For personal use only

The Reject Shop Limited
ABN 33 006 122 676
245 Racecourse Road
Kensington, Victoria, 3031
Australia

www.rejectshop.com.au

16 May 2025

SCHEME BOOKLET REGISTERED WITH ASIC

Summary

- The Reject Shop Board continues to unanimously recommend that Reject Shop shareholders vote in favour of the Scheme[1]
- Independent Expert concludes the Scheme is fair and reasonable and in the best interests of shareholders
- Transaction consideration of $6.68 cash per share exceeds the Independent Expert's assessed value range of $4.80 to $5.24 per Reject Shop share on a controlling interest basis

The Reject Shop Limited (ASX: TRS) (**The Reject Shop** or **Reject Shop**) refers to its announcement made earlier today in connection with:

- the proposed acquisition of The Reject Shop by Dollarama Inc. (TSX: DOL), through its direct wholly-owned Canadian subsidiary Dollarama International Inc., by way of a scheme of arrangement (**Scheme**); and
- the orders made by the Federal Court of Australia that The Reject Shop convene and hold a meeting of Reject Shop shareholders to consider and vote on the Scheme (**Scheme Meeting**) and approving the distribution of an explanatory statement providing information about the Scheme, including the notice of meeting for the Scheme Meeting (**Scheme Booklet**).

Scheme Booklet and Independent Expert's Report

The Reject Shop confirms that the Scheme Booklet has been registered with the Australian Securities and Investments Commission (**ASIC**). A copy of the Scheme Booklet is attached to this announcement and will also be made available on The Reject Shop's website at https://www.rejectshop.com.au/about/scheme-of-arrangement.

The Scheme Booklet includes a copy of the Independent Expert's report prepared by Kroll Australia Pty Ltd (**Independent Expert**). The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Reject Shop shareholders in the absence of a superior proposal. The Independent Expert has assessed the value of a Reject Shop share on a controlling interest basis to be in the range of $4.80 to $5.24. The transaction consideration of $6.68 cash per Reject Shop share exceeds the Independent Expert's assessed value range for a Reject Shop share.

The Independent Expert's conclusions should be read in context with the full Independent Expert's report which can be found in Schedule 1 of the Scheme Booklet.

For details on how you will receive the Scheme Booklet, including the Independent Expert's report and the notice of meeting for the Scheme Meeting, please refer to The Reject Shop's announcement made earlier today.

[1] In the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Reject Shop shareholders and not subsequently changing that conclusion to be that the Scheme is not in the best interests of Reject Shop shareholders.

Shareholders should read the Scheme Booklet in its entirety before making a decision on whether or not to vote in favour of the Scheme.

The Reject Shop Board recommendation

The Reject Shop Board unanimously recommends that Reject Shop shareholders vote in favour of the Scheme at the Scheme Meeting, in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Reject Shop shareholders and not subsequently changing that conclusion to be that the Scheme is not in the best interests of Reject Shop shareholders. Subject to these qualifications, all Directors of The Reject Shop have also confirmed that they will vote all of The Reject Shop shares held or controlled by them in favour of the Scheme.

Major shareholder voting intention

The Reject Shop's largest shareholder, Kin Group Pty Ltd (**Kin Group**) which, through its wholly-owned subsidiary, Bennamon Pty Ltd, controls approximately 20.7% of Reject Shop shares on issue as at the date of this announcement, has informed The Reject Shop Board that it intends to vote all Reject Shop shares held or controlled by it[2] in favour of the Scheme, in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Reject Shop shareholders and not subsequently changing that conclusion to be that the Scheme is not in the best interests of Reject Shop shareholders.

Shareholder information line

Reject Shop shareholders who have any questions relating to the Scheme or the Scheme Booklet should contact The Reject Shop shareholder information line on **1300 420 709** (within Australia) or **+61 1300 420 709** (outside Australia) between 8.30am and 5.30pm (AEST) Monday to Friday (excluding public holidays).

This document has been authorised for release to the market by The Reject Shop Board.

Lauren Harris
Company Secretary
The Reject Shop Limited

Telephone: +61 3 8371 5618
Email: companysecretary@rejectshop.com.au

[2] This refers to all Reject Shop shares held or controlled by Kin Group at the date of the Scheme Implementation Agreement, and any Reject Shop shares acquired, or which become controlled, by Kin Group between the date of the Scheme Implementation Agreement and the date of the Scheme Meeting.

For personal use only

For personal use only

THE REJECT SHOP

Scheme Booklet

For a scheme of arrangement between **The Reject Shop Limited** ACN 006 122 676 (**The Reject Shop**) and its shareholders in relation to the proposed acquisition by Dollarama International Inc. (**Dollarama International**), a direct wholly-owned Canadian subsidiary of Dollarama Inc. (**Dollarama**), of all ordinary shares in The Reject Shop (**Scheme**).

VOTE IN FAVOUR

The Reject Shop Board unanimously recommends that Reject Shop Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Reject Shop Shareholders and not subsequently changing that conclusion to be that the Scheme is not in the best interests of Reject Shop Shareholders.

The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Reject Shop Shareholders, in the absence of a superior proposal.

This is an important document and requires your immediate attention.

You should read it carefully and in its entirety before deciding whether or not to vote in favour of the Scheme. If you are in any doubt as to what you should do, you should consult your broker or financial, tax, legal or other professional adviser immediately.

If, after reading this Scheme Booklet, you have any questions in relation to the Scheme, please contact the Reject Shop Shareholder information line on 1300 420 709 (within Australia) or +61 1300 420 709 (outside Australia) between 8.30am and 5.30pm (AEST) Monday to Friday (excluding public holidays).

This Scheme Booklet has been provided to you because you are shown in The Reject Shop Share Register as holding Reject Shop Shares. If you have recently sold all of your Reject Shop Shares, please disregard this Scheme Booklet.

Financial Adviser

UBS

Legal Adviser

SBALAW

Important notices

For personal use only

General

This Scheme Booklet is important and requires your immediate attention. You should read this Scheme Booklet carefully and in its entirety before making any voting decision in relation to the Scheme and seek your own financial, tax, legal and other professional advice.

The information contained in this Scheme Booklet does not constitute financial product advice and has been prepared without reference to your own investment objectives, financial situation, tax position or particular needs.

Nature of this Scheme Booklet

This Scheme Booklet includes the explanatory statement for the Scheme required by subsection 412(1) of the Corporations Act.

This Scheme Booklet does not constitute or contain an offer to Reject Shop Shareholders, or a solicitation of an offer from Reject Shop Shareholders, in any jurisdiction. This Scheme Booklet is not a disclosure document required by Chapter 6D of the Corporations Act. Subsection 708(17) of the Corporations Act provides that Chapter 6D of the Corporations Act does not require disclosure to investors under Part 6D.2 of the Corporations Act in relation to arrangements under Part 5.1 of the Corporations Act approved at a meeting held as a result of an order under subsection 411(1) of the Corporations Act. Instead, Reject Shop Shareholders asked to vote on an arrangement at such a meeting must be provided with an explanatory statement as referred to above.

ASIC and ASX

A copy of this Scheme Booklet has been registered by ASIC for the purposes of subsection 412(6) of the Corporations Act. ASIC has been given the opportunity to comment on this Scheme Booklet in accordance with subsection 411(2) of the Corporations Act. Neither ASIC, nor any of its officers, takes any responsibility for the contents of this Scheme Booklet. ASIC has been requested to provide a statement, in accordance with paragraph 411(17)(b) of the Corporations Act, that it has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the time of the Court hearings to approve the Scheme.

A copy of this Scheme Booklet has been provided to the ASX. Neither the ASX, nor any of its officers, takes any responsibility for the contents of this Scheme Booklet.

Important notice associated with Court order under subsection 411(1) of the Corporations Act

The fact that, under subsection 411(1) of the Corporations Act, the Court has ordered that a meeting be convened by The Reject Shop for Reject Shop Shareholders to consider and vote on the Scheme and directed that an explanatory statement accompany the Notice of Scheme Meeting does not mean that the Court:

- has formed any view as to the merits of the proposed Scheme or as to how Reject Shop Shareholders should vote (on this matter, Reject Shop Shareholders must reach their own conclusion); or
- has prepared, or is responsible for the content of, the explanatory statement.

Notice of Scheme Meeting

The Notice of Scheme Meeting is set out in Schedule 4 of this Scheme Booklet.

Notice of Second Court Hearing

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the vote at the Scheme Meeting.

Any Reject Shop Shareholder may appear at the Second Court Hearing, currently expected to be held at 10.15am (AEST) on Monday, 30 June 2025 at the Federal Court of Australia, Harry Gibbs Commonwealth Law Courts Building, Level 6, 119 North Quay, Brisbane QLD 4000. Any Reject Shop Shareholder who wishes to oppose the approval of the Scheme at the Second Court Hearing may do so by filing with the Court, and serving on The Reject Shop, a notice of appearance in the prescribed form together with any affidavit that the Reject Shop Shareholder intends to rely upon.

The Reject Shop's address for service is: C/- SBA Law, Level 3, 535 Bourke Street, Melbourne VIC 3000.

Defined terms

Capitalised terms used in this Scheme Booklet are defined in Section 10.1 of this Scheme Booklet. Section 10.2 of this Scheme Booklet also sets out some rules of interpretation which apply to this Scheme Booklet. Some of the documents reproduced in the schedules to this Scheme Booklet have their own defined terms and rules of interpretation, which may be different to those set out in Section 10 of this Scheme Booklet.

No investment advice

This Scheme Booklet has been prepared without reference to the investment objectives, financial and tax situation or particular needs of any Reject Shop Shareholder or any other person. The information and recommendations contained in this Scheme Booklet do not constitute, and should not be taken as, financial product advice. The Reject Shop Directors encourage you to seek independent financial and tax advice before making any investment decision and/or any decision as to whether or not to vote in favour of the Scheme. This Scheme Booklet should be read in its entirety before making a decision on whether or not to vote in favour of the Scheme. In particular, it is important that you consider the risk factors set out in Section 8 of this Scheme Booklet and the views of the Independent Expert set out in the Independent Expert's Report contained in Schedule 1 of this Scheme Booklet. If you are in doubt as to the course you should follow, you should consult an independent and appropriately licensed and authorised professional adviser.

Forward looking statements

Some of the statements appearing in this Scheme Booklet (including in the Independent Expert's Report) may be forward looking in nature. Forward looking statements or statements of intent regarding future events in this Scheme Booklet (including in the Independent Expert's Report) should not be taken to be forecasts or predictions that those events will occur. Forward looking statements may be identified by the use of words such as 'believe', 'aim', 'expect', 'anticipate', 'intending', 'foreseeing', 'likely', 'should', 'planned', 'may', 'estimate', 'potential', or other similar words. Similarly, statements that describe the objectives, plans, goals, intentions or expectations of Dollarama are or may be forward looking statements. You should be aware that such statements are only opinions and are subject to known and unknown risks, inherent risks and uncertainties, assumptions and other factors that may impact The Reject Shop's, Dollarama's or their respective Related Bodies Corporate actual results, performance or achievements expressed, projected or implied by those forward looking statements. Those risks and uncertainties include factors and risks specific to The Reject Shop, Dollarama, their respective Related Bodies Corporate and/or the industries in which they operate, as well as general economic conditions, prevailing exchange rates and interest rates and conditions in financial markets.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. None of The Reject Shop, Dollarama, or their respective Related Bodies Corporate, directors, officers, employees or advisers or any person named in this Scheme Booklet or involved in the preparation of this Scheme Booklet makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. Accordingly, you are cautioned not to place undue reliance on those statements.

Any forward looking statements in this Scheme Booklet reflect views held only at the date of this Scheme Booklet. Subject to any continuing obligations under the ASX Listing Rules or the Corporations Act, The Reject Shop and Dollarama, and their respective Related Bodies Corporate, directors, officers, employees and advisers, disclaim any obligation or undertaking to distribute, after the date of this Scheme Booklet, any updates or revisions to any forward looking statements to reflect: (a) any change in expectations in relation to such statements; or (b) any change in events, conditions or

For personal use only

circumstances on which any such statement is based. All subsequently written statements attributable to The Reject Shop, Dollarama, their respective Related Bodies Corporate or any person acting on their respective behalf are qualified by this cautionary statement.

Responsibility statement

The Reject Shop has prepared, and is responsible for, the Reject Shop Information. Neither Dollarama, its Related Entities nor any of their respective directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of such information.

Dollarama has prepared, and is responsible for, the Dollarama Information. Neither The Reject Shop, its Related Entities nor any of their respective directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of such information.

The Independent Expert has prepared the Independent Expert's Report (as set out in Schedule 1) and takes responsibility for that report. None of The Reject Shop or Dollarama, their respective Related Entities nor any of the directors, officers, employees or advisers of any of them (other than the Independent Expert in respect of the Independent Expert's Report) assume any responsibility for the accuracy or completeness of the information contained in the Independent Expert's Report, except, in the case of The Reject Shop, in relation to any information which The Reject Shop has provided to the Independent Expert.

No consenting party has withdrawn their consent to be named before the date of this Scheme Booklet.

Foreign jurisdictions

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in those jurisdictions and persons outside of Australia who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Scheme Booklet has been prepared in accordance with the laws of Australia, which differ from those of any other jurisdiction, and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations of a jurisdiction outside of Australia.

Reject Shop Shareholders who are nominees, trustees or custodians are encouraged to seek independent advice as to how they should proceed.

Tax implications of the Scheme

If the Scheme becomes Effective, there will be tax consequences for Reject Shop Shareholders as at the Scheme Record Date which may include tax being payable on any gain or disposal of Reject Shop Shares. For further detail regarding general Australian tax consequences of the Transaction, refer to Section 7 of this Scheme Booklet. Section 7 of this Scheme Booklet is not exhaustive tax advice and only provides general guidance for Reject Shop Shareholders. Tax treatment may vary depending on the nature and characteristics of each Reject Shop Shareholder and their specific circumstances. Accordingly, Reject Shop Shareholders should seek professional tax advice in relation to their particular circumstances.

Financial amounts and effects of rounding

All financial amounts in this Scheme Booklet are expressed in Australian currency unless otherwise stated. A number of figures, amounts, percentages, estimates, calculation of value and fractions in this Scheme Booklet are subject to the effects of rounding. Any discrepancies between totals in tables or financial statements, or in calculations, graphs or charts are due to rounding. All financial and operational information set out in this Scheme Booklet is current as at the date of this Scheme Booklet, unless otherwise stated.

Charts and diagrams

Any diagrams, charts, graphs or tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, graphs and tables is based on information available as at the Last Practicable Date.

External websites

Unless expressly stated otherwise, the content of the websites of The Reject Shop and Dollarama do not form part of this Scheme Booklet and Reject Shop Shareholders should not rely on any such content.

Timetable and dates

All times and dates referred to in this Scheme Booklet are times and dates in Melbourne, Victoria, Australia, unless otherwise indicated. All times and dates relating to the implementation of the Scheme referred to in this Scheme Booklet may change and, among other things, are subject to all necessary approvals from Regulatory Authorities and approval from Reject Shop Shareholders.

Reject Shop Shareholders and their proxies, attorneys or corporate representatives should be aware that important dates in this Scheme Booklet (including the date of the Scheme Meeting and Court hearings) and instructions with respect to the conduct of the Scheme Meeting and Court hearings may change at short notice.

All changes to the dates and the conduct of the Scheme Meeting and Court hearings set out in this Scheme Booklet will be announced to the ASX and will be available under The Reject Shop's profile on the ASX website at www.asx.com.au.

Privacy

The Reject Shop may collect personal information in the process of implementing the Scheme. The type of information that it may collect about you includes your name, contact details and information on your shareholding in The Reject Shop and the names of persons appointed by you to act as a proxy, attorney or corporate representative at the Scheme Meeting as relevant to you. The collection of some of this information is required or authorised by the Corporations Act. The primary purpose of the collection of personal information is to assist The Reject Shop in conducting the Scheme Meeting and implementing the Scheme. Without this information, The Reject Shop's ability to issue this Scheme Booklet and implement the Scheme may be hindered. Personal information of the type described above may be disclosed to The Reject Shop Share Registry, Dollarama, third party service providers (including print and mail service providers and parties otherwise involved in the conduct of the Scheme Meeting), authorised securities brokers, professional advisers, Related Bodies Corporate of The Reject Shop and/or Regulatory Authorities, and also where disclosure is otherwise required or allowed by law. Reject Shop Shareholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. If you would like to obtain details of the information about you held by The Reject Shop Share Registry in connection with Reject Shop Shares, please contact The Reject Shop Share Registry. Reject Shop Shareholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Scheme Meeting should ensure that they inform such an individual of the matters outlined above. Further information about how The Reject Shop collects, uses and discloses personal information is contained in The Reject Shop's privacy policy located at: https://www.rejectshop.com.au/information/privacy-policy.

Date of Scheme Booklet

This Scheme Booklet is dated 16 May 2025.

Contents

Important notices ..... inside front cover

Letter from the Chair of The Reject Shop Board 1

Key dates 3

Section 1 Key considerations relevant to your vote 4

Section 2 Frequently asked questions 10

Section 3 How to vote 17

Section 4 Overview of the Scheme 19

Section 5 Information about The Reject Shop 26

Section 6 Information about Dollarama 38

Section 7 Tax Implications of the Scheme 43

Section 8 Risks 47

Section 9 Additional information 54

Section 10 Glossary and interpretation 63

Schedule 1 Independent Expert's Report 74

Schedule 2 Scheme of Arrangement 157

Schedule 3 Deed Poll 175

Schedule 4 Notice of Scheme Meeting 185

Corporate directory ..... inside back cover

For personal use only

Letter from the Chair of The Reject Shop Board

For personal use only

16 May 2025

Dear Reject Shop Shareholder,

On behalf of The Reject Shop Board, I am pleased to provide you with this Scheme Booklet which contains details for your consideration in relation to the proposed acquisition of The Reject Shop by Dollarama International, a wholly-owned Canadian subsidiary of Dollarama, by way of a scheme of arrangement.

This Scheme Booklet contains important information about:

- how to vote on the Scheme at the Scheme Meeting;
- the reasons why The Reject Shop Board unanimously recommends that Reject Shop Shareholders vote in favour of the Scheme[1]; and
- the Independent Expert's Report, in which the Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Reject Shop Shareholders, in the absence of a superior proposal.

Background to the Scheme

On 27 March 2025, The Reject Shop announced that it had entered into a Scheme Implementation Agreement, under which Dollarama agreed to acquire all of the issued and outstanding shares in The Reject Shop by way of a scheme of arrangement at a price of $6.68 cash per Reject Shop Share.

Dollarama, listed on the TSX and headquartered in Montreal, Québec, Canada, is a recognised Canadian value retailer offering a broad assortment of consumable products, general merchandise and seasonal items both in-store and online.

Entry into the Scheme Implementation Agreement followed a proposal from Dollarama, a period of negotiation, and a final proposal, following which Dollarama was granted exclusive due diligence.

At the date of this Scheme Booklet, the Scheme requires approval from both the Court and Reject Shop Shareholders, in addition to the Conditions being satisfied, as outlined in Section 4 of this Scheme Booklet.

Transaction Consideration and implied valuation

The Transaction Consideration of $6.68 cash per Reject Shop Share values The Reject Shop's equity at approximately $259 million[2], implying an enterprise value (**EV**) of approximately $189 million[3], and representing a premium of:

- 112% to the closing share price on 26 March 2025 of $3.15 per Reject Shop Share;[4]
- 108% to the 1-month volume weighted average price (**VWAP**) to 26 March 2025 of $3.22 per Reject Shop Share;
- 110% to the 3-month VWAP to 26 March 2025 of $3.18 per Reject Shop Share;
- 117% to the 6-month VWAP to 26 March 2025 of $3.08 per Reject Shop Share; and
- 102% to the 12-month VWAP to 26 March 2025 of $3.30 per Reject Shop Share.

The Transaction Consideration also represents an implied pre-AASB 16 EV/EBITDA multiple of 8.9x and pre-AASB 16 EV/EBIT multiple of 22.2x to The Reject Shop's last 12 months pre-AASB 16 EBITDA and pre-AASB 16 EBIT respectively (as at December 2024)[5].

Details of the Transaction Consideration

If the Scheme becomes Effective, and provided you hold Reject Shop Shares on both the Scheme Record Date and the Special Dividend Record Date, in total, you will receive the Transaction Consideration of $6.68 cash per Reject Shop Share. The Transaction Consideration consists of the Scheme Consideration[6] plus any Special Dividend.

As set out in further detail below, as part of the Transaction, The Reject Shop Board currently intends to determine to pay a fully franked Special Dividend of up to $0.77 cash per Reject Shop Share before the implementation of the Scheme and conditional on the Scheme becoming Effective. If the maximum intended Special Dividend of $0.77 cash per Reject Shop Share is paid, the Transaction Consideration of $6.68 cash per Reject Shop Share will comprise of the Scheme Consideration of $5.91 cash per Reject Shop Share plus the Special Dividend of $0.77 cash per Reject Shop Share. The Transaction Consideration will not be reduced by the fully franked interim dividend of $0.12 cash per Reject Shop Share, which was paid on 1 May 2025.

Special Dividend

If the Scheme becomes Effective, as part of the Transaction, The Reject Shop Board intends to pay a fully franked Special Dividend of up to $0.77 cash per Reject Shop Share.

The Special Dividend is expected to enable eligible Reject Shop Shareholders to benefit from franking credits of up to $0.33 per Reject Shop Share. In addition to the Scheme becoming Effective, the payment of any such Special Dividend is subject to The Reject Shop having received a draft class ruling from the ATO or other indicative confirmation from the ATO, in a form acceptable to The Reject Shop and Dollarama, in respect of the Special Dividend.

Any Special Dividend will be communicated to Reject Shop Shareholders by way of an ASX announcement in advance of the Scheme Meeting and by no later than Thursday, 19 June 2025. If the Scheme becomes Effective, the Special Dividend would be paid before the Scheme Record Date in respect of each Reject Shop Share held by Reject Shop Shareholders as at the Special Dividend Record Date.

1. In the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Reject Shop Shareholders and not subsequently changing that conclusion to be that the Scheme is not in the best interests of Reject Shop Shareholders.
2. Calculated based on fully diluted shares outstanding of 38,805,317, consisting of 37,365,917 ordinary shares at the date of this Scheme Booklet and 1,439,400 Vesting Performance Rights. Fully diluted shares outstanding excludes 387,100 Lapsing Performance Rights.
3. EV assumes balance sheet items as at 29 December 2024, including cash of $74.9 million, and adjusts for the fully franked interim dividend of $0.12 cash per Reject Shop Share determined at the 1H25 results, which was paid on 1 May 2025 (approximately $4.5 million).
4. 26 March 2025 represents the last trading day prior to announcement of the Scheme Implementation Agreement.
5. Based on pre-AASB 16 EBITDA of $21.2 million and pre-AASB 16 EBIT of $8.5 million for the 12 months to December 2024.
6. The Scheme Consideration is equal to an amount of $6.68 cash per Reject Shop Share for each Reject Shop Share held as at the Scheme Record Date, reduced by the amount of any Special Dividend.

Letter from the Chair of The Reject Shop Board Continued

For personal use only

Independent Expert's opinion

The Reject Shop appointed Kroll as the Independent Expert to assess the merits of the Scheme. The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Reject Shop Shareholders, in the absence of a superior proposal.

The Independent Expert has assessed the value of a Reject Shop Share on a controlling interest basis to be in the range of $4.80 to $5.24 per Reject Shop Share. The Transaction Consideration of $6.68 cash per Reject Shop Share exceeds the Independent Expert's assessed value range for a Reject Shop Share.

A complete copy of the Independent Expert's Report is set out in Schedule 1 of this Scheme Booklet.

The Reject Shop Board's unanimous recommendation

The Reject Shop Board unanimously recommends that you **vote in favour** of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Reject Shop Shareholders and not subsequently changing that conclusion to be that the Scheme is not in the best interests of Reject Shop Shareholders.[7]

Subject to the same conditions, each Reject Shop Director intends to vote all Reject Shop Shares held or controlled by them in favour of the Scheme.

The interests of the Reject Shop Directors in Reject Shop Shares are set out in Section 5.5 of this Scheme Booklet. Shareholders should have regard to these interests when considering how to vote on the Transaction.

Major Shareholder voting intention

The Reject Shop's largest Shareholder, Kin Group Pty Ltd (**Kin Group**) which, through its wholly-owned subsidiary, Bennamon Pty Ltd, controls approximately 20.7% of Reject Shop Shares on issue as at the date of this Scheme Booklet, has informed The Reject Shop Board that it intends to vote all Reject Shop Shares held or controlled by it[8] in favour of the Scheme, in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Reject Shop Shareholders and not subsequently changing that conclusion to be that the Scheme is not in the best interests of Reject Shop Shareholders.

What should you do?

The Scheme can only proceed if Reject Shop Shareholders approve it. This requires more than 50% of Reject Shop Shareholders present and voting at the Scheme Meeting (either personally or by proxy), and at least 75% of the total number of votes cast at the Scheme Meeting to be in favour of the Scheme (either personally or by proxy). Section 1 of this Scheme Booklet contains key considerations relevant to your vote, which includes both reasons why you should vote in favour of the Scheme and why you may wish to vote against the Scheme. You are encouraged to review and consider Section 1 when deciding how to vote on the Scheme.

Your vote as a Reject Shop Shareholder is extremely important and I strongly encourage you to vote. You can vote by attending the Scheme Meeting virtually, by lodging a proxy form, by appointing an attorney to attend and vote at the Scheme Meeting on your behalf or in the case of a body corporate which is a Reject Shop Shareholder, by appointing a corporate representative to attend and vote at the Scheme Meeting on behalf of that Reject Shop Shareholder. Further details on how to vote are included in Section 3 of this Scheme Booklet.

The Scheme Meeting to approve the Scheme is scheduled to be held virtually at 2.30pm (AEST) on Monday, 23 June 2025 via the online meeting platform at https://meetings.openbriefing.com/TRS25.

Further Information

I encourage you to carefully read this Scheme Booklet (including the Independent Expert's Report) in full and seek your own legal, financial or other professional advice as to what action you should take.

Reject Shop Shareholders who have any questions relating to the Scheme should contact The Reject Shop Shareholder information line on **1300 420 709** (within Australia) or **+61 1300 420 709** (outside Australia) between 8.30am and 5.30pm (AEST) Monday to Friday (excluding public holidays).

On behalf of The Reject Shop Board, I would like to take this opportunity to thank you for your continued support of The Reject Shop.

Yours sincerely,



Steven Fisher
Non-executive Chair

7. In noting the unanimous recommendation of The Reject Shop Board, Reject Shop Shareholders should, when considering how to vote on the Scheme and the recommendation of The Reject Shop Board in respect of the Scheme, have regard to the interests of Reject Shop Directors which are set out in Section 5.5 of this Scheme Booklet, and, as at the Last Practicable Date, are as follows:
   - Steven Fisher has a Relevant Interest in 144,039 Reject Shop Shares;
   - David Grant has a Relevant Interest in 27,000 Reject Shop Shares;
   - Nicholas Perkins has a Relevant Interest in 55,866 Reject Shop Shares; and
   - Margaret Zabel has a Relevant Interest in 15,000 Reject Shop Shares.
8. This refers to all Reject Shop Shares held or controlled by Kin Group at the date of the Scheme Implementation Agreement, and any Reject Shop Shares acquired, or which become controlled, by Kin Group between the date of the Scheme Implementation Agreement and the date of the Scheme Meeting.

Key dates

For personal use only

KEY UPCOMING DATES RELATING TO THE TRANSACTION

EVENT	TIME AND DATE
First Court Date	10.15am (AEST) on Friday, 16 May 2025
Date of this Scheme Booklet	Friday, 16 May 2025
Special Dividend announcement date Special Dividend determined and announced to the ASX	By Thursday, 19 June 2025
Receipt of proxy forms Latest time and date for receipt of proxy forms or powers of attorney by The Reject Shop Share Registry for the Scheme Meeting	2.30pm (AEST) on Saturday, 21 June 2025
Voting eligibility Time and date for determining eligibility to vote at the Scheme Meeting	2.30pm (AEST) on Saturday, 21 June 2025
Scheme Meeting	2.30pm (AEST) on Monday, 23 June 2025
IF THE SCHEME IS APPROVED BY REJECT SHOP SHAREHOLDERS	
Second Court Date Court hearing to approve the Scheme	10.15am (AEST) on Monday, 30 June 2025
Effective Date Court order lodged with ASIC and announced to the ASX Last date of trading in Reject Shop Shares – Reject Shop Shares will be suspended from trading on the ASX from close of trading	Tuesday, 1 July 2025
Special Dividend Record Date For determining entitlements to the Special Dividend if The Reject Shop Board determines to pay any Special Dividend	7.00pm (AEST) on Monday, 7 July 2025
Special Dividend Payment Date If The Reject Shop Board determines to pay any Special Dividend	Monday, 14 July 2025
Scheme Record Date For determining entitlements to Scheme Consideration	7.00pm (AEST) on Tuesday, 15 July 2025
Implementation Date Payment of Scheme Consideration to Reject Shop Shareholders	Tuesday, 22 July 2025

All times and dates in the above timetable are references to the time and date in Melbourne, Australia unless otherwise indicated and all such times and dates are subject to change. In particular, the date of the Scheme Meeting may be postponed or adjourned, including if satisfaction of a Condition is delayed, pursuant to the terms of the Scheme Implementation Agreement. Certain times and dates are conditional on the approval of the Scheme by Reject Shop Shareholders and by the Court. Any changes will be announced by The Reject Shop to the ASX.

For personal use only

THE REJECT SHOP

Scheme Booklet

Section 1
Key considerations relevant to your vote

For personal use only

1. Key considerations relevant to your vote

Section 1.1 of this Scheme Booklet provides a summary of some of the reasons why The Reject Shop Board unanimously recommends that Reject Shop Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of Reject Shop Shareholders and not subsequently changing that conclusion to be that the Scheme is not in the best interests of Reject Shop Shareholders.

Sections 1.2 and 1.3 of this Scheme Booklet provide more detail on the reasons why Reject Shop Shareholders might vote for or against the Scheme.

You should read this Scheme Booklet in full, including the Independent Expert's Report, before deciding how to vote at the Scheme Meeting.

1.1 SUMMARY OF REASONS WHY YOU MIGHT VOTE FOR OR AGAINST THE SCHEME

Reasons to vote in favour of the Scheme	
✔	The Reject Shop Board unanimously recommends that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Reject Shop Shareholders and not subsequently changing that conclusion to be that the Scheme is not in the best interests of Reject Shop Shareholders
✔	The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Reject Shop Shareholders, in the absence of a superior proposal
✔	The Transaction Consideration of $6.68 cash per Reject Shop Share represents a significant premium relative to trading prices of Reject Shop Shares during the 12 months prior to 27 March 2025 (the date on which the Scheme Implementation Agreement was announced) and, in The Reject Shop's view, generally compares favourably to Australian and New Zealand discretionary retail transaction multiples as set out in the Independent Expert's Report
✔	The all-cash Transaction Consideration of $6.68 per Reject Shop Share provides Reject Shop Shareholders with certainty of value and the opportunity to realise their investment for cash, avoiding the uncertainties and risks associated with an ongoing investment in The Reject Shop
✔	As part of the Transaction, a Special Dividend of up to $0.77 cash per Reject Shop Share is intended to be paid to Reject Shop Shareholders. As such, eligible Reject Shop Shareholders are expected to benefit from franking credits of up to $0.33 per Reject Shop Share, if the Special Dividend is paid
✔	Since announcement of the Scheme Implementation Agreement, no Superior Proposal has emerged as at the date of this Scheme Booklet
✔	The Reject Shop Share price will continue to be subject to market volatility and is expected to fall in the short term if the Scheme does not proceed, in the absence of a Superior Proposal
✔	Brokerage charges will not apply to the transfer of Reject Shop Shares under the Scheme

The reasons to vote in favour of the Scheme are discussed in more detail in Section 1.2 of this Scheme Booklet.

Reasons to vote against the Scheme	
✘	You may disagree with The Reject Shop Board's unanimous recommendation and the Independent Expert's conclusion
✘	You may prefer to participate in the future financial performance of The Reject Shop
✘	You may believe it is in your best interests to maintain your current investment and risk profile
✘	You may believe that there is potential for a Superior Proposal to emerge
✘	The tax consequences of transferring your Reject Shop Shares pursuant to the Scheme, or any Special Dividend, if paid, may not be attractive to you

The reasons to vote against the Scheme are discussed in more detail in Section 1.3 of this Scheme Booklet.

For personal use only

1.2 REASONS TO VOTE IN FAVOUR OF THE SCHEME

This Section sets out the reasons you may want to vote in favour of the Scheme.

This Section should be read in conjunction with the 'Reasons to vote against the Scheme' set out in Section 1.3 of this Scheme Booklet.

The Reject Shop Board unanimously recommends that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Reject Shop Shareholders and not subsequently changing that conclusion to be that the Scheme is not in the best interests of Reject Shop Shareholders

The Reject Shop Board unanimously recommends that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Reject Shop Shareholders and not subsequently changing that conclusion to be that the Scheme is not in the best interests of Reject Shop Shareholders.

Subject to the same conditions, each Reject Shop Director intends to vote all Reject Shop Shares held or controlled by them in favour of the Scheme. The interests of Reject Shop Directors in Reject Shop Shares are set out in Section 5.5 of this Scheme Booklet.

The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Reject Shop Shareholders, in the absence of a superior proposal

The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Reject Shop Shareholders, in the absence of a superior proposal.

The Independent Expert has assessed the value of a Reject Shop Share on a controlling interest basis to be in the range of $4.80 to $5.24 per Reject Shop Share. The Transaction Consideration of $6.68 cash per Reject Shop Share exceeds the Independent Expert's assessed value range for a Reject Shop Share.

The reasons why the Independent Expert reached these conclusions are set out in the Independent Expert's Report, a copy of which is included in Schedule 1 of this Scheme Booklet. The Reject Shop Directors encourage you to read this report in its entirety.

The Transaction Consideration represents a significant premium relative to trading prices of Reject Shop Shares during the 12 months prior to 27 March 2025 (the date on which the Scheme Implementation Agreement was announced) and, in The Reject Shop's view, generally compares favourably to Australian and New Zealand discretionary retail transaction multiples as set out in the Independent Expert's Report

As set out in the chart below, the Transaction Consideration of $6.68 cash per Reject Shop Share represents a premium of:

- 112% to the closing price on 26 March 2025 of $3.15 per Reject Shop Share;[9]
- 108% to the 1-month VWAP to 26 March 2025 of $3.22 per Reject Shop Share;
- 110% to the 3-month VWAP to 26 March 2025 of $3.18 per Reject Shop Share;
- 117% to the 6-month VWAP to 26 March 2025 of $3.08 per Reject Shop Share; and
- 102% to the 12-month VWAP to 26 March 2025 of $3.30 per Reject Shop Share.



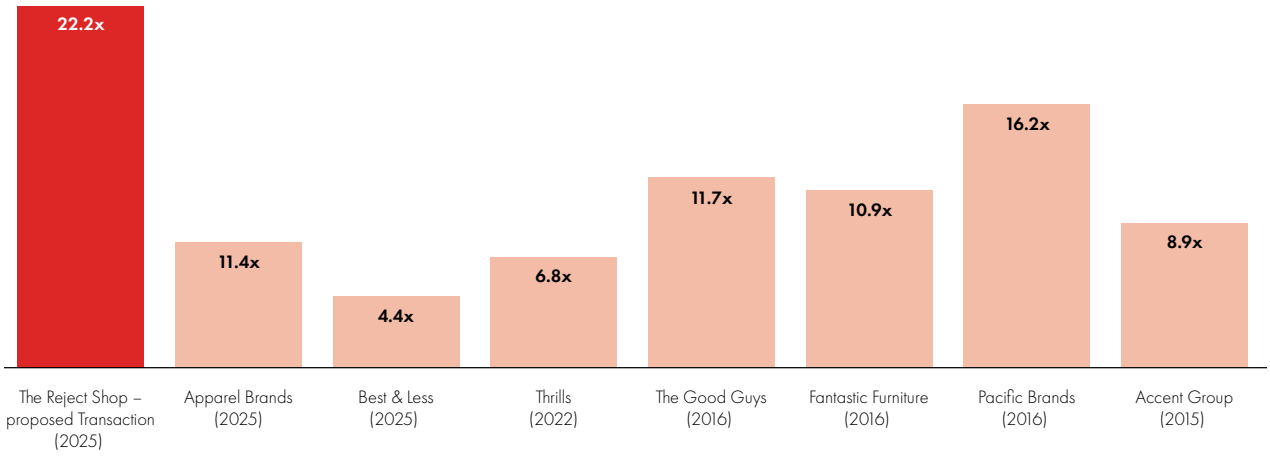
Source: IRESS market data

9. 26 March 2025 represents the last trading day prior to announcement of the Scheme Implementation Agreement.

For personal use only

The Transaction Consideration also represents an implied pre-AASB 16 EV/EBITDA multiple of 8.9x and pre-AASB 16 EV/EBIT multiple of 22.2x to The Reject Shop's last 12 months pre-AASB 16 EBITDA and pre-AASB 16 EBIT respectively (as at December 2024)[10].

These multiples generally compare favourably to the multiples realised in comparable transactions involving Australian and New Zealand discretionary retail companies. Set out below is the pre-AASB 16 EV/EBIT multiple to The Reject Shop's last 12 months EBIT (as at December 2024) which is implied by the Transaction Consideration, compared to historical EV/EBIT transaction multiples involving Australian and New Zealand discretionary retail companies as set out in the Independent's Expert's Report in Schedule 1 of this Scheme Booklet.



Reject Shop Shareholders are encouraged to read the entirety of the analysis contained in the Independent Expert's Report in Schedule 1 of this Scheme Booklet for the Independent Expert's complete views on the topic.

The all-cash Transaction Consideration of $6.68 per Reject Shop Share provides Reject Shop Shareholders with certainty of value and the opportunity to realise their investment for cash, avoiding the uncertainties and risks associated with an ongoing investment in The Reject Shop

The Transaction Consideration is 100% cash, providing Reject Shop Shareholders with certainty of value and the opportunity to realise their investment in full for the Transaction Consideration.

If the Scheme does not proceed, the amount which Reject Shop Shareholders will be able to realise in terms of price and future dividends will necessarily be uncertain and subject to a number of risks, including those outlined in Section 8 of this Scheme Booklet.

The Scheme removes these risks and uncertainties for Reject Shop Shareholders, allowing Reject Shop Shareholders to exit their investment in The Reject Shop at a price that The Reject Shop Board considers attractive.

As part of the Transaction, a Special Dividend of up to $0.77 cash per Reject Shop Share is intended to be paid to Reject Shop Shareholders. As such, if the Special Dividend is paid, eligible Reject Shop Shareholders are expected to benefit from franking credits of up to $0.33 per Reject Shop Share

If the Scheme becomes Effective, as part of the Transaction, The Reject Shop Board intends to pay a fully franked Special Dividend of up to $0.77 cash per Reject Shop Share. The Special Dividend is expected to enable eligible Reject Shop Shareholders to benefit from franking credits of up to $0.33 per Reject Shop Share. In addition to the Scheme becoming Effective, the payment of any such Special Dividend is subject to The Reject Shop having received a draft class ruling from the ATO or other indicative confirmation from the ATO, in a form acceptable to The Reject Shop and Dollarama, in respect of the Special Dividend.

The final decision on whether or not to pay a Special Dividend will be made by The Reject Shop Board. Any Special Dividend will be communicated to Reject Shop Shareholders by way of an ASX announcement by Thursday, 19 June 2025. If the Scheme becomes Effective and if the Special Dividend is so determined, the Special Dividend would be paid before the Scheme Record Date in respect of each Reject Shop Share as at the Special Dividend Record Date.

In assessing the value of any Special Dividend, Reject Shop Shareholders should seek independent professional tax advice as to whether or not the receipt of any Special Dividend and any entitlement to franking credits attached thereto is beneficial to Reject Shop Shareholders based on their own particular circumstances. In particular, Reject Shop Shareholders should note that, depending on the timing of and price at which they acquired their Reject Shop Shares, there may be differences in the tax consequences. Please refer to the general outline of those tax consequences in Section 7 of this Scheme Booklet.

10. Based on pre-AASB 16 EBITDA of $21.2 million and pre-AASB 16 EBIT of $8.5 million for the 12 months to December 2024.

1. Key considerations relevant to your vote Continued

For personal use only

Since announcement of the Scheme Implementation Agreement, no Superior Proposal has emerged as at the date of this Scheme Booklet

Since the Scheme Implementation Agreement was announced up until the date of this Scheme Booklet, no Superior Proposal has emerged.

As at the date of this Scheme Booklet, The Reject Shop Board is not aware of any Superior Proposal that is likely to emerge.

The Scheme Implementation Agreement contains customary provisions that regulate the way in which The Reject Shop can respond to Third Party Proposals, details of which are summarised in Section 9.1 of this Scheme Booklet.

The Reject Shop Share price will continue to be subject to market volatility and is expected to fall in the short term if the Scheme does not proceed, in the absence of a Superior Proposal

The Transaction Consideration of $6.68 cash per Reject Shop Share represents a premium of 112% to the closing Reject Shop Share price on 26 March 2025 of $3.15 per Reject Shop Share (representing the last trading day prior to announcement of the Scheme Implementation Agreement). If the Scheme does not proceed, and no Superior Proposal is received by The Reject Shop, then the Reject Shop Share price is expected to fall.

If the Scheme is not implemented, Reject Shop Shares will remain quoted on the ASX and will continue to be subject to the impact of market volatility, general economic conditions, global geopolitical uncertainty on local and global equity capital markets and the risks to which The Reject Shop is exposed.

These factors may have an impact on the price of Reject Shop Shares in the short, medium and long term.

Brokerage charges will not apply to the transfer of Reject Shop Shares under the Scheme

Reject Shop Shareholders will not incur any brokerage charges on the transfer of Reject Shop Shares under the Scheme. If Reject Shop Shareholders sell Reject Shop Shares on the ASX (rather than disposing of them via the Scheme) or by means other than under the Scheme, brokerage charges may be incurred.

1.3 REASONS TO VOTE AGAINST THE SCHEME

This Section summarises the reasons identified by The Reject Shop Board as to why you may want to vote against the Scheme. The Reject Shop Board believes that the reasons to vote in favour of the Scheme outweigh the reasons you may want to vote against the Scheme and that the Scheme is in the best interests of Reject Shop Shareholders, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Reject Shop Shareholders and not subsequently changing that conclusion to be that the Scheme is not in the best interests of Reject Shop Shareholders. However, Reject Shop Shareholders should take into consideration these reasons when deciding whether or not to vote in favour of the Scheme.

