

ASX ANNOUNCEMENT

NEW LEADERSHIP STRUCTURE: JOINT CEO APPOINTMENT

Melbourne, 29 January 2020:

Simonds Group Limited “ASX: SIO” announces the introduction of a Joint Chief Executive structure effective 1 February 2020.

Rhett Simonds to join Kelvin Ryan as Joint CEO

Kelvin Ryan joined Simonds Group Limited (**SIO**) in March 2018 and has built a strong executive management team, executed the ‘Back to Basics’ approach and is leading the business into new sales channels to support the company’s strategy.

Simonds Group will implement a Joint CEO structure, from 1 February 2020, with Rhett Simonds joining Kelvin Ryan. Mr Simonds has been a Non-Executive Director since April 2016; Group Chief Executive Officer of Simonds Consolidated, the trading arm of the Simonds Family Office; and held several management roles within the SIO business since 2004. Mr Simonds was the Interim Chief Executive Officer of SIO from late 2017, handing over to Mr Ryan upon his appointment in March 2018.

Simonds Group Chairman, Iain Kirkwood, said:

“The Board unanimously agreed to this new structure which introduces a number of benefits. Importantly, having Rhett share the CEO and Managing Director role with Kelvin increases SIO’s ability, with our industry-experienced executive team, to drive the business forward in both our traditional and new areas. We are conscious of the need to increasingly focus on sustainability which encompasses a range of areas. One key area is our social responsibility to foster and nurture internal talent and maximise the retention and tenure of our most senior executives.

Kelvin has worked tirelessly in his first two years and built confidence in the business through his professional, engaging management style and his knowledge of residential building, which has significantly shifted the operation of the business to core activities.

The Board is delighted that Rhett will join Kelvin in the joint leadership structure where their complementary skill sets will achieve the group’s strategic objectives for the benefit of all shareholders.”

Simonds Founder and Senior Advisor, Gary Simonds said:

“The new arrangement has the full support, trust and backing of the Simonds family. I believe it is very important to retain Kelvin in the business and we welcome the Joint CEO arrangement.”

Employment Agreements

Simonds Group Limited advises the following key terms relating to announcement of Mr Kelvin Ryan and Mr Rhett Simonds being appointed as Joint CEOs.

Key employment terms to facilitate this arrangement are as follows:

Effective date

Joint CEO employment agreements will be effective from 1 February 2020 and each employment contract continues for an ongoing term subject to termination as summarised below. Mr Ryan and Mr Simonds will have a rotating two weeks on, two weeks off working basis.

Mr Ryan's Material Employment Terms

The material terms of the Executive Services Agreement between Kelvin Ryan and Simonds Group Limited (the **Company**) dated 5 March 2018 (the **KR Agreement**) have been amended as follows:

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| Total fixed annual remuneration | <p>\$725,000 (including superannuation) for the period from 1 July 2019 to 31 January 2020.</p> <p>\$362,500 per annum (including superannuation) from 1 February 2020 onwards.</p> |
| Short term incentive (STI) | <p>STI eligibility up to \$600,000 per annum, subject to performance, up to 31 January 2020.</p> <p>STI eligibility up to \$300,000 per annum, subject to performance, from 1 February 2020 onwards.</p> |
| Long term incentive (LTI) | <p>LTI eligibility up to the value of \$300,000 per annum will be offered pursuant to the Simonds Group Employee Share Plan up to 31 January 2020.</p> <p>LTI eligibility up to the value of \$150,000 per annum will be offered pursuant to the Simonds Group Employee Share Plan from 1 February 2020.</p> <p>LTI participation and terms are at the discretion of the Board.</p> |
| Other benefits | <p>An allowance of \$175,000, payable from 1 April 2019 to 31 January 2020.</p> <p>An allowance of \$87,500 payable from 1 February 2020.</p> |
| Notice of termination | <p>The notice period of Mr Ryan's employment agreement has been increased from 6 months to 12 months.</p> <p>Employment may be ended immediately by the Company in certain circumstances including misconduct, incapacity, mutual agreement or in the event of a fundamental change in the Joint CEO's role or responsibilities.</p> <p>The Company may elect to make payment in lieu of any unserved notice period.</p> |

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| Post-employment restraint | A 12-month restraint provision applies. |
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All other material terms of Mr Ryan's employment contract remain unchanged.

Mr Simonds Material Employment Terms

The material terms of the Executive Services Agreement between Rhett Simonds and the Company for the role of Joint Chief Executive Officer and Managing Director (the **RS Agreement**) are as follows:

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| Total fixed annual remuneration | \$362,500 per annum (including superannuation) from 1 February 2020. |
| Short term incentive (STI) | STI eligibility up to \$300,000 per annum, subject to performance. |
| Long term incentive (LTI) | LTI eligibility up to the value of \$150,000 per annum will be offered pursuant to the Simonds Group Employee Share Plan. LTI participation and terms are at the discretion of the Board. |
| Other benefits | An allowance of \$87,500 per annum. |
| Notice period/ termination entitlements | The notice period of Mr Simonds' employment agreement for Mr Simonds and the Company is 12 months. Employment may be ended immediately in certain circumstances including misconduct, incapacity, mutual agreement or in the event of a fundamental change in the Joint CEO's role or responsibilities. The Company may elect to make payment in lieu of any unserved notice period. |
| Post-employment restraint | A 12-month restraint provision applies. |

ENDS

For more information, please contact:

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Authorised for lodgement by Paul Taylor, Company Secretary & General Counsel.