

Simonds Group Limited
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28 October 2026

Dear Shareholder,

Enclosed Statement under Section 249P of the Corporations Act 2001 (Cth)

Enclosed is a statement submitted to Simonds Group Limited by certain shareholders in connection with resolutions to be considered at the 2026 Annual General Meeting.

The statement has been provided by the requesting shareholders and is being distributed to shareholders in accordance with section 249P of the *Corporations Act 2001* (Cth).

The views expressed in the enclosed statement are those of the requesting shareholders.

We note that the enclosed statement describes Mark Simonds as the Executive Director of Procurement. Mark's role is Executive Director – Design, Procurement and Construction.

Yours sincerely,



Amanda Jones
Company Secretary
Simonds Group Limited

Authorised for lodgement by the independent directors of Simonds Group Limited.

Simonds Group Limited (ACN 143 841 801)
Members' Statement - section 249P of the Corporations Act 2001 (Cth)

This statement is given by NEX Building Group Pty Ltd and McDonald Jones Homes Investments Pty Ltd (together, **NEX**), holding together 38,999,367 shares (apx.10.84%) in Simonds Group Limited (the **Company**), in support of Resolutions 5(a) and 5(b) at the Annual General Meeting on 11 November 2026.

NEX's concerns

On 11 April 2025, the Company announced a \$500,000 annual fee to director Mark Simonds for using his building licence, and a \$37,500 monthly consultancy fee to director Piers O'Brien, payable to a company controlled by majority shareholder Gary Simonds. In 2025, NEX asked the Board about these agreements, the approving directors' names and their benchmarking. The Board said it approved the packages "*adopting appropriate procedures to exclude conflicted individuals*", did not name those directors or provide the agreements, stating it had made "*full and frank disclosure of its related party arrangements*".

On 3 August 2026, NEX's solicitors wrote to the Board and the Company's auditor raising broader concerns that Company resources and supplier relationships may have been applied for the private benefit of members of the Simonds family. NEX requested the appointment of an independent forensic accountant. The Board declined. On 1 September 2026, the Australian Financial Review reported that Rhett Simonds "*said there was no truth to NEX's accusations*".

Audited FY2026 Report

Note 27 of the FY2026 Financial Report, released on 30 September 2026 (the **Report**), discloses for the first time that:

- suppliers to the Group provide "*goods or services to ... Gary Simonds, Mark Simonds and Rhett Simonds*" and "*discounts and pricing arrangements directly to the Simonds Family Office or Simonds family members*";
- Company personnel worked on related-party projects. "*[H]istorically the Group did not view the time spent by these resources as material in nature*". The cost (\$39,926 in FY2026; \$15,043 in FY2025) was estimated after the event and invoiced;
- Rhett Simonds had a home built by the Company in FY2026 "*in line with*" an unpublished "*board approved Group policy available to all executives*", and the Company "*negotiated further discounts from suppliers on this project*";
- "*similar relationships and practices existed over a longer period*" before FY2025, but "*[d]ue to limitations in the availability and reliability of historical records, it was not practicable to reliably quantify*" them; and
- the Group has "*determined to continue consideration of earlier periods*".

The FY2025 report disclosed related-party contracts and fees but none of the above.

The Company now acknowledges that Simonds family members personally receive discounts and other benefits from certain suppliers. Mark Simonds is the Executive Director for Procurement. The Report does not say whether any director receiving those benefits has authority over those suppliers' appointment or pricing.

The Company says the Group "*did not bear any financial cost nor forgo any financial benefit*" because of such discounts or benefits provided. It does not say who reached that conclusion, whether supplier prices were market-tested, or whether the beneficiary directors took part. It says it has "*not identified a material adjustment*" before FY2025, while acknowledging that limitations in its historical records prevent reliable quantification, and that it will "*continue consideration*" of them, without saying who, when or what members will be told.

Whether the Company lost money is one question. Whether private benefits were authorised in advance and complied with the Company's own rules is another. The Company's Code of Conduct

prohibits using “*Company personnel, facilities, equipment or supplies for personal benefit contrary to the Company’s policies and procedures*” and prohibits staff from accepting “*materials, services, repairs or improvements at no cost or at unreasonably low prices*”. An invoice raised afterwards does not establish prior authority.

None of the arrangements were put to members for approval under Chapter 2E of the *Corporations Act*. Note 27 describes *some* transactions as arm’s length. It does not so describe the licence fee, the consultancy fee, Gary Simonds’ \$102,283 advisory fee, or the supplier benefits. Members are entitled to know which exception is relied upon.

The auditor’s objective is to obtain “*reasonable assurance about whether the financial report as a whole is free from material misstatement*”. That is “*not a guarantee that an audit ... will always detect a material misstatement when it exists*”. The auditor’s opinion is on the financial report. It does not address who authorised these arrangements, whether they complied with the Company’s rules, or what the Company can recover. The Independent Board Committee announced on 31 August 2026 was established on 4 August, the day after NEX’s letter. The Report is silent about it.

The Resolutions

The Report discloses private benefits to the Simonds family from Company suppliers and personnel, says similar practices existed earlier, and cannot quantify them. Only a properly instructed, independent forensic investigation can now establish whether, over what period and in what amounts, Company resources were applied for the Simonds family’s private benefit, and what the Company may be able to recover.

The first resolution temporarily amends the constitution to permit the second resolution, which asks the Board to appoint, within 30 days, an independent forensic accountant unconnected to the Company, the Simonds family or NEX, instructed by and reporting solely to directors with no interest in the matters, with unrestricted access to records, systems and personnel; and to release to members, unaltered, a certified summary of that accountant’s findings within 90 days of appointment and by 31 March 2027, with the Board’s response. The second resolution does not bind the Board.

The independent directors recommend against the resolutions, saying the matters are “*already subject to appropriate established governance, oversight and control processes*”. The Notice does not say what those processes are, what the independent directors have done since 4 August 2026, or what they found. Those are the processes under which the arrangements in Note 27 went undisclosed. We ask shareholders to vote in favour of both resolutions.

NEX Building Group Pty Ltd
McDonald Jones Homes Investments Pty Ltd
12 October 2026