This Section should be read in conjunction with the 'Reasons to vote in favour of the Scheme' in Section 1.2 and the risks set out in Section 8 of this Scheme Booklet.

You may disagree with The Reject Shop Board's unanimous recommendation and the Independent Expert's conclusion

Despite the unanimous recommendation of The Reject Shop Board to vote in favour of the Scheme[11] and the conclusion of the Independent Expert that the Scheme is fair and reasonable and, therefore, is in the best interests of Reject Shop Shareholders[12], you may believe that the Transaction Consideration of $6.68 cash per Reject Shop Share does not reflect the fair value of Reject Shop Shares and that the Scheme is not in your best interests.

You may prefer to participate in the future financial performance of The Reject Shop

If the Scheme is implemented, you will no longer be a Reject Shop Shareholder. This will mean that you will not participate in the future performance of The Reject Shop, including any potential benefits that may result from being a Reject Shop Shareholder and will not retain any exposure to the assets of The Reject Shop or have the potential to share in the value that could be generated by The Reject Shop in the future.

However, there is no guarantee as to The Reject Shop's future performance, as is the case with all investments. The Reject Shop will remain subject to a number of risks, including those outlined in Section 8 of this Scheme Booklet.

11. In the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Reject Shop Shareholders and not subsequently changing that conclusion to be that the Scheme is not in the best interests of Reject Shop Shareholders.
12. In the absence of a Superior Proposal.

For personal use only

Reject Shop Shareholders may believe it is in their best interests to maintain their current investment and risk profile

You may wish to maintain your investment in The Reject Shop in order to have an investment in a publicly listed company with the specific characteristics of The Reject Shop.

In particular, you may consider that, despite the risk factors relevant to The Reject Shop's potential future operations (including those set out in Section 8 of this Scheme Booklet), The Reject Shop may be able to return greater value from its assets by remaining a standalone entity or by seeking alternative corporate transactions in the future.

You may also consider that it would be difficult to identify or invest in alternative investments that have a similar profile to that of The Reject Shop and may incur transaction costs in undertaking any new investment.

You may believe that there is potential for a Superior Proposal to emerge

You may consider that a Superior Proposal could emerge in the future. However, as at the date of this Scheme Booklet, The Reject Shop Board is not aware of, and has not received, any Superior Proposal.

The tax consequences of the Scheme may not suit a Reject Shop Shareholder's financial position

The tax consequences of the Scheme will depend on each Reject Shop Shareholder's personal situation. You may consider that the tax consequences of transferring your Reject Shop Shares to Dollarama International pursuant to the Scheme, or receiving a Special Dividend if paid, are not attractive.

A general guide to the tax implications of the Scheme is set out in Section 7 of this Scheme Booklet. This guide is expressed in general terms only and Reject Shop Shareholders should seek professional tax advice regarding the tax consequences that are applicable to their own circumstances.

For personal use only

THE REJECT SHOP

Scheme Booklet

Section 2 Frequently asked questions

2. Frequently asked questions

For personal use only

This Section answers some frequently asked questions about the Scheme. It is not intended to address all relevant issues for Reject Shop Shareholders. This Section should be read together with all other parts of this Scheme Booklet.

QUESTION	ANSWER	MORE INFORMATION
THE SCHEME AND THE TRANSACTION CONSIDERATION		
Why have I received this Scheme Booklet?	This Scheme Booklet has been provided to you because you are a Reject Shop Shareholder and you are being asked to vote on the Scheme. This Scheme Booklet is intended to help you to consider and decide on how to vote on the Scheme at the Scheme Meeting. If you have sold all your Reject Shop Shares, please disregard this Scheme Booklet as you will not be entitled to vote at the Scheme Meeting.	Section 4
What is the Scheme?	The Scheme is a scheme of arrangement between The Reject Shop and Reject Shop Shareholders. A scheme of arrangement is a statutory procedure in the Corporations Act that is commonly used in transactions in Australia that may result in a change of control of a company. In addition to requiring court approval, schemes of arrangement require a shareholder vote in favour of a resolution to implement the scheme of arrangement by the Requisite Majorities. If the Scheme becomes Effective, Dollarama International will acquire all the Reject Shop Shares as at the Scheme Record Date for the Scheme Consideration. If this occurs, The Reject Shop will be delisted from the ASX and become an indirect wholly-owned subsidiary of Dollarama.	Schedule 2
What is the Transaction Consideration?	Transaction Consideration The Transaction Consideration is $6.68 cash per Reject Shop Share. If the Scheme becomes Effective and a Special Dividend is determined, provided you hold Reject Shop Shares on both the Scheme Record Date and the Special Dividend Record Date, in total, you will receive the Transaction Consideration of $6.68 cash per Reject Shop Share. The Transaction Consideration consists of the Scheme Consideration plus any Special Dividend. Scheme Consideration and Special Dividend The Scheme Consideration is equal to an amount of $6.68 cash for each Reject Shop Share held as at the Scheme Record Date, less the amount of any Special Dividend. If the Scheme becomes Effective, as part of the Transaction, The Reject Shop Board intends to pay a fully franked Special Dividend of up to $0.77 cash per Reject Shop Share. The Special Dividend is expected to enable eligible Reject Shop Shareholders to benefit from franking credits of up to $0.33 per Reject Shop Share. In addition to the Scheme becoming Effective, the payment of any such Special Dividend is subject to The Reject Shop having received a draft class ruling from the ATO or other indicative confirmation from the ATO, in a form acceptable to The Reject Shop and Dollarama, in respect of the Special Dividend. Any Special Dividend will be communicated to Reject Shop Shareholders by way of an ASX announcement by Thursday, 19 June 2025. If the Scheme becomes Effective, the Special Dividend would be paid before the Scheme Record Date in respect of each Reject Shop Share held by Reject Shop Shareholders as at the Special Dividend Record Date. In assessing the value of any Special Dividend, Reject Shop Shareholders should seek independent professional tax advice as to whether or not the receipt of any Special Dividend and any entitlement to franking credits attached thereto is beneficial to Reject Shop Shareholders based on their own particular circumstances.	Section 4.2

2. Frequently asked questions Continued

For personal use only

QUESTION	ANSWER	MORE INFORMATION
When and how will I receive my Transaction Consideration?	If the Scheme becomes Effective, with respect to each Reject Shop Share as at the Scheme Record Date, payment of the Scheme Consideration will be made on the Implementation Date (currently expected to be 22 July 2025). If a Special Dividend is determined to be paid by The Reject Shop prior to the implementation of the Scheme, payment of the Special Dividend will be made on the Special Dividend Payment Date (currently estimated to be 14 July 2025). For Reject Shop Shareholders who have nominated a valid bank account, the Transaction Consideration will be paid in the local currency of the nominated bank account. For Reject Shop Shareholders who have not nominated a valid bank account, the Transaction Consideration will be sent by cheque in Australian dollars to the address recorded on The Reject Shop Share Register.	Section 4.2
How do I nominate a bank account or update my bank account details?	You can nominate a bank account or update your bank account details through The Reject Shop's Share Registry website at au.investorcentre.mpms.mufg.com. Once you have logged in to the website, select 'Payments & Tax' to update your payment instructions.	N/A
Will I have to pay brokerage?	No, you will not have to pay brokerage on the transfer of your Reject Shop Shares under the Scheme.	Section 1.2
Who is Dollarama?	Dollarama is a recognised Canadian value retailer offering a broad assortment of consumable products, general merchandise and seasonal items at select, fixed price points up to C$5.00 in Canada. Dollarama operates more than 1,600 stores across every Canadian province as well as in the Yukon and Northwest Territories. Dollarama owns a 60.1% equity accounted investment in Central American Retail Sourcing, Inc. (**CARS**), the parent company of entities operating stores located in El Salvador, Guatemala, Colombia and Peru, which offer a broad assortment of general merchandise, consumable products and seasonal items at select, fixed price points up to US$4.00 (or the equivalent in local currency). Dollarama also owns a 80.05% equity accounted investment in Inversiones Comerciales Mexicanas S.A. (**ICM**, and together with CARS and their respective subsidiaries, **Dollarcity**), the parent company of entities established for the future expansion of the operations of Dollarcity in Mexico, planned for the summer of 2025. As at 31 December 2024, Dollarcity operated a total of 632 stores located in Colombia, Guatemala, El Salvador and Peru. Dollarama was incorporated under the Canada Business *Corporations Act* on 20 October 2004 and its common shares trade on the TSX under the symbol "DOL".	Section 6.1
Who is Dollarama International?	Dollarama International was incorporated under the *Canada Business Corporations Act* on 21 January 2013. Dollarama International is a direct wholly-owned subsidiary of Dollarama.	Section 6.2
How is Dollarama funding the Aggregate Scheme Consideration?	The Aggregate Scheme Consideration will be funded through a mix of cash on hand and available liquidities under Dollarama's revolving credit facility.	Section 6.4

For personal use only

QUESTION	ANSWER	MORE INFORMATION
What are Dollarama's intentions for The Reject Shop if the Scheme is implemented?	Based on the information currently available to Dollarama and subject to the qualifications set out in Section 6.5 of this Scheme Booklet, if the Scheme is implemented, Dollarama currently intends to: • continue the retail operations of The Reject Shop and investigate opportunities to integrate The Reject Shop business with Dollarama and grow The Reject Shop's business; • appoint its nominees to The Reject Shop Board from implementation of the Scheme; • retain The Reject Shop's existing employees to the extent that it is commercially appropriate to do so; and • procure that The Reject Shop applies to the ASX to be removed from the official list of the ASX.	Section 6.5
Does Dollarama currently hold any Reject Shop Shares?	As at the date of this Scheme Booklet, none of Dollarama and its Associates is the registered holder of any Reject Shop Shares.	Section 6.6
VOTING RECOMMENDATIONS AND CONSIDERATIONS		
What does the Reject Shop Board recommend?	The Reject Shop Board unanimously recommends that Reject Shop Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Reject Shop Shareholders and not subsequently changing that conclusion to be that the Scheme is not in the best interests of Reject Shop Shareholders. The interests of Reject Shop Directors are set out in Section 5.5 of this Scheme Booklet. You should have regard to these interests when considering how to vote on the Scheme.	Section 1.2
What are the intentions of the Reject Shop Directors?	Each Reject Shop Director intends to vote, or procure the voting of, any Reject Shop Shares held or controlled by them at the time of the Scheme Meeting in favour of the Scheme at the Scheme Meeting in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Reject Shop Shareholders and not subsequently changing that conclusion to be that the Scheme is not in the best interests of Reject Shop Shareholders.	Section 1.2
Why should I vote in favour of the Scheme?	Reasons why you should vote in favour of the Scheme are detailed in Section 1.2 of this Scheme Booklet.	Section 1.2
Why might I consider voting against the Scheme?	Reasons why you may consider voting against the Scheme are detailed in Section 1.3 of this Scheme Booklet.	Section 1.3
What is the Independent Expert's conclusion?	The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Reject Shop Shareholders, in the absence of a superior proposal.	Schedule 1

2. Frequently asked questions Continued

QUESTION	ANSWER	MORE INFORMATION
Are there any Conditions to the Scheme?	Yes, these are summarised in Sections 4.4 and 9.1 of this Scheme Booklet and set out in full in clause 3.1 of the Scheme Implementation Agreement. As at the date of this Scheme Booklet, the Reject Shop Directors are not aware of any reason why any Condition will not be satisfied.	Sections 4.4 and 9.1
What is required for the Scheme to become Effective	In order to become Effective, the Scheme must be approved by: • the Requisite Majorities of Reject Shop Shareholders at the Scheme Meeting; and • the Court at the Second Court Hearing. Additionally, all of the other Conditions to the Scheme must be satisfied or waived (as applicable).	Section 4.7
When and where will the Scheme Meeting be held?	The Scheme Meeting will be held virtually at 2.30pm (AEST) on Monday, 23 June 2025 via https://meetings.openbriefing.com/TRS25. The Scheme Meeting may be postponed or adjourned, including if satisfaction of a Condition is delayed, pursuant to the terms of the Scheme Implementation Agreement. Any such postponement or adjournment will be announced by The Reject Shop to the ASX (www.asx.com.au).	Schedule 4
What will Reject Shop Shareholders be asked to vote on at the Scheme Meeting?	At the Scheme Meeting, Reject Shop Shareholders will be asked to vote on whether they approve the Scheme.	Schedule 4
Am I entitled to vote at the Scheme Meeting?	Each Reject Shop Shareholder who is registered on The Reject Shop Share Register at 2.30pm (AEST) on Saturday, 21 June 2025 is entitled to attend and vote at the Scheme Meeting.	Schedule 4
How can I vote if I can't attend the Scheme Meeting?	If you would like to vote but cannot attend the Scheme Meeting, you can vote by appointing a proxy, corporate representative or attorney to vote on your behalf.	Schedule 4
When will the results of the Scheme Meeting be known?	The results of the Scheme Meeting are expected to be available shortly after the conclusion of the meeting and will be announced to the ASX once available.	N/A
What happens if the Scheme is not approved at the Scheme Meeting, another Condition to the Scheme is not satisfied or waived or the Court does not approve the Scheme?	If the Scheme is not approved at the Scheme Meeting, another Condition to the Scheme is not satisfied or waived (where capable of waiver) or the Court does not approve the Scheme, then the Scheme will not be implemented. If the Scheme is not implemented, Reject Shop Shareholders will not receive the Transaction Consideration and will retain their Reject Shop Shares. In these circumstances, The Reject Shop will, in the absence of another proposal, continue to operate as a stand-alone company listed on the ASX.	Section 4.5

For personal use only

For personal use only

QUESTION	ANSWER	MORE INFORMATION
What happens to my Reject Shop Shares if I do not vote, or if I vote against the Scheme, and the Scheme becomes Effective and is implemented?	If you do not vote, or vote against the Scheme, and the Scheme becomes Effective, any Reject Shop Shares held by you on the Scheme Record Date (currently expected to be 7.00pm (AEST) on Tuesday, 15 July 2025) will be transferred to Dollarama International upon implementation of the Scheme and you will receive the Scheme Consideration for each such Reject Shop Share, notwithstanding that you did not vote or voted against the Scheme. Additionally, if determined to be paid by The Reject Shop Board, you will receive the Special Dividend for each Reject Shop Share you hold at 7.00pm (AEST) on the Special Dividend Record Date (currently expected to be Monday, 7 July 2025).	Section 4.7
When will the Scheme be implemented?	If the Scheme becomes Effective, the Scheme will be implemented on the Implementation Date which is currently expected to be Tuesday, 22 July 2025.	Section 4.7
SPECIAL DIVIDEND		
If the Special Dividend is paid, how is the Transaction Consideration affected?	As part of the Transaction, The Reject Shop Board currently intends to determine to pay a fully franked Special Dividend of up to $0.77 cash per Reject Shop Share before the implementation of the Scheme and subject to the Scheme becoming Effective. If this occurs, the Transaction Consideration of $6.68 per Reject Shop Share will be reduced by the amount of the Special Dividend. The Transaction Consideration will not be reduced by the fully franked interim dividend of $0.12 cash per Reject Shop Share, which was paid on 1 May 2025.	Section 4.2
When will the Special Dividend be paid?	If The Reject Shop Board determines to pay any Special Dividend, the Special Dividend will be paid on the Special Dividend Payment Date, currently intended to be Monday, 14 July 2025. In such circumstances, the Special Dividend will be paid in relation to each Reject Shop Share held by a Reject Shop Shareholder as at 7.00pm (AEST) on the Special Dividend Record Date, currently intended to be Monday, 7 July 2025. It is important to note that, if any Special Dividend is determined by The Reject Shop Board, Reject Shop Shareholders will only receive the Special Dividend if they hold Reject Shop Shares at the Special Dividend Record Date.	Section 4.2
When will I know if The Reject Shop Board has determined to pay the Special Dividend?	The decision on whether or not to determine to pay a Special Dividend will be made by The Reject Shop Board. Payment of any Special Dividend, as part of the Transaction, is subject to the Scheme becoming Effective and The Reject Shop receiving a draft class ruling from the ATO or other indicative confirmation from the ATO, in a form acceptable to The Reject Shop and Dollarama, in respect of the Special Dividend. Any Special Dividend will be communicated to Reject Shop Shareholders by way of an ASX announcement by Thursday, 19 June 2025.	Section 4.2
Will I receive the Special Dividend if the Scheme is not successful?	If the Scheme is not approved by the Requisite Majorities of Reject Shop Shareholders or the Court (or any other Condition is not satisfied), Reject Shop Shareholders will not receive any Special Dividend in respect of their Reject Shop Shares.	Section 4.5

2. Frequently asked questions Continued

For personal use only

QUESTION	ANSWER	MORE INFORMATION
OTHER QUESTIONS		
Can I sell my Reject Shop Shares now?	You can sell your Reject Shop Shares on market at any time before close of trading on the ASX on the Effective Date (currently expected to be Tuesday, 1 July 2025) at the then prevailing market price (which may vary from the value of the Transaction Consideration). If the Scheme becomes Effective, The Reject Shop intends to apply to the ASX for Reject Shop Shares to be suspended from trading on the ASX from close of trading on the Effective Date. You will not be able to sell your Reject Shop Shares on market after this date.	N/A
Is there a break fee or reverse break fee?	The Scheme Implementation Agreement provides for the payment by The Reject Shop of the Reject Shop Break Fee of approximately $2.6 million in certain circumstances, as well as the payment by Dollarama of the Dollarama Break Fee of approximately $2.6 million in certain other circumstances. The circumstances for the trigger of each of the Reject Shop Break Fee and Dollarama Break Fee are described in Section 9.1 of this Scheme Booklet.	Section 9.1
What are the tax implications of the Scheme?	The tax implications for Reject Shop Shareholders as at the Scheme Record Date if the Scheme is approved and implemented will depend on the specific tax circumstances of each such Reject Shop Shareholder. General information about the likely Australian tax consequences of the Scheme is set out in Section 7 of this Scheme Booklet. You should not rely on that information as advice for your own affairs. For information about your individual financial or tax circumstances, please consult your financial, legal, tax or other professional adviser.	Section 7
Where can I get further information regarding the Scheme?	For further information regarding the Scheme or this Scheme Booklet, you can call the Reject Shop Shareholder information line on 1300 420 709 (within Australia) or +61 1300 420 709 (outside Australia), Monday to Friday between 8.30am and 5.30pm (AEST) (excluding public holidays). For information about your individual financial or tax circumstances, please consult your financial, legal, tax or other professional adviser.	N/A

For personal use only

THE REJECT SHOP

Scheme Booklet

Section 3
How to vote

3. How to vote

For personal use only

3.1 STEP 1: READ THIS SCHEME BOOKLET

You should read this Scheme Booklet carefully in its entirety, including the reasons to vote in favour of or against the Scheme (as set out in Section 1 of this Scheme Booklet), before making any decision whether to vote in favour of or against the Scheme.

If you have any questions about this Scheme Booklet, the Scheme or the Transaction, please contact the Reject Shop Shareholder information line on 1300 420 709 (within Australia) or +61 1300 420 709 (outside Australia), Monday to Friday between 8.30am and 5.30pm (AEST) (excluding public holidays).

If you are in any doubt as to what you should do, please consult your broker or legal, financial, tax or other professional adviser.

3.2 STEP 2: VOTE ON THE SCHEME

Your vote is important

For the Scheme to proceed, it is necessary that sufficient Reject Shop Shareholders vote in favour of the Scheme.

Who is entitled to vote?

If you are registered as a Reject Shop Shareholder on The Reject Shop Share Register at 2.30pm (AEST) on Saturday, 21 June 2025, you will be entitled to attend and vote at the Scheme Meeting to be held at 2.30pm (AEST) on Monday, 23 June 2025 via https://meetings.openbriefing.com/TRS25.

Details of the Scheme Meeting

The Scheme Meeting is to be held virtually at 2.30pm (AEST) on Monday, 23 June 2025.

You will be entitled to attend and vote at the Scheme Meeting via https://meetings.openbriefing.com/TRS25.

Please refer to Schedule 4 of this Scheme Booklet for information on how to participate in, attend and vote at the Scheme Meeting.

How to vote

You may vote:

- **online**, by participating and voting online at the Scheme Meeting at https://meetings.openbriefing.com/TRS25;
- **by proxy**, by appointing one or two proxies to attend and vote on your behalf, using the proxy form that accompanies this Scheme Booklet. To be valid, your proxy form must be submitted by 2.30pm (AEST) on Saturday, 21 June 2025;
- **by attorney**, by appointing an attorney to attend and vote at the Scheme Meeting on your behalf, and providing a duly executed power of attorney to The Reject Shop Share Registry by 2.30pm (AEST) on Saturday, 21 June 2025; or
- **by corporate representative**, in the case of a body corporate, by appointing a corporate representative to attend the Scheme Meeting and vote on your behalf, and submitting a completed 'Certificate of Appointment as a Corporate Representative' form by email to support@cm.mpms.mufg.com by 2.30pm (AEST) on Saturday, 21 June 2025.

Please refer to the Notice of Scheme Meeting at Schedule 4 of this Scheme Booklet for details on how to vote at the Scheme Meeting.

3.3 TECHNICAL DIFFICULTIES

Technical difficulties may arise during the course of the Scheme Meeting. The chair of the Scheme Meeting has discretion as to whether and how the Scheme Meeting should proceed in the event that a technical difficulty arises. In exercising this discretion, the chair of the Scheme Meeting will have regard to the number of Reject Shop Shareholders impacted and the extent to which participation in the business of the meeting is affected. Where considered appropriate, the chair of the Scheme Meeting may continue to hold the Scheme Meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, Reject Shop Shareholders are encouraged to lodge a directed proxy by 2.30pm (AEST) on Saturday, 21 June 2025 even if they plan to attend the Scheme Meeting online. In the event of a technological failure that prevents Reject Shop Shareholders from having a reasonable opportunity to participate in the Scheme Meeting, The Reject Shop will provide an update on its website and the ASX to communicate the details of any postponement or adjournment of the Scheme Meeting to Reject Shop Shareholders.

For personal use only

THE REJECT SHOP

Scheme Booklet

Section 4 Overview of the Scheme

4. Overview of the Scheme

For personal use only

4.1 BACKGROUND

On 27 March 2025, The Reject Shop announced that it had entered into a Scheme Implementation Agreement with Dollarama under which Dollarama or its nominee will acquire 100% of the issued share capital of The Reject Shop by way of a scheme of arrangement, subject to the Conditions.

A summary of the key terms of the Scheme Implementation Agreement is set out in Section 9.1 of this Scheme Booklet. A copy of the full Scheme Implementation Agreement was attached to The Reject Shop's announcement to the ASX relating to the Scheme on 27 March 2025 and can be obtained from the ASX website at www.asx.com.au.

4.2 OVERVIEW OF THE TRANSACTION CONSIDERATION

Scheme Consideration

If the Scheme becomes Effective, Reject Shop Shareholders as at the Scheme Record Date will be entitled to receive the Scheme Consideration of $6.68 cash per Reject Shop Share held as at that date (as set out in The Reject Shop Share Register) less the cash value of any Special Dividend paid by The Reject Shop prior to the implementation of the Scheme.

Payment of the Scheme Consideration will be made as follows:

- for Reject Shop Shareholders who have nominated a valid bank account, the Scheme Consideration will be paid in the local currency of the nominated bank account; or
- for Reject Shop Shareholders who have not nominated a valid bank account, the Scheme Consideration will be sent by cheque in Australian dollars to the address recorded on The Reject Shop Share Register.

Special Dividend

Introduction

If the Scheme becomes Effective, as part of the Transaction, The Reject Shop Board intends to pay a fully franked Special Dividend of up to $0.77 cash per Reject Shop Share. The Special Dividend is expected to enable eligible Reject Shop Shareholders to benefit from franking credits of up to $0.33 per Reject Shop Share. In addition to the Scheme becoming Effective, the payment of any such Special Dividend is subject to The Reject Shop having received a draft class ruling from the ATO or other indicative confirmation from the ATO, in a form acceptable to The Reject Shop and Dollarama, in respect of the Special Dividend.

The final decision on whether or not to pay a Special Dividend will be made by The Reject Shop Board. Any Special Dividend will be communicated to Reject Shop Shareholders by way of an ASX announcement by Thursday, 19 June 2025. If the Scheme becomes Effective and if the Special Dividend is so determined, the Special Dividend would be paid before the Scheme Record Date in respect of each Reject Shop Share as at the Special Dividend Record Date.

The Scheme Consideration will be reduced by the cash amount of any Special Dividend, however, the overall amount of the Transaction Consideration will remain at $6.68 cash per Reject Shop Share.

Corporations Act requirements

Under section 254T of the Corporations Act, dividends may only be paid by a company if:

- the company's assets exceed its liabilities immediately before the dividend is determined and the excess is sufficient for the payment of the dividend;
- the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

In addition, section 260A of the Corporations Act enables a company to financially assist a person to acquire shares in the company or a holding company only if certain conditions are satisfied. Financial assistance of this kind would be permitted if the giving of assistance does not materially prejudice:

- the interests of the company;
- the interests of the company's shareholders; or
- the company's ability to pay its creditors.

The Corporations Act specifically contemplates that financial assistance (of the kind that is regulated under section 260A of the Corporations Act) may take the form of paying a dividend which may be given before the acquisition of shares. The Reject Shop Board only intends to determine to pay a Special Dividend if it can do so in compliance with section 260A of the Corporations Act.

For personal use only

The Reject Shop Board will determine (in its absolute discretion) whether to pay any Special Dividend after assessing the financial position of The Reject Shop and the expected impact on creditors. However, based on the information currently available, The Reject Shop Board expects it may be able to determine that paying a Special Dividend of up to $0.77 per Reject Shop Share is in the best interests of The Reject Shop and does not materially prejudice the interests of The Reject Shop or the Reject Shop Shareholders and does not materially prejudice The Reject Shop's ability to pay its creditors.

Announcement regarding the Special Dividend

The final decision on whether or not to pay a Special Dividend will be made by The Reject Shop Board by Thursday, 19 June 2025. Any Special Dividend will be communicated to Reject Shop Shareholders by way of an ASX announcement.

Impact of Special Dividend

If the maximum intended Special Dividend of $0.77 cash per Reject Shop Share is paid, the Transaction Consideration of $6.68 cash per Reject Shop Share as at the Scheme Record Date would comprise:

- the Scheme Consideration of $5.91 cash per Reject Shop Share, to be paid on the Implementation Date (currently expected to be Tuesday, 22 July 2025); and
- the Special Dividend of $0.77 cash per Reject Shop Share, to be paid on the Special Dividend Payment Date (currently intended to be Monday, 14 July 2025).

If determined to be paid, the Special Dividend should be fully franked, subject to having received a draft class ruling from the ATO or other indicative confirmation from the ATO, and the franking credits may represent additional value to those Reject Shop Shareholders who are able to realise a tax benefit from those franking credits and who are Reject Shop Shareholders on the Special Dividend Record Date.

If the maximum intended Special Dividend of $0.77 cash per Reject Shop Share is paid, Australian residents that are Reject Shop Shareholders on the Special Dividend Record Date and who are entitled to the franking credits attached to the Special Dividend may be entitled to an Australian tax offset of up to approximately $0.33 per Reject Shop Share.

Reject Shop Shareholders should seek independent tax advice in relation to their particular tax circumstances and the value of any franking credits, including as to whether or not the receipt of the Special Dividend and any entitlement to franking credits attached to it is beneficial based on their own particular circumstances.

4.3 INDEPENDENT EXPERT'S CONCLUSION

The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Reject Shop Shareholders, in the absence of a superior proposal.

The Independent Expert has assessed the value of a Reject Shop Share on a controlling interest basis to be in the range of $4.80 to $5.24 per Reject Shop Share. The Transaction Consideration of $6.68 cash per Reject Shop Share exceeds the Independent Expert's assessed value range for a Reject Shop Share. The reasons why the Independent Expert reached this conclusion are set out in the Independent Expert's Report, a copy of which is included in Schedule 1 of this Scheme Booklet.

4.4 CONDITIONS OF THE SCHEME

Implementation of the Scheme is subject to certain Conditions being satisfied or waived in accordance with the Scheme Implementation Agreement. These Conditions are summarised in Section 9.1 of this Scheme Booklet and set out in full in clause 3.1 of the Scheme Implementation Agreement.

As at the Last Practicable Date, the Reject Shop Directors are not aware of any circumstances which would cause any of the Conditions to not be satisfied in accordance with the Scheme Implementation Agreement.

4.5 IF THE SCHEME DOES NOT BECOME EFFECTIVE

If the Scheme is not implemented:

- unless Reject Shop Shareholders choose to sell their Reject Shop Shares, for example on the ASX, Reject Shop Shareholders will continue to hold Reject Shop Shares and will be exposed to general risks and risks specific to The Reject Shop, including those set out in Section 8 of this Scheme Booklet, and potential future benefits in retaining exposure to The Reject Shop;
- Reject Shop Shareholders will not receive the Transaction Consideration;
- The Reject Shop will continue to be listed on the ASX and Reject Shop Shareholders will continue to be exposed to movements in the Reject Shop Share price on the ASX;

For personal use only

- under certain circumstances, the Reject Shop Break Fee of approximately $2.6 million may be payable by The Reject Shop to Dollarama. Those circumstances, which are described in Section 9.1 of this Scheme Booklet, do not include the failure by Reject Shop Shareholders to approve the Scheme at the Scheme Meeting;
- Reject Shop Shares will not be transferred to Dollarama International and will be retained by Reject Shop Shareholders;
- Reject Shop Shareholders will continue to be exposed to the benefits and risks associated with an investment in The Reject Shop as a stand-alone entity listed on the ASX; and
- the price of Reject Shop Shares on the ASX will continue to be subject to market volatility and may fall in the absence of a superior proposal.

Prior to the Scheme Meeting, transaction costs will have been incurred, or will be committed, by The Reject Shop in relation to the Scheme, as detailed in Section 9.4 of this Scheme Booklet. Those transaction costs have either already been paid, or will be payable, by The Reject Shop regardless of whether or not the Scheme is implemented. If the Scheme proceeds, additional costs will be incurred.

4.6 YOUR CHOICES AS A REJECT SHOP SHAREHOLDER

As a Reject Shop Shareholder, you have the following three choices available to you:

Option 1 – Vote at the Scheme Meeting	You can vote at the Scheme Meeting online or by proxy, power of attorney or, in the case of corporations who are Reject Shop Shareholders, corporate representative in respect of some or all of your Reject Shop Shares. Details of how to vote at the Scheme Meeting are set out in Section 3 of this Scheme Booklet. You may vote in favour of, or against, the Scheme. You may also abstain from voting on the Scheme. If you abstain from voting, your votes will not be counted in calculating the Requisite Majorities. If you vote against the Scheme or abstain from voting on the Scheme and the Scheme is approved and becomes Effective, then any Reject Shop Shares you hold on the Scheme Record Date will be transferred to Dollarama International and you will receive the Scheme Consideration for each such Reject Shop Share. Additionally, if determined to be paid by The Reject Shop Board, you will receive the Special Dividend for each Reject Shop Share you hold at 7.00pm (AEST) on the Special Dividend Record Date (currently expected to be Monday, 7 July 2025).
Option 2 – Sell your Reject Shop Shares on the ASX	You can sell your Reject Shop Shares on the ASX at any time before close of trading on the Effective Date (currently expected to be Tuesday, 1 July 2025) at the then prevailing market price (which may vary from the value of the Transaction Consideration). If the Scheme becomes Effective, it is expected that Reject Shop Shares will be suspended from trading on the ASX at the close of trading on the Effective Date. If you sell your Reject Shop Shares on the ASX and you are no longer registered on The Reject Shop Share Register on the: • Special Dividend Record Date (currently intended to be 7.00pm (AEST) on Monday, 7 July 2025), you will not be entitled to receive the Special Dividend; or • Scheme Record Date (currently expected to be 7.00pm (AEST) on Tuesday, 15 July 2025), you will not be entitled to receive the Scheme Consideration. If you sell Reject Shop Shares on the ASX and are no longer registered on The Reject Shop Share Register on the dates set out above, you may incur brokerage costs, you will not receive the Transaction Consideration and there may be different tax consequences compared to those that would arise if you retain those shares until the Scheme is implemented.
Option 3 – Do nothing	If you do not wish to vote for or against the Scheme, or to sell your Reject Shop Shares on the ASX, you may choose to do nothing. If you do nothing and the Scheme is approved by Reject Shop Shareholders and becomes Effective, then the Reject Shop Shares you hold on the Scheme Record Date (as set out in The Reject Shop Share Register) will be transferred to Dollarama International and you will receive the Scheme Consideration for each such Reject Shop Share. Additionally, if determined to be paid by The Reject Shop Board, you will receive the Special Dividend for each Reject Shop Share you hold at 7.00pm (AEST) on the Special Dividend Record Date (currently expected to be Monday, 7 July 2025). If you do nothing and the Scheme is not approved, The Reject Shop will continue to be listed on the ASX and you will continue to be exposed to movements in the Reject Shop Share price on the ASX.

For personal use only

4.7 TRANSACTION PROCEDURE

Scheme approval requirements

The Scheme will only become Effective and be implemented if:

- it is approved by the Requisite Majorities of Reject Shop Shareholders at the Scheme Meeting to be held at 2.30pm (AEST) on Monday, 23 June 2025;
- the Conditions in relation to the Scheme outlined in Section 9.1 of this Scheme Booklet are satisfied or waived (as appropriate); and
- it is approved by the Court at the Second Court Hearing.

The Requisite Majorities of Reject Shop Shareholders to approve the Scheme are:

- unless the Court orders otherwise, a majority in number (more than 50%) of Reject Shop Shareholders present and voting at the Scheme Meeting (including by proxy, by attorney or, in the case of corporate Reject Shop Shareholders, by corporate representative); and
- at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Reject Shop Shareholders present and voting at the Scheme Meeting (including by proxy, by attorney or, in the case of corporate Reject Shop Shareholders, by corporate representative).

The entitlement of Reject Shop Shareholders as at the Scheme Record Date to attend and vote at the Scheme Meeting is set out in the Notice of Scheme Meeting in Schedule 4 of this Scheme Booklet.

Voting is not compulsory. However, The Reject Shop Board unanimously recommends that Reject Shop Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Reject Shop Shareholders and not subsequently changing that conclusion to be that the Scheme is not in the best interests of Reject Shop Shareholders.

Reject Shop Shareholders should be aware that even if they do not vote, or if they vote against the Scheme, the Scheme may still be implemented if (amongst other things) it is approved by the Requisite Majorities of Reject Shop Shareholders and the Court. If the Scheme is implemented, all Reject Shop Shares as at the Scheme Record Date will be transferred to Dollarama International and Reject Shop Shareholders will receive the Scheme Consideration for each such Reject Shop Share. Additionally, if determined to be paid by The Reject Shop Board, Reject Shop Shareholders will receive the Special Dividend for each Reject Shop Share they hold at 7.00pm (AEST) on the Special Dividend Record Date (currently expected to be 7 July 2025).

The results of the Scheme Meeting will be available shortly after the conclusion of the Scheme Meeting and will be announced to the ASX (www.asx.com.au) once available.

Scheme Meeting and how to vote

The Court has ordered The Reject Shop to convene the Scheme Meeting at which Reject Shop Shareholders will be asked to approve the Scheme.

The terms of the Scheme Resolution to be considered at the Scheme Meeting are contained in the Notice of Scheme Meeting in Schedule 4 of this Scheme Booklet.

The fact that the Court has ordered that the Scheme Meeting be convened by The Reject Shop for Reject Shop Shareholders to consider and vote on the Scheme and directed that an explanatory statement accompany the Notice of Scheme Meeting does not mean that the Court has prepared, or is responsible for the content of, this Scheme Booklet or has formed any view as to the merits of the Scheme or as to how Reject Shop Shareholders should vote. On these matters, Reject Shop Shareholders must reach their own decision.

Attendance at Scheme Meeting

The entitlement of Reject Shop Shareholders to attend and vote at the Scheme Meeting is set out in the Notice of Scheme Meeting in Schedule 4 of this Scheme Booklet.

Instructions on how to attend and vote online at the Scheme Meeting to be held at 2.30pm (AEST) on Monday, 23 June 2025 (online, by proxy, or through an attorney or corporate representative) are set out in the Notice of Scheme Meeting in Schedule 4 of this Scheme Booklet.

Voting is not compulsory. However, The Reject Shop Board unanimously recommends that Reject Shop Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Reject Shop Shareholders and not subsequently changing that conclusion to be that the Scheme is not in the best interests of Reject Shop Shareholders. In noting the recommendation of The Reject Shop Board, Reject Shop Shareholders should also be mindful of the interests of the Reject Shop Directors as described in Section 5.5 of this Scheme Booklet.

The results of the Scheme Meeting will be available shortly after the conclusion of the Scheme Meeting and will be announced to the ASX (www.asx.com.au) once available.

4. Overview of the Scheme Continued

For personal use only

Court approval of the Scheme

In the event that:

- the Scheme is approved by the Requisite Majorities of Reject Shop Shareholders at the Scheme Meeting (refer to Section 4.7 of this Scheme Booklet) for the Scheme approval requirements; and
- all Conditions (except Court approval of the Scheme) have been satisfied or waived (if they are capable of being waived),

then The Reject Shop will apply to the Court for orders approving the Scheme.

Reject Shop Shareholders may appear at the Second Court Hearing. Any Reject Shop Shareholder who wishes to oppose the approval of the Scheme at the Second Court Hearing may do so by filing with the Court, and serving on The Reject Shop, a notice of appearance in the prescribed form together with any affidavit the Reject Shop Shareholder intends to rely upon at the hearing. Dial in details for the Second Court Hearing will be made available to any Reject Shop Shareholder who indicates an intention to appear in this matter. The notice of appearance and affidavit must be served on The Reject Shop at its address for service at least one day before the Second Court Date.

The Reject Shop's address for service is: C/- SBA Law, Level 3, 535 Bourke Street, Melbourne VIC 3000.

Effective Date

If the Court approves the Scheme, the Scheme will become Effective on the Effective Date, being the date an office copy of the Court order from the Second Court Hearing approving the Scheme is lodged with ASIC. The Reject Shop will, on the Scheme becoming Effective, give notice of that event to the ASX.

The Reject Shop intends to apply to the ASX for Reject Shop Shares to be suspended from trading on the ASX from close of trading on the Effective Date.

Scheme Record Date and dealings in Reject Shop Shares

Those Reject Shop Shareholders on The Reject Shop Share Register on the Scheme Record Date (currently expected to be 7.00pm (AEST) on Tuesday, 15 July 2025) will be entitled to receive the Scheme Consideration in respect of the Reject Shop Shares they hold at that time.

For the purpose of determining which Reject Shop Shareholders are eligible to participate in the Scheme, dealings in Reject Shop Shares will be recognised only if:

- in the case of dealings of the type to be effected using CHESS, the transferee is registered on The Reject Shop Share Register as the holder of the relevant Reject Shop Shares as at the Scheme Record Date; and
- in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received by The Reject Shop Share Registry on or before 5.00pm (AEST) on the day on which the Scheme Record Date occurs.

The Reject Shop will not accept for registration or recognise for any purpose any transmission applications or transfers in respect of Reject Shop Shares received after 5.00pm (AEST) on the day on which the Scheme Record Date occurs or received prior to that time, but not in registrable form, other than a transfer to Dollarama International in accordance with the Scheme and any subsequent transfer by Dollarama International, or its successors in title.

If the Scheme becomes Effective, a holder of Reject Shop Shares (and any person claiming through that holder) must not dispose of or purport to agree to dispose of any Reject Shop Shares or any interest in them after the Scheme Record Date other than in accordance with the Scheme, and any such disposal will be void and of no legal effect whatsoever.

For the purpose of determining entitlements to the Scheme Consideration, The Reject Shop will, until such consideration has been provided, maintain The Reject Shop Share Register in accordance with the Scheme and The Reject Shop Share Register in this form will solely determine entitlements to such consideration.

All certificates and holding statements for Reject Shop Shares as at the Scheme Record Date (other than holding statements in favour of Dollarama International and its successors in title after the Implementation Date) will cease to have any effect from the Scheme Record Date as documents of title in respect of those Reject Shop Shares. Subject to provision of the Scheme Consideration by Dollarama International and registration of the transfer to Dollarama International of those Reject Shop Shares, after the Scheme Record Date, each entry current at that date on The Reject Shop Share Register relating to Reject Shop Shares will cease to be of any effect other than as evidence of entitlement to the relevant consideration in respect of the Reject Shop Shares relating to that entry.

Special Dividend Record Date and entitlement to Special Dividend (if applicable)

If The Reject Shop Board determines to pay any Special Dividend, those Reject Shop Shareholders who are recorded on The Reject Shop Share Register at 7.00pm (AEST) on the Special Dividend Record Date (currently intended to be Monday, 7 July 2025) will be entitled to receive the Special Dividend on the Special Dividend Payment Date (currently intended to be Monday, 14 July 2025).

For personal use only

Implementation Date

By no later than the Business Day before the Implementation Date, Dollarama International must deposit (or procure the deposit of), in cleared funds, an amount equal to the Aggregate Scheme Consideration (net of any Foreign Resident CGT Withholding Amount that Dollarama or Dollarama International is required to pay to the Commissioner of Taxation in respect of the acquisition of Reject Shop Shares from certain Reject Shop Shareholders, as referred to in Section 7.5 of this Scheme Booklet) into an Australian dollar denominated trust account operated by The Reject Shop for the benefit of Reject Shop Shareholders as at the Scheme Record Date.

On the Implementation Date (currently expected to be Tuesday, 22 July 2025), subject to funds having been so deposited, Reject Shop Shareholders as at the Scheme Record Date will be sent the Scheme Consideration. Subject to Dollarama International providing such consideration in accordance with the Scheme, Reject Shop Shares as at the Scheme Record Date will be transferred to Dollarama International.

Deed Poll

As at the date of this Scheme Booklet, a Deed Poll has been executed by Dollarama and Dollarama International under which each of them undertakes in favour of each Reject Shop Shareholder as at the Scheme Record Date to:

- provide the Scheme Consideration to each such Reject Shop Shareholder in accordance with the terms of the Scheme, subject to the Scheme becoming Effective; and
- undertake all other actions attributed to them and give each acknowledgement, representation and warranty (if any) under the Scheme.

