

## DESPATCH OF ENTITLEMENT OFFER BOOKLET

**5 December 2022**

Simonds Group Limited (**Simonds, SIO or Company**) (ASX:SIO) confirms that it has today completed the despatch of its Entitlement Offer Booklet to eligible SIO shareholders in response to the traditional 13 for 9 pro rata renounceable entitlement offer announced on 25 November 2022, together with the personalised Entitlement and Acceptance Form.

Copies of the letters to eligible and ineligible shareholders are attached.

### Questions

If you have any queries concerning the Entitlement Offer, please contact the Company's share registry, Boardroom Pty Limited, at [corporateactions@boardroomlimited.com.au](mailto:corporateactions@boardroomlimited.com.au) or on 1300 737 760 (inside Australia) or +61 2 9290 9600 (outside Australia) from 8.30am to 5.30pm (AEDT) Monday to Friday during the Entitlement Offer period. If you require advice about your participation in the Entitlement Offer, consult your stockbroker, accountant or other independent professional adviser.

**- ENDS -**

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**For more information, please contact:**

Rhett Simonds CEO & Executive Chair Ph: +61 3 9926 3196
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Authorised for disclosure by the Company's Executive Chair & CEO.

5<sup>th</sup> December 2022

Dear Shareholder

### Simonds Group Limited – Renounceable Entitlement Offer

As announced on 25 November 2022, Simonds Group Limited (ASX: SIO) ("**Simonds**" or "**Company**") is undertaking an underwritten renounceable pro-rata offer of 13 new ordinary shares ("**New Shares**") for every 9 existing ordinary shares in Simonds ("**Existing Shares**") held by an eligible shareholder at 7.00pm (AEDT) on 30 November 2022 ("**Record Date**"). New Shares will be calculated on the basis of an issue price of \$0.12 with the objective of raising approximately \$25.5 million ("**Entitlement Offer**"). Eligible Shareholders (as defined below) will have the ability to apply for New Shares in excess of their entitlement ("**Oversubscription Facility**").

The Entitlement Offer is renounceable which means that entitlements will be tradeable on ASX and are otherwise transferable. Entitlement trading is expected to commence at 10.00am on 29 November 2022 and to cease at 4.00pm on 7 December 2022.

The Entitlement Offer is fully underwritten by the Company's largest shareholder, Vallenge Gary Simonds (excluding his own Entitlements, which he has committed to take up) via an entity controlled by him (SFO Administration Pty Ltd (ACN 602 614 871)).

Ord Minnett Limited (ACN 002 733 048) is acting as lead manager ("**Lead Manager**") to the Entitlement Offer.

#### Who is eligible?

Shareholders who are eligible to participate in the Entitlement Offer ( "**Eligible Shareholders**") are those who:

- (a) are registered as holders of Existing Shares as at 7:00pm (AEDT) on the Record Date of 30 November 2022;
- (b) have a registered address in Australia or New Zealand as noted on Simonds' share register at 7:00pm (AEDT) on the Record Date, or are a Shareholder not in Australia or New Zealand that Simonds has otherwise determined is eligible to participate in the Entitlement Offer;
- (c) are not in the United States and not persons (including nominees or custodians) acting for the account or benefit of persons in the United States (to the extent such persons hold Existing Shares for the account or benefit of such persons in the United States); and
- (d) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer (without any requirement for a prospectus or offer document to be lodged or registered).

Shareholders who are not Eligible Shareholders are "Ineligible Shareholders" and are consequently unable to participate in the Entitlement Offer. Simonds reserves the right to determine whether a shareholder is an Eligible Shareholder or an Ineligible Shareholder.

**Entitlement Offer booklet and personalised entitlement and acceptance form**

An offer booklet that sets out further details in respect of the Entitlement Offer ("**Offer Booklet**") was lodged with the ASX on 25 November 2022 and is also available on Simonds' website at:

<http://simondsgroup.com.au/entitlementoffer>.

Your personalised entitlement and acceptance form setting out details of your entitlement is enclosed with this letter. You can access the Offer Booklet and a copy of your personalised entitlement and acceptance form at <https://www.investorserve.com.au>.

You are encouraged to read the Offer Booklet carefully, and if in any doubt about whether or not to participate in the Entitlement Offer, to consult with a financial or other professional adviser. In particular, you should consider the key risk factors outlined in Appendix 2 (Key Risks) of the investor presentation released to the ASX on 25 November 2022 (a copy of which is included in Section 3 of the Offer Booklet), any of which could affect the operating and financial performance of Simonds or the value of an investment in Simonds.

To apply for New Shares you must, by 5.00pm (AEDT) on Wednesday, 14 December 2022, either:

- make a payment directly via BPAY® in accordance with the instructions on your personalised entitlement and acceptance form enclosed with this letter. You do not need to return your personalised entitlement and acceptance form if you choose this option; or
- complete and return your personalised entitlement and acceptance form enclosed with this letter, together with payment via cheque to Simonds' share registry.

