commenced or received.

Underwriting Agreement Summary (cont'd)

h) (**Application**) There is an application to a governmental agency (including the Takeovers Panel) which in the Underwriter's bona fide and reasonable opinion has reasonable prospects of success for an order, declaration (including of unacceptable circumstances) or other remedy in connection with the Offer (or any part of it), except in circumstances where the application has been withdrawn, discontinued or terminated by the date that is the earlier of:

   i. the business day immediately preceding the settlement date; or

   ii. the date that is 3 business days after the application, hearing, inquiry, investigation, prosecution or notice is commenced or received.

i) (**Determination under section 708AA**) ASIC makes a determination under section 708AA(3) of the Corporations Act.

j) (**Certificate**) A certificate which is required to be furnished by Simonds under the Underwriting Agreement is not furnished when required.

k) (**ASX approval**) Unconditional approval (or conditional approval, provided such condition would not have a material adverse effect on the success or settlement of the Offer) by ASX for official quotation of the Offer shares is refused or is not granted by the time required to conduct the Offer in accordance with the Offer timetable or, if granted, is modified (in a manner which would have a material adverse effect on the success or settlement of the Offer) or withdrawn.

l) (**Timetable**) Any event specified in the Offer timetable is delayed for more than 2 business days without the prior written approval of the Underwriter, other than events within the control of the Underwriter.

The Underwriter may also terminate the Underwriting Agreement if any of the following events occur and, in the reasonable opinion of the Underwriter, the event (i) has, or is likely to have, individually or in the aggregate, a material adverse effect on the success, marketing or settlement of the Offer, the value of the shares or the willingness of investors to subscribe for Offer shares, (ii) leads, or is likely to lead to a contravention by the Underwriter (or one of its Affiliates) of, or the Underwriter (or one of its Affiliates) being involved in a contravention of, the Corporations Act or any other applicable law, or a liability for the Underwriter (or one of its Affiliates) under the Corporations Act or any other applicable law:

a) (**Certificate**) A certificate which is required to be furnished by Simonds under the Underwriting Agreement if furnished is untrue, incorrect or misleading or deceptive in (including by omission).

b) (**Corrective statement**) In the opinion of the Underwriter (acting reasonably) Simonds becomes required to give, or gives, in respect of a cleansing notice issued in connection with the Offer which is defective, a notice in accordance with subsection 708AA(12) to correct that cleansing notice.

c) (**Breach**) Simonds fails to perform or observe any of its obligations under the Underwriting Agreement.

d) (**Representations and warranties**) A representation or warranty made or given by Simonds under the Underwriting Agreement is breached or proves to be, or has been, or becomes, untrue or incorrect or misleading or deceptive.

e) (**Legal proceedings**) Legal proceedings against Simonds, any other group member or against any director of Simonds or any other group member in that capacity is commenced or any regulatory body commences any enquiry or public action against a group member (other than in relation to any dispute expressly disclosed in the due diligence questionnaire).

f) (**New circumstance**) A new circumstance arises which is a matter materially adverse to investors in Offer shares and which would have been required by the Corporations Act to be included in the cleansing notice had the new circumstance arisen before the cleansing notice was given to ASX.

g) (**Change in law**) There is introduced into the Parliament of the Commonwealth of Australia or any State or Territory of Australia a law or prospective law or any new regulation is made under any law, or a governmental agency or the Reserve Bank of Australia adopts a policy, or there is an official announcement on behalf of the government of the Commonwealth of Australia or any State or Territory of Australia or a governmental agency that such a law or regulation will be introduced or policy adopted (as the case may be) (other than a law or policy that has been announced before the date of this agreement).

h) (**Disruption in financial markets**) a material disruption in commercial banking or security settlement or clearance services in Australia which prevents the Underwriter being able to perform its material obligations under the Underwriting Agreement;

Underwriting Agreement Summary (cont'd)

i) (**Prescribed Occurrence**) certain events set out in section 652C(1) of the Corporations Act in respect of Simonds occurs during the Offer period, other than:

i. as contemplated by the Underwriting Agreement;

ii. in a manner described in the Offer materials or any public information lodged with ASX on or before the date of the Underwriting Agreement;

iii. Simonds issuing securities pursuant to:

A. the exercise or conversion of any security on issue as at the date of this agreement;

B. any employee incentive scheme in operation as at the date of the Underwriting Agreement; or

C. any dividend reinvestment plan; or

as permitted in writing by the Underwriter.

Representations, warranties and undertakings

Simonds gives customary representations and warranties in connection with (among other things) the Offer. Simonds gives customary undertakings to the Underwriter, including that (subject to certain exceptions) it will not issue further equity securities and will conduct its business in the ordinary course for a period of time following completion of the Offer.

Indemnity and release

Subject to certain exceptions, Simonds has agreed to indemnify the Underwriter and certain related persons (each an **Indemnified Party**) from and against all losses directly or indirectly suffered or incurred by an Indemnified Party in connection with the Offer or the Underwriting Agreement.

Simonds also releases each Indemnified Party against claims made by Simonds in relation to the Offer or the Underwriting Agreement except to the extent of certain agreed carve outs related to the Underwriter's culpability for the loss.

Underwriter fees

The Underwriter will be paid underwriting fees disclosed in the Appendix 3B lodged by Simonds today. Simonds must also reimburse the Underwriter for certain expenses (including legal expenses) incurred in connection with its role as Underwriter.

For more information contact us at:

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Authorised for lodgement by Simonds Group Limited Board of Directors.

Thank you

Simonds Group