A copy of the Deed Poll is contained in Schedule 3 of this Scheme Booklet.

4.8 TAX IMPLICATIONS

A general guide to the tax consequences for Reject Shop Shareholders who dispose of their Reject Shop Shares in accordance with the Scheme is set out in Section 7 of this Scheme Booklet. This guide is expressed in general terms only and does not purport to be a complete analysis or to identify all the potential tax consequences of the Scheme. Reject Shop Shareholders should seek professional tax advice regarding the tax consequences applicable to their own circumstances.

4.9 WARRANTIES BY REJECT SHOP SHAREHOLDERS AS AT THE SCHEME RECORD DATE

The Scheme provides that each Reject Shop Shareholder as at the Scheme Record Date is deemed to have warranted to The Reject Shop, Dollarama and Dollarama International on the Implementation Date, and appointed and authorised The Reject Shop as its attorney and agent to warrant to Dollarama and Dollarama International on the Implementation Date, that:

- all of that Reject Shop Shareholder's Reject Shop Shares (including any rights and entitlements attaching to those shares) which are transferred under the Scheme will, at the date of transfer, be fully paid and free from all mortgages, pledges, charges, liens, encumbrances, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise and restrictions on transfer of any kind;
- that Reject Shop Shareholder has full power and capacity to transfer its Reject Shop Shares under the Scheme, including any rights and entitlements attaching to those shares; and
- that Reject Shop Shareholder holds no Reject Shop Shares other than those which it holds on the Scheme Record Date (as set out in The Reject Shop Share Register) and has no existing right to be issued any Reject Shop Shares, performance rights (being rights to Reject Shop Shares issued under employee incentive arrangements) or any other Reject Shop equity securities.

4.10 DELISTING OF THE REJECT SHOP

If the Court approves the Scheme, The Reject Shop will notify the ASX. It is expected that suspension of trading in Reject Shop Shares on the ASX will occur at the close of trading on the ASX on the Effective Date.

If the Court approves the Scheme and the Scheme is implemented, The Reject Shop will apply for termination of the official quotation of Reject Shop Shares on the ASX and the removal of The Reject Shop from the ASX's Official List after the Implementation Date.

For personal use only

THE REJECT SHOP

Scheme Booklet

Section 5 Information about The Reject Shop

5. Information about The Reject Shop

For personal use only

5.1 INTRODUCTION

Founded in 1981, The Reject Shop is Australia's largest discount variety retailer. The Reject Shop's purpose is to help all Australians save money every day by offering customers low prices on household essentials as well as unique and exciting products at compelling value for every event and occasion.

The Reject Shop's store network comprises more than 390 stores located in every Australian State and Territory (except the Northern Territory) across metropolitan and regional areas. The Reject Shop's expansive store network continues to be one of its key operational strengths, providing customers with convenient access to The Reject Shop's offering. The Reject Shop currently employs over 5,000 team members across its stores, distribution centres and Melbourne-based corporate head office.

The Reject Shop is a public company and has been listed on the ASX since 2004, currently under the trading symbol "TRS".

5.2 COMPANY HISTORY

DATE	HISTORY
1981	The Reject Shop founders, Ron Hall and John Shuster, opened the first store – located in South Yarra, Melbourne
2004	The Reject Shop listed on the ASX
2018 – 2019	Allensford Pty Ltd made an on-market, unconditional cash takeover offer for The Reject Shop. On closing of the offer, Allensford Pty Ltd (and Kin Group Pty Ltd via a Relevant Interest) held approximately 19.0% of ordinary shares on issue in The Reject Shop (The interest of Kin Group Pty Ltd in Reject Shop Shares is now held via its wholly-owned subsidiary, Bennamon Pty Ltd)
2023 – 2024	The Reject Shop developed and launched a new merchandise strategy – launched new homewares range, grew seasonal events with more variety at lower price points, refreshed core ranges and improved product presentation standards, and improved breadth and availability of household essentials
27 March 2025	The Reject Shop announced it had entered into a binding Scheme Implementation Agreement with Dollarama

5.3 BUSINESS OVERVIEW

Overview of operations

The Reject Shop is Australia's largest discount variety retailer, offering value-focused customers a range of brands across a broad offering of everyday essential consumables and general merchandise products. The Reject Shop's diverse product range is offered at affordable price points, aiming to help Australians save money every day. Examples of core product types sold across The Reject Shop's store network include:

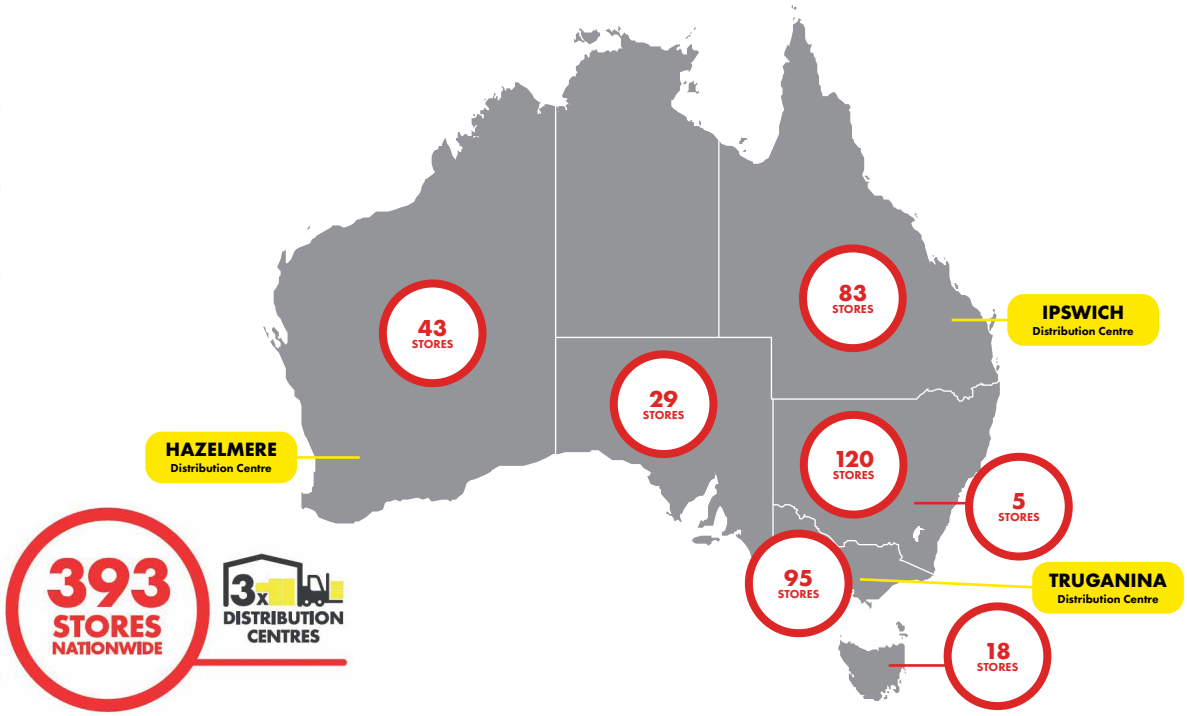
- cleaning products;
- confectionery and snack foods;
- garden;
- gift cards and wrap;
- homewares;
- party supplies;
- pet products;
- seasonal products (Christmas, Easter, Halloween);
- stationery and craft;
- toiletries; and
- toys.

5. Information about The Reject Shop Continued

The Reject Shop sources consumables and general merchandise products from a range of local and international suppliers. General merchandise products are typically higher margin compared to consumables.

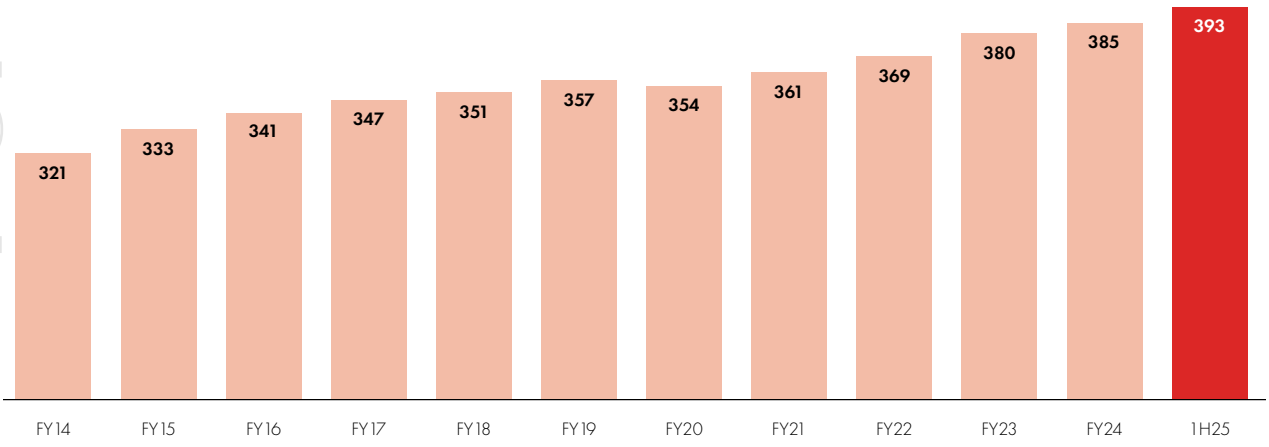
The Reject Shop offers this broad value-focused product range across its expansive network of more than 390 stores, with stores located in every Australian State and Territory (except the Northern Territory) across both metropolitan and regional areas. The Reject Shop leases all of its stores through a diverse range of landlords.

Store and distribution network as at 29 December 2024



The Reject Shop remains focused on expanding its store footprint across Australia. Over the last decade, The Reject Shop has significantly expanded its store network, adding more than 70 stores to The Reject Shop's store footprint from June 2014 to December 2024 (inclusive of new stores and closures). Seven new stores are expected to open during the second half of FY25. Beyond FY25, there is currently a pipeline of approximately 20 new stores.

Store count over time (FY14 – 1H25)



Note: FY14-FY24 per June year-end investor presentations, 1H25 per December half-year-end investor presentations

For personal use only

For personal use only

The Reject Shop leases three distribution centres across Australia which are strategically located across the country:

	IPSWICH	HAZELMERE	TRUGANINA
State	Queensland	Western Australia	Victoria
Lease expiry	February 2030[13]	August 2029	November 2031
Size (GLA m²)	c.27,000	c.18,000	c.38,000

Across its store network, distribution centres and corporate head office, The Reject Shop employs over 5,000 team members.

The Reject Shop's strategy

Over the last decade, The Reject Shop has aimed to be a destination for household essentials in addition to offering unique and exciting value products for every occasion. In FY23, The Reject Shop established a new executive leadership team with a refreshed strategy, primarily focused on developing a new merchandise offering. The new strategy prioritises offering customers consistently low prices on branded household essentials, as well as enhanced variety at compelling price points across the general merchandise and seasonal product offerings. The changes to the merchandise strategy included:

- launching a new homewares range, which offers customers a rotation of new and exciting high quality products at amazing value;
- growing seasonal events (including Christmas, Easter and Halloween) by offering customers more variety at compelling price points;
- refreshing core ranges and improving the way product is presented to customers in stores; and
- improving the breadth and availability of the branded low-priced household essentials range to help customers save money every day.

FY24 was the first full year of the new merchandise strategy, which assisted in driving increased customer transactions and comparable store growth during the year. Throughout FY25, the executive leadership team has remained focused on delivering its merchandise strategy, improving gross margin and expanding its store network.

As The Reject Shop continues to grow and successfully implement these strategic initiatives, the focus from the executive leadership team will be to explore and invest in strategic projects across the business, particularly in supply chain and technology, to minimise risk and enable efficiencies and growth.

Summary financials

For the year ended 30 June 2024 (FY24), The Reject Shop generated sales of $852.7m, pre-AASB 16 EBITDA of $17.6m ($123.0m on a post-AASB 16 basis) and pre-AASB 16 EBIT of $5.4m ($13.8m on a post-AASB 16 basis)[14,15].

For the financial half year ended 29 December 2024 (1H25), The Reject Shop generated sales of $471.7m, pre-AASB 16 EBITDA of $29.1m ($82.5m on a post-AASB 16 basis) and pre-AASB 16 EBIT of $22.6m ($26.9m on a post-AASB 16 basis)[14,15].

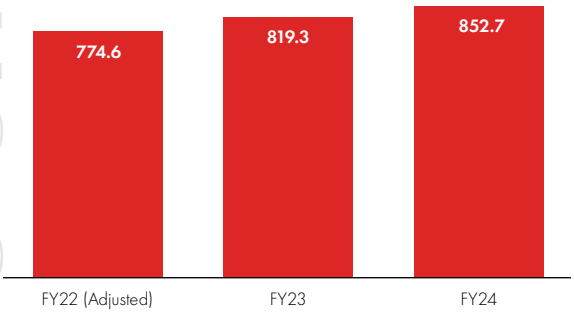
The Reject Shop typically generates a higher proportion of sales, and the majority of its profit, in the first half of the financial year, which includes the Christmas trading period.

13. Option to surrender the lease from August 2027.
14. EBITDA and EBIT are non-IFRS measures and have not been audited or reviewed by The Reject Shop's external auditor.
15. Pre-AASB 16 results have not been audited or reviewed by The Reject Shop's external auditor. Pre-AASB 16 occupancy costs (included in EBITDA and EBIT) have been estimated using cash occupancy costs and include amortised incentive payments received from landlords.

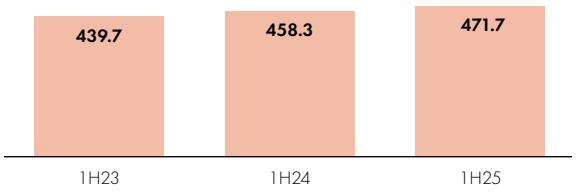
5. Information about The Reject Shop Continued

For personal use only

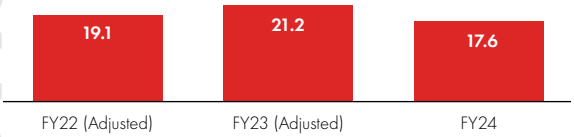
Historical sales revenue
($m, full-year basis)



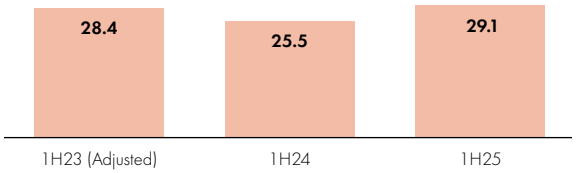
Historical sales revenue
($m, half-year basis)



Historical EBITDA – pre-AASB 16
($m, full-year basis)



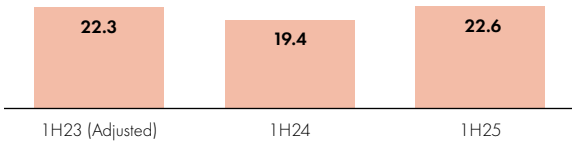
Historical EBITDA – pre-AASB 16
($m, half-year basis)



Historical EBIT – pre-AASB 16
($m, full-year basis)



Historical EBIT – pre-AASB 16
($m, half-year basis)



Notes to financials presented above

1. EBITDA and EBIT are non-IFRS measures and have not been audited or reviewed by The Reject Shop's external auditor.
2. Pre-AASB 16 results have not been audited or reviewed by The Reject Shop's external auditor. Pre-AASB 16 occupancy costs (included in EBITDA and EBIT) have been estimated using cash occupancy costs and include amortised incentive payments received from landlords.
3. FY23 adjusted EBITDA and EBIT exclude approximately $4.2m of non-recurring pre-tax income from insurance claims relating to stores that were flood damaged during FY22 and FY23.
4. 1H23 adjusted EBITDA and EBIT exclude approximately $0.9m of non-recurring pre-tax income from insurance claims relating to stores that were flood damaged during FY22.
5. The Reject Shop normalised its FY22 results, which were based on a 53-week period, to exclude the impact of the 53rd week as this more accurately reflects the underlying financial performance of the business and allows for comparison with the FY23 and FY24 financial results as well as prior year results, which are based on a 52-week period. FY22 results, reported on a 52-week period basis, have not been audited or reviewed by The Reject Shop's external auditor.

For personal use only

A summary of the financial performance (on both a pre-and-post-AASB 16 basis) and reconciliation to net profit after tax for the financial years ended 30 June 2024 (FY24) and 2 July 2023 (FY23), and the financial half year ended 29 December 2024 (1H25) is set out in the table below.

	POST-AASB 16 (A$m)			PRE-AASB 16 (A$m)		
	1H25	FY24	FY23 (Adj.)	1H25	FY24	FY23 (Adj.)
Sales revenue	**471.7**	**852.7**	**819.3**	**471.7**	**852.7**	**819.3**
Gross Profit	**200.4**	**347.4**	**331.1**	**196.3**	**339.0**	**323.0**
CODB	(117.9)	(224.4)	(207.5)	(167.3)	(321.4)	(301.8)
EBITDA	**82.5**	**123.0**	**123.6**	**29.1**	**17.6**	**21.2**
Depreciation	(55.6)	(109.2)	(107.0)	(6.5)	(12.3)	(12.1)
EBIT	**26.9**	**13.8**	**16.6**	**22.6**	**5.4**	**9.1**
Interest	(4.2)	(6.5)	(6.2)	0.8	2.2	1.6
Profit Before Tax	**22.7**	**7.3**	**10.4**	**23.4**	**7.5**	**10.7**
Tax	(6.8)	(2.6)	(3.1)	(7.0)	(2.7)	(3.1)
Net Profit After Tax	**15.9**	**4.7**	**7.4**	**16.4**	**4.8**	**7.5**

Notes:

1. Gross Profit, CODB, EBITDA, EBIT and Interest are non-IFRS measures and have not been audited or reviewed by The Reject Shop's external auditor.
2. Pre-AASB 16 results have not been audited or reviewed by The Reject Shop's external auditor. Pre-AASB 16 occupancy costs (included in CODB) have been estimated using cash occupancy costs and include amortised incentive payments received from landlords.
3. FY23 adjusted Gross Profit, EBITDA, EBIT, Profit Before Tax, Tax and NPAT exclude approximately $4.2m of non-recurring pre-tax income from insurance claims relating to stores that were flood damaged during FY22 and FY23.

5.4 THE REJECT SHOP BOARD AND EXECUTIVE LEADERSHIP TEAM

The Reject Shop Board

As at the date of this Scheme Booklet, The Reject Shop Board comprises the following directors:

NAME	POSITION
Steven Fisher	Independent Non-executive Chair
David Grant	Independent Non-executive Director
Nicholas Perkins	Non-independent Non-executive Director
Margaret Zabel	Independent Non-executive Director

For personal use only

The Reject Shop's executive leadership team

As at the date of this Scheme Booklet, The Reject Shop's executive leadership team comprises the following members:

NAME	POSITION
Clinton Cahn	Chief Executive Officer
Amy Eshuys	Chief Operating Officer
Andrew Woolf	Chief Financial Officer
Patrick Myers	Chief Commercial Officer
Lauren Harris	General Counsel & Company Secretary
David Newett	Chief Information Officer
Hamish Briggs	General Manager, Operations
Natasha Reeve	General Manager, People and Culture
Paul Rose	General Manager, Property
John Bacon	General Manager, Supply Chain
Andrew Stein	Chief Customer Officer

5.5 INTERESTS OF REJECT SHOP DIRECTORS IN REJECT SHOP SHARES

Interests of Reject Shop Directors in Reject Shop Shares

As at the Last Practicable Date, the Reject Shop Directors had Relevant Interests in the following number of Reject Shop Shares:

NAME	NUMBER OF REJECT SHOP SHARES
Steven Fisher	144,039
David Grant	27,000
Nicholas Perkins	55,866
Margaret Zabel	15,000

Reject Shop Directors who hold Reject Shop Shares will be entitled to vote at the Scheme Meeting in respect of Reject Shop Shares they hold and receive the Transaction Consideration along with other Reject Shop Shareholders as at the Scheme Record Date.

Each Reject Shop Director intends to vote all Reject Shop Shares held or controlled by them in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Reject Shop Shareholders and not subsequently changing that conclusion to be that the Scheme is not in the best interests of Reject Shop Shareholders.

Dealings of Reject Shop Directors in Reject Shop Shares

No Reject Shop Director has acquired or disposed of a Relevant Interest in any Reject Shop Shares in the four-month period ending on the date immediately prior to the date of this Scheme Booklet.

For personal use only

5.6 DEEDS OF INDEMNITY, ACCESS AND INSURANCE

The Reject Shop has entered into deeds of indemnity, access and insurance with directors and officers of The Reject Shop, on customary terms (**D&O Deeds**). The D&O Deeds include terms that provide for The Reject Shop to, to the extent permitted by law, indemnify each of its directors and officers against any liability incurred by such persons in their capacity as a director or officer of The Reject Shop.

The Reject Shop also pays a premium in respect of a directors and officers insurance policy for the benefit of the directors and officers of The Reject Shop. The Scheme Implementation Agreement permits The Reject Shop to, prior to the Effective Date, enter into directors' and officers' run-off insurance cover for directors and officers of The Reject Shop for a period of 7 years from the date that such director or officer has ceased to hold office.

5.7 OTHER INTERESTS AND BENEFITS OF REJECT SHOP DIRECTORS

- No marketable securities of Dollarama or Dollarama International are held by or on behalf of any Reject Shop Director.
- No Reject Shop Director has any interest in any contract entered into by Dollarama or Dollarama International.
- There are no:

  (i) payments or other benefits proposed to be made or given to any director, secretary or senior manager of The Reject Shop (or its Related Entities) as compensation for the loss of, or consideration for or in connection with his or her retirement from, office in The Reject Shop (or its Related Entities) in connection with, or as a consequence of, the Scheme; or

  (ii) other agreements or arrangements made between a Reject Shop Director and any other person in connection with, or conditional on, the outcome of the Scheme.

5.8 CAPITAL STRUCTURE

As at the Last Practicable Date, the capital structure of The Reject Shop was:

TYPE OF SECURITY	NUMBER ON ISSUE
The Reject Shop ordinary shares	37,365,917
The Reject Shop performance rights	1,826,500[16]

5.9 SUBSTANTIAL HOLDERS IN REJECT SHOP SHARES

As extracted from filings released to the ASX, or as otherwise known to The Reject Shop, on or before the Last Practicable Date the following persons were substantial holders of Reject Shop Shares:

SUBSTANTIAL HOLDER	NUMBER OF REJECT SHOP SHARES	VOTING POWER IN THE REJECT SHOP
Bennamon Pty Ltd, a wholly-owned subsidiary of Kin Group Pty Ltd	7,751,495	20.7%
Bennelong Funds Management Group Pty Ltd and its subsidiaries and affiliates listed in Annexure A of the Form 604 released to the ASX on 2 May 2025	3,265,940	8.7%
Harvest Lane Asset Management Pty Ltd as set out in the Form 603 released to the ASX on 16 April 2025	1,884,371	5.0%

16. Under the Transaction, fully diluted shares outstanding will include 1,439,400 Vesting Performance Rights and exclude 387,100 Lapsing Performance Rights.

5. Information about The Reject Shop Continued

For personal use only

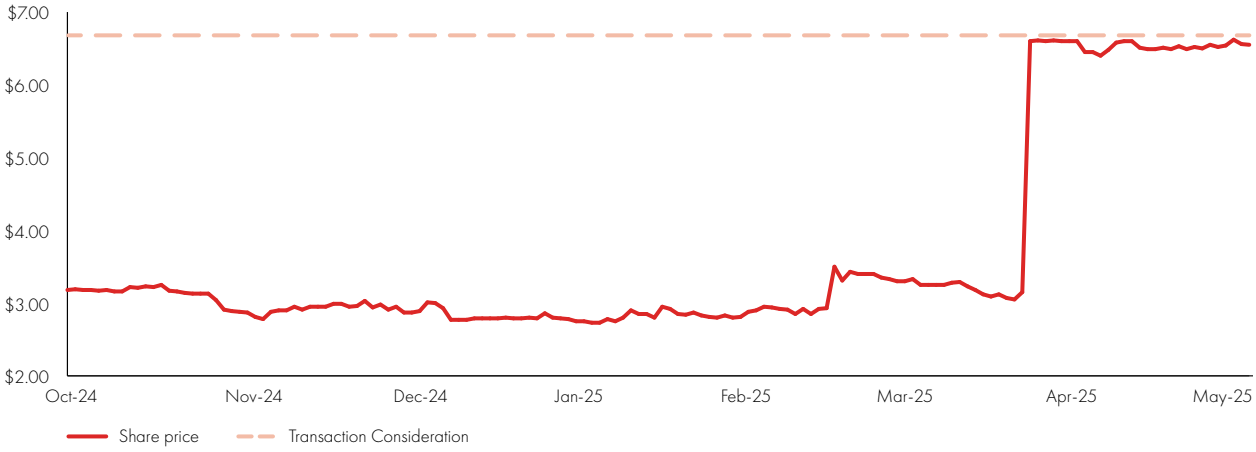
5.10 REJECT SHOP SHARE PRICE HISTORY

On 26 March 2025, being the last trading day prior to announcement of the Scheme Implementation Agreement:

- the closing price of Reject Shop Shares on the ASX was $3.15 per Reject Shop Share;
- the highest recorded daily closing price for Reject Shop Shares on the ASX in the previous three months was $3.65 per Reject Shop Share on 21 February 2025; and
- the lowest recorded daily closing price for Reject Shop Shares on the ASX in the previous three months was $2.73 per Reject Shop Share on 13 January 2025.

As at 9 May 2025, being the Last Practicable Date:

- the closing price of Reject Shop Shares on the ASX was $6.55 per Reject Shop Share;
- the highest recorded daily closing price for Reject Shop Shares on the ASX in the previous three months was $6.62 per Reject Shop Share on 7 May 2025; and
- the lowest recorded daily closing price for Reject Shop Shares on the ASX in the previous three months was $2.85 per Reject Shop Share on both 13 and 17 February 2025.



5.11 HISTORICAL FINANCIAL INFORMATION

Basis of preparation

This Section sets out a summary of historical financial information in relation to The Reject Shop for the purpose of this Scheme Booklet. The financial information has been derived from The Reject Shop's financial statements for the financial years ended 2 July 2023 (FY23) and 30 June 2024 (FY24) which were audited, and the financial half-year ended 29 December 2024 (1H25) which was reviewed, by The Reject Shop's external auditor.

The historical financial information of The Reject Shop is presented in an abbreviated form and does not contain all the disclosures, presentation, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act. The Reject Shop considers that, for the purposes of this Scheme Booklet, the historical financial information presented in an abbreviated form is more meaningful to Reject Shop Shareholders.

Further detail on The Reject Shop's financial performance can be found in:

- the financial statements for the year ended 2 July 2023 (included in the Annual Report released to the ASX on 24 August 2023);
- the financial statements for the year ended 30 June 2024 (included in the Annual Report released to the ASX on 22 August 2024); and
- the financial statements for the half-year ended 29 December 2024 (included in the Half Year Results released to the ASX on 20 February 2025),

each of which can be found on The Reject Shop's website (www.rejectshop.com.au) and the ASX website (www.asx.com.au).

For personal use only

Historical consolidated statement of financial performance (post-AASB 16 basis)

A$'000	1H25	FY24	FY23
Revenue from continuing operations			
Sales revenue	471,716	852,736	819,340
Other income	919	2,507	6,062
Total revenue	**472,635**	**855,243**	**825,402**
Expenses			
Cost of sales	274,612	511,665	494,167
Store expenses	147,173	280,853	261,204
Administrative expenses	23,049	46,440	47,350
Total expenses	**444,834**	**838,958**	**802,721**
Finance costs	5,071	8,937	8,050
Profit before income tax	**22,730**	**7,348**	**14,631**
Income tax expense	6,785	2,635	4,321
Profit for the period attributable to Reject Shop Shareholders	**15,945**	**4,713**	**10,310**
Other comprehensive income			
Items that may be re-classified to profit or loss			
Changes in the fair value of cash flow hedges	5,248	(4,563)	(6,902)
Income tax relating to components of other comprehensive income	(1,574)	1,369	2,071
Other comprehensive income for the period, net of tax	**3,674**	**(3,194)**	**(4,831)**
Total comprehensive income attributable to Reject Shop Shareholders	**19,619**	**1,519**	**5,479**
Earnings per share (cents)			
Basic earnings per share	42.7	12.4	27.2
Diluted earnings per share	42.4	12.1	26.4

For personal use only

Historical consolidated statement of financial position

A$'000	1H25	FY24	FY23
Current Assets			
Cash and cash equivalents	74,898	49,883	77,335
Inventories	143,109	146,446	135,550
Tax receivables	–	2,770	–
Derivative financial instruments	6,550	1,302	5,864
Other assets	6,974	3,322	4,056
Total Current Assets	**231,531**	**203,723**	**222,805**
Non-current Assets			
Property, plant and equipment	54,479	53,095	50,631
Right-of-use assets	207,048	212,773	205,786
Deferred tax assets	21,011	21,144	20,050
Total Non-current Assets	**282,538**	**287,012**	**276,467**
Total Assets	**514,069**	**490,735**	**499,272**
Current Liabilities			
Trade and other payables	59,750	59,539	59,765
Lease liabilities	79,866	81,309	84,305
Tax liabilities	6,731	–	3,300
Provisions	12,829	11,363	11,080
Other liabilities	9,452	9,714	11,428
Total Current Liabilities	**168,628**	**161,925**	**169,878**
Non-current Liabilities			
Lease liabilities	152,334	154,909	144,124
Provisions	3,840	3,818	3,335
Total Non-current Liabilities	**156,174**	**158,727**	**147,459**
Total Liabilities	**324,802**	**320,652**	**317,337**
Net Assets	**189,267**	**170,083**	**181,935**
Equity			
Contributed equity	62,323	62,589	67,598
Reserves	15,676	12,172	13,829
Retained profits	111,268	95,322	100,508
Total Equity	**189,267**	**170,083**	**181,935**

For personal use only

Historical consolidated statement of cash flows

A$'000	1H25	FY24	FY23
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)	518,888	938,010	901,274
Payments to suppliers and employees (inclusive of goods and services tax)	(431,431)	(821,141)	(789,302)
Interest received	919	2,460	1,842
Insurance income received	–	47	4,220
Borrowing costs and facilities fees paid	(114)	(270)	(279)
Interests on lease liabilities	(4,957)	(8,667)	(7,771)
Income tax (paid)/received	1,299	(8,332)	1,036
Net cash inflows from operating activities	**84,604**	**102,107**	**111,020**
Cash flows from investing activities			
Payments for property, plant and equipment	(7,738)	(15,741)	(12,126)
Net cash outflows used in investing activities	**(7,738)**	**(15,741)**	**(12,126)**
Cash flows from financing activities			
Principal elements of lease payments	(51,585)	(98,910)	(96,300)
Payments for shares bought back	(266)	(5,009)	(2,728)
Dividends paid	–	(9,899)	–
Net cash outflows used in financing activities	**(51,851)**	**(113,818)**	**(99,028)**
Net increase in cash held	**25,015**	**(27,452)**	**(134)**
Cash at the beginning of the financial period	49,883	77,335	77,469
Cash at the end of the financial period	**74,898**	**49,883**	**77,335**

5.12 VARIATION OF BANKING FACILITIES

In March 2025, The Reject Shop and ANZ agreed to vary The Reject Shop's existing banking facilities, including extending the facilities to August 2026. The limits for the banking facilities following such variations are as follows:

- Working Capital Facility: $10 million; and
- Seasonal Facility: $20 million (with the Seasonal Facility now permitted to be used between June and December only, compared with between October and December only prior to the variation).

5.13 MATERIAL CHANGES IN FINANCIAL POSITION (SINCE 29 DECEMBER 2024)

To the knowledge of the Reject Shop Directors, other than as set out in Section 5.12, there have been no material changes to the financial position of The Reject Shop since 29 December 2024.

The Reject Shop's first half performance should not be used as an indicator for the second half of the financial year as The Reject Shop typically generates a higher proportion of sales and profit in the first half.

The Appendix 4D lodged by The Reject Shop in respect of the 26-week period ended 29 December 2024 is available free of charge at the following link: https://www.rejectshop.com.au/about/financial-report.

For personal use only

THE REJECT SHOP

Scheme Booklet

Section 6 Information about Dollarama

6. Information about Dollarama

For personal use only

This Section 6 has been prepared by Dollarama. The information concerning Dollarama and Dollarama International and the intentions, views and opinions contained in this Section 6 are the responsibility of Dollarama. Neither The Reject Shop, its Related Entities nor their respective directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of the information in this Section 6.

6.1 OVERVIEW OF DOLLARAMA

Principal activities, operations and history of Dollarama

Dollarama was incorporated under the *Canada Business Corporations Act* on 20 October 2004 and its common shares trade on the TSX under the symbol "DOL". The Dollarama business was founded in 1992 and is headquartered in Montreal, Québec, Canada.

Dollarama is a recognised Canadian value retailer offering a broad assortment of consumable products, general merchandise and seasonal items at select, fixed price points up to C$5.00 in Canada. Dollarama operates more than 1,600 stores across every Canadian province as well as in the Yukon and Northwest Territories.

Dollarama owns a 60.1% equity accounted investment in Central American Retail Sourcing, Inc. (**CARS**), the parent company of entities operating stores located in El Salvador, Guatemala, Colombia and Peru, which offer a broad assortment of general merchandise, consumable products and seasonal items at select, fixed price points up to US$4.00 (or the equivalent in local currency). Dollarama also owns a 80.05% equity accounted investment in Inversiones Comerciales Mexicanas S.A. (**ICM**, and together with CARS and their respective subsidiaries, **Dollarcity**), the parent company of entities established for the future expansion of the operations of Dollarcity in Mexico, planned for the summer of 2025. As at 31 December 2024, Dollarcity operated a total of 632 stores located in Colombia, Guatemala, El Salvador and Peru.

Directors of Dollarama

As at the date of this Scheme Booklet, Dollarama's board of directors comprises the following directors:

- Stephen Gunn (Chairman);
- Neil Rossy (Chief Executive Officer);
- Joshua Bekenstein (Independent);
- Gregory David (Not Independent);
- Elisa D. Garcia C. (Independent);
- Kristin W. Mugford (Independent);
- Nicholas Nomicos (Independent);
- Samira Sakhia (Independent);
- Thecla Sweeney (Independent); and
- Huw Thomas, FCPA, FCA (Independent).

Profiles of each of the Dollarama directors are available on Dollarama's website at: https://www.dollarama.com/en-CA/corp/corporate-governance-and-responsibility#board.

Ownership of Dollarama

Dollarama is a publicly traded company listed on the TSX. To the knowledge of the directors and executive officers of Dollarama, based on the information publicly available as at 9 May 2025, no person beneficially owns, or controls or directs, directly or indirectly, either alone or together with any joint actors, 10% or more of the outstanding common shares of Dollarama. Pursuant to the Canadian early warning system requirements set out in Part 5 of National Instrument 62-104 Take-Over Bids and Issuer Bids, disclosure must only be made when a person or company acquires ownership or control of 10 per cent or more of the outstanding securities of a class of voting or equity securities of an issuer, except as otherwise provided.

For personal use only

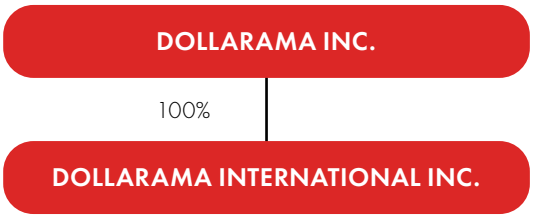
6.2 OVERVIEW OF DOLLARAMA INTERNATIONAL

Ownership structure, principal activities and operations of Dollarama International

Dollarama International was incorporated under the Canada Business Corporations Act on 21 January 2013. The main purpose of Dollarama International is to acquire and hold Dollarama's international entities, including the Dollarcity interest.

Dollarama International is a direct wholly-owned subsidiary of Dollarama.

The following structure chart depicts the ownership structure of Dollarama International:



Dollarama International Board

As at the date of this Scheme Booklet, Dollarama International's board of directors comprises the following directors:

- Neil Rossy, President and Chief Executive Officer, Dollarama;
- Patrick Bui, Chief Financial Officer, Dollarama; and
- Nicolas Hien, Chief Information Officer, Dollarama.

6.3 RATIONALE FOR THE PROPOSED ACQUISITION OF THE REJECT SHOP

The acquisition of The Reject Shop is a strategic acquisition for Dollarama with an opportunity to expand the Dollarama business model into a new retail market and create a new growth platform in Australia, and to grow The Reject Shop's operations leveraging Dollarama's retail expertise and operational excellence.

Dollarama intends to work with The Reject Shop's local management team to execute its strategic vision for The Reject Shop business, leveraging Dollarama's retail, merchandising and sourcing expertise, and store and logistics operational know-how.

6.4 FUNDING ARRANGEMENTS FOR THE SCHEME CONSIDERATION

Scheme Consideration

The Aggregate Scheme Consideration will be funded through a mix of cash on hand and available liquidities under Dollarama's revolving credit facility.

If the Scheme is approved and implemented, each Reject Shop Shareholder as at the Scheme Record Date will be entitled to receive a cash amount equal to A$6.68 (less the cash amount of any Special Dividend determined to be paid as outlined in Section 4.2 of this Scheme Booklet) for each Reject Shop Share that they own as at the Scheme Record Date, as further described in Section 4.2 of this Scheme Booklet.

Based on The Reject Shop's issued share capital as at the Last Practicable Date (refer to Section 5.8 of this Scheme Booklet), the proposed treatment of the Performance Rights (refer to Section 9.2 of this Scheme Booklet) and the Scheme Consideration of $6.68 per Reject Shop Share (less the cash amount of any Special Dividend), the maximum consideration payable by Dollarama International as the Aggregate Scheme Consideration in connection with the Scheme will be approximately $259 million (**Maximum Scheme Consideration**).

Pursuant to the Deed Poll, Dollarama International has undertaken in favour of each Reject Shop Shareholder as at the Scheme Record Date to deposit, or procure the deposit of, an amount equal to the Scheme Consideration payable to all Reject Shop Shareholders as at the Scheme Record Date into a trust account operated by The Reject Shop as trustee for such Reject Shop Shareholders by the Business Day prior to the Implementation Date.

Dollarama has undertaken in favour of each Reject Shop Shareholder as at the Scheme Record Date that, in the event Dollarama International will not or does not fulfil its obligations to pay the Scheme Consideration into the trust account in accordance with the terms of the Deed Poll, Dollarama will perform that obligation.

For further details regarding Dollarama and Dollarama International's obligations under the Deed Poll, refer to Section 4.7 of this Scheme Booklet. A copy of the Deed Poll is contained in Schedule 3 of this Scheme Booklet.

For personal use only

Overview of funding arrangements

Subject to the remainder of this Section 6.4, the Maximum Scheme Consideration and any associated transaction costs (**Maximum Funding Requirement**) are proposed to be funded by Dollarama through a combination of the following:

- **Cash:** Existing cash and cash equivalents of Dollarama. As at 2 February 2025, Dollarama had available internal cash reserves and cash equivalents with an aggregate value of approximately C$123 million (which is equivalent to approximately $138 million[17]) (**Dollarama Cash Reserves**); and
- **Revolving Credit Facility:** Available liquidities under Dollarama's four separate unsecured revolving credit facilities totalling C$1,050 million (which is equivalent to approximately $1,176 million[18]), made available under the Third Amended and Restated Credit Agreement entered into between Dollarama and its lenders on 14 February 2020, as amended (**Dollarama Credit Facility**).

Dollarama will, under intragroup capital funding arrangements, provide Dollarama International with sufficient funds equal to the Maximum Funding Requirement to enable it to purchase all of the Reject Shop Shares on the Implementation Date pursuant to the terms of the Scheme.

As at the date of this Scheme Booklet, Dollarama and Dollarama International have not decided on the exact proportions in which the Maximum Funding Requirement will be satisfied by funding sourced from the Dollarama Credit Facility and/or Dollarama Cash Reserves.

In relation to the Dollarama Credit Facility, there are no further approvals required in order for funds available under the Dollarama Credit Facility to be used towards satisfying the Maximum Funding Requirement, subject to the satisfaction of certain conditions to drawdown which are customary for a credit facility.

As at the date of this Scheme Booklet, Dollarama is not aware of any reason why the conditions to the Dollarama Credit Facility would not be satisfied so as to enable the Dollarama Credit Facility to be drawn to fund the Maximum Funding Requirement.

On the basis of arrangements described in this Section 6.4, Dollarama International is of the opinion that it has a reasonable basis for forming the view, and it holds the view, that it will have sufficient funds available to fund the payment of the Maximum Funding Requirement.

6.5 INTENTIONS IF THE SCHEME IS IMPLEMENTED

This Section 6.5 sets out the current intentions of Dollarama in relation to:

- the continuation of the operations and business of The Reject Shop, including any redeployment of fixed assets of The Reject Shop;
- changes to The Reject Shop Board;
- the future employment of the present employees of The Reject Shop; and
- the delisting of The Reject Shop from the ASX,

assuming Dollarama International acquires the Reject Shop Shares as a result of the implementation of the Scheme.

The statements in this Section 6.5 regarding Dollarama's intentions are based on information concerning The Reject Shop and the general business environment which are known to Dollarama at the time of the preparation of this Scheme Booklet (including certain limited non-public information made available by The Reject Shop to Dollarama). However, Dollarama does not currently have knowledge of all information that is necessary to determine all the operational, commercial, tax and financial implications of its current intentions. Any final decisions regarding these matters will be made after the Implementation Date and in light of all material information, facts and circumstances at the relevant time if the Scheme is implemented.

Accordingly, it is important to recognise that the statements set out in this Section 6.5 are statements of current intention only and may change as new information becomes available or circumstances change.

The intentions of Dollarama International are the same as the intentions of Dollarama in respect of The Reject Shop and are referred to collectively in this Section as the intentions of Dollarama.

Business, operations and assets

Other than as described below, Dollarama currently intends to operate The Reject Shop largely under its current form without making significant changes to its assets and operations. However, if the Scheme is implemented, Dollarama will undertake a detailed review of The Reject Shop's assets and operations, including to evaluate their performance, prospects and strategic relevance. Dollarama will make final decisions following the completion of such review and having regard to material information, facts and circumstances available at the time of the review. Subject to that review, Dollarama's current intention is to:

- continue to monitor the performance of existing and prospective stores and make decisions about store closures and openings;
- consider and, if appropriate, make changes to the merchandise mix and pricing strategy;

17. As at the Last Practicable Date and based on CAD/AUD exchange rate of approximately 1.12 (being the rate published by the Reserve Bank of Australia for the Last Practicable Date).
18. As at the Last Practicable Date and based on CAD/AUD exchange rate of approximately 1.12 (being the rate published by the Reserve Bank of Australia for the Last Practicable Date).

