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Market Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Appointment of Chief Executive Officer and update on FY22 and capital management

The Reject Shop Limited (ASX:TRS) (**"The Reject Shop"** or the **"Company"**) announces the appointment of Phillip ("Phil") Bishop as its new Chief Executive Officer on and from 11 July 2022 and provides an update on FY22 and capital management.

Appointment of Chief Executive Officer

Phil is an experienced retailer with 30 years of experience, most recently holding senior roles at Bunnings, including the role of Director Merchandise & Marketing, and prior to that in various senior roles at Officeworks, including the role of Chief Operating Officer. In these various roles, Phil has helped to deliver sustained growth through successfully developing and implementing strategies focused on the needs of customers.

Phil joins The Reject Shop at a time when the Company has executed on the initial phases of its turnaround strategy. The Company is now well positioned with a lower cost base, an experienced and talented senior leadership team and growing national store network supported by a strong balance sheet, all of which will underpin the growth phase of the turnaround strategy.

The Chairman of The Reject Shop, Steven Fisher, said:

"On behalf of the Board of The Reject Shop, I am pleased to announce the appointment of Phil Bishop as the new Chief Executive Officer.

Phil is an experienced retail leader with a proven record of contributing to the growth and transformation of businesses through clarity of strategy, innovation and cultural change, which has delivered value for shareholders.

As the Company transitions into the 'grow' phase of the turnaround strategy, I am confident that Phil is the right person to lead the Company.

Phil's expertise in product, customer and managing a large store network will assist to make The Reject Shop even more relevant to its customers and accelerate the Company's turnaround and growth plans."

In response, Phil Bishop said:

"I thank the Board of The Reject Shop for appointing me to the role of Chief Executive Officer. It is a great opportunity and I am excited to work hard to make a difference.

My retail journey started nearly 30 years ago when I joined my local Target (Australia) store as a people greeter. Since that time, I have had opportunities to grow and develop through collaboration, creativity and innovation to make a real difference to customers in a variety of market segments.

In my view, there is a significant opportunity to grow The Reject Shop through better understanding its customers, continuing to evolve the product offering and continuing to expand the store network. I'm excited to work with such a great team and I look forward to executing the turnaround strategy and delivering comparable sales growth and creating value for shareholders."

Phil holds a Bachelor of Science (majoring in Mathematics & Statistics).

FY22 and capital management update

The Company continues to trade in line with management's expectations and consistent with broker consensus estimates of FY22 pre AASB-16 EBIT.

The Company expects to release its FY22 result in late August 2022 following completion of the external audit.

As part of its capital management strategy, the Company confirms that it is assessing an on-market share buy-back. If the Board formally resolves to proceed with a buy-back, it is expected that an announcement of such a decision will be made next month or in August at which time the Company will disclose further details of the size of the buy-back and the proposed timing (as well as further required documentation such as the Appendix 3C (notification of buy-back)).

For the purposes of ASX Listing Rule 15.5, the Company confirms that this document has been authorised for release to the market by the Board.

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Summary of the key terms of the Executive Services Agreement between The Reject Shop Limited and Phillip ("Phil") Bishop

1. Appointment

Phil Bishop will commence employment in the position of Chief Executive Officer ("CEO") of The Reject Shop Limited on and from 11 July 2022 ("Commencement Date").

2. Term

Phil's appointment is ongoing with no fixed term. The termination provisions are set out below.

3. Remuneration

There are three components to Phil's remuneration:

a. Fixed Remuneration

Phil will receive an annual fixed remuneration of \$650,000 (inclusive of cash salary, superannuation and salary sacrificed items) which will be reviewed annually.

b. Short Term Incentives (STI)

For FY23, Phil will be eligible to receive an STI with an on-target value of 50% of his fixed remuneration subject to satisfaction of relevant key performance indicators, as determined by TRS' board.

Subsequently, Phil will be eligible to annually participate in the Company's STI arrangements at the discretion of the Board.

c. Long Term Incentives (LTI)

In FY23, Phil will be awarded an LTI under TRS' performance rights plan with a maximum LTI opportunity equivalent to 100% of his fixed remuneration. The performance rights will be subject to applicable vesting conditions determined by the Board.

For future years, Phil will be eligible to participate in the Company's LTI arrangements at the discretion of the Board and subject to any necessary shareholder approvals.

One-off allocation

Upon commencement, Phil will receive a one-off allocation of 100,000 performance rights, which will vest as follows:

- i) 40,000 rights will vest after the FY24 results announcement in August 2024;
- ii) 40,000 rights will vest after the FY25 results announcement in August 2025; and
- iii) 20,000 rights will vest after the FY26 results announcement in August 2026.

The Board may lapse any unvested performance rights if Phil ceases employment prior to the rights vesting.

4. Termination Provisions

Either party may terminate Phil's employment at any time on six months' notice (or by TRS making a payment in lieu). In certain circumstances, TRS may reduce the notice period to a period of three months to one month in duration.

Additionally, Phil's employment may also be terminated immediately without notice in circumstances justifying summary dismissal.

5. Restrictive Covenant

Phil will be subject to a post-employment restraint for up to 18 months preventing him from being employed by a competitor and from (among other things) soliciting customers, team members and business.

6. Malus and clawback

The Company retains discretion to adjust or clawback some or all of Phil's incentive remuneration in accordance with any rules or policy adopted by the Company from time to time.