If you are an Eligible Shareholder who is a resident of New Zealand and you are unable to pay via BPAY® or cheque, you should contact Simonds' share registry on +61 2 9290 9600 from 8.30am to 5.30pm (AEDT) Monday to Friday or email [corporateactions@boardroomlimited.com.au](mailto:corporateactions@boardroomlimited.com.au) to make alternative arrangements.

On behalf of the Simonds Board, we thank you for your continued support of Simonds.

Yours sincerely,

**Rhett Simonds**

CEO and Executive Chairman

### **Further information**

If you have any queries concerning the Entitlement Offer, please contact your financial advisor or the Company's share registry, Boardroom Pty Limited, at [corporateactions@boardroomlimited.com.au](mailto:corporateactions@boardroomlimited.com.au) or on 1300 737 760 (inside Australia) or +61 2 9290 9600 (outside Australia) from 8.30am to 5.30pm (AEDT) Monday to Friday during the Entitlement Offer period.

### **Disclaimer**

This letter is issued by Simonds to inform you about the Entitlement Offer. This letter is not a prospectus or offer document under Australian law or any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any securities in Simonds in any jurisdiction. This letter does not constitute financial product advice and does not and will not form any part of any contract for the acquisition of Simonds shares. You are not required to do anything in response to this letter.

No action has been or will be taken to register, qualify or otherwise permit a public offering of the entitlements and the New Shares under the Entitlement Offer in any jurisdiction outside Australia and New Zealand. The materials relating to the Entitlement Offer may not be distributed in the United States. This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or in any other jurisdiction in which such an offer would be illegal. The Entitlements and the New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the U.S. Securities Act) or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by, and the New Shares may not be offered or sold, directly or indirectly, to, persons in the United States or to persons acting for the account or benefit of persons in the United States (to the extent such persons are acting for the account or benefit of persons in the United States), and may only be offered and sold outside the United States in "offshore transactions" (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act.

The eligibility of investors for the purposes of the Entitlement 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. Simonds and the Lead Manager, and each of their respective affiliates and related bodies corporate and each of their respective directors, officers, partners, employees, advisers and agents, disclaim any liability in respect of any determination as to eligibility, to the maximum extent permitted by law.

5<sup>th</sup> December 2022

Dear Shareholder

### Renounceable entitlement offer – notification to ineligible shareholders

As announced on 25 November 2022, Simonds Group Limited (ASX: SIO) ("**Simonds**" or "**Company**") is undertaking an underwritten renounceable pro-rata offer of 13 new ordinary shares ("**New Shares**") for every 9 existing ordinary shares in Simonds ("**Existing Shares**") held by an eligible shareholder at 7.00pm (AEDT) on 30 November 2022 ("**Record Date**"). New Shares will be calculated on the basis of an issue price of \$0.12 with the objective of raising approximately \$25.5 million ("**Entitlement Offer**"). Eligible Shareholders (as defined below) will have the ability to apply for New Shares in excess of their entitlement ("**Oversubscription Facility**").

Funds raised under the Capital Raising will be used to support Simonds' 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, Simonds may consider the appropriate allocation of working capital to future initiatives as conditions become clearer.

This notice is being provided to you to inform you about the Entitlement Offer and to explain why you will not be able to subscribe for New Shares under the Entitlement Offer. This letter is not an offer to issue Entitlements (as defined below) or New Shares to you, nor an invitation for you to apply for Entitlements or New Shares. You are not required to do anything in response to this letter but there may be financial implications for you as a result of the Entitlement Offer that you should be aware of.

#### What is the Entitlement Offer?

The Entitlement Offer is an offer to Eligible Shareholders (defined below) of an entitlement to subscribe for 13 New Shares for every 9 Existing Shares held at 7:00pm (AEDT) on the Record Date, at a price of A\$0.12 (Offer Price) for each New Share ("**Entitlement**").

The Entitlement Offer is being made by Simonds in accordance with section 708AA of the *Corporations Act 2001* (Cth) ("**Act**") as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84* and *ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73*, meaning that no prospectus or other disclosure document needs to be prepared.

The Entitlement Offer is renounceable which means that Entitlements will be tradeable on ASX and are otherwise transferable. Entitlement trading is expected to commence at 10.00am on 29 November 2022 and to cease at 4.00pm on 7 December 2022 ("**Entitlement Trading Period**").

The Entitlement Offer is fully underwritten by the Company's largest shareholder, Vallence Gary Simonds (excluding his own Entitlements, which he has committed to take up) via an entity controlled by him (SFO Administration Pty Ltd (ACN 602 614 871)).

Ord Minnett Limited (ACN 002 733 048) ("**Lead Manager**") is acting as lead manager to the Entitlement Offer.