For personal use only

- consider and, if appropriate, introduce new brands or make changes to existing brands;
- optimise the prospects and operating performance of The Reject Shop business, including through capital investment, sharing of technical expertise and exploring potential efficiencies across the businesses where it is commercially appropriate to do so; and
- explore opportunities to optimise the current logistics network including in support of the anticipated growth of The Reject Shop's operations.

Dollarama also intends for The Reject Shop's operations to continue to be headquartered in Melbourne.

The Reject Shop Board

Dollarama intends to appoint its nominees to The Reject Shop Board from implementation of the Scheme. The identity of the Dollarama nominees has not yet been determined by Dollarama, but will be selected to bring technical and managerial expertise to The Reject Shop Board. The identity of the proposed Dollarama nominees will depend on the circumstances at the relevant time.

Employees and management team

Following the implementation of the Scheme, Dollarama will review The Reject Shop's business operations and organisational structure to ensure that The Reject Shop has the appropriate mix and level of employees and skills to enhance the business going forward and enable it to pursue its strategic objectives.

Without limiting the foregoing, Dollarama may make certain changes to employee and management roles due to the potential redundancy of roles as a result of The Reject Shop becoming part of Dollarama. Subject to the above and absent significant changes in the business, activities, performance, market conditions and industry of The Reject Shop, Dollarama has no intention to make changes to the employees and management of The Reject Shop and Dollarama's intent is to retain The Reject Shop's existing employees substantially in line with current operations to the extent that it is commercially appropriate to do so.

Delisting

If the Scheme is implemented, an application will be made to the ASX for The Reject Shop to be removed from the ASX's official list, with effect from or shortly after the Implementation Date.

6.6 DOLLARAMA'S INTERESTS IN REJECT SHOP SHARES

Interests in Reject Shop Shares

As at the date of this Scheme Booklet, none of Dollarama and its Associates had any Relevant Interest or voting power in any Reject Shop Shares.

No dealings in Reject Shop Shares in previous four months

None of Dollarama and its Associates has provided, or agreed to provide, consideration for Reject Shop Shares under any purchase or agreement during the four-month period preceding the date of this Scheme Booklet.

No inducing benefits given during previous four months

During the four-month period preceding the date of this Scheme Booklet, none of Dollarama and its Associates gave, or offered to give, or agreed to give a benefit to another person which was likely to induce the other person, or an associate of the other person, to:

- vote in favour of the Scheme; or
- dispose of Reject Shop Shares,

where the benefit was not offered to all Reject Shop Shareholders.

Benefits to The Reject Shop officers

None of Dollarama and its Associates will be making any payment or giving any benefit to any current director, secretary or senior manager of The Reject Shop or any of its Related Bodies Corporate as at the date of this Scheme Booklet as compensation or consideration for, or otherwise in connection with, his or her retirement from their respective office in connection with the Scheme.

6.7 NO OTHER MATERIAL INFORMATION

Except as set out in this Section 6, no information regarding Dollarama or its intentions regarding The Reject Shop, which is material to a Reject Shop Shareholder's decision on whether or not to vote in favour of the Scheme, is known to Dollarama or Dollarama International as at the date of this Scheme Booklet that has not already been disclosed to Reject Shop Shareholders.

For personal use only

THE REJECT SHOP

Scheme Booklet

Section 7
Tax Implications of the Scheme

7. Tax Implications of the Scheme

For personal use only

7.1 INTRODUCTION

This is a general summary of the Australian tax consequences of the Scheme and the Special Dividend for Reject Shop Shareholders. This does not constitute tax advice and should not be relied upon as such. The comments set out below are relevant only to those Reject Shop Shareholders who hold their Reject Shop Shares on capital account for income tax purposes.

This summary is based upon the Australian law and administrative practice in effect at the date of this Scheme Booklet. This summary is general in nature and is not intended to be an authoritative or complete statement of the laws applicable to the particular circumstances of a Reject Shop Shareholder. Reject Shop Shareholders should seek independent professional advice in relation to their own particular circumstances.

This summary does not address the Australian tax consequences for Reject Shop Shareholders who:

- hold their Reject Shop Shares for the purposes of speculation or in carrying on a business dealing in securities (for example, as trading stock or on revenue account for income tax purposes);
- acquired their Reject Shop Shares pursuant to an employee share, option or rights plan;
- are subject to the taxation of financial arrangement rules in Division 230 of the ITAA 1997 in relation to gains and losses on their Reject Shop Shares;
- may be under a legal disability or subject to certain special tax rules, including insurance companies, partnerships, tax-exempt organisations or entities subject to the Investment Manager Regime under Subdivision 842-I of the ITAA 1997 in respect of their Reject Shop Shares;
- are not Australian tax residents and who hold their shares at or through an Australian permanent establishment;
- are a non-resident who has chosen under subsection 104-165(3) to treat their Reject Shop Shares as 'Taxable Australian Property' on ceasing to be an Australian resident;
- made a choice under Subdivision 960-D of the ITAA 1997 to use a functional currency other than Australian dollars to calculate their Australian taxable income;
- are 'temporary residents' of Australia as that term is defined in section 995-(1) of the ITAA 1997;
- change their tax residency whilst holding their Reject Shop Shares; or
- are taken to have acquired their Reject Shop Shares before 20 September 1985.

Reject Shop Shareholders who are tax residents of a country other than Australia (whether or not they are also residents, or are temporary residents, of Australia for income tax purposes) should take into account the tax consequences of the Scheme under the laws of their country of residence, as well as under Australian law.

7.2 ATO RULING

The Reject Shop has applied to the ATO for a class ruling to confirm the key income tax implications of the Scheme and the Special Dividend for Reject Shop Shareholders.

The Class Ruling has not been finalised as at the date of this Scheme Booklet. The Reject Shop anticipates that the ATO will provide The Reject Shop with a draft of the Class Ruling prior to the Scheme becoming Effective.

When the final Class Ruling is published by the ATO, it will be available on the ATO website www.ato.gov.au. It is anticipated that the Commissioner of Taxation's views in the Class Ruling will be generally consistent with the description of the Australian tax consequences in this summary. However, it is possible that the Commissioner of Taxation may reach a different conclusion. Accordingly, it is important that this summary be read in conjunction with the Class Ruling when issued.

7.3 REJECT SHOP SHAREHOLDERS THAT ARE AUSTRALIAN RESIDENTS

Capital Gains Tax (CGT)

Under the Scheme, Reject Shop Shareholders will dispose of their Reject Shop Shares to Dollarama International in exchange for the Scheme Consideration. This disposal should constitute a CGT event A1 for Australian CGT purposes for Reject Shop Shareholders. The time of the CGT event will be the Implementation Date.

Reject Shop Shareholders will make a capital gain on the disposal of Reject Shop Shares to the extent that their capital proceeds from the disposal of the Reject Shop Shares are more than their cost base of those Reject Shop Shares. Conversely, Reject Shop Shareholders will make a capital loss to the extent that their capital proceeds are less than their reduced cost base of those Reject Shop Shares.

For personal use only

The cost base of Reject Shop Shares generally includes the cost of acquisition and certain non-deductible costs of their acquisition and disposal. The reduced cost base of Reject Shop Shares is usually determined in a similar, but not identical, manner.

The capital proceeds received in respect of the disposal of each Reject Shop Share should be the amount of the Scheme Consideration of $6.68 per Reject Shop Share reduced by the amount of the Special Dividend.

The capital proceeds for the disposal of the Reject Shop Shares should not include the Special Dividend. This question of whether the capital proceeds exclude the Special Dividend will be addressed in the Class Ruling.

Australian Resident Reject Shop Shareholders who are individuals, complying superannuation entities or trustees that have held (or are deemed to have held) their Reject Shop Shares for at least 12 months before the Implementation Date (not counting the day of acquisition or disposal) may be entitled to reduce the amount of the capital gain (after application of carry forward and current year capital losses, if any) by the applicable CGT discount. If eligible, the applicable CGT discount for Reject Shop Shareholders who are individuals or trustees is 50 per cent and for Reject Shop Shareholders who are complying superannuation entities is 33.33 per cent. The availability of the CGT discount for beneficiaries of a trust will depend on the particular circumstances of the beneficiaries.

There is no CGT discount available for Reject Shop Shareholders that are companies or for Reject Shop Shareholders who have held their Reject Shop Shares for less than 12 months.

Capital gains (prior to any CGT discount) and capital losses of a taxpayer in an income year are aggregated to determine whether there is a net capital gain. Any net capital gain (as reduced by the CGT discount, if applicable) is included in assessable income and is subject to income tax. Capital losses may not be deducted against other income for income tax purposes, but may be carried forward to offset against future capital gains (subject to satisfaction of loss recoupment tests for certain taxpayers).

Consequences of the Special Dividend

Reject Shop Shareholders who are Australian tax residents and who receive the Special Dividend should include the amount of the Special Dividend in their assessable income.

It is expected that the Special Dividend will be fully franked.

If certain requirements are met, Reject Shop Shareholders who receive the Special Dividend will be:

(i) required to include the amount of the attached franking credits in their assessable income; and

(ii) entitled to a tax offset equal to the amount of franking credits attached to the Special Dividend.

These requirements include:

(i) The Reject Shop Shareholder being a 'qualified person' in relation to the Special Dividend; and

(ii) satisfaction of certain dividend franking integrity measures.

In order for a Reject Shop Shareholder to be a 'qualified person' they must hold their Reject Shop Shares 'at-risk' for a continuous period of not less than 45 days (not including the day of the share's acquisition or disposal) during a "prescribed period" in relation to the Special Dividend.

Reject Shop Shareholders will not be treated as holding their Reject Shop Shares 'at-risk' on any days on which Reject Shop Shareholders held positions that reduced their exposure to gains and losses on their Reject Shop Shares below 30 per cent, although those days do not break the continuity of the 'at-risk' period.

Reject Shop Shareholders will cease to be considered to hold their shares 'at-risk' from the Scheme Record Date, which is expected to be 7.00pm (AEST) on Tuesday, 15 July 2025.

As the Special Dividend is taken into account in determining the amount of the Scheme Consideration, the so-called 'related payments' rule will apply to Reject Shop Shareholders. Where the related payments rule applies, the 'prescribed period' is the period beginning on the 45th day before, and ending on the 45th day after, the day on which the shares become ex dividend. On the expectation that Reject Shop Shareholders will cease to hold their shares 'at-risk' from the Scheme Record Date, and that the Special Dividend Record Date will be 7 July 2025, the period within which Reject Shop Shareholders must hold their shares 'at risk' for a continuous period of 45 days is expected to be between 24 May 2025 and 14 July 2025 (inclusive) in respect of the Special Dividend.

If you are an individual or complying superannuation entity and your tax liability for the income year is less than the amount of the franking credits attached to the Special Dividend, you may be entitled to a refund for the excess franking credits. This does not extend to companies.

For personal use only

7.4 REJECT SHOP SHAREHOLDERS THAT ARE NON-RESIDENTS OF AUSTRALIA

Capital Gains Tax

A Reject Shop Shareholder who is not an Australian resident for Australian income tax purposes should only be subject to Australian CGT on the disposal of their Reject Shop Shares if:

(i) The Reject Shop Shareholder holds or held 10 per cent or more (together with its associates) of the Reject Shop Shares (i.e. a 'non portfolio interest') at Implementation Date or throughout a 12 month period within two years preceding the Implementation Date; and

(ii) more than 50 per cent of The Reject Shop's value is due to direct or indirect interests in 'taxable Australian real property' (as defined in the ITAA 1997). Taxable Australian real property generally refers to Australian land that is owned or leased.

Unless the above two conditions are satisfied, non-resident Reject Shop Shareholders should disregard any Australian capital gain or loss from the disposal of their Reject Shop Shares.

If you are a non-resident who holds a 'non-portfolio interest' in The Reject Shop, you should obtain independent advice as to the tax implications of sale, and whether any protection will be available under a relevant double tax treaty.

A non-resident Reject Shop Shareholder who has previously been a resident of Australia, who acquired their Reject Shop Shares whilst they were a resident of Australia, and chose to disregard a capital gain or loss on ceasing to be a resident, will be subject to Australian CGT consequences on disposal of Reject Shop Shares as set out in Section 7.3 of this Scheme Booklet.

Consequences of the Special Dividend

Reject Shop Shareholders who are not residents of Australia should not be subject to income tax in Australia in respect of the Special Dividend. As the Special Dividend will be fully franked, such shareholders should receive the full amount of the Special Dividend.

7.5 FOREIGN RESIDENT CAPITAL GAINS WITHHOLDING TAX

The capital gains withholding tax regime may apply to Reject Shop Shareholders whose Reject Shop Shares are subject to Australian CGT because they satisfy the two conditions outlined in Section 7.4 of this Scheme Booklet.

Dollarama, in cooperation with The Reject Shop, may seek to clarify the status of particular Reject Shop Shareholders and require these Reject Shop Shareholders to provide Dollarama International with either:

- a declaration that they are an Australian tax resident or that their Reject Shop Shares are not an 'indirect Australian real property interest' (**Declaration Form**); or
- a notice of variation granted by the ATO varying the amount or rate of tax to be withheld (**Variation Notice**).

Unless a signed Declaration Form or Variation Notice is provided to Dollarama International for these particular Reject Shop Shareholders, Dollarama International may withhold 15 per cent of the Scheme Consideration payable to these particular Reject Shop Shareholders and pay that amount to the Commissioner of Taxation.

7.6 GST

Reject Shop Shareholders should not be liable to GST in respect of a disposal of those Reject Shop Shares. Reject Shop Shareholders may be charged GST on costs they incur (such as adviser fees relating to their participation in the Scheme) that relate to the Scheme. The entitlement to claim input tax credits in relation to these costs (if any) may be restricted. Reject Shop Shareholders that are GST registered should seek independent advice in relation to the impact of GST in their individual circumstances and recovery of input tax credits or reduced input tax credits on costs related to the Scheme.

7.7 STAMP DUTY

Under the proposed implementation steps, Reject Shop Shareholders should not be liable for any stamp duty on the disposal of their Reject Shop Shares.

For personal use only

THE REJECT SHOP

Scheme Booklet

Section 8
Risks

8. Risks

For personal use only

8.1 INTRODUCTION

In considering the Scheme, Reject Shop Shareholders should be aware that there are a number of risk factors relating to The Reject Shop, both specific and general, which could affect the future operating and financial performance of The Reject Shop and/or the value of Reject Shop Shares.

This Section 8 outlines:

- general risk factors (refer to Section 8.2);
- specific risks relating to the business and operations of The Reject Shop (refer to Section 8.3); and
- specific risks relating to the Scheme (refer to Section 8.4).

If the Scheme is implemented, Reject Shop Shareholders who hold Reject Shop Shares on both the Special Dividend Record Date (if any Special Dividend is paid) and the Scheme Record Date will receive the Transaction Consideration, will cease to hold Reject Shop Shares and will no longer be exposed to the risks set out below (and other risks The Reject Shop may be exposed to).

If the Scheme does not proceed, then Reject Shop Shareholders will continue to hold Reject Shop Shares and will continue to be exposed to the risks associated with an investment in The Reject Shop.

Reject Shop Shareholders should carefully consider the risk factors discussed in this Section 8, as well as the other information contained in this Scheme Booklet, before voting on the Scheme. These risk factors do not take into account the individual investment objectives, financial situation, tax position, or particular needs of Reject Shop Shareholders or any other person. This Section 8 is a summary only and does not purport to list every risk that may be associated with an investment in The Reject Shop now or in the future. Additional risks and uncertainties not currently known to The Reject Shop may also affect The Reject Shop's financial and operating performance.

Whilst The Reject Shop Board unanimously recommends that Reject Shop Shareholders vote in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme in the best interests of Reject Shop Shareholders and not subsequently changing that conclusion to be that the Scheme is not in the best interests of Reject Shop Shareholders, Reject Shop Shareholders are encouraged to make their own independent assessment as to whether to vote in favour of the Scheme.

8.2 GENERAL RISK FACTORS

The market price of Reject Shop Shares, The Reject Shop's financial position and performance, and potential future dividends to Reject Shop Shareholders may be influenced by a number of factors, including:

- changes in general business, industry cycles (including in the retail sector) and economic conditions including inflation, interest rates, foreign exchange rates, commodity prices, employment levels and consumer confidence and demand;
- changes in government policy, legislation or regulation, including government or political intervention;
- Australian or foreign government intervention in export and import markets, including sanction controls and the introduction of or change to import taxes or duties (e.g. tariffs);
- the nature of, and laws affecting, competition in markets in which The Reject Shop operates;
- weather conditions, natural disasters, catastrophes and disease or pandemic, and other general operational and business risks;
- geopolitical events such as acts of war and hostilities, civil disturbance and other force majeure risks;
- variations in The Reject Shop's operating results;
- recommendations by broker research analysts;
- changes to The Reject Shop's dividend policy, or changes to the levels of dividends paid pursuant to its dividend policy;
- changes in investor sentiment and overall performance of the Australian and international stock markets;
- the inclusion or removal from major market indices;
- the operating and trading price performance of other comparable listed entities; and
- changes to accounting standards which may affect the financial performance and position reported by The Reject Shop.

Some of these factors could affect the price of Reject Shop Shares regardless of The Reject Shop's underlying operating performance.

For personal use only

8.3 SPECIFIC RISKS RELATING TO THE BUSINESS AND OPERATIONS OF THE REJECT SHOP

This Section 8.3 outlines some of the risks that are specific to The Reject Shop's business and operations. This Section 8.3 also outlines some of the actions taken by The Reject Shop to mitigate such risks, however, Reject Shop Shareholders should be aware such actions may not necessarily prevent such risks from occurring and such risks may affect the future operating and financial performance of The Reject Shop and/or the value of Reject Shop Shares.

Economic Conditions and Consumer Confidence

Economic conditions and the general retail environment may have an adverse impact on consumer confidence and The Reject Shop's operational and financial performance.

A deterioration in consumer confidence due to macroeconomic conditions, including cost of living pressures, interest rates and inflation, may reduce consumer spending, particularly in discretionary categories. This could adversely impact profitability and sales, and The Reject Shop's operational and financial performance. Any deterioration in economic conditions may also result in an increase in the cost of doing business and retail crime (including theft), which can adversely impact profit margins and The Reject Shop's financial performance.

The Reject Shop plays a critical role in supporting Australians who are currently faced with significant cost of living pressures, by helping customers save money on branded everyday essential items. The Reject Shop's strategy is focused on continuously improving its merchandise offering as well as investing in shrink mitigation initiatives.

The Reject Shop earns the majority of its profit in the first half of the financial year. This is mainly due to the significant sales attributable to the Christmas trading period. Sustained poor trading performance at any time during major seasonal events, such as Christmas, may have a material adverse impact on the profitability of The Reject Shop.

Competition

The Reject Shop operates in a highly competitive retail environment where price and value are critical to the customers it serves and is subject to changing customer demand and preferences. Increased competition and competitive offerings from new and existing retailers, including online retailers and marketplaces, may lead to price deflation and/or a decline in sales and profitability which could adversely impact The Reject Shop's operational and financial performance.

The Reject Shop closely monitors price and quality to ensure it maintains its competitive position. The Reject Shop's strategy is focused on continually improving its merchandise offering and expanding its store network in new locations where it can conveniently serve more Australians.

Business Interruption

Unanticipated events such as natural disasters, weather events, wars, terrorism, strikes and epidemics may impact The Reject Shop's supply chain and operations as well as consumer behaviour, which could have a material adverse impact on The Reject Shop's operational and financial performance.

The Reject Shop continues to review its plans and insurance coverage to manage risks associated with extreme weather events, however, in some instances, insurance coverage is limited or not available and may not cover all actual or potential risks. Further, there is no guarantee that relevant insurance will be available in the future on a commercially reasonable basis or that The Reject Shop will have adequate insurance cover against claims made from time to time. An increase in the frequency and intensity of extreme weather events may impact the cost and availability of insurance. For context, The Reject Shop's Queensland distribution centre was subject to flooding in January 2011 and four stores were subject to flooding in calendar year 2022 which has limited The Reject Shop's flood insurance coverage for particular sites.

The Reject Shop also continues to monitor for other events which may present a key risk to the business and develops appropriate control measures.

Supply Chain

The Reject Shop's supply chain is important to ensuring the availability of products in store for customers.

Domestic and international supply chain disruptions and delays and poor supply chain management could adversely impact The Reject Shop's operational and financial performance. International supply chain disruptions and delays may be caused by matters such as outbreaks of pandemics or diseases, political instability, increased security requirements for foreign goods, costs and delays in international shipping arrangements, volatility in international freight rates, imposition of taxes (including the introduction or increase of trade tariffs) and other charges as well as restrictions on imports.

The Reject Shop has a dedicated supply chain team and continues to monitor and respond to risks relating to its domestic and international supply chain. The Reject Shop also continues to invest in logistics and technology systems to support its supply chain operations and create efficiency.

For personal use only

The Reject Shop also sources a mix of local and imported products and is exposed to various risks in relation to raw material costs and supply chain delays.

Additionally, a deterioration in The Reject Shop's relationships with key suppliers, or an inability to negotiate agreements with new suppliers on terms which are not materially less favourable than existing arrangements, could adversely impact The Reject Shop's ability to source products at competitive prices.

The Reject Shop also has a dedicated merchandise team and continues to focus on managing relationships with suppliers.

Cyber Security and Information Technology

The Reject Shop relies on information technology systems, communication carriers and data providers to operate in a rapidly changing digital environment. Failure of these systems or network disruptions could have a material adverse impact on The Reject Shop's operational and financial performance, including through the inability to process customer transactions in stores and limiting The Reject Shop's ability to receive or distribute inventory.

In addition, any failure to protect information systems and data from unauthorised access, use and disclosure, or otherwise adequately protect The Reject Shop's systems from cyber-attack, theft or other malicious or accidental act (from internal or external sources) could result in a data breach or prevent the operation of information technology systems which could compromise the confidentiality, integrity or availability of information systems, result in business interruption, regulatory or financial impacts on The Reject Shop or have a material adverse impact on The Reject Shop's reputation and operational and financial performance.

The Reject Shop has a dedicated technology team, supported by external advisers, and seeks to enhance its cyber governance framework and cyber security and information technology systems, including through data centre migration, network modernisation and penetration testing. Team members are also required to complete regular cyber security awareness training.

Failure to implement technology changes effectively, and delays experienced in implementing such changes, could disrupt operations and result in unforeseen costs and a failure to achieve anticipated benefits. This could adversely impact The Reject Shop's operational and financial performance.

Property

The Reject Shop continues to focus on expanding its store network in new locations where it can conveniently serve more Australians. This is dependent on the availability of suitable sites and the ability of The Reject Shop to negotiate acceptable lease terms. In addition, as The Reject Shop stores are leased, retaining a store is subject to successful negotiation with the landlord at the end of a lease term.

Lease costs represent a significant proportion of the overall operating cost base of The Reject Shop. Such long term, fixed cost obligations may expose the business to financial risks in the event of changing earning conditions. In addition, increasing store fit-out costs may also impact The Reject Shop's profitability.

Failure to secure new sites and store closures, including regrettable closures (e.g. the result of a tenancy remix by a landlord) or closure of underperforming stores, could impact The Reject Shop's ability to achieve its growth strategy and have a material adverse impact on its reputation and operational and financial performance.

The Reject Shop actively manages its store portfolio against established financial and operational criteria which must be met for both new and existing stores. The Reject Shop's property strategy is centred around: renegotiating expired leases to better reflect the current sales opportunity at each location, closing unprofitable stores, opening new stores to replace closures, and building a pipeline of new stores to drive growth in the medium-term. The Reject Shop employs experienced property and store development teams to support the execution of this strategy.

The Reject Shop's distribution centres are leased and subject to negotiation at the end of each lease term. There is no guarantee a distribution centre lease will be renewed at the end of each lease term on terms acceptable to The Reject Shop. Each of The Reject Shop's distribution centres are operated either by The Reject Shop or a third party. In either case, there is a risk that, due to circumstances outside the control of The Reject Shop, inventory located at a distribution centre could be damaged, or that access to a distribution centre could be restricted, meaning that such inventory is unable to be retrieved. This could have a material adverse impact on The Reject Shop's financial and operational performance.

The Reject Shop continues to review its long-term plan for its distribution centre network having regard to its growth strategy and its distribution centre lease expiry profile.

For personal use only

Safety, Health & Wellbeing

The Reject Shop is committed to providing a safe working environment for its team members and contractors and a safe shopping environment for its customers.

The Reject Shop has over 5,000 team members across its stores, corporate head office and distribution centre network, as well as thousands of customers who visit its stores nationwide. Team member or customer safety incidents or injuries, or failure to manage safety, health and wellbeing risks could have an adverse impact on The Reject Shop's financial performance and reputation.

The Reject Shop has a dedicated safety team. In addition, team members are required to complete workplace health and safety training and are educated on existing and emerging safety risks.

People

The Reject Shop has over 5,000 team members across its stores, corporate head office and distribution centre network. The Reject Shop's performance may depend on key team members and its ability to attract and retain experienced and high performing team members. The responsibility of overseeing day-to-day operations and the management of The Reject Shop is concentrated amongst a number of key senior personnel. The loss of the services of any of those key employees (for any reason whatsoever) or the inability to attract new qualified personnel, could adversely affect The Reject Shop's operations. Additionally, successful operation of each of The Reject Shop's stores depends on its ability to attract and retain quality employees in each store.

Competition within the Australian retail market, as well as other factors such as changing demographics, employment laws or enterprise agreement negotiations could increase the demand for, and cost of hiring, quality employees.

Failure to attract and/or retain the requisite team members could adversely impact The Reject Shop's operational and financial performance and the ability for The Reject Shop to achieve its strategic objectives.

The Reject Shop continues to focus on the attraction and retention of key team members and quality employees.

Legal, Regulatory and Compliance

The Reject Shop is subject to laws and regulations, including competition and consumer, taxation, employment, and workplace health and safety laws as well as ethical sourcing and governance requirements.

The Reject Shop sells many products which must comply with the Australian Consumer Law, mandatory product safety standards and general product safety requirements under applicable law, as well as meet the expectations of customers. Notwithstanding the product compliance protocols established by The Reject Shop and insurance arrangements, products may not meet relevant legal and regulatory requirements which could result in, among other things, product recalls, material inventory write-offs and significant penalties or fines.

Failure by The Reject Shop to comply with laws and regulations, or The Reject Shop becoming subject to any legal proceeding, could result in significant legal costs, penalties, regulatory enforcement action, class actions, or and other claims which could have a material adverse impact on The Reject Shop's reputation, or operational or financial performance.

The Reject Shop is named as the respondent in a class action commenced by a former store manager (the Applicant) in the Federal Court of Australia on behalf of store managers and assistant store managers employed by The Reject Shop between 24 April 2017 to 18 April 2023.

The premise of the initial proceeding is that the General Retail Industry Award 2010 applied to the relevant store managers employment and that there were alleged underpayments under that award together with alleged associated contraventions of the *Fair Work Act 2009* (Cth). The Applicant sought leave to file an amended statement of claim which was dismissed in December 2024. The Reject Shop will continue to defend the matter.

Changes in legislation or regulations could also adversely impact The Reject Shop's operational and financial performance and restrict The Reject Shop's business.

The Reject Shop monitors for legislative and regulatory changes and is a member of various industry bodies that actively engage with government on policy areas and reform. The Reject Shop also provides relevant team members with training on legislative and regulatory changes where applicable.

For personal use only

Financing

The Reject Shop has working capital and seasonal facilities with ANZ. An inability of The Reject Shop to comply with the financial covenants, maintain these facilities or obtain alternative or additional financing if required could have a material adverse impact on The Reject Shop's operational and financial performance.

The Reject Shop closely monitors compliance with financial covenants and has strong oversight of balance sheet management and capital management initiatives.

The Reject Shop imports a high proportion of products, the costs of which are denominated in foreign currencies. Material adverse fluctuations in foreign exchange rates could impact The Reject Shop's profitability. The Reject Shop closely manages and monitors its hedging position against foreign exchange rate exposures.

Environmental and Social Responsibility

The sustainability of The Reject Shop's business may be impacted by a number of environmental and social matters and The Reject Shop's stakeholders, including customers, shareholders, suppliers and team members, may have expectations for The Reject Shop on a range of environmental and social matters.

Failure to address these expectations over time could have an adverse impact on The Reject Shop's reputation, and operational and financial performance.

The Reject Shop monitors for environmental and social responsibility developments and develops plans accordingly. The Reject Shop also publishes a Modern Slavery Statement annually and has established an Ethical Sourcing Policy which sets out the minimum ethical requirements that The Reject Shop expects of its suppliers, wholesalers and agents when producing and supplying products to The Reject Shop.

8.4 SPECIFIC RISKS RELATING TO THE SCHEME

Risks relating to implementing the Scheme

The Scheme is subject to various Conditions that must be satisfied or waived (if capable of being waived) in order for the Scheme to be implemented. The Conditions are summarised in Section 9.1 of this Scheme Booklet and set out in full in clause 3.1 of the Scheme Implementation Agreement. The failure of a Condition to be satisfied or waived (if capable of being waived) may also give rise to a right for either The Reject Shop or Dollarama to terminate the Scheme Implementation Agreement.

The Conditions include approval of the Scheme by the Court and Reject Shop Shareholders. There is a risk that the Court may not approve the Scheme, or may only be willing to approve the Scheme subject to conditions that The Reject Shop or Dollarama (as applicable) are not prepared to accept, or are not required under the Scheme Implementation Agreement to accept. There is also a risk that some or all of the aspects of the Reject Shop Shareholder and Court approvals required for the Scheme to proceed may be delayed.

Risks of the Scheme not being implemented

If the Scheme does not become Effective and is not implemented, Reject Shop Shareholders will not receive the Transaction Consideration and The Reject Shop will continue, in the absence of an alternative proposal, to operate as a standalone entity and remain listed on the ASX.

Unless Reject Shop Shareholders choose to sell their Reject Shop Shares on the ASX, Reject Shop Shareholders will continue to hold Reject Shop Shares and be exposed to both the risks (including those set out in this Section 8 of this Scheme Booklet) and potential future benefits in retaining exposure to The Reject Shop's business and assets.

The Reject Shop Share price will also remain subject to market volatility and may fall, perhaps materially, in the absence of an alternative proposal.

In certain circumstances the Reject Shop Break Fee may be payable by The Reject Shop to Dollarama, as detailed in Section 9.1 of this Scheme Booklet. In addition, The Reject Shop could be subject to litigation related to any failure to complete the Transaction in a timely manner or litigation seeking to require The Reject Shop to perform its obligations under the Scheme Implementation Agreement or the Scheme.

For personal use only

Ability to realise the benefit of the franking credits attached to the Special Dividend

If a Special Dividend is paid, certain Reject Shop Shareholders may be able to realise the benefit of franking credits attached to the Special Dividend. Whether a Reject Shop Shareholder will be able to receive the full benefit of the franking credits attached to any Special Dividend will depend on that Reject Shop Shareholder's personal circumstances and whether a favourable class ruling is obtained from the ATO.

There is a risk that the Commissioner of Taxation may use certain powers under Australian taxation law to deny a Reject Shop Shareholder the benefit of the franking credits attaching to any Special Dividend. The Reject Shop has sought a class ruling on behalf of Reject Shop Shareholders to confirm, among other things, that the Commissioner of Taxation will not use these powers to deny access to the franking credits. However, the final class ruling has not been issued as at the date of this Scheme Booklet and is unlikely to be issued prior to the Special Dividend Payment Date. Reject Shop Shareholders should consult their own taxation advisers to determine the tax consequences relevant to their specific circumstances. Refer to Section 7 of this Scheme Booklet for further information regarding tax implications in respect of the Special Dividend.

Further, there is no assurance that any Special Dividend will be paid, or that if a Special Dividend is paid, it will be in the amount of up to $0.77 per Reject Shop Share. If the requirements for payment of a Special Dividend cannot be fulfilled, including where the Scheme does not become Effective, Reject Shop Shareholders will not receive the Special Dividend nor any franking credits attached to such dividend.

Tax consequences for Scheme Shareholders

If the Scheme becomes Effective, there may be tax consequences for Reject Shop Shareholders who hold Reject Shop Shares on the Scheme Record Date (as set out in The Reject Shop Share Register), which may include tax being payable. In addition, the value of any Special Dividend (if paid) to each Reject Shop Shareholder may be affected by the tax consequences applying to individual Reject Shop Shareholders, given the ability to benefit from franking credits depends on their personal tax circumstances.

The tax consequences of the Scheme may vary depending on the nature and characteristics of Reject Shop Shareholders and their specific circumstances. Reject Shop Shareholders should seek their own professional advice regarding the individual tax consequences of the Scheme applicable to them.

Further general information on the tax consequences of the Scheme is set out in Section 7 of this Scheme Booklet.

For personal use only

THE REJECT SHOP

Scheme Booklet

Section 9 Additional information

9. Additional information

For personal use only

9.1 SUMMARY OF THE SCHEME IMPLEMENTATION AGREEMENT

Overview

On 27 March 2025, The Reject Shop entered into a Scheme Implementation Agreement with Dollarama, which governs (amongst other things) the conduct of the Scheme. A summary of some key terms of the Scheme Implementation Agreement is set out below.

A full copy of the Scheme Implementation Agreement was released to the ASX on 27 March 2025 and can be obtained from www.asx.com.au.

Conditions to implementation of the Scheme (clause 3.1 of the Scheme Implementation Agreement)

Implementation of the Scheme is subject to the following Conditions which must be satisfied or waived (where capable of waiver) before the Scheme can become Effective:

(i) **No Court Orders and Regulatory Approvals:** as at 8.00am (AEST) on the Second Court Date:

  (A) there is no temporary restraining order, preliminary or permanent injunction or other order, in each case issued by any court of competent jurisdiction or other Regulatory Authority or other legal restraint or prohibition in effect which prevents or restrains the consummation of any aspect of the Transaction; and

  (B) ASIC and ASX have issued or provided (and not withdrawn or revoked) such consents, waivers, modifications or approvals or have done such other acts which The Reject Shop and Dollarama agree are reasonably necessary or desirable to implement the Transaction and the transactions and steps contemplated by the Scheme Implementation Agreement;

(ii) **No Prescribed Occurrence:** no Prescribed Occurrence occurs between (and including) the date of the Scheme Implementation Agreement and 8.00am (AEST) on the Second Court Date;

(iii) **Shareholder Approval:** Reject Shop Shareholders approve the Scheme by the Requisite Majorities at the Scheme Meeting;

(iv) **Independent Expert:** the Independent Expert issues an Independent Expert's Report concluding that the Scheme is in the best interests of Reject Shop Shareholders and not subsequently changing that conclusion to be that the Scheme is not in the best interests of Reject Shop Shareholders at any time prior to 8.00am (AEST) on the Second Court Date;

(v) **Court Approval of Scheme:** the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act; and

(vi) **No Material Adverse Change:** no 'Material Adverse Change' (see comments further below in this Section 9.1) has occurred prior to 8.00am (AEST) on the Second Court Date.

The Conditions are set out in full in clause 3.1 of the Scheme Implementation Agreement. Clause 3 of the Scheme Implementation Agreement sets out details of the respective rights of The Reject Shop and/or Dollarama in relation to any benefit or waiver of the Conditions. The Conditions relating to "Shareholder Approval" and "Court Approval of Scheme" cannot be waived.

As at the Last Practicable Date, the Reject Shop Directors are not aware of any circumstances which would cause any of the Conditions to not be satisfied in accordance with the Scheme Implementation Agreement.

No Material Adverse Change (clause 3.1(f) of the Scheme Implementation Agreement)

For the purpose of the "No Material Adverse Change" Condition referred to above in this Section 9.1, the Scheme Implementation Agreement defines a 'Material Adverse Change' as any event, occurrence, change, matter or circumstance (i) occurring on or before the date of the Scheme Implementation Agreement and which only becomes known to Dollarama or is only announced or publicly disclosed after the date of the Scheme Implementation Agreement; or (ii) occurring, or reasonably likely to occur, on or after the date of the Scheme Implementation Agreement; and which, in each case:

(i) taking into account all net payments that are or will be made to The Reject Shop or its Related Entities (after accounting for the costs and expenses incurred in connection with such payments) pursuant to insurance policies held by or for the benefit of The Reject Shop or its Related Entities, in connection with the relevant event, occurrence, change, matter or circumstance; and

(ii) whether individually or when aggregated with all such events, occurrences, changes, matters or circumstances,

has had or is reasonably likely to have the effect of diminishing the:

(iii) consolidated revenue in respect of any 12-month period of The Reject Shop (and its Related Entities) commencing on or after the date of the Scheme Implementation Agreement, taken as a whole, by at least an amount equal to $85,000,000; or

(iv) consolidated net assets of The Reject Shop (and its Related Entities) taken as a whole, by at least an amount equal to $25,000,000, measured against the consolidated net assets of The Reject Shop (and its Related Entities) as at 30 June 2024, provided that, for the purpose of this paragraph, fluctuations resulting from trading inventories acquired or disposed of in the ordinary course of business and foreign currency exchange impacts will be excluded,

For personal use only

other than an event, matter or circumstance, to the extent:

(v) expressly required or expressly permitted under the Scheme Implementation Agreement or the Scheme;

(vi) Fairly Disclosed in the Disclosure Materials;

(vii) Fairly Disclosed to the ASX within the two years prior to the Scheme Implementation Agreement;

(viii) Fairly Disclosed in the Public Register Information;

(ix) arising from any generally applicable change occurring on or after the date of the Scheme Implementation Agreement in any law, regulation or rule of a Regulatory Authority or accounting standards applicable to the territories on which The Reject Shop operates;

(x) arising from general economic or political conditions or changes in those conditions (including financial market fluctuations, changes in interest rates, commodity prices or foreign currency exchange rates) occurring on or after the date of the Scheme Implementation Agreement in the territories on which The Reject Shop operates;

(xi) arising from any act of terrorism, outbreak or escalation of war (whether or not declared), natural disaster, adverse weather conditions, pandemic or the like occurring on or after the date of the Scheme Implementation Agreement in territories on which The Reject Shop operates; or

(xii) arising from any impact of a failure to obtain any consents, approvals or waivers required in accordance with any Change of Control Obligations,

except in the case of each of paragraphs (ix), (x), and (xi) to the extent the effects of such events, matters or circumstances are disproportionately adverse to the group comprising The Reject Shop and its Related Entities as compared to the effects on its competitors.

Reject Shop Board recommendation (clause 5.9 of the Scheme Implementation Agreement)

The Scheme Implementation Agreement requires The Reject Shop to:

(i) ensure that, subject to paragraph (ii) below:

(A) The Reject Shop Board unanimously recommends that Reject Shop Shareholders vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal and subject to the Independent Expert concluding that the Scheme is in the best interests of Reject Shop Shareholders and not subsequently changing that conclusion to be that the Scheme is not in the best interests of Reject Shop Shareholders (**Recommendation**); and

(B) each Reject Shop Director states that they will, in the absence of a Superior Proposal and subject to the Independent Expert concluding that the Scheme is in the best interests of Reject Shop Shareholders and not subsequently changing that conclusion to be that the Scheme is not in the best interests of Reject Shop Shareholders, vote (or procure the voting of) all Reject Shop Shares held or controlled by them at the time of the Scheme Meeting in favour of the Scheme (**Voting Intention Statement**),

and that this Scheme Booklet and other public announcements by The Reject Shop in relation to the Scheme include statements to that effect; and

(ii) use its best endeavours to ensure that no Reject Shop Director withdraws or adversely changes or modifies their recommendation that Reject Shop Shareholders vote in favour of the Scheme or makes a public statement or takes any action that is inconsistent with such recommendation, except:

(A) where The Reject Shop receives a Third Party Proposal and Reject Shop Directors determine, after all of Dollarama's rights under clause 8.6 of the Scheme Implementation Agreement ('Response to Third Party Proposals and Matching Rights') have been exhausted, that the Third Party Proposal constitutes a Superior Proposal and The Reject Shop has otherwise complied with clause 8 of the Scheme Implementation Agreement ('Exclusivity');

(B) where the Independent Expert concludes that the Scheme is not in the best interests of Reject Shop Shareholders; or

(C) as a result of a requirement, request, direction or order of a court of competent jurisdiction, ASIC or the Takeovers Panel.

For personal use only

Conduct of business (clause 7.1 of the Scheme Implementation Agreement)

The Scheme Implementation Agreement requires that, from the date of the Scheme Implementation Agreement up to and including the Implementation Date, The Reject Shop:

(A) conducts its business in the ordinary and usual course in a manner generally consistent with the manner in which such business was conducted in the 12 months prior to the date of the Scheme Implementation Agreement; and

(B) comply with certain other specific restrictions and obligations set out in clauses 7.1(b) to 7.1(q) (inclusive) of the Scheme Implementation Agreement.

These obligations and restrictions are subject to the exceptions set out in clauses 7.1(r) to 7.1(y) (inclusive) of the Scheme Implementation Agreement, which include certain matters fairly disclosed to, or consented to by, Dollarama.

These conduct of business provisions are set out in full in clause 7.1 of the Scheme Implementation Agreement.

Representations and warranties (clause 10 of the Scheme Implementation Agreement)

The Scheme Implementation Agreement contains customary representations and warranties, which are given by The Reject Shop and Dollarama to each other.

These representations and warranties are set out in schedule 2 (in the case of The Reject Shop) and schedule 3 (in the case of Dollarama) of the Scheme Implementation Agreement.

Exclusivity (clause 8 of the Scheme Implementation Agreement)

The Scheme Implementation Agreement contains the following customary exclusivity provisions:

(i) no shop;

(ii) no talk (subject to a fiduciary carve-out);

(iii) no due diligence (subject to a fiduciary carve-out);

(iv) notification right for Dollarama if The Reject Shop receives a Third Party Proposal (or certain approaches, inquiries or requests); and

(v) matching rights.

Reject Shop Break Fee (clause 9.2 of the Scheme Implementation Agreement)

The Scheme Implementation Agreement contains a break fee of $2,592,195, being the Reject Shop Break Fee, which equates to approximately 1% of the equity value of The Reject Shop[19], which subject to applicable laws will be required to be paid by The Reject Shop to Dollarama if any of the following occurs and the Scheme does not become Effective:

(i) during the Exclusivity Period, any Reject Shop Director:

  (A) withdraws, adversely changes, adversely modifies or adversely qualifies their Recommendation or support of, or Voting Intention Statement in favour of, the Scheme;

  (B) fails to recommend that Reject Shop Shareholders vote in favour of the Scheme; or

  (C) makes a public statement indicating that they no longer recommend the Scheme or recommends that Reject Shop Shareholders accept or vote in favour of, or otherwise supports or endorses, a Third Party Proposal of any kind that is announced,

  unless:

  (D) the Independent Expert concludes that the Scheme is not in the best interests of Reject Shop Shareholders (except where that conclusion is wholly or directly due to the existence, announcement or publication of a Third Party Proposal);

  (E) the withdrawal, change or qualification to their recommendation (or failure to make a recommendation) is a direct result of a requirement, request, direction or order of a court of competent jurisdiction, ASIC or the Takeovers Panel; or

  (F) The Reject Shop is entitled to terminate the Scheme Implementation Agreement for material breach of the Scheme Implementation Agreement by Dollarama (including material breach of Dollarama's representations and warranties) and has given the appropriate termination notice to Dollarama, or as a result of an Insolvency Event occurring in relation to Dollarama;

(ii) a Third Party Proposal is announced during the Exclusivity Period and within 12 months that Third Party Proposal completes (or, in the case of a Third Party Proposal of a kind referred to in paragraph (d) of the definition of Third Party Proposal, within 12 months an agreement, arrangement or understanding referred to in that paragraph is entered into); or

19. Based on the Transaction Consideration of $6.68 per Reject Shop Share as at the Scheme Record Date, and assuming the cancellation of all Lapsing Performance Rights and vesting of all Vesting Performance Rights.

For personal use only

(iii) Dollarama has terminated the Scheme Implementation Agreement:

(A) for material breach of the Scheme Implementation Agreement by The Reject Shop (including material breach of The Reject Shop's representations and warranties) or as a result of an Insolvency Event occurring in relation to The Reject Shop or its Related Entities; or

(B) pursuant to clause 3.7(a) of the Scheme Implementation Agreement due to the non-fulfillment of the "No Prescribed Occurrence" or "No Material Adverse Change" Conditions where the event, change, circumstance, occurrence or matter giving rise to the non-fulfilment of such Condition was within the control of The Reject Shop (or its Related Entities).

Dollarama Break Fee (clause 9.3 of the Scheme Implementation Agreement)

The Scheme Implementation Agreement contains a reverse break fee of $2,592,195, being the Dollarama Break Fee, which equates to approximately 1% of the equity value of The Reject Shop[20], which subject to applicable laws will be required to be paid by Dollarama to The Reject Shop if both of the following apply:

(i) The Reject Shop terminates the Scheme Implementation Agreement for material breach by Dollarama (including material breach of Dollarama's representations and warranties), or as a result of an Insolvency Event occurring in relation to Dollarama; and

(ii) the Scheme does not become Effective.

Termination (clause 15 of the Scheme Implementation Agreement)

(i) **Termination by either party:** Each of The Reject Shop and Dollarama may terminate the Scheme Implementation Agreement:

(A) at any time before 8.00am (AEST) on the Second Court Date for material breach of the Scheme Implementation Agreement by the other party where the breach is not capable of remedy or has not been remedied within the applicable remedy period (of up to 10 Business Days). This termination right shall also apply in respect of material breaches of representations provided, in the case of certain representations and warranties, that the relevant breach is material in the context of the Scheme taken as a whole;

(B) at any time before 8.00am (AEST) on the Second Court Date where an Insolvency Event occurs in relation to the other party (or in relation to a Related Entity of The Reject Shop, in the case of termination by Dollarama);

(C) where the Scheme Resolution is not approved by the Requisite Majorities of Reject Shop Shareholders (and, if the Scheme is not approved by reason only of the non-satisfaction of the "headcount test" referred to in paragraph (a) of the definition of Requisite Majorities, a Scheme Order has not, in accordance with clause 3.5 of the Scheme Implementation Agreement, been made within 60 days of the Scheme Meeting);

(D) the Effective Date has not occurred on or before 27 August 2025 (or such later date agreed between The Reject Shop and Dollarama). This termination right is not available to a party where the failure of the Effective Date to so occur has been caused by, or is a result of, a breach by such party of any of its representations or warranties or the failure of such party to perform any of its covenants or agreements under the Scheme Implementation Agreement;

(E) the Independent Expert concludes that the Scheme is not in the best interests of the Reject Shop Shareholders;

(F) any court, the Takeovers Panel or Regulatory Authority has issued any order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the Scheme, or has refused to do anything necessary to permit the Scheme, and either such decision has become final and is incapable of appeal or The Reject Shop and Dollarama fail to agree on conducting an appeal within 5 Business Days; or

(G) at any time before 8.00am (AEST) on the Second Court Date where:

(1) a Condition stated to be for that party's sole or joint benefit in clause 3.1 of the Scheme Implementation Agreement is not (or is prevented from being) satisfied or waived by the time specified in the Scheme Implementation Agreement; or

(2) the Scheme does not become Effective by 5.00pm (AEST) on the Business Day before 27 August 2025 (or such later date agreed between The Reject Shop and Dollarama),

and, following the consultation process set out in clause 3.6 of the Scheme Implementation Agreement, The Reject Shop and Dollarama do not reach agreement with respect to the matters set out in that clause within the applicable timeframe (of up to 10 Business Days). This termination right is not available to a party where the failure of the Condition to be satisfied (or the occurrence or event that prevents the Condition being satisfied) or the failure of the Scheme to become Effective arises as a result of that party's:

20. Based on the Transaction Consideration of $6.68 per Reject Shop Share as at the Scheme Record Date, and assuming the cancellation of all Lapsing Performance Rights and vesting of all Vesting Performance Rights.

For personal use only

(3) breach of its reasonable endeavours obligations under clause 3.2 of the Scheme Implementation Agreement concerning the satisfaction of Conditions; or

(4) deliberate act or omission which either alone or together with other circumstances prevents the relevant Condition being satisfied.

In addition, if the Court refuses to make an order convening the Scheme Meeting or approving the Scheme, at Dollarama's request, The Reject Shop must appeal the Court's decision to the fullest extent possible except to the extent that the parties agree otherwise, or an independent senior counsel indicates that, in his or her view, an appeal would have a less than 50% prospect of success, in which case either party may terminate the Scheme Implementation Agreement at any time before 8.00am (AEST) on the Second Court Date.

(ii) **Termination by The Reject Shop:** The Reject Shop may also terminate the Scheme Implementation Agreement at any time before 8.00am (AEST) on the Second Court Date if:

(A) The Reject Shop receives a Third Party Proposal which a majority of the Reject Shop Directors consider to be a Superior Proposal (as evidenced by a written resolution of those directors to that effect);

(B) a majority of the Reject Shop Directors change their respective Recommendations and Voting Intention Statements in relation to the Superior Proposal in accordance with the relevant process set out in the Scheme Implementation Agreement; and

(C) The Reject Shop has complied with clause 8 of the Scheme Implementation Agreement ('Exclusivity') and has paid the Reject Shop Break Fee (if applicable).

(iii) **Termination by Dollarama:** Dollarama may also terminate the Scheme Implementation Agreement at any time before 8.00am (AEST) on the Second Court Date if:

(A) a Prescribed Occurrence occurs; or

(B) a Reject Shop Director:

(1) fails to make, withdraws or adversely changes or modifies their respective Recommendation or Voting Intention Statement;

(2) makes a public statement that they will not or may not vote (or procure the voting of) all Reject Shop Shares held or controlled by them in favour of the Scheme at the Scheme Meeting; or

(3) publicly recommends, promotes or otherwise endorses a Third Party Proposal or has made a statement to the effect that they no longer support the Scheme,

other than as a result of a requirement, request, direction or order of a court of competent jurisdiction, ASIC or the Takeovers Panel.

9.2 PERFORMANCE RIGHTS

On the date of the Scheme Implementation Agreement, The Reject Shop had on issue the following Performance Rights (as more particularly described in the Scheme Implementation Agreement):

- 75,000 Vested Performance Rights, being Performance Rights that had vested in favour of certain Reject Shop Senior Managers on 20 February 2025;
- 387,100 Lapsing Performance Rights, being Performance Rights granted in September to November 2022 to certain employees of The Reject Shop; and
- 1,439,400 Vesting Performance Rights, being the balance of the Performance Rights.

Subject to the Scheme becoming Effective, Dollarama International will be required to purchase all Reject Shop Shares as at the Scheme Record Date, including any such Reject Shop Shares issued as a result of the exercise of relevant Performance Rights.

Vested Performance Rights

All Vested Performance Rights were exercised following execution of the Scheme Implementation Agreement, with the relevant Reject Shop Shares issued following such exercise having an issue date of 31 March 2025, as announced to the ASX on 28 March 2025.

For personal use only

Lapsing Performance Rights

The Scheme Implementation Agreement provides that The Reject Shop will take all such actions as are necessary to ensure that all Lapsing Performance Rights shall lapse or be cancelled on or prior to the Implementation Date in accordance with the terms of the cancellation deeds entered into between The Reject Shop and each holder of Lapsing Performance Rights (each of which provides for the cancellation, in consideration for certain cash rights, of the relevant Lapsing Performance Rights with effect on the date on which Dollarama or its subsidiary acquires the Reject Shop Shares in accordance with the Scheme and the Scheme Implementation Agreement).

Each such cancellation deed provides for each holder of Lapsing Performance Rights to receive a cash payment equal to the Transaction Consideration for each Lapsing Performance Right held by that Lapsing Performance Rights holder by no later than 12 January 2027 and subject to the satisfaction of certain conditions, including the Lapsing Performance Rights holder's continued employment by The Reject Shop up to and including 31 December 2026, other than in certain circumstances set out in the cancellation deed.

ASX has granted certain waivers under the ASX Listing Rules to permit this to occur as detailed in Section 9.5 of this Scheme Booklet.

Vesting Performance Rights

The Scheme Implementation Agreement provides that, subject to the Scheme becoming Effective, The Reject Shop will take all such actions as are necessary to ensure that all Vesting Performance Rights will vest and be exercised and have any applicable restrictions removed before the Special Dividend Record Date. ASX has granted certain waivers under the ASX Listing Rules to permit this to occur as detailed in Section 9.5 of this Scheme Booklet.

It is currently proposed that, with respect to the Vesting Performance Rights, all vesting conditions will be waived, and the exercise period of the Vesting Performance Rights will be amended such that the Vesting Performance Rights will vest and be capable of exercise prior to the Special Dividend Record Date.

9.3 CONSENTS AND DISCLAIMERS

The following parties have given and have not, before the date of this Scheme Booklet, withdrawn their written consent:

- to be named in this Scheme Booklet in the form and context in which they are named; and
- if applicable, to the inclusion of each statement made by them (and each statement based on statements made by them) (if any) in the form and content in which these statements appear in this Scheme Booklet:

NAME	ROLE
UBS	Financial adviser to The Reject Shop
SBA Law	Legal adviser to The Reject Shop
PwC	Tax adviser to The Reject Shop
Kin Group Pty Ltd	The Reject Shop's largest shareholder (via its wholly-owned subsidiary, Bennamon Pty Ltd) as at the Last Practicable Date
MUFG Corporate Markets	The Reject Shop Share Registry
Kroll	Independent Expert

Kroll has given, and has not, before the date of this Scheme Booklet, withdrawn its written consent to the inclusion of the Independent Expert's Report in the form and context in which it appears in Schedule 1 of this Scheme Booklet and references to the Independent Expert's Report in the form and context in which they appear.

Dollarama has:

- accepted responsibility for the Dollarama Information; and
- given, and has not, before the date of this Scheme Booklet, withdrawn its written consent to the inclusion of the Dollarama Information in the form and context in which it appears in this Scheme Booklet.

Dollarama and each person named in the previous table:

- does not make or purport to make any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than as specified in this Section 9.3;
- to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Scheme Booklet, other than (to the extent applicable) those statements included in this Scheme Booklet with the consent of that party as specified in this Section 9.3; and
- has not authorised or caused the issue of this Scheme Booklet.

For personal use only

Neither The Reject Shop, its Related Entities nor any of their respective directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of the Dollarama Information or any information contained in the Independent Expert's Report, except in relation to any information which The Reject Shop has provided to the Independent Expert.

Neither Dollarama, its Related Entities nor any of their respective directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of the Reject Shop Information or any information contained in the Independent Expert's Report.

9.4 TRANSACTION COSTS

The Reject Shop estimates that it will incur approximately $5 million (excluding GST but including disbursements) in external transaction costs which relate to the Scheme. This includes advisory fees (including for The Reject Shop's financial and legal advisers), the Independent Expert's fees, registry, Court fees, printing and mailing costs and expenses associated with convening and holding the Scheme Meeting but excludes any insurance premium for the directors' and officers' insurance run-off cover, and all costs associated with any Third Party Proposal. Of this, The Reject Shop estimates that it will incur approximately $1.5 million (excluding GST but including disbursements) in such external transaction costs regardless of whether or not the Scheme is implemented, excluding any Reject Shop Break Fee which may become payable.

9.5 REGULATORY RELIEF

Waiver from ASX Listing Rules

(i) **ASX Listing Rule 6.23.2:** ASX Listing Rule 6.23.2 provides that a change which has the effect of cancelling an option (which includes, in this context, the Lapsing Performance Rights) for consideration can only be made if the shareholders approve the change. ASX has granted The Reject Shop a waiver from ASX Listing Rule 6.23.2 to allow for the cancellation of the Lapsing Performance Rights in accordance with the cancellation deeds entered into between The Reject Shop and each holder of Lapsing Performance Rights (each of which provides for the cancellation, in consideration for certain cash rights, of the relevant Lapsing Performance Rights with effect on the date on which Dollarama or its subsidiary acquires the Reject Shop Shares in accordance with the Scheme and the Scheme Implementation Agreement) without the need to obtain specific approval from Reject Shop Shareholders. The waiver is conditional on:

   (A) this Scheme Booklet setting out, to ASX's satisfaction, full details of the cancellation of the Lapsing Performance Rights and the consideration payable for their cancellation; and

   (B) the Scheme becoming effective.

(ii) **ASX Listing Rule 6.23.3:** ASX Listing Rule 6.23.3 provides that, in respect of a Performance Right, a change which has the effect of reducing the exercise price, increasing the period for exercise or increasing the number of securities received on exercise cannot be made. ASX has granted The Reject Shop a waiver from ASX Listing Rule 6.23.3 to allow for the acceleration of the vesting of the Vesting Performance Rights, including to waive all vesting conditions and amend the exercise period of such Vesting Performance Rights. The waiver is conditional on:

   (A) this Scheme Booklet setting out, to ASX's satisfaction, full details of the proposed treatment of the Vesting Performance Rights;

   (B) the Scheme being approved by the Reject Shop Shareholders; and

   (C) the Court approving the Scheme, and the Court's orders being lodged with ASIC such that the Scheme becomes effective.

ASIC relief

(iii) **Paragraph 8302(d) of Part 3 of Schedule 8 of the Corporations Regulations:** Paragraph 8302(d) of Part 3 of Schedule 8 of the Corporations Regulations requires this Scheme Booklet to set out particulars of any payment or other benefit proposed to be made or given to any director, secretary or senior manager of The Reject Shop or a Related Body Corporate (**Relevant Person**) as compensation for the loss of, or as consideration for their retirement from, office in The Reject Shop or a Related Body Corporate. ASIC has granted The Reject Shop relief from this requirement so that this Scheme Booklet need not set out:

   (A) particulars of any payments or benefits proposed to be made or given to a Relevant Person in relation to their loss of office, or retirement from office, unless either:

      (1) the Relevant Person will lose office or retire from office as a consequence of, or in connection with, the Scheme; or

      (2) the amount of any payment or benefit which may be made to the Relevant Person upon their loss of that office or retirement from that office, may be materially affected by the Scheme;

   (B) the identity of any Relevant Person who will lose office or retire from office in connection with the Scheme, unless that person is a director of The Reject Shop; or

   (C) particulars of any payments or benefits to a Relevant Person, other than directors of The Reject Shop, that would otherwise be required to be disclosed under paragraph (A) above, provided such payments or benefits are disclosed on an aggregate basis.

For personal use only

(iv) **Paragraph 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations:** Paragraph 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations requires this Scheme Booklet to set out whether, within the knowledge of the Reject Shop Directors, the financial position of The Reject Shop has materially changed since the date of the last balance sheet laid before The Reject Shop at general meeting or sent to Reject Shop Shareholders in accordance with section 314 or 317 of the Corporations Act (being 30 June 2024) and, if so, full particulars of any change. ASIC has granted The Reject Shop relief from this requirement so that this Scheme Booklet need not set out the above details on the basis that:

(A) The Reject Shop has complied with Division 2 of Part 2M.3 of the Corporations Act in respect of the half-year ended 29 December 2024;

(B) The Reject Shop discloses in this Scheme Booklet all material changes to its financial position occurring after the half-year ended 29 December 2024 (being the date of the last balance sheet lodged with ASIC and announced to the ASX by The Reject Shop on 20 February 2025) and prior to the date of this Scheme Booklet;

(C) The Reject Shop discloses in announcements to the market operated by ASX any material changes to its financial position that occur after the date of lodgement of this Scheme Booklet for registration with ASIC but prior to the Scheme being approved by the Court;

(D) the Scheme Booklet states that a copy of the financial reports for the half-year ended 29 December 2024 is available free of charge; and

(E) the Scheme Booklet sent to Reject Shop Shareholders is substantially in the form given to ASIC on 13 May 2025, approved by the Court, and registered with ASIC.

The Appendix 4D lodged by The Reject Shop in respect of the 26-week period ended 29 December 2024 is available free of charge at the following link: https://www.rejectshop.com.au/about/financial-report.

9.6 NO UNACCEPTABLE CIRCUMSTANCES

The Reject Shop Directors believe that the Scheme does not involve any circumstances in relation to the affairs of The Reject Shop or its Related Entities that could reasonably be characterised as constituting "unacceptable circumstances" for the purposes of section 657A of the Corporations Act.

9.7 NO OTHER MATERIAL INFORMATION

Except as disclosed elsewhere in this Scheme Booklet, there is no other information that is material to the making of a decision in relation to the Scheme, being information that is within the knowledge of any Reject Shop Director, as at the Last Practicable Date, which has not been previously disclosed to Reject Shop Shareholders.

9.8 SUPPLEMENTARY DISCLOSURE

The Reject Shop will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of this Scheme Booklet and the Second Court Date:

- a material statement in this Scheme Booklet is misleading or false;
- a material omission from this Scheme Booklet;
- a significant change affecting a matter in this Scheme Booklet; or
- a new circumstance has arisen, and it would have been required to be included in this Scheme Booklet if it had arisen before the date of this Scheme Booklet.

Depending on the nature and timing of the changed circumstances, and subject to compliance with any relevant laws and/or obtaining any relevant approvals, The Reject Shop may circulate and publish any supplementary document by:

- making an announcement to ASX;
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- posting the supplementary document to Reject Shop Shareholders at their address shown on The Reject Shop Share Register; and/or
- posting a statement on The Reject Shop's website at www.rejectshop.com.au,

as The Reject Shop, in its absolute discretion, considers appropriate.

For personal use only

THE REJECT SHOP

Scheme Booklet

Section 10 Glossary and interpretation

10. Glossary and interpretation

For personal use only

10.1 GLOSSARY

TERM	MEANING
$	The Australian Dollar.
AEST	Australian Eastern Standard Time.
Aggregate Scheme Consideration	The amount described in paragraph (a) of the definition of Scheme Consideration, multiplied by the total number of Reject Shop Shares as at the Scheme Record Date.
ANZ	Australia and New Zealand Banking Group Limited.
ASIC	The Australian Securities and Investments Commission.
Associate	The meaning given in sections 12 and 16 of the Corporations Act, as if subsection 12(1) of the Corporations Act included a reference to the Scheme Implementation Agreement and The Reject Shop was the designated body.
ASX	ASX Limited (ABN 98 008 624 691) and, where the context requires, the financial market that it operates.
ASX Listing Rules	The official listing rules of the ASX.
ATO	The Australian Taxation Office.
Business Day	A day that is each of the following: (a) a business day within the meaning of the ASX Listing Rules; and (b) a day on which all banks are open for business in each of Melbourne, Australia, and Montreal, Québec, Canada other than a Saturday, Sunday, or public holiday.
C$	The Canadian Dollar.
CGT	The meaning given in Section 7 of this Scheme Booklet.
Change of Control Obligations	With respect to any contract to which The Reject Shop or its Related Entity is a party or is bound and in respect of which as a result of the announcement and/or implementation of the Transaction, The Reject Shop or its Related Entity (as applicable) is or will be required to obtain the consent of a counterparty, or a counterparty is or will be entitled to be provided with a notification, or a counterparty is or will be entitled to (in all cases whether absolutely or contingently): (a) terminate, vary the terms of or accelerate the performance of obligations under the contract or understanding; (b) acquire or require the disposal of any interest in or alter the terms of investment in any one or more companies, businesses, trusts, assets or shares held by The Reject Shop or its Related Entity; or (c) without limiting paragraph (a), require the payment or repayment, immediately or earlier than the payment or repayment date would otherwise have been, of any monies borrowed or raised by, or any other monetary obligations of The Reject Shop or its Related Entity.
CHESS	The Clearing House Electronic Subregister System, which facilitates electronic security transfer in Australia, operated by ASX Settlement Pty Limited (ABN 49 008 504 532).
Claim	Any claim, demand, legal proceedings or cause of action including any claim, demand, legal proceedings or cause of action however arising, and whether present, unascertained, immediate, future or contingent, including to the extent based in contract, tort (including misrepresentation or negligence), under common law or under statute and includes a claim, demand, legal proceeding or cause of action arising from any breach of warranty or indemnity.

For personal use only

TERM	MEANING
Class Ruling	The class ruling for which The Reject Shop has applied to the ATO to confirm the key income tax implications of the Scheme and the Special Dividend for Reject Shop Shareholders.
Condition	A condition set out in clause 3.1 of the Scheme Implementation Agreement.
Control	The meaning given in section 50AA of the Corporations Act, disregarding subsection 50AA(4).
Controller	The meaning given in the Corporations Act.
Corporations Act	The *Corporations Act 2001* (Cth).
Corporations Regulations	The *Corporations Regulations 2001* (Cth).
Court	The Federal Court of Australia or such other court of competent jurisdiction under the Corporations Act agreed to in writing by The Reject Shop and Dollarama.
Deed Poll	A deed poll in the form contained in Schedule 3 of this Scheme Booklet or in such other form as agreed by Dollarama and The Reject Shop to be executed by Dollarama and Dollarama International in favour of the Reject Shop Shareholders as at the Scheme Record Date.
Disclosure Materials	The information disclosed by The Reject Shop to Dollarama at 5.00pm (AEST) on 26 March 2025 and made available by way of electronic data room titled "Project Lennox", an electronic copy of which was provided to Dollarama by The Reject Shop or its representatives on or before the date of the Scheme Implementation Agreement, the index of which was provided by The Reject Shop to Dollarama and executed by both parties for identification.
Dollarama	Dollarama Inc., headquartered at 5805 Royalmount Ave., Montreal, Québec, Canada, H4P 0A1.
Dollarama Break Fee	A break fee of $2,592,195. This is a break fee which may in certain circumstances be payable by Dollarama to The Reject Shop in accordance with clause 9.3 of the Scheme Implementation Agreement.
Dollarama Cash Reserves	The meaning given in Section 6.4 of this Scheme Booklet.
Dollarama Credit Facility	The meaning given in Section 6.4 of this Scheme Booklet.
Dollarama International	Dollarama International Inc., a direct wholly-owned subsidiary of Dollarama incorporated under the *Canada Business Corporations Act* on 21 January 2013.
Dollarama Information	All information contained in Section 6 of this Scheme Booklet.
Effective	The time at which the Scheme Order takes effect pursuant to section 411(10) of the Corporations Act but, in any event, at no time before an office copy of the Scheme Order of the Court is lodged with ASIC.
Effective Date	The date on which the Scheme becomes Effective.

10. Glossary and interpretation Continued

For personal use only

TERM	MEANING
Exclusivity Period	The period from and including the date of the Scheme Implementation Agreement to and including the earlier of: (a) the date the Scheme Implementation Agreement is terminated in accordance with its terms; (b) the Effective Date; and (c) the date being 5 months after the date of the Scheme Implementation Agreement (or such later date as Dollarama and The Reject Shop agree in writing).
Fairly Disclosed	(a) With respect to a matter disclosed by The Reject Shop to Dollarama, disclosed in sufficient detail so as to enable a reasonable person experienced in transactions similar to the Transaction to identify the nature, import and scope of the relevant matter. (b) With respect to a matter disclosed to The Reject Shop, disclosed in writing by Dollarama to The Reject Shop prior to the date of the Scheme Implementation Agreement in sufficient detail so as to enable a reasonable person experienced in transactions similar to the Transaction and experienced in operating a business similar to the business conducted by Dollarama to identify the nature, import and scope of the relevant matter.
First Court Date	The first day of the First Court Hearing or, if the First Court Hearing is adjourned for any reason, the first day on which the adjourned application is heard.
First Court Hearing	The hearing of the application made to the Court for orders under section 411(1) of the Corporations Act that the Scheme Meeting be convened.
Foreign Resident CGT Withholding Amount	Any amounts that Dollarama or Dollarama International is required by section 260-5 or Subdivision 14-D of Schedule 1 of the *Taxation Administration Act 1953* (Cth) or section 255 of the *Income Tax Assessment Act 1936* (Cth) to pay to the Commissioner of Taxation in respect of the acquisition of Reject Shop Shares from certain Reject Shop Shareholders as at the Scheme Record Date.
GST	The meaning given in the GST Act.
GST Act	The *A New Tax System (Goods and Services Tax) Act 1999* (Cth).
Implementation Date	The fifth Business Day following the Scheme Record Date, or such other date as ordered by the Court or agreed between The Reject Shop and Dollarama, which at the date of this Scheme Booklet is currently expected to be on or around Tuesday, 22 July 2025.
Independent Expert	Kroll, the independent expert in respect of the Scheme, appointed by The Reject Shop.
Independent Expert's Report	The report in connection with the Scheme prepared by the Independent Expert and included at Schedule 1 of this Scheme Booklet, setting out the Independent Expert's opinion on whether or not the Transaction is fair and reasonable and in the best interest of Reject Shop Shareholders and the reasons for holding that opinion.

For personal use only

TERM	MEANING
Insolvency Event	(a) In relation to a person: (i) anything which reasonably indicates that there is a significant risk that such person is or will become unable to pay its debts as and when they fall due, including each of the following: (A) a meeting of the person's creditors being called or held; (B) a step being taken to make the person bankrupt; (C) an application being presented or an order made for the sequestration of the person's estate; (D) a step being taken to wind the person up; (E) a step being taken to have a receiver, receiver and manager, administrator, controller, liquidator or provisional liquidator appointed to the person or any of its assets; (F) the person entering into any type of agreement, composition or arrangement with, or assignment for, the benefit of all or any of its creditors; or (G) the person ceases or threatens to cease to carry on its main business; or (ii) the appointment of a receiver, receiver and manager, administrator, Controller, liquidator or provisional liquidator to the person or any of its assets; or (b) in relation to an entity: (i) it ceases or suspends the conduct of all or a substantial part of its business or disposes of all or a substantial part of its assets; (ii) it stops or suspends payment of all or a class of its debts; (iii) it is unable to pay all of its debts as and when they become due and payable or is, or under legislation is presumed or taken to be, insolvent (other than as the result of a failure to pay a debt or Claim the subject of a good faith dispute); (iv) it has an administrator, Controller or similar officer appointed, or any step preliminary to the appointment of such an officer is taken; (v) it seeks or obtains protection from its creditors under any statute or any other law; (vi) it: (A) resolves to enter into, or enters into, a scheme of arrangement, a deed of company arrangement or other arrangement, compromise or composition with its creditors or an assignment for their benefit; or (B) takes proceedings or actions similar to those mentioned in this paragraph as a result of which the entity's assets are, or are proposed to be, submitted to the control of its creditors; (vii) an application or an order is made, proceedings are commenced, or a resolution is passed (and in the case of an application, it is not stayed, withdrawn or dismissed within 10 days) for: (A) its winding up, dissolution or administration; or (B) it entering into an arrangement, compromise or composition with, or assignment for, the benefit of its creditors or a class of them; (viii) a: (A) receiver, receiver and manager, administrative receiver or similar officer is appointed to; (B) security interest becomes enforceable or is enforced over; or (C) distress, attachment or other execution is levied or enforced or applied for over, all or a substantial part of its assets; or (c) anything analogous to anything referred to in the above paragraphs, or which has substantially similar effect, occurs with respect to it, including under any foreign law.
ITAA 1997	The *Income Tax Assessment Act 1997* (Cth).
Kroll	Kroll Australia Pty Ltd, the Independent Expert appointed by The Reject Shop Board.
Lapsing Performance Rights	The 387,100 Performance Rights comprised of the Performance Rights granted in September to November 2022 to certain employees of The Reject Shop referred to in certain parts of the Disclosure Materials.
Last Practicable Date	Friday, 9 May 2025, being the last practicable date before finalising information in this Scheme Booklet to which this definition relates.

10. Glossary and interpretation Continued

For personal use only

TERM	MEANING
Material Adverse Change	The meaning given in Section 9.1 of this Scheme Booklet.
Maximum Scheme Consideration	The meaning given in Section 6.4 of this Scheme Booklet.
Notice of Scheme Meeting	The notice of meeting for the Scheme Meeting included at Schedule 4 of this Scheme Booklet.
Officer	In relation to an entity, its directors and senior executives (and, in the case of The Reject Shop, includes the Reject Shop Senior Managers).
Official List	The official list of entities that the ASX has admitted and not removed.
Performance Rights	The 1,901,500 performance rights granted by The Reject Shop as at the date of the Scheme Implementation Agreement under, or on terms consistent with the terms of, The Reject Shop's performance rights plan on terms Fairly Disclosed by The Reject Shop to Dollarama in the Disclosure Materials.
Prescribed Occurrence	Other than: (a) as expressly required or expressly permitted by or under the Scheme Implementation Agreement; (b) as expressly required or expressly contemplated by or under the Scheme or Deed Poll; (c) as Fairly Disclosed by The Reject Shop to Dollarama in the Disclosure Materials; (d) as Fairly Disclosed to the ASX within the two years prior to the date of the Scheme Implementation Agreement; (e) to the extent required by law or regulations; (f) as expressly agreed to, consented to or requested by Dollarama in writing; or (g) in relation to paragraphs (i), (j) and (l) only, where the relevant action is undertaken by a wholly owned direct or indirect subsidiary of The Reject Shop, and reasonably required for the purposes of paying the Special Dividend (or the interim dividend of $0.12 per share previously determined to be paid on Reject Shop Shares as disclosed to ASX on 20 February 2025), the occurrence of any of the following: (h) The Reject Shop converting all or any of its shares into a larger or smaller number of shares; (i) The Reject Shop or its Related Entity resolving to reduce, or reducing, its share capital in any way, or reclassifying or varying the rights attaching to, redeeming, combining, splitting or repurchasing, directly or indirectly, any of its shares; (j) The Reject Shop or its Related Entity resolving to buy-back, or buying-back, any of its shares, including by: (i) entering into a buy-back agreement; or (ii) resolving to approve the terms of a buy-back agreement under the Corporations Act; (k) The Reject Shop or its Related Entity issuing any securities or any convertible instruments or performance rights, granting an option over its securities, or agreeing to make such an issue or grant such a performance right or option, other than an issue of ordinary shares following the exercise of the Vesting Performance Rights or Vested Performance Rights on issue at the date of the Scheme Implementation Agreement, in all cases, the existence of which has been Fairly Disclosed by The Reject Shop to Dollarama in the Disclosure Materials; (l) The Reject Shop or its Related Entity entering into, or resolving to enter into, a transaction with any related party (other than each other), as defined in section 228 of the Corporations Act, other than in respect of trading inventories in the ordinary course of business and at arms' length;

For personal use only

TERM	MEANING
Prescribed Occurrence continued	(m) The Reject Shop or its Related Entity making or determining, or announcing an intention to declare, pay or distribute, any distribution whether by way of dividend or capital reduction or otherwise and whether in cash or in specie, other than by way of a Special Dividend (or the payment of the interim dividend of $0.12 per share previously determined to be paid on Reject Shop Shares as disclosed to ASX on 20 February 2025); (n) The Reject Shop or its Related Entity becoming subject to an Insolvency Event; (o) The Reject Shop or its Related Entity adopting a new constitution or modifying or repealing its constitution or a provision of it or a similar constituent document; (p) Reject Shop Shares cease to be quoted, or are suspended from quotation, on ASX; (q) The Reject Shop or its Related Entity incurring any financial indebtedness (within the meaning of the Scheme Implementation Agreement), other than: (i) drawing down amounts under The Reject Shop's finance arrangements with ANZ for the purposes of funding working capital requirements that arise in the ordinary course of its business; or (ii) the accrual of interest and fees in the ordinary course of business in accordance with the terms of any contract, agreement or arrangement giving rise to the financial indebtedness; or (iii) pursuant to equipment leases, hire purchase agreements, finance leases, capital leases or similar arrangements entered into in the ordinary course of business where, in each case, the financial indebtedness to be incurred under any individual such arrangement does not exceed $100,000 or, together with any other similar such arrangement, $1,000,000 in aggregate; (r) The Reject Shop or its Related Entity paying any of its Officers, executives or employees who are employed or engaged at The Reject Shop's head office a termination or retention payment, other than: (i) in accordance with contractual arrangements with Officers and executives in effect on the date of the Scheme Implementation Agreement and which have been Fairly Disclosed in the Disclosure Materials; (ii) in accordance with contractual arrangements with employees (other than Officers and executives) in effect on the date of the Scheme Implementation Agreement, where the aggregate amount of all such payments to such employees does not exceed $75,000, not taking into account amounts paid in accordance with paragraph (r)(iii) below; and/or (iii) statutory employee entitlements that are required to be paid; (s) The Reject Shop or its Related Entity incurring, or committing to incur, any capital expenditure or capital investment which: (i) with respect to the opening of any individual new retail store listed in document 05.16.07 (2025-03-18 New Store Openings and Closures Summary) in the Disclosure Materials, in respect of each store and together with any other capital expenditure or capital investment in respect of the same store, exceeds $850,000; or (ii) is capital expenditure or capital investment which is not in respect of the opening of individual new retail stores listed in document 05.16.07 in the Disclosure Materials and which: (A) has not been Fairly Disclosed in certain other folders of the Disclosure Materials; and (B) either (i) individually, is, or is reasonably expected to be, in excess of $250,000; or (ii) together with any other expenditure or investment to which this paragraph (s)(ii)(B) applies, is, or is reasonably expected to be, in excess of $1,500,000 in aggregate; or (t) The Reject Shop or its Related Entity authorises, agrees, commits or resolves to do any of the matters set out above.

10. Glossary and interpretation Continued

For personal use only

TERM	MEANING
Public Register Information	A document that would have been returned by a search, in respect of The Reject Shop or its Related Entity, of: (a) the public records maintained by ASIC (had the relevant searches been conducted on 25 March 2025); (b) the Personal Property Securities Register (PPSR) (had the relevant searches been conducted on 25 March 2025); or (c) the public records maintained by the High Court of Australia, Federal Court of Australia and Supreme Court of Victoria on 10 February 2025.
PwC	PricewaterhouseCoopers (ABN 52 780 433 757).
Recommendation	The meaning given in Section 9.1 of this Scheme Booklet.
Regulatory Authority	Any Australian or foreign government or governmental, semi-governmental, administrative, fiscal, regulatory or judicial entity, commission, tribunal agency or authority or any government minister, department, office or delegate of any government. It includes a self-regulatory organisation established under statute or a stock exchange, ASIC, ASX, TSX, FIRB and the Australian Competition and Consumer Commission.
Reject Shop Break Fee	A break fee of $2,592,195. This is a break fee which may in certain circumstances be payable by The Reject Shop to Dollarama in accordance with clause 9.2 of the Scheme Implementation Agreement.
Reject Shop Director	A director of The Reject Shop.
Reject Shop Information	All information regarding The Reject Shop provided by or on behalf of The Reject Shop for inclusion in this Scheme Booklet (and any information derived from, or prepared in reliance on, such information) and any updates to that information prepared by or on behalf of The Reject Shop, and all other statements of intention or belief of The Reject Shop that relate to the Transaction, and includes all of the information contained in Section 5 (but excludes the Dollarama Information and the Independent Expert's Report).
Reject Shop Senior Manager	Each of the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Information Officer, General Manager – Property, General Manager – People and Culture and General Counsel and Company Secretary of The Reject Shop.
Reject Shop Shareholder	A person who is registered in The Reject Shop Share Register as the holder of Reject Shop Shares.
Reject Shop Shares	A fully paid ordinary share in the capital of The Reject Shop.
Related Bodies Corporate	The meaning given in the Corporations Act.
Related Entity	The meaning given in the Scheme Implementation Agreement.
Relevant Interest	The meaning given in the Corporations Act.
Relevant Person	The meaning given in Section 9.5 of this Scheme Booklet.
Requisite Majorities	The threshold for approval of the Scheme set out in Section 4.7 of this Scheme Booklet, being votes in favour of the resolution received from: (a) unless the Court orders otherwise, a majority in number (more than 50%) of Reject Shop Shareholders present and voting at the Scheme Meeting (including by proxy, by attorney or, in the case of corporate Reject Shop Shareholders, by a corporate representative); and (b) at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Reject Shop Shareholders present and voting (including by proxy, by attorney or, in the case of corporate Reject Shop Shareholders, by a corporate representative).

For personal use only

TERM	MEANING
SBA Law	The Reject Shop's legal adviser, SBA Law (ABN 91 880 801 869).
Scheme	The proposed scheme of arrangement between The Reject Shop and the Reject Shop Shareholders as at the Scheme Record Date under Part 5.1 of the Corporations Act in the form of Schedule 2 (or in such other form as agreed by Dollarama and The Reject Shop), subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed in writing by Dollarama and The Reject Shop.
Scheme Booklet	This explanatory statement in relation to the Scheme issued pursuant to section 412 of the Corporations Act.
Scheme Consideration	(a) In relation to each Reject Shop Share as at the Scheme Record Date, a cash amount equal to $6.68 less the amount of any Special Dividend (provided that, for the avoidance of doubt, the Scheme Consideration will not be reduced by the value attributed to any franking credits attached to any Special Dividend); and (b) In relation to a Reject Shop Shareholder as at the Scheme Record Date, the number of Reject Shop Shares held by the Reject Shop Shareholder on that date (as set out in The Reject Shop Share Register) multiplied by the amount calculated under paragraph (a) of this definition in respect of each such Reject Shop Share.
Scheme Implementation Agreement	The scheme implementation agreement dated 27 March 2025 between Dollarama and The Reject Shop relating to the implementation of the Scheme, as amended from time to time.
Scheme Meeting	The meeting ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act in respect of the Scheme, including any adjournment or postponement of that meeting.
Scheme Order	The Order of the Court made for the purposes of section 411(4)(b) of the Corporations Act in relation to the Scheme.
Scheme Record Date	The record date of the Scheme, which is currently expected to be on or around Tuesday, 15 July 2025 at 7.00pm (AEST).
Scheme Resolution	The resolution set out in the Notice of Scheme Meeting in Schedule 4 to agree to the terms of the Scheme.
Second Court Date	The first day of the Second Court Hearing or, if the Second Court Hearing is adjourned for any reason, the first day on which the adjourned application is heard.
Second Court Hearing	The hearing of the application made to the Court for the Scheme Order.
Section	Each numbered segment of this Scheme Booklet.
Special Dividend	A special dividend of up to $0.77 per Reject Shop Share which The Reject Shop Board may determine to pay in its discretion and subject to the terms and conditions of the Scheme Implementation Agreement (including clause 7.3 of that agreement), which include the Scheme becoming Effective and The Reject Shop receiving a draft class ruling or other indicative confirmation from the ATO in a form acceptable to The Reject Shop and Dollarama, each acting reasonably, as contemplated by clause 7.3 of the Scheme Implementation Agreement.
Special Dividend Payment Date	The date of payment of the Special Dividend (if any), as determined by The Reject Shop Board in its absolute discretion, currently intended to be Monday, 14 July 2025.
Special Dividend Record Date	The record date for the Special Dividend (if any), as determined by The Reject Shop Board in its absolute discretion, currently intended to be 7.00pm (AEST) on Monday, 7 July 2025.

10. Glossary and interpretation Continued

For personal use only

TERM	MEANING
Superior Proposal	A publicly announced bona fide Third Party Proposal received or arising after the date of the Scheme Implementation Agreement which The Reject Shop Board acting in good faith and reasonably (after receiving written advice from its external legal and financial advisers) determines: (a) is reasonably capable of being valued and reasonably capable of being completed on a timely basis taking into account all aspects of the Third Party Proposal, including among other things, all legal, financial, regulatory and all other aspects of the Third Party Proposal and the Transaction, including conditions, the identity of the offeror, reputation and financial condition of the person making the proposal and all relevant legal, regulatory and financial matters (including the value and type of consideration, funding, any timing considerations and any conditions precedent); and (b) would, if completed substantially in accordance with the offered terms, be more favourable to the Reject Shop Shareholders (as a whole) than the Scheme, taking into account, among other things, all legal, financial, regulatory and all other aspects of the Third Party Proposal and the Transaction, including conditions, the identity of the offeror, reputation and financial condition of the person making the proposal and all relevant legal, regulatory and financial matters (including the value and type of consideration, funding, any timing considerations and any conditions precedent).
The Reject Shop or **Reject Shop**	The Reject Shop Limited (ABN 33 006 122 676).
The Reject Shop Board	The board of directors of The Reject Shop.
The Reject Shop Share Register	The register of members of The Reject Shop maintained by or on behalf of The Reject Shop in accordance with the Corporations Act.
The Reject Shop Share Registry	MUFG Corporate Markets, a division of MUFG Pension & Market Services (formerly known as Link Market Services).
Third Party Proposal	Any actual or proposed proposal, offer, agreement, arrangement or transaction which, if entered into or completed, could reasonably be expected to result in a person (other than Dollarama or its Associate), whether alone or together with any Associate: (a) directly or indirectly acquiring a Relevant Interest in, or having a right to acquire, a legal, beneficial or economic interest (including under a cash settled equity swap or similar derivative) in, or control of, 20% or more of the Reject Shop Shares; (b) directly or indirectly acquiring Control of, or acquiring or merging with, The Reject Shop or any of its Related Entities; (c) directly or indirectly acquiring, becoming the holder of, or otherwise having a right to acquire, a legal, beneficial or economic interest in, or control of, all or a material part of The Reject Shop and its Related Entities' business or assets; or (d) requiring, or otherwise causing, The Reject Shop to abandon, or to otherwise not proceed with, the Transaction or any Reject Shop Director not to recommend the Transaction, whether by way of takeover bid, scheme of arrangement, reverse takeover, shareholder approved acquisition, capital reduction, buy-back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement recapitalisation, refinancing or other transaction or arrangement.
Transaction	The acquisition by Dollarama International of all Reject Shop Shares as at the Scheme Record Date through implementation of the Scheme, in return for the payment of the Aggregate Scheme Consideration, in accordance with the terms of the Scheme Implementation Agreement.
Transaction Consideration	In relation to each Reject Shop Share as at the Scheme Record Date, a cash amount equal to $6.68.