An offer booklet that sets out further details in respect of the Entitlement Offer ("**Offer Booklet**") was lodged with the ASX on 25 November 2022 and is also being made available to Eligible Shareholders.

### **Who is eligible?**

"Eligible Shareholders" are Shareholders who:

- (a) are registered as holders of Existing Shares as at 7:00pm (AEDT) on the Record Date of 30 November 2022;
- (b) have a registered address in Australia or New Zealand as noted on Simonds' share register at 7:00pm (AEDT) on the Record Date, or are a Shareholder not in Australia or New Zealand that Simonds has otherwise determined is eligible to participate in the Entitlement Offer;
- (c) are not in the United States and not persons (including nominees or custodians) acting for the account or benefit of persons in the United States (to the extent such persons hold Existing Shares for the account or benefit of such persons in the United States); and
- (d) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer (without any requirement for a prospectus or offer document to be lodged or registered).

Shareholders who are not Eligible Shareholders are "Ineligible Shareholders" and are consequently unable to participate in the Entitlement Offer. Simonds reserves the right to determine whether a shareholder is an Eligible Shareholder or an Ineligible Shareholder.

### **Why am I not eligible to participate in the Entitlement Offer?**

Unfortunately, according to our records you do not satisfy the criteria for an Eligible Shareholder meaning you are an Ineligible Shareholder. In compliance with ASX Listing Rule 7.7.1(b) and section 9A(3) of the Act, this notice is to inform you that you are not entitled to participate in the Entitlement Offer and, as such, you will not be offered any New Shares or Entitlements under the Entitlement Offer. You will also not be sent a copy of the Offer Booklet.

The restrictions upon eligibility are due to a number of factors. Simonds has determined that, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules and section 9A(3)(a) of the Act, it would be unreasonable to make offers to shareholders in any country outside of Australia and New Zealand, having regard to:

- the relatively small number of shareholders in those other jurisdictions;
- the relatively low number and value of New Shares for which those shareholders would otherwise have been entitled to subscribe for; and
- the costs of complying with the legal and regulatory requirements in those jurisdictions.

### Nominee for ineligible shareholders

To satisfy applicable regulatory requirements, Simonds has appointed the Lead Manager to act as sale nominee for Ineligible Shareholders and will issue the Lead Manager with the Entitlements to subscribe for New Shares that Ineligible Shareholders would otherwise have been entitled to if they were eligible to participate in the Entitlement Offer (**Ineligible Shareholder Entitlements**).

The Lead Manager (to the extent practicable) will arrange for the sale of those Ineligible Shareholder Entitlements on ASX and will work with Simonds to distribute any premium achieved through such sales (net of expenses and withholdings required by law) proportionately to those Ineligible Shareholders. There is no guarantee that there will be a liquid market in traded Entitlements or that any premium will be achieved.

To the extent Ineligible Shareholder Entitlements are unable to be sold on ASX during the Entitlement Trading Period, they will be offered for sale to certain institutional investors in a bookbuild process to be conducted by the Lead Manager (**Bookbuild**). As the Bookbuild will be conducted at the Offer Price, no value or payment received by Ineligible Shareholders for Ineligible Shareholder Entitlements sold via the Bookbuild.

### No action required

This notice is to inform you about the Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. You are not required to do anything in response to this letter.

On behalf of the Simonds' Board, we regret that you are unable to participate in the Entitlement Offer but nonetheless thank you for your continued support of Simonds.

Yours sincerely,

**Rhett Simonds**

CEO and Executive Chairman

#### **Further information**

If you have any queries concerning the Entitlement Offer, please contact your financial advisor or the Company's share registry, Boardroom Pty Limited, at [corporateactions@boardroomlimited.com.au](mailto:corporateactions@boardroomlimited.com.au) or on 1300 737 760 (inside Australia) or +61 2 9290 9600 (outside Australia) from 8.30am to 5.30pm (AEDT) Monday to Friday during the Entitlement Offer period.

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No action has been or will be taken to register, qualify or otherwise permit a public offering of the entitlements and the New Shares under the Entitlement Offer in any jurisdiction outside Australia and New Zealand. The materials relating to the Entitlement Offer may not be distributed in the United States. This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or in any other jurisdiction in which such an offer would be illegal. The Entitlements and the New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the U.S. Securities Act) or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by, and the New Shares may not be offered or sold, directly or indirectly, to, persons in the United States or to persons acting for the account or benefit of persons in the United States (to the extent such persons are acting for the account or benefit of persons in the United States), and may only be offered and sold outside the United States in "offshore transactions" (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act.

The eligibility of investors for the purposes of the Entitlement 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. Simonds and the Lead Manager, and each of their respective affiliates and related bodies corporate and each of their respective directors, officers, partners, employees, advisers and agents, disclaim any liability in respect of any determination as to eligibility, to the maximum extent permitted by law.