For personal use only

TERM	MEANING
TSX	The Toronto Stock Exchange.
UBS	The Reject Shop's financial adviser, UBS Securities Australia Limited (ABN 62 008 586 481).
US$	The United States Dollar.
Vested Performance Rights	The 75,000 performance rights that vested in favour of certain Reject Shop Senior Managers on 20 February 2025 in accordance with certain documents in the Disclosure Materials, which were exercised following execution of the Scheme Implementation Agreement.
Vesting Performance Rights	All Performance Rights other than Vested Performance Rights and Lapsing Performance Rights.
Voting Intention Statement	The meaning given in Section 9.1 of this Scheme Booklet.
VWAP	Volume weighted average price.

10.2 INTERPRETATION

In this Scheme Booklet, unless the context otherwise appears:

(a) words and phrases have the same meaning (if any) given to them in the Corporations Act;

(b) words importing a gender include any gender;

(c) words importing the singular include the plural and vice versa;

(d) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;

(e) a reference to a Section, annexure or schedule is a reference to a Section of and an annexure or schedule to this Scheme Booklet as relevant;

(f) a reference to any statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations, ordinances, or by laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;

(g) headings and bold type are for convenience only and do not affect the interpretation of this Scheme Booklet;

(h) a reference to time is a reference to time in Melbourne, Australia;

(i) a reference to writing includes facsimile transmissions; and

(j) a reference to dollars, $, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

For personal use only

THE REJECT SHOP

Scheme Booklet

Schedule 1 – Independent Expert's Report

Schedule 1 – Independent Expert's Report

For personal use only

Kroll Australia Pty Ltd
Level 32, 85 Castlereagh St
Sydney NSW 2000
www.kroll.com

Ph: +61 2 8286 7200
ABN: 73 116 738 535

The Directors
The Reject Shop Limited
245 Racecourse Road
Kensington VIC 3031

16 May 2025

Dear Directors

Part One – Independent Expert's Report

1 Introduction

On 27 March 2025, The Reject Shop Limited (**The Reject Shop**) announced that it had entered into a Scheme Implementation Agreement with Dollarama Inc. (**Dollarama**), under which Dollarama would acquire all of the issued and outstanding shares in The Reject Shop (**Reject Shop Shares**) by way of a scheme of arrangement (**Scheme**) for cash consideration of $6.68 per Reject Shop Share (the **Transaction Consideration**).

If the Scheme becomes effective, the Reject Shop Board currently intends to determine a fully franked special dividend (**Special Dividend**) of up to $0.77 per Reject Shop Share payable prior to implementation of the Scheme. The amount of the Special Dividend, if paid, will be deducted from the Transaction Consideration. It is expected that eligible shareholders will benefit from franking credits of up to $0.33 per share attached to any such Special Dividend. In addition, the payment of any such Special Dividend is subject to The Reject Shop having received a draft class ruling from the Australian Tax Office (**ATO**) or other indicative confirmation from the ATO, in a form acceptable to The Reject Shop and Dollarama, in respect of the Special Dividend. The Transaction Consideration will not be reduced by the fully franked interim dividend of $0.12 per share determined at the 1H25 results which was paid on 1 May 2025.

Implementation of the Scheme remains subject to satisfaction or waiver of a number of conditions precedent which are set out in Section 5.2 of this report.

The Reject Shop is a prominent Australian discount variety retailer chain. First opening its doors in 1981, it has grown to 393 locations, across the country as at 29 December 2024.[1] The stores offer a wide range of products, which are broadly categorised into consumables, general merchandise and seasonal or complementary items. The Reject Shop focuses on cost-efficiency and value for money of its customers. As at market close on 26 March 2025, the last trading day prior to the announcement of the Scheme, The Reject Shop had a market capitalisation of $122.2 million.[2]

Founded in 1992 and headquartered in Montréal, Québec, Canada, Dollarama is a recognised Canadian value retailer offering a broad assortment of consumable products, general merchandise and seasonal items both in-store and online. It currently has 1,616 locations throughout Canada and also owns a 60.1% interest in Dollarcity, a growing Latin American value retailer that has 632 stores located in Colombia,

---

1 Our Story, The Reject Shop Company Website.
2 Calculated as the closing price of Reject Shop Shares on 26 March 2025 of A$3.15 multiplied by 38,805,317 fully diluted Reject Shop Shares, consisting of 37,365,917 ordinary shares and 1,439,400 Vesting Performance Rights. Fully diluted Reject Shop Shares excludes 387,100 Lapsing Performance Rights.

For personal use only

KROLL

Guatemala, El Salvador and Peru. Dollarama is listed on the Toronto Stock Exchange and as at 9 May 2025, had a market capitalisation of approximately $51.6 billion.[3]

The Scheme is subject to approval by The Reject Shop shareholders (**Reject Shop Shareholders**) at a meeting (the **Scheme Meeting**) expected to be held at 2:30pm (AEST) on Monday, 23 June 2025. Reject Shop Shareholders registered at 2:30pm (AEST) on Saturday, 21 June 2025 will be entitled to vote on the resolution to approve the Scheme (**Scheme Resolution**). For the Scheme to proceed, the Scheme Resolution[4] must be approved by at least 75% of the total number of votes cast by eligible Reject Shop Shareholders (in person, or by proxy, attorney, or corporate representative) and more than 50% of all eligible Reject Shop Shareholders present and voting (in person, or by proxy, attorney, or in the case of a body corporate which is a Reject Shop Shareholder, by corporate representative) at the Scheme Meeting.

The Reject Shop's largest shareholder, Kin Group Pty Ltd (**Kin Group**), which, through its wholly owned subsidiary, Bennamon Pty Ltd, controls approximately 20.7% of Reject Shop Shares on issue as at the date of this report, has informed the Reject Shop Board that it intends to vote all Reject Shop Shares held or controlled by it in favour of the Scheme in the absence of a superior proposal and subject to the independent expert continuing to conclude that the Scheme is in the best interests of Reject Shop Shareholders and not subsequently changing that conclusion to be that the Scheme is not in the best interests of Reject Shop Shareholders.

The Reject Shop Board unanimously recommends that Reject Shop Shareholders vote in favour of the Scheme at the Scheme Meeting, in the absence of a superior proposal and subject to the independent expert continuing to conclude that the Scheme is in the best interests of Reject Shop Shareholders and not subsequently changing that conclusion to be that the Scheme is not in the best interests of Reject Shop Shareholders. Subject to those same qualifications, each Reject Shop Director intends to vote all Reject Shop Shares held or controlled by them in favour of the Scheme.

In order to assist Reject Shop Shareholders in assessing the Scheme and informing their vote on the Scheme Resolution, the Directors of The Reject Shop (**Reject Shop Directors**) have appointed Kroll Australia Pty Ltd (**Kroll**) to prepare an independent expert's report setting out whether, in our opinion, the Scheme is in the best interests of Reject Shop Shareholders, in the absence of a superior proposal.

This report sets out Kroll's opinion as to whether the Scheme is in the best interests of Reject Shop Shareholders and will be included in the Scheme Booklet issued by The Reject Shop in respect of the Scheme.

Further information regarding Kroll, as it pertains to the preparation of this report, is set out in Appendix 1 of this report.

Kroll's Financial Services Guide is contained in Part Two of this report.

2 Scope of report

The transaction involves a scheme of arrangement under Section 411 of the Corporations Act 2001 (Cth) (**Corporations Act**) and requires approval of Reject Shop Shareholders. Section 412(1) of the Corporations Act requires, among other requirements, that an explanatory statement issued in relation to a proposed members' scheme of arrangement, includes information that is material to the making of a decision by a member as to whether or not to agree to the Scheme Resolution.

Even where an independent expert's report is not strictly required by the law or the Australian Securities and Investments Commission (**ASIC**) policy, it is not uncommon for the directors of a company to commission one to ensure that they are providing the information that is material to the making of a decision by a member. As set out in the Scheme Implementation Agreement, a condition precedent to the Scheme becoming effective is the independent expert concluding and continuing to conclude that the Scheme is in the best interests of Reject Shop Shareholders.

---

[3] Calculated as the closing price of Shares on 9 May 2025 of CAD166.14 multiplied by 277,075,341 Dollarama Shares outstanding. The approximate A$ figure was calculated using an exchange rate of A$1 = CAD0.89.

[4] As defined in the Scheme Booklet.

For personal use only

KROLL

In undertaking our work, we have referred to guidance provided by ASIC in its Regulatory Guides, in particular Regulatory Guide 111 'Content of expert reports' (**RG 111**) which outlines the principles and matters which it expects a person preparing an independent expert's report to consider and Regulatory Guide 112 'Independence of experts' (**RG 112**).

Further details of the relevant technical requirements and the basis of assessment in forming our opinion are set out in Sections 6.1 and 6.2 of this report.

3 Opinion

3.1 Summary of opinion

In our opinion the Scheme is in the best interests of Reject Shop Shareholders, in the absence of a superior proposal.

In arriving at this opinion, we have assessed whether the Scheme is:

- **fair**, by comparing the Transaction Consideration to our assessed value of a Reject Shop Share on a controlling interest basis. This approach is in accordance with the guidance set out in RG 111; and
- **reasonable**, by assessing the implications of the Scheme for Reject Shop Shareholders, the likelihood of a superior proposal, and the consequences for Reject Shop Shareholders of not approving the Scheme.

We have assessed the Scheme to be fair and reasonable. Consequently, consistent with RG 111, we have concluded that the Scheme is in the best interests of Reject Shop Shareholders, in the absence of a superior proposal.

We have assessed the value of a Reject Shop Share on a controlling interest basis to be in the range of $4.80 to $5.24. As the Transaction Consideration of $6.68 exceeds our assessed value range for a Reject Shop Share, we consider the Scheme to be fair.

In forming our view as to the value of The Reject Shop, we have considered a range of factors including the potential impact of the new merchandising strategy, the 'defensive' nature of The Reject Shop as a result of the potential for consumers to trade down price categories in challenging economic conditions and The Reject Shop's relatively small scale. As required by RG 111, we have also considered the synergies available to a pool of potential acquirers.

Our analysis of the fairness of the Scheme is detailed further in Section 3.2 of this report.

In accordance with RG 111, an offer is reasonable if it is fair. As we have assessed the Scheme to be fair, it is also reasonable. Regardless of this requirement, we have considered a range of other factors that are relevant to an assessment of the reasonableness of the Scheme, including:

- the Transaction Consideration represents a premium to the undisturbed trading prices of Reject Shop Shares that is well above the premiums that are typically observed;
- the Transaction Consideration is in cash and provides certainty as to the pre-tax amount that Reject Shop Shareholders will receive;
- Reject Shop Shareholders will not participate in any future increases in the value of The Reject Shop, however, they will no longer be exposed to the risks facing the business;
- in the event that the Scheme is not approved, or any other conditions precedent prevent the Scheme from being implemented, The Reject Shop will continue to operate in its current form and its share price is likely to fall to levels consistent with the undisturbed trading price of Reject Shop Shares, subject to the future financial performance of The Reject Shop in the subsequent period, industry developments, and the impact of broader trends in equity markets; and
- that no superior proposal has emerged since the announcement of the Transaction.

Other matters which Reject Shop Shareholders should consider in assessing the Scheme include:

- The Reject Shop will incur transaction costs if the Scheme does not proceed;

For personal use only

KROLL

- the outstanding conditions precedent which, if not satisfied, (or, if applicable, waived) will result in the Scheme not being implemented; and
- the tax implications of the Scheme.

Our analysis of the reasonableness of the Scheme is detailed further in Section 3.3 of this report. The decision to approve the Scheme is a matter for individual Reject Shop Shareholders based on their views as to value, expectations about future market conditions and their particular circumstances, including investment strategy and portfolio, risk profile and tax position. If in doubt, Reject Shop Shareholders should consult their own professional adviser regarding the action they should take in relation to the Scheme.

3.2 The Scheme is fair

3.2.1 Valuation of The Reject Shop

Kroll has assessed the value of The Reject Shop's equity to be in the range of $186.2 million to $203.2 million, which corresponds with a value per Reject Shop Share in the range of $4.80 to $5.24 on a fully diluted basis.[5] Our assessed range of values reflects 100% ownership of The Reject Shop and, therefore, incorporates a control premium. As our valuation includes a control premium, our range of assessed values per share exceeds the price at which we expect Reject Shop Shares would trade on the Australian Securities Exchange (**ASX**) in the absence of the Transaction.

This valuation of The Reject Shop's equity has been determined by estimating the fair value of The Reject Shop's operating business, together with consideration of any surplus cash.

The valuation is summarised as follows.

The Reject Shop Valuation Summary ($ millions)

	Section Reference	Valuation Range Low	Valuation Range High
Maintainable EBIT (pre-AASB 16)	**9.3.2**	**8.5**	**8.5**
Capitalisation multiple (control basis)	**9.3.3**	16.0	18.0
Value of The Reject Shop's operating business (control basis)		**136.2**	**153.2**
Add: Surplus cash[1]	**9.4**	50.0	50.0
Value of The Reject Shop's equity (control basis)		**186.2**	**203.2**
Diluted number of Reject Shop Shares outstanding (millions)[2]	**8.7**	38.8	38.8
Value per Reject Shop Share (control basis)		**$4.80**	**$5.24**

Source: Kroll analysis.
Notes:
1. Excludes lease liabilities since Kroll's valuation is prepared on a pre-AASB16 basis.
2. Includes 37,365,917 ordinary Reject Shop Shares on issue and 1,439,400 vesting performance rights on issue.

In assessing a value range for The Reject Shop's operating business on a 100% basis, Kroll has adopted a market approach as the primarily methodology utilising multiples of earnings before interest and tax (**EBIT**) (refer to Section 9.3 of this report). In selecting an EBIT multiple for The Reject Shop (100% basis), Kroll has had regard to the multiples implied in transactions involving Australian and New Zealand (**ANZ**) discretionary retailers as well as the multiples at which international discount retailers and Australian mid-capitalisation (**mid-cap**) discretionary retailers are trading. This value has been cross-checked using a comparison to broker target prices (refer to Section 9.5 of this report).

Our assessed value range of $4.80 to $5.24 per Reject Shop Share reflects a premium over the closing price of Reject Shop Shares immediately prior to the announcement of the Scheme of between 52.3% and 66.2%, and a premium to the one-month volume weighted average price (**VWAP**) in the range of 49.0% to 62.6%. This premium likely reflects a combination of:

[5] Includes 37,365,917 ordinary Reject Shop Shares on issue and 1,439,400 vesting performance rights on issue.

For personal use only

- that Kroll's valuation of The Reject Shop includes a control premium, whereas the prices at which Reject Shop Shares are traded on the ASX reflect trading in minority (and fairly illiquid) parcels. Premiums observed in completed control transactions are typically in the range of 25% to 40% depending on the individual circumstances.[6] However, in transactions where it was estimated the combined entity would be able to achieve significant synergies, the premium was frequently estimated to be in excess of this range. For transactions involving ANZ discretionary retailers, control premiums paid were in the range of 9.2% to 42.9%, at a median of 22.3% (refer to Appendix 6 of this report). In addition, Factset transaction data for retailers indicates the median control premium for retail companies to be 33.5% for transactions in the period between 2014 and 2023;
- in this regard, we note that there are a number of potential strategic acquirers of The Reject Shop that are of substantial scale and which could likely achieve material synergies, including the ability to purchase products at lower prices as a result of their greater scale, resulting in a gross margin uplift, as well as savings in corporate overhead costs and public company costs. Kroll's valuation includes only synergies available to a pool of potential acquires, and excludes any special value to Dollarama that arises as a result of its 'best-in-class merchandising, sourcing and operational expertise' or as the Transaction fulfils its strategic objective of expanding geographically;
- that The Reject Shop's share price was potentially depressed, reflecting that it was part way through a transformation plan, and 1H24 financial results were lower than the pcp due to inventory shrinkage, product mix shifts and inflationary pressures; and
- that The Reject Shop's share price may have been impacted by the relatively low liquidity of the shares (refer to Section 8.8.3 of this report).

In forming our view as to the value of Reject Shop Shares, we have considered a range of factors, including:

- external factors (refer to Section 7 of this report), including:
  - the highly fragmented nature of the discount retail market in Australia. In comparison, there is greater competition among discount retailers based in the United States (noting that a number of the comparable discount retailers are based in the United States);
  - higher labour costs in Australia relative those in North America and Europe, resulting in lower margins for Australian retailers;
  - macroeconomic challenges impacting retail sales, including persistent high inflation, high interest rates, diminished consumer sentiment and declining real household disposable income;
  - margin pressures across the retail sector driven by rising input costs, increased discounting activities and elevated wage growth, and exacerbated by declining demand; and
  - ongoing structural trends facing the retail industry, including increased competition from new international and online-only entrants and changing consumer preferences towards online sales channels.
- factors related to The Reject Shop, including:
  - the 'defensive' nature of The Reject Shop as a result of the potential for consumers to trade down price categories in challenging economic conditions (refer to Section 7.2.2 of this report) compared to other discretionary retailers in Australia, which reduces the risk associated with its earnings;
  - The Reject Shop's brokers forecast growth in EBIT from the last twelve months to 29 December 2024 (**LTM**) to FY27 at a compound annual growth rate (**CAGR**) of 33.3% (refer to Section 8.4.4 of this report), which includes the potential impact on revenue of growth in the number of stores, improved product offering under the new merchandising strategy and the potential for consumers to trade down in challenging economic conditions, as well as margin expansion from 1.0% in the LTM

[6] 2023 FactSet Review. Range represents median premium from 2013 to 2022. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%. Data includes publicly traded and privately owned companies where at least one of the parties is a U.S. entity. Includes all sector and industry classifications.

For personal use only

KROLL

period to 1.8% in FY+3 as a result of changes in mix, increases in scale, reduced purchase prices in source countries, direct sourcing and cost leverage;

- The Reject Shop's relatively small scale relative to the peers ($122.2 million[7] market capitalisation as at 26 March 2025, the last trading day prior to the announcement of the Transaction); and
- synergies available to a strategic acquirer (refer to Section 9.2.2 of this report).

Special Dividend

The Transaction Consideration of $6.68 per Reject Shop Share will be reduced by any Special Dividend, being a fully-franked dividend of up to $0.77 for each Reject Shop Share held as at the Special Dividend Record Date[8] which, if declared and paid, will result in franking credits of up to $0.33 per Reject Shop Share (provided a favourable class ruling is obtained from the ATO).

In Kroll's opinion, it is not appropriate for the assessment of the Scheme to either factor into the value of The Reject Shop the value of accumulated franking credits or include in the value of the consideration the value of the credits attached to the Special Dividend since the value of those credits to each shareholder varies depending on their individual circumstances. Nevertheless, it needs to be recognised that, where part of a takeover offer comprises a franked dividend, some shareholders may realise additional value from the franking credits (i.e. they are better off in after tax terms than they would have been had the same amount been paid as part of the acquisition price and been received as a capital gain).

3.2.2 Assessment of fairness

A comparison of our assessed value of a Reject Shop Share on a control basis, to the Transaction Consideration is illustrated as follows.

Fairness Assessment



Source: Kroll analysis.

According to RG111, the Scheme should be considered fair if the consideration offered to Reject Shop Shareholders is equal to or greater than our assessed value of a Reject Shop Share. As the Transaction Consideration exceeds our range of values for a Reject Shop Share, **the Scheme is fair**.

The Transaction Consideration significantly exceeds Kroll's valuation of range for a Reject Shop Share. Kroll notes that the Transaction Consideration includes the special value likely to be available to Dollarama. In accordance with RG 111, Kroll's valuation of a Reject Shop Share excludes special value that is unique to Dollarama and includes only synergies available to a pool of potential acquirers.

[7] Calculated as the closing price of Reject Shop Shares on 26 March 2025 of A$3.15 multiplied by 38,805,317 fully diluted Reject Shop Shares, consisting of 37,365,917 ordinary shares and 1,439,400 Vesting Performance Rights. Fully diluted Reject Shop Shares excludes 387,100 Lapsing Performance Rights.

[8] 7.00pm (AEST) on Monday, 7 July 2025.

For personal use only

KROLL

3.3 The Scheme is reasonable

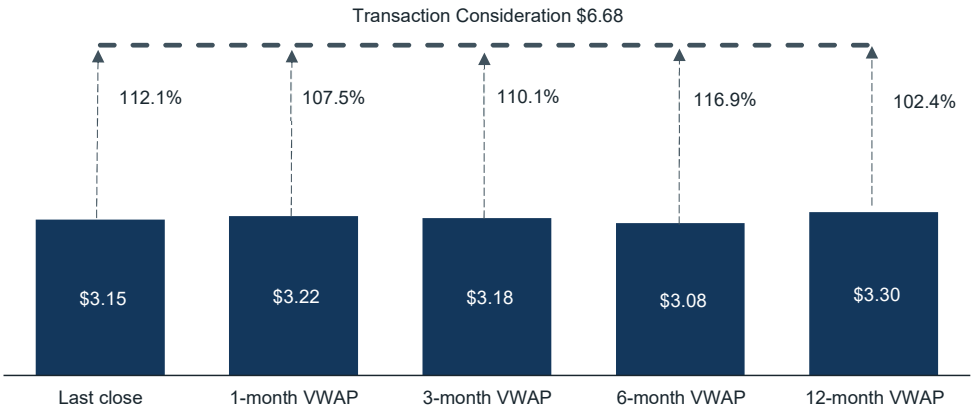
In accordance with RG 111, an offer is reasonable if it is fair. **As we have assessed the Scheme to be fair, it is also reasonable.** However, irrespective of the requirement to conclude the Scheme is reasonable, we have also considered a range of other factors that are relevant to an assessment of the reasonableness of the Scheme.

3.3.1 The Transaction Consideration represents a significant premium to the undisturbed trading prices of Reject Shop Shares that is well above the premiums that are typically observed

The Transaction Consideration of $6.68 in cash per Reject Shop Share represents a significant premium to The Reject Shop's closing share price and VWAP calculated over a range of periods up until 26 March 2025, the last trading day prior to the announcement of the Scheme.

The following chart presents the premium of the Transaction Consideration relative to The Reject Shop share price trading benchmarks.

Premium of Transaction Consideration over The Reject Shop Share Price



Source: Bloomberg, IRESS; Kroll analysis.
Note:
1. The premiums illustrated above have been calculated based on The Reject Shop's closing share price and VWAP up until close on 26 March 2025, the last undisturbed trading day prior to the announcement of the Scheme.

The Transaction Consideration represents a significant premium to recent Reject Shop Share prices that is well above the range of premiums typically observed in transactions. As discussed in Section 3.2.1 of this report, observations from transaction evidence indicate that control premiums are broadly in the range of 25% to 40% for completed transactions depending on the individual circumstances.[9] However, in transactions where it was estimated the combined entity would be able to achieve significant synergies, the premium was frequently estimated to be in excess of this range. We note that:

- Dollarama is a natural acquirer of The Reject Shop as:
  - Dollarama is a "best in class" company that has achieved an EBIT margin (pre-AASB 16) of 20.8% in the 12 months to 2 February 2025. It has stated that it will leverage "best-in-class merchandising, sourcing and operational expertise" across The Reject Shop's business.

[9] Source: 2023 FactSet Review. Range represents median premium from 2012 to 2022. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%. Data includes publicly traded and privately owned companies where at least one of the parties is a U.S. entity. Includes all sector and industry classifications.

For personal use only

KROLL

Dollarama advised that it expects to optimise the business over the medium term and deploy its value proposition, including through merchandise mix and price point strategy, as well as through store layout and overall shopping experience and optimising technology infrastructure. Dollarama has 1,616 stores across Canada and a 60.1% interest in Dollarcity, which owns 632 stores across Latin America. Consequently, as a result of Dollarama's substantial scale, it is likely to be able to source products at a lower price, thereby enabling Dollarama to significantly improve margins for The Reject Shop;

- the acquisition enables Dollarama to achieve its strategic objective of expanding geographically, having entered Latin America in 2019 through the acquisition of a 50.1% interest in Dollarcity. Dollarama has outlined plans to almost double The Reject Shop's business' network to approximately 700 stores by 2034. In addition, the Australian market is attractive with relatively low penetration and fragmented competition;

- The Reject Shop's share price was potentially depressed, reflecting that it was part way through a transformation plan, and 1H24 financial results were lower than the pcp due to inventory shrinkage, product mix shifts and inflationary pressures;
- The Reject Shop's share price may have been impacted by the relatively low liquidity of the shares (refer to Section 8.8.3 of this report);
- the lower premiums relative to trading over a 12-month period relative to trading over shorter periods reflects The Reject Shop's declining share price over the period due to a challenging macroeconomic and trading environment, which negatively impacted both market sentiment and the company's results. In the FY24 results, the company cited inventory shrinkage, product mix shifts and inflationary pressures as key items driving near-term margin pressures and softer earnings; and
- Reject Shop Shares have not traded above $6.68 since 18 February 2022.

3.3.2 Certainty of value

The Scheme offers Reject Shop Shareholders an opportunity to exit their investment in The Reject Shop at a cash value that is certain and which, as noted above, incorporates a significant premium to The Reject Shop's undisturbed trading prices. Whilst trading in Reject Shop Shares is sufficient to give Reject Shop Shareholders confidence that they would be able to exit their investment at a time of their choosing, there is no certainty as to the price at which Reject Shop Shareholders would realise their investment at that time.

Furthermore, any future on-market sale by Reject Shop Shareholders would likely incur brokerage costs, which are avoided if the Scheme is approved.

3.3.3 By exiting their investment, Reject Shop Shareholders will not participate in any future growth in the value of The Reject Shop

By exiting their investment, Reject Shop Shareholders will not participate in any future growth in the value of The Reject Shop, over and above that already reflected in the Transaction Consideration. In this regard, Kroll's valuation of The Reject Shop, which is below the Transaction Consideration, already attributes significant value to the growth potential arising from changes to the merchandising strategy (refer to Section 8.2 of this report). We note that these growth opportunities will take time to be achieved and have risks and costs associated with their achievement, some of which are outside the control of The Reject Shop.

3.3.4 The Reject Shop's share price will likely fall in the absence of the Scheme

The current share price of The Reject Shop reflects the terms of the Scheme and, therefore, includes a significant control premium. As such, in the absence of the Scheme, a superior proposal or speculation concerning a superior proposal, The Reject Shop's share price is likely to fall to levels consistent with The Reject Shop's undisturbed trading prices (up until 26 March 2025), with an allowance for:

- subsequent announcements in relation to company specific initiatives or financial performance which the market may assess as value enhancing or diminishing;
- any industry developments. In this regard, Kroll is not aware of any significant industry developments since 26 March 2025; and

For personal use only

- trends in broader equity markets. In this regard, from 26 March 2025 until 7 April 2025, the S&P/ASX 300 Index decreased by 9.0%, before increasing by 12.2% until 9 May 2025. Further, since 2 April 2025, trading conditions between the United States and China have deteriorated with both countries announcing reciprocal tariffs. There is considerable uncertainty at this point in time as to the ultimate level of tariffs that will be imposed by the United States on China and any associated reciprocal tariffs by China, and the impact (either positive or negative) of these tariffs on The Reject Shop, noting that a majority of The Reject Shop's goods are imported from China.

3.3.5 Likelihood of a superior proposal

Since the announcement of the Scheme on 27 March 2025 no alternative bidder has emerged. Whilst the opportunity for a superior proposal remains, currently we consider the likelihood of a superior proposal to be highly unlikely, impacted by the following:

- the Transaction Consideration represents a significant premium to The Reject Shop's undisturbed trading prices over various periods in the last 12 months, which ranges from 102.4% to 116.9%, likely reflecting that Dollarama has placed significant strategic value on The Reject Shop and has expectations of strong future growth and the ability to extract improved margins. This is likely to limit the range of potential acquirers, given the need for a competing bid to exceed this offer price;
- it is open for Reject Shop Shareholders to vote against the Scheme in the hope that The Reject Shop Board will be able to extract a higher offer from Dollarama. However, the Scheme is a consequence of a period of due diligence and negotiations between The Reject Shop Board and Dollarama. The Reject Shop Board is also supporting the Scheme in its current form (in the absence of a superior proposal). It is therefore unlikely that The Reject Shop would be able to obtain a higher offer from Dollarama;
- Kin Group currently has a relevant interest in The Reject Shop of 20.7% and has agreed to vote in favour of the Scheme, making it difficult for any other bidder to acquire The Reject Shop without its support; and
- the Scheme Implementation Agreement contains customary exclusivity provisions on The Reject Shop that apply during the Exclusivity Period. In certain circumstances, The Reject Shop may be required to pay a break fee of $2.6 million. Although these provisions may be influential, we do not consider that they would prevent a superior proposal being made.

3.3.6 Other considerations

In forming our opinion, we have also considered a number of other factors. Whilst we do not necessarily consider these factors to impact our assessment of the reasonableness of the Scheme, we have addressed them as follows.

One-off transaction costs

If the Scheme is implemented, transaction costs will be borne by Dollarama as the ultimate controller of The Reject Shop following implementation of the Scheme. If the Scheme is not implemented, The Reject Shop expects to pay an aggregate of approximately $1.5 million (excluding GST) in transaction costs, being costs that have already been incurred or will be incurred even if the Scheme is not implemented.

The Scheme is subject to the satisfaction of a number of conditions

There are a number of conditions which, if not satisfied, will result in the Scheme not being implemented. If any conditions precedent prevent the Scheme from being implemented, Reject Shop Shareholders will continue to hold their existing Reject Shop Shares. As at the date of the Scheme Booklet, the Reject Shop Directors are not aware of any circumstances which would cause any of the conditions to not be satisfied in accordance with the Scheme Implementation Agreement.

Taxation implications for Reject Shop Shareholders

General tax implications for certain Reject Shop Shareholders in relation to the Scheme are outlined in Section 7 of the Scheme Booklet. The summary does not apply to all Reject Shop Shareholders including, but not limited to, those that hold their Reject Shop Shares for the purpose of speculation or in carrying on

For personal use only

KROLL

a business of dealing in securities, acquired pursuant to an employee share, option or rights plan or may be subject to special tax rules, including insurance companies.

Section 7.3 of the Scheme Booklet considers the tax implications of the Scheme for Australian residents. In particular, this section indicates that the disposal of Reject Shop Shares under the proposed Scheme to Dollarama will trigger a capital gains tax event for Australian tax purposes. This means that Australian resident Reject Shop Shareholders will need to determine whether a capital gain or capital loss arises in respect of their disposal of Reject Shop Shares.

Section 7.3 of the Scheme Booklet considers the Australian taxation implications of the payment of the Special Dividend (if any such dividend is paid). In particular, that the Special Dividend, and subject to certain conditions also the franking credits and tax offsets attached to the Special Dividend, should be included in the assessable income of Reject Shop Shareholders in the year that the Special Dividend is paid.

Section 7.4 of the Scheme Booklet considers the tax implications for non-Australian tax resident Reject Shop Shareholders.

We note that Reject Shop Shareholders should consider their individual taxation circumstances and review Section 7 of the Scheme Booklet for further information where it applies to their circumstances. Reject Shop Shareholders should obtain their own independent professional advice on the tax consequences of disposing of their Reject Shop Shares under the Scheme.

3.3.7 Consequences if the Scheme does not proceed

In the event that the Scheme is not approved or any conditions precedent prevent the Scheme from being implemented:

- The Reject Shop will continue to operate in its current form and remain listed on the ASX and intends to execute on its strategy;
- Reject Shop Shareholders will continue to be exposed to the risks and opportunities associated with an investment in The Reject Shop as set out in Section 8 of the Scheme Booklet; and
- The Reject Shop share price is likely to fall. The current price of Reject Shop Shares reflects the terms of the Scheme (including the benefit of the Transaction Consideration offered by Dollarama) and includes a significant control premium. As such, in the absence of the Scheme, a superior proposal or speculation concerning a superior proposal, The Reject Shop share price is likely to fall (refer to Section 3.3.4 of this report);
- Reject Shop Shareholders will not receive the Transaction Consideration or the Special Divided (if declared);
- The Reject Shop will incur an estimated $1.5 million (excluding GST) in aggregate of one-off transaction costs in relation to the Scheme;
- in certain circumstances, a break fee of $2.6 million (inclusive of any applicable GST) may be payable by The Reject Shop to Dollarama; and
- in certain circumstances, a reverse break fee of $2.6 million (inclusive of any applicable GST) may be payable by Dollarama to The Reject Shop.

4 Other matters

Our report has also been prepared in accordance with the relevant provisions of the Corporations Act and other applicable Australian regulatory requirements and has been prepared solely for the purpose of assisting Reject Shop Shareholders in considering whether to vote in favour of the Scheme Resolution. We do not assume any responsibility or liability to any other party as a result of reliance on this report for any other purpose.

This report constitutes general financial product advice and has been prepared without taking into consideration the individual circumstances of Reject Shop Shareholders. This advice therefore does not consider the financial situation, objectives or needs of individual Reject Shop Shareholders.

For personal use only

KROLL

The decision of Reject Shop Shareholders as to whether or not to approve the Scheme is a matter for individual shareholders who should, therefore, consider the appropriateness of our opinion to their specific circumstances. As an individual's decision to vote for or against the proposed resolutions in relation to the Scheme may be influenced by their particular circumstances, we recommend that individual Reject Shop Shareholders, including residents of foreign jurisdictions, seek their own independent professional advice.

Our opinion is based solely on information available as at the date of this report. This information, and our limitations and reliance on information, are set out in Appendix 2 of this report. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

All currency amounts in this report are denominated in Australian dollars ($) unless otherwise stated. References to a financial year have been abbreviated to FY, references to half years have been abbreviated to '1H' or '2H' and references to the last 12 months have been abbreviated to 'LTM'. For The Reject Shop, financial years are typically a 52-week trading period to the end of June, other than FY22, which was a 53-week trading period. Half years are typically a 26-week trading period to the end of December.

Kroll has prepared a Financial Services Guide as required by the Corporations Act. The Financial Services Guide is included at the end of this report.

The above opinion should be considered in conjunction with, and not independently of, the information set out in the remainder of this report, including the appendices.

Yours faithfully



Celeste Oakley
Authorised Representative



Ian Jedlin
Authorised Representative

For personal use only

KROLL

THE REJECT SHOP

Independent Expert's Report
and
Financial Services Guide
In relation to the proposed acquisition of The Reject Shop Limited
by a wholly owned indirect subsidiary of Dollarama Inc.

KROLL

12

For personal use only

KROLL

Table of Contents

Part One – Independent Expert's Report **1**

1 Introduction **1**

2 Scope of report **2**

3 Opinion **3**

3.1 Summary of opinion *3*
3.2 The Scheme is fair *4*
3.3 The Scheme is reasonable *7*

4 Other matters **10**

5 The Scheme **14**

5.1 Overview *14*
5.2 Conditions precedent *14*
5.3 Exclusivity provisions *15*
5.4 Transaction costs *15*

6 Scope of the report **15**

6.1 Purpose *15*
6.2 Basis of assessment *15*

7 Industry **16**

7.1 Overview of the Australian discretionary retail industry *16*
7.2 Australian discount variety retailers *17*
7.3 Sales channels *23*
7.4 Outlook *24*

8 Profile of The Reject Shop **24**

8.1 Background *24*
8.2 Strategy *25*
8.3 Operations *25*
8.4 Financial performance *29*
8.5 Financial position *36*
8.6 Cash flow statement *38*
8.7 Capital structure and ownership *39*
8.8 Share price performance *40*

9 Valuation of The Reject Shop **46**

9.1 Overview *46*
9.2 Approach *48*
9.3 Market approach *52*
9.4 Surplus cash *61*
9.5 Valuation cross-check *62*

Appendix 1 – Kroll disclosures **63**

Appendix 2 – Limitations and reliance on information **65**

Appendix 3 – Broker Consensus **67**

Appendix 4 – Valuation methodologies **69**

Appendix 5 – Market Evidence **71**

Appendix 6 – Synergies and premiums **80**

Part Two – Financial Services Guide **81**

For personal use only

KROLL

5 The Scheme

5.1 Overview

On 27 March 2025, The Reject Shop announced that it had entered into a Scheme Implementation Agreement with Dollarama, under which Dollarama will acquire all of the Reject Shop Shares by way of the Scheme for Transaction Consideration of $6.68 per Reject Shop Share.

If the Scheme becomes effective, the Reject Shop Board currently intends to determine the Special Dividend, being a fully franked special dividend of up to $0.77 per share payable prior to implementation of the Scheme. The amount of the Special Dividend, if paid, will be deducted from the Transaction Consideration. It is expected that eligible shareholders will benefit from franking credits of up to $0.33 per share attached to any such Special Dividend. In addition, the payment of any such Special Dividend is subject to The Reject Shop having received a draft class ruling from the ATO or other indicative confirmation from the ATO, in a form acceptable to The Reject Shop and Dollarama, in respect of the Special Dividend. The Transaction Consideration will not be reduced by the fully franked interim dividend of $0.12 per share determined at the 1H25 results which was paid on 1 May 2025.

The Scheme is subject to a number of conditions precedent which are summarised in Section 5.2 of this report.

The Reject Shop's largest shareholder, Kin Group, which, through its wholly owned subsidiary, Bennamon Pty Ltd, controls approximately 20.7% of Reject Shop Shares on issue as at the date of this report, has informed the Reject Shop Board that it intends to vote all Reject Shop Shares held or controlled by it in favour of the Scheme in the absence of a superior proposal and subject to the independent expert continuing to conclude that the Scheme is in the best interests of Reject Shop Shareholders and not subsequently changing that conclusion to be that the Scheme is not in the best interests of Reject Shop Shareholders.

The Reject Shop Board unanimously recommends that Reject Shop Shareholders vote in favour of the Scheme at the Scheme Meeting, in the absence of a superior proposal and subject to the independent expert continuing to conclude that the Scheme is in the best interests of Reject Shop Shareholders and not subsequently changing that conclusion to be that the Scheme is not in the best interests of Reject Shop Shareholders. Subject to those same qualifications, each Reject Shop Director intends to vote all of Reject Shop Shares held or controlled by them in favour of the Scheme.

5.2 Conditions precedent

Implementation of the Scheme is subject to certain conditions precedent as set out in Clause 3.1 of the Scheme Implementation Agreement and summarised as follows:

- the independent expert issuing a report which concludes that the Scheme is in the best interests of Reject Shop Shareholders and not subsequently changing that conclusion to be that the Scheme is not in the best interests of Reject Shop Shareholders;
- approval of the Scheme by Reject Shop Shareholders at the Scheme Meeting by the requisite majorities;
- receipt of consents and waivers from ASIC and ASX;
- approval of the Scheme by the Federal Court of Australia;
- no material adverse change to The Reject Shop or prescribed occurrence; and
- other regulatory approvals.

For personal use only

KROLL

5.3 Exclusivity provisions

The Scheme Implementation Agreement contains customary exclusivity provisions on The Reject Shop that apply during the Exclusivity Period,[10] including 'no shop', 'no talk', and 'no due diligence' restrictions ('no talk' and 'no due diligence' are subject to a fiduciary carve out), a 'notification of approach' obligation and a 'matching right' in the event of a third party proposal. A break fee of approximately $2.6 million (inclusive of any applicable GST) may be payable by The Reject Shop to Dollarama in certain circumstances and a reverse break fee of approximately $2.6 million (inclusive of any applicable GST) may be payable by Dollarama to The Reject Shop in certain circumstances.

5.4 Transaction costs

If the Scheme is implemented, transaction costs will effectively be borne by Dollarama as the ultimate controller of The Reject Shop following implementation of the Scheme. If the Scheme is not implemented, The Reject Shop expects to pay an aggregate of approximately $1.5 million (excluding GST) in transaction costs in connection with the Scheme, being costs that have already been incurred as at the date of the Scheme Booklet or are expected to be incurred even if the Scheme is not implemented.

6 Scope of the report

6.1 Purpose

The transaction is to be implemented by way of a scheme of arrangement under Section 411 of the Corporations Act and requires approval of Reject Shop Shareholders. Section 412(1) of the Corporations Act requires, among other requirements, that an explanatory statement issued by a company in relation to a proposed members' scheme of arrangement includes information that is material to the making of a decision by a member as to whether or not to agree to the Scheme Resolution.

Even where an independent expert's report is not strictly required by the law or ASIC policy, it is not uncommon for directors of a company to commission one to ensure that they are providing the information that is material to the making of a decision by a member. It is a condition to the Scheme becoming effective that an independent expert concludes, and continues to conclude, that the Scheme is in the best interests of Reject Shop Shareholders.

6.2 Basis of assessment

We have referred to guidance provided by ASIC in its Regulatory Guides, in particular, RG 111, which outlines the principles and matters which it expects a person preparing an independent expert's report to consider when providing an opinion on whether a scheme of arrangement is in the best interests of shareholders of a company.

RG 111 distinguishes between the analysis required for control transactions and other transactions. RG 111.18 states that where a scheme of arrangement is used as an alternative to a takeover bid to give effect to a control transaction, the form of analysis undertaken by the expert should be substantially the same as for a takeover bid. That form of analysis considers whether the transaction is 'fair and reasonable' and, as such, incorporates issues as to value. In relation to control transactions, RG 111.10 to 12 states:

- 'fair and reasonable' is not regarded as a compound phrase;
- an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer;
- the comparison should be made assuming 100% ownership of the target and irrespective of whether the consideration is scrip or cash;

[10] The Exclusivity Period is the period from and including the date of the Scheme Implementation Agreement to and including the earlier of the termination of the Scheme Implementation Agreement in accordance with its terms, the date on which the Scheme becomes effective, expected to be Tuesday, 1 July 2025 (Effective Date) and the date being five months after the date of the Scheme Implementation Agreement or such later date as the Bidder and Target agree in writing (End Date).

For personal use only

KROLL

- the expert should not consider the percentage holding of the bidder or its associates in the target when making this comparison; and
- an offer is 'reasonable' if it is 'fair'. An offer might be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer.

RG 111.13 sets out the factors an expert might consider in assessing whether an offer is reasonable:

- the bidder's pre-existing voting power in securities in the target;
- other significant shareholding blocks in the target;
- the liquidity of the market in the target's securities;
- taxation losses, cash flow or other benefits through achieving 100% ownership of the target;
- any special value of the target to the bidder, such as particular technology, etc;
- the likely market price if the offer is unsuccessful; and
- the value to an alternative bidder and likelihood of an alternative offer being made.

RG 111.20 states that if an expert would conclude that a proposal was 'fair and reasonable' if it was in the form of a takeover bid, it will also be able to conclude that the scheme is 'in the best interests' of the members of the company.

RG 111.21 states that if an expert would conclude that a proposal was 'not fair but reasonable' if it was in the form of a takeover bid, it is still open to the expert to also conclude that the scheme is 'in the best interests' of the members of the company.

RG 111.11 provides that an offer is fair if the value of the consideration is equal to or greater than the value of the securities the subject of the offer. This comparison should be made assuming 100% ownership of the target and irrespective of whether the consideration is scrip or cash and without regard to the percentage holding of the bidder or its associates in the target entity. That is, RG 111.11 provides that the value of the target should be assessed as if the bidder was acquiring 100% of the issued equity in the target (i.e. on a controlling interest basis). In addition, any special value of the target to a particular bidder (e.g. synergies that are not available to other bidders) should not be taken into account under the comparison.

Accordingly, when assessing the full underlying value of The Reject Shop, we have considered those synergies and benefits which would be available to more than one potential purchaser (or a pool of potential purchasers) of The Reject Shop. As such, we have not included the value of special benefits that may be unique to Dollarama.

7 Industry

The following section provides an overview of the broader Australian discretionary retail industry, with a focus on the discount variety retailer chain segment in which The Reject Shop operates.

7.1 Overview of the Australian discretionary retail industry

Discretionary retail involves the sale of goods and services that consumers can choose to purchase or not, depending on their individual preferences and financial situations. The Australian discretionary retail industry can be divided into the following four segments:[11]

- household goods (also referred to as homewares);
- clothing, footwear and accessories (also referred to as clothing or apparel);
- department stores; and
- other retailing (including discount variety retailers, newspaper and book retailing, toys and game retailing, and pharmaceutical, beauty and toiletry goods retailing).

[11] Retail segments as described by the Australian and New Zealand Standard Industrial Classification (**ANZSIC**).

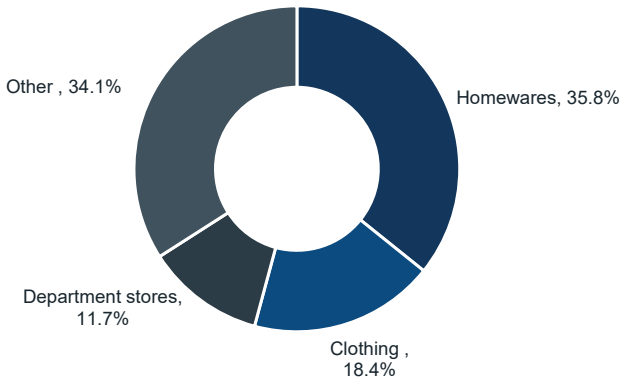
For personal use only

KROLL

In FY24, Australian discretionary retail turnover totalled $193.8 billion, growing 0.1% compared to FY23.[12] Homewares accounted for the largest share of turnover (35.8%), followed closely by other retailing (34.1%), which includes discount variety retailers, with clothing retailers and department stores representing 18.4% and 11.7% respectively.[13]

The share of retail turnover in FY24 by segment is presented in the following chart.

Australian Discretionary Retail Industry FY24 Turnover by Segment



Source: Australian Bureau of Statistics; Kroll analysis.

7.2 Australian discount variety retailers

7.2.1 Discount variety retailer products

Product offering

Typical Australian discount variety retailers offer a wide range of products spanning consumables, general merchandise and seasonal products. These stores typically stock:

- **Consumables:**
  - Food and drink: non-perishable food items and snacks;
  - Pet supplies: basic items for pet care; and
  - Personal care products: including toiletries, cosmetics, and health-related items;
- **General merchandise:**
  - Household goods: items such as kitchenware, cleaning supplies, and home décor;
  - Stationery and office supplies: pens, notebooks, and other office essentials;
  - Toys and games: a variety of toys for children of all ages; and
  - Clothing and accessories: basic apparel and accessories for men, women, and children; and
- **Seasonal items:** products related to holidays, such as Christmas decorations and Easter supplies.

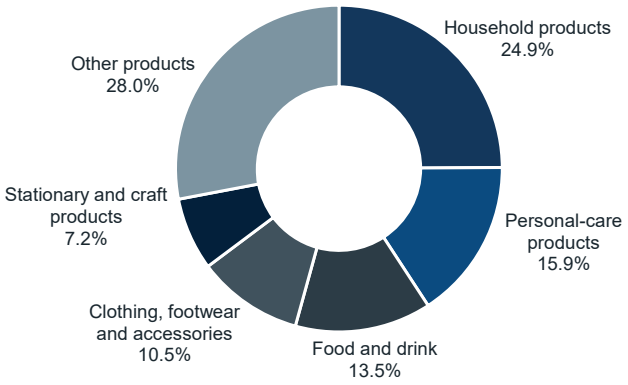
[12] Australian Bureau of Statistics, Retail Trade, Australia, October 2024. Retail trade includes food, household goods, clothing, footwear and personal accessories, department stores, other retailing and cafes, restaurants and takeaway food services.
[13] Australian Bureau of Statistics, Retail Trade, Australia, December 2024.

For personal use only

KROLL

The following chart illustrates the expected 2025 product segmentation for discount variety retailers in Australia.

Forecast Product Segmentation 2025



Source: IBIS World.

Product sourcing

Discount variety retailers in Australia typically source their products through a combination of closeout sales (when a store liquidates its inventory at a discount), and direct imports. They often purchase large quantities of goods at discounted prices from manufacturers, wholesalers, and distributors, allowing them to offer lower prices to consumers. Discount variety retailers also capitalise on clearance lines and overstocked items from other retailers, which helps them maintain a diverse and affordable product range.[14]

In contrast, other retailers, such as department stores and supermarkets, may have more established supply chains and long-term contracts with suppliers. They often focus on maintaining consistent product quality and brand reputation, which can result in higher prices. Additionally, larger retailers might have private label brands and exclusive partnerships with manufacturers, giving them a competitive edge in terms of product differentiation and pricing.[15]

The sourcing strategies of discount variety retailers are designed to maximise cost savings and offer value to budget-conscious consumers, while other retailers may prioritise brand consistency and product quality.

7.2.2 Discount variety retailer market

The strongest demand for discount variety retail comes from households in the lowest income quintile, accounting for 28.9% of total discount variety retailer industry revenue.[16] These households often include students, unemployed individuals, single income families or retired adults who are highly price-conscious and prioritise value for money over brand names and quality.

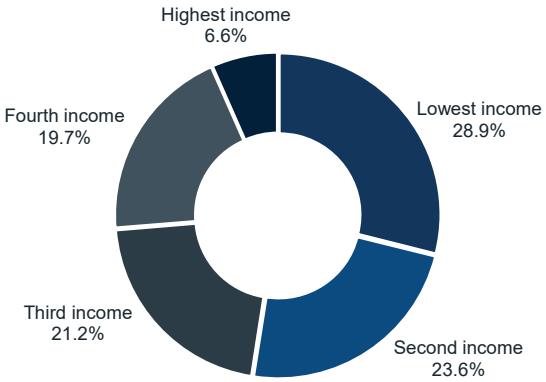
Since early 2022, macroeconomic challenges, which are discussed in more detail in Section 7.2.5 of this report, have heightened cost-of-living pressures, straining consumers' finances, and enabling discount variety retailers to capture a greater share of the second income quintile, expanding their share of total discount variety retailer industry revenue.[17]

[14] Seizing the Discount Variety Retail Opportunity for FMCG Brands, Oliver Wyman.
[15] Seizing the Discount Variety Retail Opportunity for FMCG Brands, Oliver Wyman.
[16] IBISWorld; OD5466 Discount Variety Stores in Australia, December 2024.
[17] IBISWorld; OD5466 Discount Variety Stores in Australia, December 2024.

For personal use only

The following chart illustrates the projected discount variety retailer industry revenue broken into key markets in 2025.

Market Segmentation



Source: IBIS World.

7.2.3 Australian discount variety retailer strategy

Pricing strategy

Discount variety retailers focus on offering a diverse range of products at lower prices compared to traditional retailers. This is achieved through strategic sourcing from low-cost suppliers, maintaining efficient operations and focusing on high-volume sales. Due to their affordable prices, discount variety retailers differ from typical discretionary retailers as they can continue to attract customers even when economic downturns lead to reduced consumer sentiment, allowing them to perform relatively well compared to higher-priced retailers during periods of economic uncertainty.[18]

Store location strategy

Discount variety retailers prioritise strategic location and customer service. They are typically situated in densely populated areas of New South Wales, Victoria and Queensland to maximise customer reach and profitability, ensuring convenient access for a broad customer base.[19] These stores also strive to provide a seamless shopping experience through omni-channel strategies (refer to Section 7.3.3 of this report), integrating physical stores with online platforms and mobile applications.

7.2.4 Discount variety retailer competitive landscape

Competitive characteristics

Discount variety retailers are facing increasing competition from various external sources:

- discount department stores, discount supermarkets and online-only retailers have begun to offer a diverse selection of discount goods which directly compete with the discount variety retailers offering. These include large retail giants who leverage their extensive supply chains and economies of scale to offer a wide range of products at competitive prices. These competitors have also implemented loyalty reward schemes which attract value focused customers;

[18] Discount Stores - Retail MBA, "What is a Discount Store?".
[19] Unlock Retail Site Selection, Echo Blog, September 2023.

For personal use only

- the expansion of global retail giants such as Costco has also intensified the competitive landscape, putting additional pressure on local discount variety retailers;[20]
- cost-of-living pressures have increased competition among discount variety retailers by making consumers more price-sensitive. This has driven retailers to offer lower prices and better value, intensifying the competitive landscape; and
- new international and online-only retailers, globalisation and technological advancements in the online shopping space. These global entrants often have superior scale and efficiency as evidenced by the entrance of online marketplace Temu and the continued growth of Amazon, which have gained market share due to heavy discounting and aggressive social media marketing spend.[21]

Australian Competitors

The Australian discount variety retailer market is highly fragmented, with there being many privately owned one-off discount stores (dollar stores) offering general merchandise and seasonal products. Discount variety stores and regional discounters in Australia include:

- The Reject Shop;
- Daiso Industries Co., Ltd. (**Daiso**);
- Dollar King Australia Pty Ltd (**Dollar King**);
- Miniso Holding Pty Ltd;
- Range Works Pty Ltd;
- CHOICE The Discount Store; and
- Red Dot Stores.

Discount variety retailers also compete for the sale of consumables with supermarkets, including Coles Group Limited (**Coles**), Woolworths Group Limited (**Woolworths**) and ALDI Foods Pty Limited (**Aldi**) as well as with discount chemists such as Chemist Warehouse Group (**Chemist Warehouse**) and hardware stores such as Bunnings Group Limited (**Bunnings**).

In addition, discount variety retailers compete for the sale of general merchandise and seasonal products with discount department stores such as Kmart Australia Limited (**Kmart**) and Big W (a division of Woolworths Group).

The entrance of large online-only competitors including global online marketplaces like Amazon and Temu who have offered competitive pricing, greater convenience and have allowed customers to access a greater range of products, subsequently increasing competition.

7.2.5 Key risks and drivers to discount variety retailers

External drivers

Real household discretionary income

Real household discretionary income significantly impacts consumer spending in the retail sector. When discretionary income is high, consumers have more money to spend on non-essential items, benefiting discretionary retailers. Conversely, when discretionary income declines, consumers tend to cut back on spending.

Discount variety retailers are unique among discretionary retailers because they benefit from counter-cyclical characteristics. During periods when discretionary income declines, these stores see an increase in customers who typically have higher incomes but shift to discount shopping due to reduced discretionary income.

[20] Is the variety store model sustainable? Inside FMCG, July 2018.
[21] Australian Financial Review (**AFR**); From nothing to $1b: Inside Temu and Shein's flying start in Australia, March 2024.

For personal use only

KROLL

Since early 2022, the Australian economy has been characterised by persistent high inflation above the Reserve Bank of Australia's (**RBA**) target range which has increased the cost of living for households and resulted in the RBA raising interest rates by 425 basis points between May 2022 and December 2023 in response to the aforementioned high inflation. This has resulted in an increase in mortgage payments reducing household disposable income.

Trade-weighted index (TWI)

The TWI, which is a measure of the value of a country's currency relative to the currencies of its major trading partners, based on trade volumes, has a large impact on the retail sector. This is particularly impactful for discount variety retailers who typically source large quantities of stock from overseas, in particular, from China. A stronger domestic currency, reflected by a rising TWI, reduces import costs, allowing retailers to offer competitive prices and potentially increase profit margins. Conversely, a weaker currency raises import costs, which may necessitate price hikes and impact consumer demand.

Consumer sentiment index (CSI)

CSI measures the overall economic confidence of consumers, reflecting their optimism or pessimism about their financial situation and the economy. For retailers, high consumer sentiment can lead to increased foot traffic and sales, while low sentiment may drive consumers to become more price conscious. This trend is particularly relevant for discount variety retailers, as they may see a surge in customers looking for affordable options during periods of low consumer confidence.

The consumer sentiment of Australian's since early 2022 has been characterised as an overall pessimistic outlook on the economy, mainly due to cost of living and housing pressures.[22] Following the record high turnover growth in FY22, post the ending of the COVID-19 pandemic related lockdowns, retail spending on a real per capita basis has declined as diminished consumer sentiment and low levels of disposable income have reduced spending on discretionary items.[23, 24] This has coincided with discount variety retailers performing well during this period, as consumers have become more value-conscious.

The end of 2024 and the beginning of 2025 has seen the broader discretionary industry begin to rebound as consumer sentiment has continued to recover, supported by the RBA's decision to cut interest rates in February 2025, further easing cost of living pressures.[25]

Challenges

Demand for online shopping

The rise in online shopping has significantly impacted discount variety shops, reducing foot traffic for bricks and mortar stores and increasing competition through conveniently available products with low prices and broad selection (refer to Section 7.2.4 of this report).

High competition

Discount variety retailers face significant challenges due to high competition and low barriers to entry. The retail market is saturated with numerous competitors, including large chains and online retailers, leading to intense price competition (refer to Section 7.2.4 of this report).

Margin pressures

Elevated discounting activity has become necessary as reduced household disposable income and diminished consumer sentiment have made consumers more value-conscious. About 90% of consumers are now seeking deals and deferring large purchases until special sales, forcing department stores and clothing retailers to increase discounts to boost sales. [26]

Additionally, higher input costs have been driven by global supply chain pressures. Labour shortages and elevated wage growth have also impacted retailers, with significant wage increases since 2022 and record

[22] Westpac: Consumer sentiment sinks back to historic lows, April 2024.
[23] ABS; Lockdown recovery drives record 8.2% quarterly rise in retail sales, February 2022.
[24] Australian Bureau of Statistics, Retail Trade, Australia, December 2024.
[25] Westpac – MI Consumer Sentiment Bulletin, 11 March 2025.
[26] CBA; Consumer Insights Report, September 2023.

For personal use only

low unemployment rates increasing job vacancy rates.[27] These factors have resulted in higher labour expenses, as labour costs typically represent the largest share of expenses for retailers. Australian retailers also face margin pressures due to higher relative labour costs compared to their global competitors, particularly United States-based companies, where the minimum wage is lower.

7.2.6 Discount variety retailer performance

In FY24, turnover generated from other retailing stores totalled approximately $66.0 billion, accounting for 34.1% of total discretionary retail turnover.[28]

IBIS World expects that discount variety retailer industry revenue has decreased at an annual rate of 2.6% over the five years leading up to 2025. The decline is primarily due to a 3.5% annual reduction in the number of discount variety retailers. Despite the decline in industry revenue, total profits have risen at an annual rate of 6.5% from 2020 to 2025, with profit margins expanding from 1.9% to 5.3% over the same period.[29]

7.2.7 Ethical consumerism

Consumers have become increasingly conscious of their social and environmental footprint, and consequently, have placed greater consideration on the ethical impact of their consumption habits. Consumers have consistently held high expectations for the ethical standards of retailers. Specifically, 73% of consumers consider strong sustainability policies and practices crucial for clothing retailers. Similarly, 77% of consumers purchasing homeware and household items place the same level of importance on sustainability policies and practices.[30] Consequently, retailers have experienced increasing pressure to consider a range of ethical principles in their business activities including the origin and sustainability of inputs, animal rights and cruelty, and the social impact of the entire product supply chain. Initiatives undertaken by retailers to cater to environmental and social demands include using sustainable and recycled materials in their products, reducing carbon emissions throughout the value chain, and placing greater emphasis on the repairability of their products.

For example, Kmart has been focusing on sustainability through its private label brand, Anko, and engaging with local communities. Big W has implemented environmental initiatives and supports various social responsibility programs. Overall, there is a noticeable trend towards greater sustainability and ethical practices within the industry.

7.2.8 Regulatory environment

The regulatory environment for discount variety retailers in Australia is shaped by several key regulations and acts. Store trading hours are set and imposed by states and territories and vary significantly, with full deregulation in the Australian Capital Territory and Northern Territory, while other regions impose stricter rules, especially during public holidays.[31] The Competition and Consumer Act 2010, overseen by the Australian Competition and Consumer Commission (**ACCC**), ensures fair trade practices and prevents anti-competitive behaviour.[32]

Employment conditions for retail staff are governed by the General Retail Industry Awards, which outlines minimum standards for scheduling, penalty rates, breaks, and annual leave. The Goods and Services Tax (GST) applies a 10% tax to goods and services, including overseas online purchases since July 2018. Furthermore, the Modern Slavery Act 2018 mandates that companies with annual revenue of at least $100 million report on their efforts to mitigate modern slavery risks in their operations and supply chains. These regulations collectively ensure fair competition, consumer protection, and ethical business practices.

---

[27] ABS: Wage Price Index June 2024, August 2024.
[28] Australian Bureau of Statistics, Retail Trade, Australia, December 2024.
[29] IBISWorld; OD5466 Discount Variety Stores in Australia, December 2024.
[30] CBA; Consumer Insights Report, September 2023.
[31] State and Territory Retail Trading Acts.
[32] Australian Government, Competition and Consumer Act 2010.

For personal use only

KROLL

7.3 Sales channels

Sales channels refer to the methods through which discount variety retailers sell to customers. These can be divided into two main categories: physical channels and online channels.

7.3.1 Physical channels

Physical channels, such as traditional brick-and-mortar stores, allow retailers to showcase products and interact face-to-face with customers. These channels offer advantages such as a tangible shopping experience, personalised service, upselling opportunities, immediate product availability and convenient return processes. However, they also come with higher operating costs, including rental or lease costs, utilities, and staff wages. Additionally, physical stores have limited customer reach and require detailed inventory management compared to more centralised online channels.

7.3.2 Online channels

Online sales channels refer to sales platforms in which the entire shopping experience, including browsing, payment, delivery and return, is completed online and without physical engagement with sales staff or the underlying product. Common online sales channels include eCommerce websites, mobile applications, online marketplaces, and social media channels. The popularity of online sales channels has increased significantly over the last decade, with the share of discretionary retail transactions completed online increasing from 3.2% in 2013 to 17.8% in 2024 as seen in the following chart.

Share of Total Discretionary Retail Transactions Completed Online



Source: Australian Bureau of Statistics; Kroll analysis.

Growth in popularity of online shopping in the past decade has been driven by a range of factors, including:

- greater convenience offered by online shopping compared to physical channels, as customers are able to browse and compare products 24/7. Some consumers may also have a preference to shop without interaction from sales staff. Increased efficiencies in shipping and logistics have resulted in faster and cheaper delivery further increasing the convenience of online shopping;
- the entrance of large online-only competitors including global online marketplaces like Amazon and Temu who have offered competitive pricing, greater convenience and have allowed customers to access a greater range of products;
- proliferation of technology and technological advancements, including greater usage of mobile devices and social media increasing the accessibility of online shopping, as well as improvements to online payment technology; and
- travel and trading restrictions caused by the COVID-19 pandemic, which accelerated the adoption of online shopping to overcome travel restrictions and other supply chain issues.[33]

[33] Commonwealth Bank of Australia, Retail Pathways, February 2024.

For personal use only

KROLL

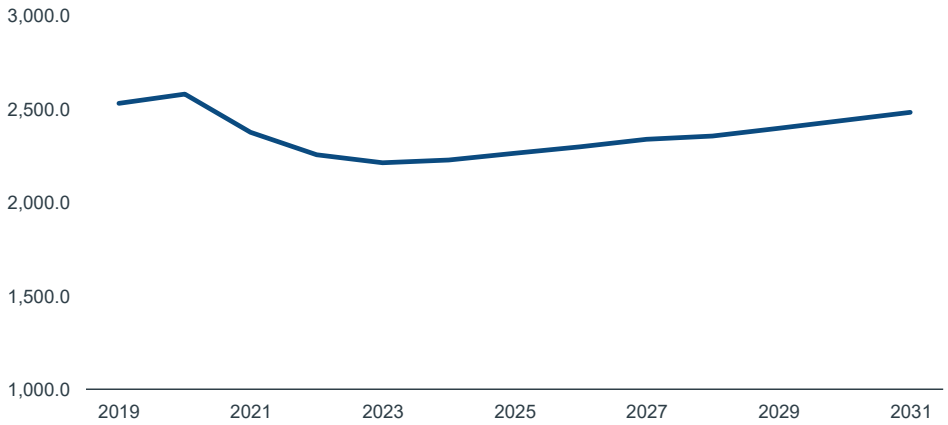
7.3.3 Omni-channel

Retailers are adopting an omni-channel strategy to meet the growing consumer demand for personalised and convenient shopping experiences. This strategy integrates both physical and online sales channels to provide a seamless and consistent retail experience. It enhances customer engagement and allows retailers to collect data to better understand and cater to customer preferences. Examples include online ordering with in-store pickup, checking in-store stock availability online and using customer data for targeted advertising and personalised rewards. Benefits of this approach include higher customer spend rates, stronger customer engagement and loyalty and better customer understanding through data analytics.

7.4 Outlook

Historical and forecast Australian discount variety retailer total revenue between 2019 and 2031 is set out as follows.

Historical and Forecast Inflation-adjusted Discount Variety Retailer Revenue ($ millions)



Source: IBIS World.

Inflation-adjusted revenue for the discount variety retailer industry is forecast to grow at a CAGR of 1.5% in the six years between 2025 and 2031.[34] The low levels of forecast growth reflect the ongoing shift towards online shopping, which is likely to diminish the customer base of brick-and-mortar discount variety retailers, aligning with consumers' growing preference for seamless online shopping experiences. Additionally, global retail giants, backed by powerful buying capabilities and appealing product ranges, are expected to expand and claim further market share. Discount department stores like Kmart are also expected to continue to capture a greater market share.

8 Profile of The Reject Shop

8.1 Background

The Reject Shop is Australia's largest discount variety retailer, operating 393 store locations across the country as at 29 December 2024.[35] The Reject Shop's store network is located in every Australian State and Territory (except the Northern Territory) across metropolitan and regional areas. The Reject Shop's expansive store network continues to be one of its key competitive advantages and operational strengths, providing customers with convenient access to The Reject Shop's offering. The Reject Shop currently

[34] IBISWorld; OD5466 Discount Variety Stores in Australia, December 2024.
[35] Our Story, The Reject Shop Company Website.

For personal use only

employs over 5,000 team members across its stores, distribution centres and Melbourne-based corporate head office.

The Reject Shop was founded by Ron Hall and John Shuster, opening the first store in South Yarra, Melbourne in 1981. Reject Shop Shares were listed on the ASX in 2004.

In 2018, Allensford Pty Ltd made an on-market, unconditional cash takeover offer for The Reject Shop. On closing of the offer, Allensford Pty Ltd (and Kin Group via a relevant interest) held approximately 19.0% of ordinary Reject Shop Shares at the time.

Over the past three years, The Reject Shop has experienced a number of changes in its leadership. Clinton Cahn joined The Reject Shop in March 2020, working as the Chief Financial Officer before being appointed Chief Executive Officer in August 2024.

8.2 Strategy

In FY23, The Reject Shop established a new executive leadership team with a refreshed strategy, primarily focused on developing a new merchandise offering. The new merchandise strategy prioritises offering customers consistently low prices on branded household essentials, as well as enhanced variety at compelling price points across the general merchandise and seasonal product offerings. The changes to the merchandise strategy included:

- launching a homewares range;
- increased product variety across seasonal range (Christmas, Easter, Halloween);
- updating core product ranges and improving the way product is presented to customers in-store; and
- broadening the range of branded low-priced household essentials.

FY24 was the first full year of the new merchandise strategy, which assisted in driving new customer and comparable store growth during the year. Throughout FY25, The Reject Shop's executive leadership team has remained focused on delivering its merchandise strategy, improving gross margin and expanding its store network.

8.3 Operations

8.3.1 Product offering

The Reject Shops product offering can be grouped into consumables, general merchandise and seasonal items. Across these products, particularly in their consumables offering, The Reject Shop offers a wide variety of well-known national brands.

The Reject Shop offering covers the following categories:

- **Consumables:**
  - Snacks & Drinks: a variety of snacks and beverages, catering to different tastes and preferences;
  - Health & Beauty: personal care items such as toiletries, skincare products, and beauty essentials;
  - Cleaning: household cleaning products, including detergents, disinfectants, and cleaning tools; and
  - Pet Care: products for pet care, including food, toys, and grooming supplies.
- **General Merchandise:**
  - Home: homewares and decor items, including kitchenware, storage solutions and decorative pieces;
  - Garden & DIY: gardening tools, plants, and DIY supplies for home improvement projects;
  - Stationery & Craft: office supplies, stationery and craft materials for various projects;
  - Cards Wrap & Party: party supplies, greeting cards and gift wrap for different occasions; and

For personal use only

KROLL

- Toys & Books: a selection of toys and books for children and adults.

- **Seasonal items and complementary purchases:** for holiday celebrations, including decorations, gifts, and themed products. Complementary purchases refer to two products which enhance each other's use, examples include gift wrapping paper and sellotape.

8.3.2 Business model

For its consumables offering, The Reject Shop aims to stock well known, high-quality national brands and lead on price. Brands offered include Dove, Morning Fresh, Cadbury, Tresemmé, Nivea, Pepsi, Finish, and Omo. The Reject Shop primarily competes with supermarkets, who alternatively adopt a high-low pricing strategy, where products are initially priced higher before being priced lower to create the perception of quality and discount. This strategy differs from The Reject Shop's everyday low-price strategy where prices are kept consistently low without frequent promotions. This approach means that consumables products are sold at the lowest margin out of the three categories of products (consumables, general merchandise and seasonal items).

The Reject Shop is focused on differentiating its general merchandise product offering from the large discount department stores by offering a unique product range (i.e. differentiated by colour, style, trend, etc).

The Reject Shop also offers unique seasonal products for various events and occasions, all at competitive prices. The Reject Shop also sells a number of complementary products, which are products which enhance the use of one another.

8.3.3 Supply chain

The Reject Shop's sourcing strategy includes a mix of local and imported products. The Reject Shop has a dedicated merchandise team which focuses on maintaining good relationships with key suppliers, to maintain its ability to source products at competitive prices[36] and manage risks including changes to raw material costs and global supply chain delays.

The Reject Shop operates distribution centres in key locations, including in Brisbane, Queensland, Perth, Western Australia and Melbourne, Victoria, and which are strategically positioned logistically to support stores. The Queensland distribution centre also supports sales in New South Wales. The key lease terms are summarised as follows.

Metric	Ipswich, Brisbane	Hazelmere, Perth	Truganina, Melbourne
State	Queensland	Western Australia	Victoria
Lease expiry	February 2030[1]	August 2029	November 2031
Gross leasable area (m²)	c. 27,000	c. 18,000	c. 38,000

Source: The Reject Shop Annual Report 2024.
Note:
1. Option to surrender the lease from August 2027.

The Reject Shop's supply chain is essential for ensuring product availability in stores. The Reject Shop has a dedicated supply chain team which monitors and responds to potential issues arising from disruptions in The Reject Shop's domestic and international supply chains. The Reject Shop also invests in logistics and technology to support its supply chain operations, including a new warehouse booking system in FY24.[37]

8.3.4 Store network

The Reject Shop's store network is critical as it provides a more convenient and present shopping experience. The Reject Shop operates approximately 393 stores and three distribution centres that are strategically located in both metropolitan and regional areas in order to maximise customer convenience.

[36] The Reject Shop Annual Report 2024.
[37] The Reject Shop Annual Report 2024.

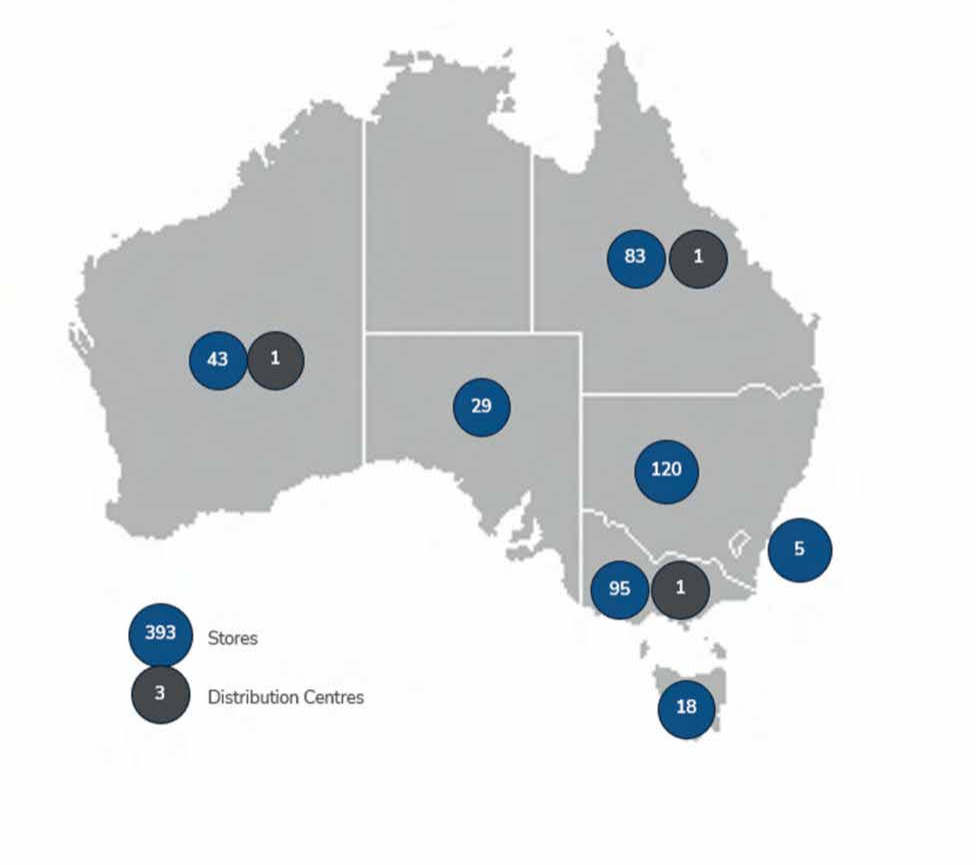
For personal use only

KROLL

Its store locations continue to be a key strength, providing customers with convenient access to their product offering.

The Reject Shop's national store and distribution centre network is depicted in the following figure.

The Reject Shop National Variety Discount Store and Distribution Centre Network



Source: The Reject Shop as at 29 December 2024.

The Reject Shop actively manages its store portfolio against established financial and operational criteria which must be met for both new and existing stores. The Reject Shop's property strategy is centred around renegotiating expired leases to better reflect the current sales opportunity at each location, closing unprofitable stores, opening new stores to replace closures and building a pipeline of new stores to drive growth in the medium-term. The Reject Shop employs experienced property and store development teams to support the execution of this strategy.

In FY24, The Reject Shop also continued to make progress in expanding its store network, opening 17 new stores. During this same period, The Reject Shop closed 12 stores, six of which were underperforming, three relocations and three regrettable closures (which were the result of a tenancy remix by the landlord).[38] At the end of FY24, The Reject Shop's national store network included 385 stores, up from 380 at the end of FY23. This compares to 354 stores at the end of FY20, after which The Reject Shop began more meaningfully expanding its store network. At 1H25, The Reject Shop had opened nine new stores with at

[38] The Reject Shop Annual Report 2024.

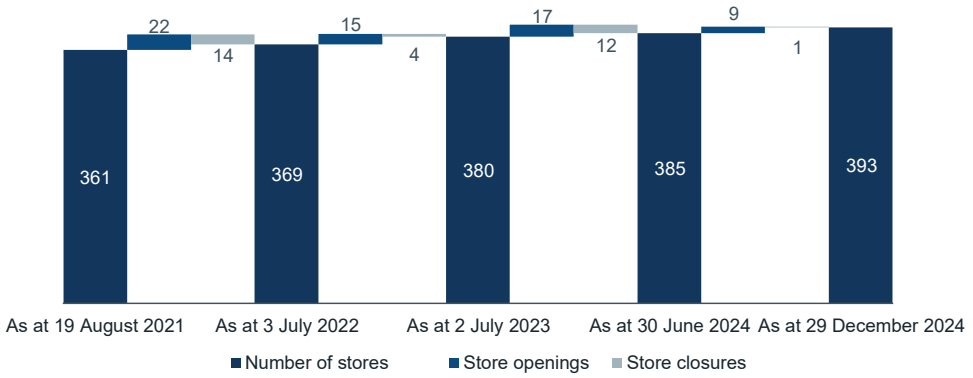
For personal use only

KROLL

least 20 stores in the pipeline to open over the next 18 months. The Reject Shop also closed one store during this period.[39]

The following chart displays the change in the number of The Reject Shop's stores from FY21 to 1H25.

The Reject Shop number of stores from FY21 to 1H25



Source: The Reject Shop Results Presentations.

8.3.5 Online sales

The Reject Shop has a website which displays its current product offering but does not offer online sales. Customers are able to purchase a select range of products via DoorDash. This was set up during the COVID-19 pandemic lockdowns and accounts for an immaterial portion of The Reject Shop's revenues.

8.3.6 Technology

The Reject Shop relies on information technology systems, communication carriers and data providers to operate in a rapidly changing digital environment.

The Reject Shop has a dedicated technology team, supported by external advisers, and continues to focus on enhancing its cyber governance framework and investing in cyber security and information technology systems, including through data centre migration, network modernisation and penetration testing. Team members are also required to complete regular cyber security awareness training.[40]

8.3.7 Litigation

In FY23, The Reject Shop was named as the respondent in a class action commenced by a former store manager (**the Applicant**) in the Federal Court of Australia on behalf of store managers and assistant store managers employed by The Reject Shop between 24 April 2017 to 18 April 2023.

The premise of the initial proceeding is that the General Retail Industry Award 2010 applied to the relevant store manager's employment and that there were alleged underpayments under that award together with alleged associated contraventions of the Fair Work Act 2009 (Cth). The applicant sought leave to file an amended statement of claim which was dismissed in December 2024. The Reject Shop will continue to defend the matter.

[39] The Reject Shop 1H25 Results Presentation.
[40] The Reject Shop Annual Report 2024.

For personal use only

KROLL

8.4 Financial performance

8.4.1 Historical financial performance – Post-AASB 16

Similar to many discretionary retail companies, The Reject Shop leases its stores, rather than owning them. As required under AASB 16, these leases are capitalised as right of use assets on the balance sheet and a corresponding lease liability is recognised. In the income statement, lease expenses are reflected in amortisation and interest costs, rather than in operating expenses.

The following table summarises the financial performance of The Reject Shop for FY22, FY23, FY24 and 1H25 on a post-AASB 16 basis.

The Reject Shop Financial Performance – Post-AASB 16 ($ millions)

	FY22 53 weeks Actual[1]	FY23 52 weeks Actual	FY24 52 weeks Actual	1H25 26 weeks Actual
Sales	788.2	819.3	852.7	471.7
Cost of sales	(461.9)	(488.2)	(505.3)	(271.3)
Gross profit[2]	**326.3**	**331.1[3]**	**347.4**	**200.4**
Costs of doing business (**CODB**)	(200.7)	(207.5)	(224.4)	(117.9)
EBITDA[2,4]	**125.5**	**123.6[3]**	**123.0**	**82.5**
Depreciation and amortisation (**D&A**)	(107.9)	(107.0)	(109.2)	(55.6)
EBIT[2,5]	**17.6**	**16.6[3]**	**13.8**	**26.9**
Interest[2,6]	(6.4)	(6.2)	(6.5)	(4.2)
Non-recurring income	-	4.2[7]	-	-
Profit before tax	**11.3**	**14.6**	**7.3**	**22.7**
Tax	(3.4)	(4.3)	(2.6)	(6.8)
Net profit after tax (NPAT)	**7.9**	**10.3**	**4.7**	**15.9**
Growth				
Comparable store sales[2,8]	*na[9]*	*na[9]*	*2.6%*	*1.5%*
Sales growth	*1.2%*	*3.9%*	*4.1%*	*2.9%*
Gross profit growth	*1.6%*	*1.5%*	*4.9%*	*5.9%*
CODB growth	*4.2%*	*3.4%*	*8.1%*	*6.2%*
EBITDA growth	*(2.3%)*	*(1.5%)*	*(0.5%)*	*5.5%*
EBIT growth	*(5.0%)*	*(5.7%)*	*(16.8%)*	*13.7%*
NPAT Growth	*(5.0%)*	*30.4%*	*(54.4%)*	*10.1%*
Margins				
Gross profit margin	*41.4%*	*40.4%*	*40.7%*	*42.5%*
CODB margin[10]	*25.5%*	*25.3%*	*26.3%*	*25.0%*
EBITDA margin	*15.9%*	*15.1%*	*14.4%*	*17.5%*
EBIT margin	*2.2%*	*2.0%*	*1.6%*	*5.7%*
NPAT margin	*1.0%*	*1.3%*	*0.6%*	*3.4%*

Source: The Reject Shop Annual Reports, Half Year Financial Reports and Results Presentations; Kroll analysis.
Notes:
1. FY22 figures in this table have been presented based on a 53-week period. This is consistent with The Reject Shop's FY22 statutory results.
2. Gross profit, EBITDA, EBIT, Interest and comparables store sales are non-IFRS measures and were not audited by The Reject Shop's auditors.
3. FY23 gross profit, EBITDA and EBIT have been adjusted to exclude approximately $4.2 million of non-recurring pre-tax income from insurance claims relating to stores that were flood damaged during FY22 and FY23. This has instead been included as a separate line item referred to as non-recurring income. Refer to Note 7.
4. EBITDA is earnings before interest, tax, depreciation and amortisation.
5. EBIT is earnings before interest and taxes.
6. Interest is presented as the net of interest income and finance costs.

For personal use only

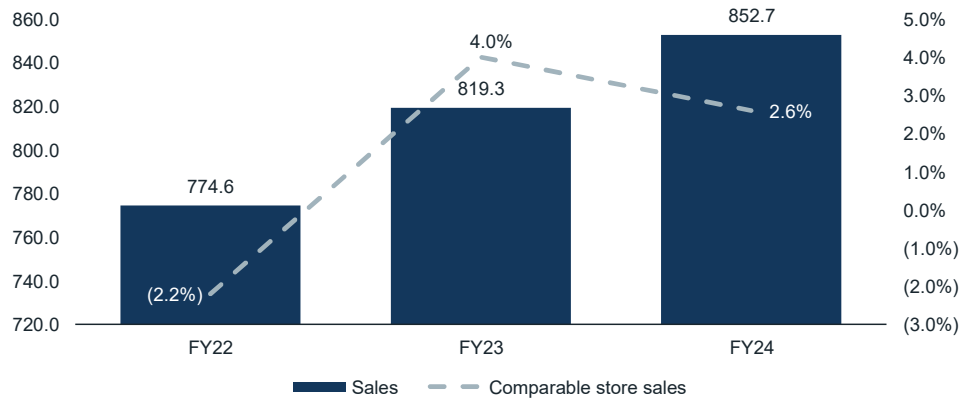
KROLL

Notes (continued):
7. Relates to non-recurring pre-tax income from insurance claims relating to stores that were flood damaged during FY22 and FY23.
8. Comparable store sales excludes the impact of store openings and closures and stores subject to refurbishment.
9. na means not applicable. As The Reject Shop's FY22 results were based on a 53-week period, comparable store sales growth in FY22 and FY23 is deemed as not meaningful and has not been provided. This is consistent with The Reject Shop's FY22 and FY23 results presentations.
10. CODB margin is calculated as CODB divided by sales.
11. Table may not add due to rounding.

In relation to the historical financial performance of The Reject Shop from FY22 to FY24, we note:

- The Reject Shop's financial performance from FY22 to FY24 was broadly influenced by a range of factors including COVID-19 pandemic related challenges (in particular, the emergence of the Omicron variant in the lead up to the key Christmas trading period in FY22), macroeconomic conditions and rising cost of living pressures and also reflect the implementation of the new merchandise strategy (as previously discussed in Section 8.2 of this report);
- The following sales trends were observed for FY22 to FY24:
  - The Reject Shop experienced subdued sales growth of approximately 1.2% in FY22, noting that FY22 statutory results were based on a 53-week period, compared to a 52-week period in the prior corresponding period (**pcp**) and FY23 and FY24. On a normalised basis (i.e. excluding the impact of the 53rd week in FY22), sales declined by (0.5%), with comparable store sales also down (2.2%).[41] This was primarily due to the adverse impact of the emergence of the Omicron variant on customer behaviour during the key Christmas trading period; and
  - in FY23 and FY24, strong demand for low-priced consumables (particularly branded products, which represented great value amidst rising cost of living pressures), combined with positive customer responses to the new merchandise strategy and the favourable performance of seasonal events (i.e. in FY23, The Reject Shop recorded its strongest Christmas trading period), largely underpinned consecutive years of sales growth of 3.9% and 4.1%, respectively (4.0% CAGR). On a normalised basis, as previously noted, comparable store sales were up by 4.0% in FY23,[42] and a further 2.6% in FY24.

The Reject Shop Normalised Sales and Comparable Store Sales Growth from FY22 to FY24 ($ millions)



Source: The Reject Shop Annual Reports, Half Year Financial Reports and Results Presentations; Kroll analysis.

- since FY22, The Reject Shop's gross profit margins have been unfavourably impacted by the shift in sales mix towards low-priced consumables, an increase in supply chain costs (both domestic and

[41] The Reject Shop FY22 Results Presentation.
[42] The Reject Shop FY23 Results Presentation.

For personal use only

international) and, in FY24, higher than anticipated shrinkage.[43] Gross profit margins declined by approximately 100 basis points (**bps**) from 41.4% in FY22 to 40.4% in FY23, before recovering slightly to 40.7% in FY24 as a result of a reduction in international shipping costs;

- CODB comprises store and administrative expenses, but excludes depreciation and amortisation. In FY23, the CODB margin declined by approximately 20 bps to 25.3%, down from 25.5% in FY22. Consistent with many Australian retailers, however, The Reject Shop faced challenging macroeconomic conditions and inflationary pressures during FY24,[44] which saw an uplift in CODB margin of approximately 100 bps to 26.3%;
- The Reject Shop generated earnings before interest, tax, depreciation and amortisation (**EBITDA**) of approximately $125.5 million in FY22, which was elevated compared to the subsequent periods due to the impact of the 53rd week in the FY22 statutory results. In FY23, EBITDA was $123.6 million,[45] decreasing slightly to $123.0 million in FY24. Meanwhile, EBITDA margins narrowed, contracting each year from 15.9% in FY22 to 14.4% in FY24, as growth in CODB exceeded increases in gross profit;
- D&A is attributable to both property, plant and equipment (**PP&E**) and right-of-use assets (**ROU assets**). D&A expenses have remained relatively level, albeit increasing marginally from $107.0 million in FY23 to $109.2 million in FY24, as PP&E and ROU asset balances increased;
- similarly to EBITDA, EBIT declined by approximately (5.7%) from $17.6 million in FY22 to $16.6 million FY23, primarily due to the impact of the 53rd week in the FY22 statutory results, with already low margins narrowing further from 2.2% to 2.0% respectively. On a normalised basis, however, EBIT increased by 7.8% over this period.[46] In FY24, EBIT fell to $13.8 million, with margins reducing to 1.6%, which was attributable to higher shrink, adverse product mix shift and higher CODB;
- interest is presented as the net of interest income and finance costs. Over the illustrated period, interest income increased from $0.1 million in FY22 to $2.5 million in FY24. On the other hand, finance costs, which are predominately made up of interest and finance charges paid or payable for lease liabilities, also grew from $6.5 million in FY22 to $8.9 million in FY24;
- pre-tax, non-recurring income of $4.2 million in FY23 was derived from insurance claims relating to stores that were flood damaged during FY22 and FY23; and
- NPAT increased by approximately 30.4% from $7.9 million in FY22 to $10.3 million in FY23, benefitting from $4.2 million in pre-tax, non-recurring income, as previously mentioned and lower net interest. In FY24, NPAT fell by (54.4%) to $4.7 million which, on one hand, reflected lower EBIT and higher interest, but also the impact of one-off items in the pcp.

Sales are seasonal, with a higher proportion typically occurring in the first half of the year (i.e. the periods leading up to Christmas). On 20 February 2025, The Reject Shop released its financial results for 1H25. With regards to the financial performance in 1H25, we note:

- sales for the half year were $471.7 million, up 2.9% on the pcp, with comparable store sales also up 1.5%. This was attributable to overall basket and customer transaction growth as well the Christmas trading period,[47] which also saw gross profit margin improvement (42.5% in 1H25 compared to 41.3% in 1H25);
- challenging macroeconomic conditions persisted, with inflationary cost pressures underpinning an increase in CODB; and
- EBITDA, EBIT and NPAT margins improved on the pcp, closing at 17.5%, 5.7% and 3.4% respectively.

---

[43] Shrinkage refers to the loss of inventory due to factors other than sales.
[44] The Reject Shop Annual Report 2024.
[45] Adjusted to exclude $4.2 million of non-recurring pre-tax income from insurance claims relating to stores that were flood damaged during FY22 and FY23.
[46] The Reject Shop FY23 Results Presentation.
[47] The Reject Shop 1H25 Results Presentation.

For personal use only

KROLL

Earnings per share

The following table summarises The Reject Shops basic earnings per share (**EPS**) and diluted EPS from FY22 to 1H25.

The Reject Shop Earnings per Share

	FY22 53 weeks Actual[1]	FY23 52 weeks Actual	FY24 52 weeks Actual	1H25 26 weeks Actual
NPAT (millions)	**7.9**	**10.3**	**4.7**	**15.9**
Weighted average number of ordinary share (millions)	38.3	38.0	38.0	37.3
Weighted average number of ordinary shares and potential ordinary shares (millions)[2]	39.1	39.0	39.0	37.6
Basic earnings per share (**EPS**) (cents)[3]	20.6	27.2	12.4	42.7
Diluted EPS (cents)	20.2	26.4	12.1	42.4

Source: The Reject Shop Annual Reports, Half Year Financial Reports and Results Presentations; Kroll analysis.
Notes:
1. FY22 NPAT, EPS and Diluted EPS figures in this table have been presented based on a 53-week period. This is consistent with The Reject Shop's FY22 statutory results.
2. Calculated as weighted average number of ordinary shares plus dilutive portion of performance rights.
3. Calculated as NPAT divided by weighted average number of ordinary shares.
4. Calculated as NPAT divided by weighted average number of ordinary shares and potential ordinary shares.

Basic EPS increased from 20.6 cents in FY22 to 27.2 cents in FY23, before declining to 12.4 cents in FY24. In 1H25, basis EPS was 42.7 cents.

Dividends

In FY22, no dividends were declared or paid. On 24 August 2023, The Reject Shop reinstated its previous dividend policy to maintain a minimum dividend payout ratio of 60% of NPAT, subject to underlying profitability and financial requirements.

The following table summarises The Reject Shop's dividends that relate to the fiscal periods between FY22 and 1H25, and paid thereafter.

The Reject Shop Dividends

	FY22 53 weeks Actual	FY23 52 weeks Actual	FY24 52 weeks Actual	1H25 26 weeks Actual
Total dividends per share (fully franked, cents)	**-**	**16.0**	**10.0**	**12.0**
Dividend payout ratio[1]	na	58.9%	80.7%	28.1%
Franking account balance (millions)[2]	$59.3	$62.6	$63.3	$62.0

Source: The Reject Shop Annual Reports, Half Year Financial Reports and Results Presentations; Kroll analysis.
Notes:
1. Calculated as dividends per ordinary share divided by basic EPS.
2. Adjusted for franking credits arising from payment of provision for income taxand dividends recognised as receivables, franking debits arising from payment of proposed dividends and any credits that may be prevented from distribution in subsequent periods based on a tax rate of 30%.

With respect to the table above, we note:

- dividends declared in respect of FY23 totalled 16.0 cents per ordinary share, which included a final dividend of 6.5 cents per share and special dividend of 9.5 cents per share. This amounted to a payout ratio of approximately 58.9% of FY23 basic EPS;
- in February 2024, the Reject Shop Board determined to pay a fully franked interim dividend on ordinary shares of 10 cents per share, representing a payout ratio of approximately 80.7% of FY24 basic EPS. No final dividend was declared in respect of FY24; and
- a fully franked interim dividend on ordinary shares of 12.0 cents per share was determined at the 1H25 results and was paid on 1 May 2025.

For personal use only

KROLL

The balance of the franking account at 29 December 2024 was approximately $62.0 million.

8.4.2 Historical financial performance – Pre-AASB 16

As a result of the materiality of lease expenses for discretionary retail companies, their financial statements are typically presented on a pre-AASB 16 basis. Under AASB 16, EBITDA excludes the cash impact of operating leases, which are instead reflected in amortisation and interest costs, whereas on a pre-AASB 16 basis, EBITDA includes the cash impact of operating leases. In its annual and half-year results presentations, The Reject Shop discloses unaudited, pre-AASB 16 income statements. The main adjustments to convert the income statement from a post-AASB 16 basis to a pre-AASB 16 basis is a reallocation of operating lease expenses from lease amortisation and finance costs to cost of sales and CODB.

The following table summarises the financial performance of The Reject Shop for FY22, FY23, FY24 and 1H25 on a pre-AASB 16 basis. As previously mentioned, these results have not been audited.

The Reject Shop Financial Performance – Pre-AASB 16 ($ millions)

	FY22 53 weeks Actual[1]	FY23 52 weeks Actual[2]	FY24 52 weeks Actual	1H25 26 weeks Actual
Sales	788.2	819.3	852.7	471.7
Cost of sales	(469.7)	(496.3)	(513.7)	(275.4)
Gross profit	**318.5**	**323.0[2]**	**339.0**	**196.3**
CODB[3]	(296.9)	(301.8)	(321.4)	(167.3)
EBITDA	**21.6**	**21.2[2]**	**17.6**	**29.1**
D&A	(12.4)	(12.1)	(12.3)	(6.5)
EBIT	**9.2**	**9.1[2]**	**5.4**	**22.6**
Interest[4]	0.0	1.6	2.2	0.8
Non-recurring income	-	4.2[5]	-	-
Profit before tax	**9.2**	**14.9**	**7.5**	**23.4**
Tax	(2.7)	(4.4)	(2.7)	(7.0)
NPAT	**6.5**	**10.5**	**4.8**	**16.4**
Growth				
Comparable store sales[6]	*na[7]*	*na[7]*	*2.6%*	*1.5%*
Sales growth	*1.2%*	*3.9%*	*4.1%*	*2.9%*
Gross profit growth	*1.6%*	*1.4%*	*5.0%*	*6.1%*
CODB growth	*2.3%*	*1.7%*	*6.5%*	*4.8%*
EBITDA growth	*(6.5%)*	*(1.9%)*	*(16.8%)*	*13.9%*
EBIT growth	*(2.7%)*	*(1.1%)*	*(41.3%)*	*16.2%*
NPAT growth	*0.7%*	*61.5%*	*(54.3%)*	*14.6%*
Margins				
Gross profit margin	*40.4%*	*39.4%*	*39.8%*	*41.6%*
CODB margin[8]	*37.7%*	*36.8%*	*37.7%*	*35.5%*
EBITDA margin	*2.7%*	*2.6%*	*2.1%*	*6.2%*
EBIT margin	*1.2%*	*1.1%*	*0.6%*	*4.8%*
NPAT margin	*0.8%*	*1.3%*	*0.6%*	*3.5%*

Source: The Reject Shop Annual Reports, Half Year Financial Reports and Results Presentations; Kroll analysis.
Notes:
1. FY22 figures in this table have been presented based on a 53-week period. This is consistent with The Reject Shop's FY22 statutory results.
2. FY23 gross profit, EBITDA and EBIT have been adjusted to exclude approximately $4.2 million of non-recurring pre-tax income from insurance claims relating to stores that were flood damaged during FY22 and FY23.
3. Occupancy costs included in CODB have been estimated using cash occupancy costs and include amortised incentive payments received from landlords.

For personal use only

KROLL

Notes (continued):
4. Interest is presented as the net interest income and finance costs, excluding of interest and finance charges paid or payable for lease liabilities.
5. Relates to non-recurring pre-tax income from insurance claims relating to stores that were flood damaged during FY22 and FY23.
6. Comparable store sales excludes the impact of store openings and closures and stores subject to refurbishment.
7. na means not applicable. As The Reject Shop's FY22 results were based on a 53-week period, comparable store sales growth in FY22 and FY23 is deemed as not meaningful and has not been provided. This is consistent with The Reject Shop's FY22 and FY23 results presentations.
8. CODB margin is calculated as CODB divided by sales.
9. Table may not add due to rounding.

In relation to the pre-AASB 16 historical financial performance of The Reject Shop from FY22 to FY24, we note:

- EBITDA declined by approximately (1.9%) from $21.6 million in FY22 to $21.2 million in FY23, due to the impact of the 53rd week in the FY22 results. On a normalised basis, EBITDA grew by 11.0%. In FY24, EBITDA decreased by (16.8%), with the uplift in gross profit more than offset by increases in CODB attributable to higher store expenses. During this time, EBITDA margins remained low, narrowing from 2.7% in FY22 to 2.1% in FY24; and
- a similar trend was observed for EBIT, which declined by (1.1%) from $9.2 million in FY22 to $9.1 million in FY23, with margins also contracting from 1.2% to 1.1% respectively. A more significant reduction was noted in FY24, whereby EBIT fell by (41.3%) to $5.4 million and margins decreased to 0.6%, largely reflecting the impact of lower EBITDA, as previously mentioned, with D&A remaining relative stable.

In 1H25, both EBITDA and EBIT (on a pre-AASB 16 basis) benefited from the Christmas trading period, sales growth across both general merchandise and consumables products and overall gross profit margin improvement. EBITDA and EBIT margins were 6.2% and 4.8% respectively.

8.4.3 Trading update

As part of its 1H25 results release, The Reject Shop provided a trading update for the first seven weeks of 2H25. Key updates were as follows:[48]

- sales were up 3.6% on the pcp (with January and February 2.5% and 6.1%[49] favourable compared to the pcp respectively);
- comparable store sales were up 1.4% on the pcp (with January and February 0.4% and 3.8%[50] favourable compared to the pcp respectively); and
- general merchandise sales continued to grow compared to the pcp and gross profit margin also improved on the pcp.

In addition, it was further noted that The Reject Shop's first half financial performance should not be used as an indicator for the second half of the year, as it typically generates a higher proportion of sales in the first half (as previously discussed in Section 8.4.1 of this report).

[48] The Reject Shop 1H25 Results Presentation.
[49] Month-to-date. Relates to sales generated between 3 February 2025 and 16 February 2025 (inclusive).
[50] Month-to-date. Relates to sales generated between 3 February 2025 and 16 February 2025 (inclusive).

For personal use only

KROLL

8.4.4 Outlook

The Reject Shop has not released earnings guidance for FY25 or beyond. As such, we have had regard to broker consensus. Four brokers have published reports following the announcement of the Scheme. The Reject Shop's broker consensus for FY25 to FY27 is summarised as follows. Further detail is provided in Appendix 3.

The Reject Shop Broker Forecast – Pre-AASB 16 ($ millions)

	Actual	Forecast[1]		
	FY24	FY25	FY26	FY27
Sales	852.7	882.4	920.5	954.4
EBIT	**5.4**	**9.5**	**13.7**	**17.4**
NPAT[2]	**4.8**	**7.7**	**10.2**	**12.5**
Growth				
Total sales growth	*4.1%*	*3.5%*	*4.3%*	*3.9%*
EBIT growth	*(40.7%)*	*76.1%*	*38.6%*	*25.0%*
NPAT growth	*(54.3%)*	*60.4%*	*36.0%*	*21.5%*
Margins				
EBIT margin	*0.6%*	*1.1%*	*1.5%*	*1.8%*
NPAT margin	*0.6%*	*0.9%*	*1.1%*	*1.3%*

Source: Broker reports; Kroll analysis.
Notes:
1. Broker consensus is the median of broker forecasts.
2. Broker three has not published NPAT forecasts on a pre-AASB 16 basis and Kroll has therefore not included these forecasts in their broker's consensus.

With regard to The Reject Shop's broker consensus, we note that broker consensus sales is forecast to increase at a CAGR of 3.8% from FY24 to FY27 and EBIT is expected to increase at a CAGR of 47.8% over the same period as EBIT margins increase beyond levels achieved in FY23.

In addition, EBIT is expected to increase at a CAGR of 33.3% from LTM to FY27.

Brokers have cited the following as the key drivers of revenue growth:

- improved product offering as a result of the new merchandising strategy;
- consumers trading down in tougher times; and
- growth in the number of stores.

Brokers have cited the following as the key driver of margin expansion:

- mix: increase in general merchandise mix, noting that general merchandise has a higher margin than consumables;
- scale: through negotiating better terms and prices, particularly in fast moving consumer goods;
- purchase prices: reduced prices in source countries;
- direct sourcing: opportunity to increase direct sourcing (currently ~30%); and
- cost leverage: notably labour and overheads.

For personal use only

KROLL

8.5 Financial position

The following table summarises the financial position of The Reject Shop as at 30 June 2024 and 29 December 2024.

The Reject Shop Financial Position ($ millions)

	As at 30 June 2024 Audited	As at 29 December 2024 Reviewed
Inventories	146.4	143.1
Trade and other payables	(59.5)	(59.8)
Provisions	(11.4)	(12.8)
Other[1]	(3.6)	(9.2)
Net working capital	**71.9**	**61.3**
Property, plant and equipment (net)	53.1	54.5
Right-of-use assets	212.8	207.0
Deferred tax assets (net)[2]	21.1	21.0
Derivative financial instruments	1.3	6.6
Non-current provisions	(3.8)	(3.8)
Total funds employed	**356.4**	**346.6**
Cash	49.9	74.9
Debt	-	-
Net cash (excluding lease liabilities)	**49.9**	**74.9**
Lease liabilities	(236.2)	(232.2)
Net borrowings (including lease liabilities)	**(186.3)**	**(157.3)**
Net assets attributable to Reject Shop Shareholders	**170.1**	**189.3**
Statistics		
Reject Shop Shares on issue at period end (million)	*37.8*	*37.3*
Net assets per Reject Shop Share (dollars)[3]	*$4.5*	*$5.1*
Stock turns (times)[4]	*3.5*	*3.4*

Source: The Reject Shop Annual Reports, Half Year Financial Reports and Results Presentations; Kroll analysis.
Notes:
1. Other includes other assets, current tax receivables, current tax liabilities and other liabilities.
2. Deferred tax assets are presented net of deferred tax liabilities. Deferred tax assets are attributable to employee benefits, leases, inventories, property, plant and equipment, other provisions and accruals, employee share trust and sundry items. Meanwhile, deferred tax liabilities are associated with other current assets, derivative financial instruments and sundry items.
3. Calculated as net assets divided by the number of Reject Shop Shares on issue at period end.
4. Calculated as an average of the monthly cost of goods sold over that month's inventory balance.

In relation to the financial position of The Reject Shop, we note:

- as with many retailers, The Reject Shop's investment in net working capital is reduced because of the largely cash or cash equivalent nature of its sales (i.e. minimal debtors). Net working capital was positive at both balance dates presented;
- inventories are the main working capital component, closing at $146.4 million and $143.1 million at 30 June 2024 and 29 December 2024 respectively. Inventory levels are typically elevated during September through to November when stock is purchased prior to the key Christmas trading period. In addition, despite a relatively challenging macroeconomic environment, The Reject Shop recognised stock turns of 3.5 times at 30 June 2024 and 3.4 times at 29 December 2024;
- property, plant and equipment of $54.5 million at 29 December 2024 includes leasehold improvements ($18.1 million) and plant and equipment ($36.4 million). Each classification is carried at historical cost less any accumulated depreciation and impairment;
- The Reject Shop leases include retail stores, distribution centres, offices and equipment. The assets arising from these leases are recognised as right-of-use assets which, as at 29 December 2024, were

For personal use only

$207.0 million. On the other hand, the liabilities arising from these leases are recognised as lease liabilities, which totalled $232.2 million (of which, approximately 65.6% are non-current). Lease liabilities include the net present value of fixed payments less any landlord incentives receivable;

- with respect to derivative financial instruments, The Reject Shop is exposed to exchange rate risk arising from products imported from overseas. In order to protect against this risk, The Reject Shop enters into forward exchange contracts to purchase foreign currency for most overseas purchases. These contracts are hedging contracts for highly probable forecast purchases for the ensuring financial period. The contracts are timed to mature when payments for shipments of products are scheduled to be made;
- excluding lease liabilities, The Reject Shop had a net cash position at both balance dates presented. Net cash is highly seasonal and consistent with the working capital trend, reaching a low from September through to November following payment for stock for the key Christmas trading period and is at its highest in December. The Reject Shop has no drawn debt facilities, however, it has undrawn facilities including an interchangeable facility with a limit of $10.0 million, and a seasonal facility with a limit of $20.0 million. The seasonal facility can only be drawn between June and December each year; and
- other items not reflected in the financial position include:
  - capital commitments, whereby The Reject Shop has contractually committed to approximately $5.2 million in capital expenditure; and
  - contingent liabilities arising from a class action commenced by a former store manager on behalf of store managers and assistant store managers employed by The Reject Shop between 24 April 2017 and 18 April 2023. Refer to section 8.3.7 of this report for more detail.

For personal use only

KROLL

8.6 Cash flow statement

The following table summarises the cash flow statement of The Reject Shop for FY22, FY23, FY24 and 1H25.

The Reject Shop Cash Flow Statement ($ millions)

	FY22 53 weeks Actual	FY23 52 weeks Actual	FY24 52 weeks Actual	1H25 26 weeks Actual
EBITDA (pre-AASB 16)	**21.6**	**21.2**	**17.6**	**29.1**
Less: net external interest	0.0	1.6	2.2	0.8
Less: tax (paid)/refunded	0.7	1.0	(8.3)	1.3
Non-recurring income	-	4.2[1]	-	-
Changes in working capital & other	(1.4)	(13.3)	(8.3)	1.9
Operating cash flow	**20.9**	**14.7**	**3.2**	**33.0**
Capital expenditure	(16.5)	(12.1)	(15.7)	(7.7)
Free cash flow	**4.4**	**2.6**	**(12.5)**	**25.3**
Net proceeds from borrowings	-	-	-	-
Payments for shares bought back	-	(2.7)	(5.0)	(0.3)
Dividends paid	-	-	(9.9)	-
Net cash flow	**4.4**	**(0.1)**	**(27.5)**	**25.0**
Opening net cash and cash equivalents	73.0	77.5	77.3	49.9
Closing cash and cash equivalents[2]	**77.5**	**77.3**	**49.9**	**74.9**
Statistics				
Cash conversion ratio (times)[3]	1.0	0.7	0.2	1.1

Source: The Reject Shop Results Presentations; Kroll analysis.
Notes:
1. Relates to non-recurring pre-tax income from insurance claims relating to stores that were flood damaged during FY22 and FY23.
2. Closing cash and cash equivalents balances may not add due to rounding.
3. Calculated as operating cash flow divided by EBITDA.

The Reject Shop generated operating cash flows of $20.9 million in FY22, reflecting a cash conversion ratio of approximately 1.0 times. In FY23, despite a relatively consistent level of earnings, operating cash flow declined to $14.7 million, largely due to changes in working capital & other (which totalled $13.3 million and was primarily driven by a year-on-year increase in the closing inventory balance), partially offset by $4.2 million in non-recurring income. Operating cash flow reduced further to $3.2 million in FY24 (representing a cash conversion ratio of 0.2 times), having been unfavourably impacted by lower earnings, higher closing inventory, which again drove substantial changes in working capital & other of $8.3 million, and taxes paid ($8.3 million), which is elevated because of the timing of tax payments. In 1H25, earnings benefited from general seasonality trends and the Christmas trading period (as mentioned in Section 8.4.1 of this report). This resulted in higher operating cash flow of $33.0 million and a cash conversion ratio of approximately 1.1 times.

Free cash flows followed a similar trend, declining from $4.4 million in FY22 to ($12.5) million in FY24, before increasing to $25.3 million in 1H25. Over this period, capital expenditure remained relatively level, albeit fluctuating slightly. Capital expenditure predominately relates to fit outs for new store openings. The Reject Shop opened 22 new stores in FY22, 15 in FY23, 17 in FY24 and 9 in 1H25.

During FY23, FY24 and 1H25, the Reject Shop undertook an on-market share buy-back.

In August 2023, The Reject Shop reinstated its previous dividend policy to maintain a minimum dividend payout ratio of 60% of NPAT, subject to underlying profitability and financial requirements which are assessed periodically. At the 1H24 result in in February 2024, the Board determined to pay a fully franked interim dividend on ordinary shares of 10 cents per share. As a result, approximately $9.9 million in cash

For personal use only

was paid to shareholders during FY24, which includes the FY23 dividend and the FY24 interim dividend paid during FY24. The 1H25 dividend was paid on 1 May 2025.

8.7 Capital structure and ownership

8.7.1 Overview

As at 9 May 2025, The Reject Shop had the following Shares on issue:

- 37,365,917 Reject Shop ordinary shares; and
- 1,826,500 performance rights.

8.7.2 Reject Shop Shareholders

As at 9 May 2025, The Reject Shop had 4,206 registered ordinary shareholders. The top 20 largest shareholders accounted for approximately 70.5% of Reject Shop Shares and comprised Kin Group, custodians and nominees, individuals as well as other investors. The Reject Shop has a substantial retail investor base, with retail investors (investors holding 100,000 of Reject Shop Shares or fewer) accounted for approximately 99.4% of Reject Shop Shareholders and 28.0% of Reject Shop Shares on issue.

The Reject Shop has received notices from the following substantial shareholders.

The Reject Shop Substantial Shareholders as at 9 May 2025

Substantial Shareholder	Date of notice	Number of shares	Percentage[1]
Kin Group	17 June 2021	7,751,495	20.7%
Bennelong Funds Management Group Pty Ltd	2 May 2025	3,265,940	8.7%
Harvest Lane Asset Management Pty Ltd	16 April 2025	1,884,371	5.0%

Source: ASX Announcements.
Note:
1. Kin Group shareholding is based on the number of Reject Shop Shares on issue as at 9 May 2025. Other shareholdings are based on the number of shares as at the date of notice.

8.7.3 Performance Rights

The Reject Shop's performance rights (**Performance Rights**) comprise:

- long-term incentives, including the performance rights plan (**Performance Rights Plan**); and
- one-off retention allocations to certain members of the Executive Leadership Team (**retention grants**).

On 20 February 2025, 75,000 retention rights were exercised and converted to Reject Shop Shares (**Vested Performance Rights**). As a result, there are currently 1,826,500 Performance Rights on issue.

Further details of all grants made and outstanding as at 9 May 2025 is set out in the following table.

For personal use only

KROLL

The Reject Shop Performance Rights as at 9 May 2025

Performance rights	Vested	Unvested	Total
LTI grant			
FY23	-	467,200	**467,200**
FY24	-	371,100	**371,100**
FY25	-	690,700	**690,700**
Retention grant			
August 2023	-	250,000	**250,000**
Sign on	-	47,500	**47,500**
Total	**-**	**1,826,500**	**1,826,500**

Source: The Reject Shop.

Implication of the Scheme for Performance Rights

In accordance with the Scheme Implementation Agreement, subject to the Scheme becoming Effective:

- 1,439,400 Performance Rights will vest and convert to shares (**Vesting Performance Rights**); and
- 387,100 Performance Rights will be cancelled and transferred to a new retention agreement for a cash payment after 18 months (**Lapsing Performance Rights**).

As a result, the diluted number of Reject Shop Shares for the purpose of Kroll's valuation of The Reject Shop is 38,805,317.

8.8 Share price performance

In assessing The Reject Shop's Share price performance, we have:

- analysed price and volume since 1 July 2021;
- compared The Reject Shop's Share price movement to the S&P/ASX 300 Index (**ASX 300 Index**), a custom index comprising international discount retailers (**International Discount Retailer Index**) and a custom index comprising Australian mid-cap discretionary retailers (**Australian Mid-Cap Retailer Index);** and
- assessed the VWAP and trading liquidity of Reject Shop Shares for the 12-month period ended 26 March 2025, being the last undisturbed trading day immediately prior to the announcement of the Scheme Implementation Agreement with Dollarama.

For personal use only

KROLL

8.8.1 Recent share market trading

The Reject Shop's Share price performance and the volume of shares traded over the period from 1 July 2021 to 9 May 2025 is illustrated as follows.

Reject Shop Share Price and Volume from 1 July 2021 to 9 May 2025



Source: S&P Capital IQ; Kroll analysis.

From July 2021, The Reject Shop's Share price experienced significant fluctuations driven by a combination of external market conditions, industry thematics and company-specific developments including:

- broader macroeconomic challenges, with the global economy emerging from a period of significant uncertainty post the COVID-19 pandemic, which saw abrupt shifts in consumer and investor behaviour through to the end of 2021 and early stages of 2022 and, more recently, inflation and higher interest rates. Notwithstanding this, discount variety retailers, such as The Reject Shop, typically play an important role during difficult economic times, and as such, are generally viewed as defensive stocks;
- general retail sector trends and challenges, including an ongoing shift towards online sales, changes to consumer confidence and spending habits, as well as supply chain disruption and elevated costs; and
- company specific factors, including its substantial retail shareholder base (refer to Section 8.7.2 of this report), key leadership changes, capital management strategy and financial performance (refer to Section 8.4.1 of this report).

Between 1 July 2021 and 18 August 2021, The Reject Shop's Share price fell by 13.2% from $5.60 to close at $4.86 in a continuation of a broader decline which began in December 2020. Prior to this period, The Reject Shop released a trading update on 4 June 2021, recognising a challenging operating environment underpinned by softer sales volumes, with stores in CBD locations and larger shopping centres trading well below pre COVID-19 pandemic levels as a result of reduced footfall and material increases in supply chains costs largely due to higher international shipping costs as well as international shipping delays.[51]

On 19 August 2021, The Reject Shop announced its full year results for FY21 and the share price increased by 16.7% on heavy trading to close at $5.67, commencing a period of strong growth, whereby the share price appreciated further in the following months to close at a high of $7.49 on 9 November 2021. Despite experiencing a number of COVID-19 pandemic related and supply chain challenges, as previously discussed, the FY21 results showed that The Reject Shop had delivered sales above guidance provided in the June 2021 Trading Update, CODB savings, EBIT and NPAT improvement compared to the pcp, and

[51] The Reject Shop. Trading update and Board appointment. 4 June 2021.

For personal use only

KROLL

reinforced its strong balance sheet position.[52] Share price growth during this period also likely reflected optimism for a post COVID-19 pandemic recovery, as associated lockdowns and travel restrictions eased across Australia.

Notwithstanding instances of positive movements, from the closing high on 9 November 2021, The Reject Shop's Share price experienced a significant, overall decline of approximately 61.9% to close at $2.85 on 15 June 2022. During this period:

- new COVID-19 variants, such as Omicron, emerged and restrictions remained in some regions, leading to renewed uncertainty for retailers;
- The Reject Shop released half year results for FY22, highlighting the adverse impacts of lockdowns, as well as further disruption to supply chains caused by the Omicron variant which, as mentioned in Section 8.4.1 of this report, also negatively affected customer behaviour in the lead up to the key Christmas trading period. The Reject Shop recorded negative growth across sales, EBIT and NPAT metrics compared to the pcp;
- on 27 April 2022, it was announced that former CEO, Andre Reich, had stepped down from his role, potentially resulting in uncertainty as to The Reject Shop's underlying performance; and
- the RBA commenced a series of Official Cash Rate increases from 3 May 2022.

The appointment of new CEO, Phillip Bishop, which was announced concurrently with a capital management update on 16 June 2022, whereby The Reject Shop confirmed it was assessing an on-market share buy-back, was well-received by the market. The share price increased by 18.9% on the trading day to close at $3.39. This represented the start of brief period of growth, with the share price rising by an additional 34.8% to close at $4.57 on 16 August 2022.

The Reject Shop's Share price then entered a period of volatility, closing in a range of $3.85 and $5.05 from 17 August 2022 to 21 April 2023. A timeline of key events and share price movements during this period are summarised as follows:

- on 23 August 2022, The Reject Shop released full year results for FY22 (refer to Section 8.4.1 of this report), which included the announcement of its intention to undertake an on-market share buy-back. The share price declined by 4.7% on the trading day to close at $4.30, rebounding by 4.4% to close at $4.49 on 24 August 2022, before broadly declining through to 12 September 2022;
- on 12 September 2022, The Reject Shop issued its first buy-back notification;
- the Annual General Meeting was held on 19 October 2022, and whilst high inflation, rising interest rates and cost of living pressures were noted, it was also conveyed that the discount variety sector plays an important role in the midst of difficult economic times.[53] The Reject Shop's Share price subsequently climbed by 19.1% from $4.24 to close at $5.05 on 4 November 2022;
- The Reject Shop announced the resignation of CEO Phillip Bishop on 1 February 2023, alongside preliminary unaudited 1H23 results and a trading update; and
- on 23 February 2023, The Reject Shop released half year results for FY23, which saw an uplift in sales, EBIT and NPAT, but lower gross profit margins compared to the pcp. A mixed market reaction followed, with the share price increasing by 6.3% to close at $4.20 on 23 February 2023, before declining to $3.92 on 24 March 2023, and subsequently increasing to $4.86 on 21 April 2023.

The Reject Shop was referenced in an AFR article on 24 April 2023, which concerned a class action commenced by a former store manager against the company in relation to former employees who claimed to have been underpaid during their employment (refer to Section 8.3.7 of this report). The market reacted negatively in the coming days, with the share price falling by approximately 8.9% from $4.83 on 24 April 2023 to close at $4.40 on 5 May 2023.

By 23 August 2023, The Reject Shop's Share price had improved to close at $5.70, and on 24 August 2023, the company released its full year results for FY23 (refer to Section 8.4.1 of this report), which

[52] The Reject Shop. FY21 Results Announcement. 19 August 2021.
[53] The Reject Shop. Annual General Meeting. 19 October 2022.

For personal use only

included the announcement of a further on-market share buy-back as well as the reinstatement of the company's dividend policy. The share price again moved both ways, down 7.9% to $5.25 on 28 August 2023, before recovering to $5.60 on 29 August 2023.

Since late 2023, like many retailers, The Reject Shop has experienced a challenging macroeconomic and trading environment, which has negatively impacted both market sentiment and the company's results. For instance, in both the half year and full year results for FY24 (released on 22 February 2024 and 22 August 2024 respectively), the company cited inventory shrinkage, product mix shifts and inflationary pressures as key items driving near-term margin pressures and softer earnings. In addition, in 1H24, gross profit margins fell below expectations. Throughout 2024, the share price fell by approximately 48.8% from $5.45 on 2 January 2024 to $2.79 on 31 December 2024.

Overall, The Reject Shop's Share price has generally improved since the start of 2025 although, in line with the broader share market, some variability has persisted. A 19.5% uplift was noted on 20 February 2025, whereby the share price rose from $2.93 on 19 February 2025, to close at $3.50 on heavy trading. This coincided with the release of half year results for FY25 (refer to Section 8.4.1 of this report), which evidenced positive sales, earnings and margin momentum. Thereafter, the share price has gradually declined to close at $3.15 on 26 March 2025.

8.8.2 Relative share price performance

The Reject Shop is not currently a constituent of any major ASX index, having been removed from the S&P/ASX All Ordinaries Index from 24 March 2025. As such, Kroll has assessed The Reject Shop's Share price performance relative to the ASX 300 Index.

In addition, Kroll has created two custom indices:

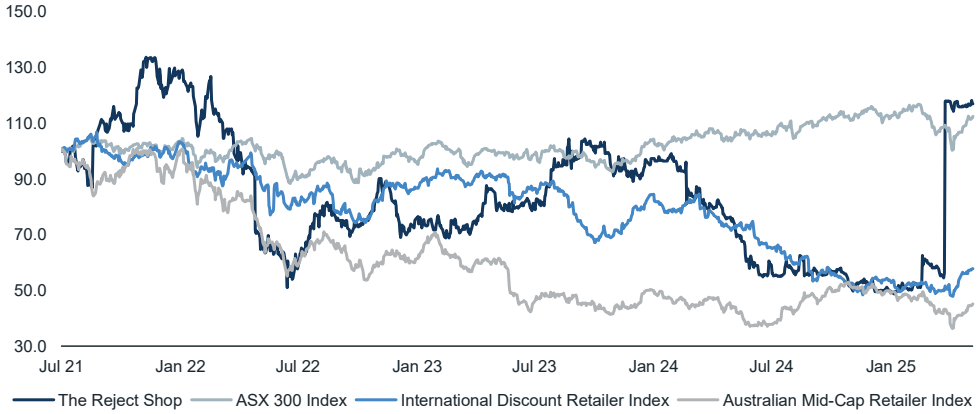
- the International Discount Retailer Index comprises Dollar General Corporation (**Dollar General**), Dollar Tree, Inc. (**Dollar Tree**), B&M European Value Retail S.A. (**B&M**), Five Below, Inc. (**Five Below**), Pepco Group N.V. (**Pepco**), Tokmanni Group Oyj (**Tokmanni**) and Mr Max Holdings Ltd (**Mr Max**). We have elected to exclude Dollarama having considered its scale and strong growth profile as well as the location of its operations in Canada and Central America, where less competition exists;
- the Australian Mid-Cap Retailer Index comprises Accent Group Limited (**Accent Group**), The Universal Store Holdings Limited (**The Universal Store**), Adairs Limited (**Adairs**), KMD Brands Limited (**KMD Brands**), Baby Bunting Group Limited (**Baby Bunting**), Michael Hill International Limited (**Michael Hill**) and Dusk Group Limited (**Dusk**); and
- both custom indices have been presented on an equal weighted basis.

For personal use only

KROLL

The performance of The Reject Shop's Share price relative to the ASX 300 Index, International Discount Retailer Index and Australian Mid-Cap Retailer Index from 1 July 2021 to 9 May 2025 is illustrated as follows.

Reject Shop Share Price Performance Relative to Indices from 1 July 2021 to 9 May 2025



Source: S&P Capital IQ; Kroll analysis.
Note:
1 Share and index prices were re-based to 100.0 as at 1 July 2021 to show relative price movement.

Over the illustrated period, The Reject Shop's share price has both outperformed and underperformed the International Discount Retailer Index and Australian Mid-Cap Retailer Index, each of which have evidenced a significantly stronger degree of volatility compared to the ASX 300 Index.

After a brief period of underperformance alongside the Australia Mid-Cap Retailer Index from July 2021 to August 2021, The Reject Shop's Share price outperformed the other indices until November 2021, reflecting the positive market reaction to the FY21 results release and likely, optimism towards a post-COVID-19 pandemic recovery.

From the end of November 2021 to April 2022, The Reject Shop's share price significantly underperformed the other indices. This period was underpinned, for The Reject Shop, by a negative market reaction following the release of the half year results for FY22, key leadership changes and more broadly, the emergence of the Omicron variant. Consecutive Official Cash Rate increases occurred in May and June 2022, and The Reject Shop's Share price continued to decline alongside the Australian Mid-Cap Retailer Index, both of which underperformed the ASX 300 Index and International Discount Retailer Index.

The period between June 2022 and the end of 2023 was broadly characterised by rising interest rates and cost of living pressures, and saw Reject Shop Shares, as a defensive stock, generally outperform the ASX 300 Index and Australian Mid-Cap Retailer Index. During this time, however, The Reject Shop Share price both outperformed and underperformed the International Discount Retailer Index. Key periods of outperformance were noted from:

- July 2022 to August 2022, which coincided with the appointment of new CEO, Phillip Bishop;
- March 2023 to April 2023; and
- July 2023 to September 2023.

On the other hand, brief periods of underperformance included:

- November 2022 to December 2022;
- April and May 2023, following the publication of an AFR article concerning The Reject Shop and a class action commenced by a former store manager (refer to Section 8.3.7 of this report for more detail); and
- October to December 2023.

For personal use only

KROLL

Throughout 2024, both The Reject Shop Share price and International Discount Retailer Index declined, underperforming the ASX 300 Index. On one hand, the decline in Reject Shop Shares appeared largely attributable to the company's financial performance, with markets reacting negatively to 1H24 and FY24 results. Similar thematics were reflected in both results including lower EBIT and NPAT compared to the respective pcp as well as lower margins due to higher than anticipated sales mix shifts and shrinkage. In 1H24, specifically, gross profit margins fell below expectations. Meanwhile, with the exception of Mr Max, all constituents of the International Discount Retailer Index experienced some share price depreciation during the calendar year. Whilst some fluctuations were observed, The Australian Mid-Cap Retail Index also trended downwards in the first half of the calendar year before recovering in the second half, largely due to share price appreciation of a number of its constituents.

Since the start of 2025, the ASX 300 Index and Australian Mid-Cap Retailer Index have generally declined whilst the International Discount Retailer Index has moved sideways. Reject Shop Shares have experienced some volatility increasing by 19.5% on 20 February following the release of the half year results for FY25, before declining thereafter until the announcement of the Scheme.

8.8.3 Liquidity

The volume of trading in Reject Shop Shares, including the VWAP for various periods up to 26 March 2025, the last undisturbed day immediately prior to the announcement of the Scheme Implementation Agreement on 27 March 2025, is set out as follows.

The Reject Shop Liquidity up to 26 March 2025

Period	Price ($)			Cumulative value ($ million)	Cumulative volume (million)	Percentage of issued capital	Percentage of free float[2]
	Low[1]	High[1]	VWAP				
1 day	3.03	3.15	3.05	0.1	0.0	0.1%	0.1%
1 week	3.03	3.17	3.10	0.6	0.2	0.5%	0.7%
1 month	3.03	3.44	3.22	1.7	0.5	1.5%	1.8%
3 months	2.73	3.65	3.18	6.4	2.0	5.4%	6.8%
6 months	2.71	3.65	3.08	12.4	4.0	10.7%	13.5%
12 months	2.71	4.74	3.30	35.9	10.9	29.2%	36.7%

Source: IRESS; Kroll analysis.
Notes:
1. Low and high prices refer to intra-day prices.
2. Free float has been calculated as 79.5% of Reject Shop Shares on issue as at 26 March 2025. It excludes Kin Group's 20.5% interest in The Reject Shop as at 26 March 2025.

In the 12 months to 26 March 2025, 29.2% of Reject Shop Shares were traded (36.7% of free float). This level of trading indicates that the liqudity of Reject Shop Shares is relatively low.

For personal use only

KROLL

9 Valuation of The Reject Shop

9.1 Overview

Kroll has assessed the value of The Reject Shop's equity to be in the range of $186.2 million to $203.2 million, which corresponds with a value per Reject Shop Share to be in the range of $4.80 to $5.24 on a fully diluted basis.[54] Our assessed range of values reflects 100% ownership of The Reject Shop and, therefore, incorporates a control premium. As our valuation includes a control premium, our range of assessed values per share exceeds the price at which we expect Reject Shop Shares would trade on the ASX in the absence of the Transaction.

This valuation of The Reject Shop's equity has been determined by estimating the fair value of The Reject Shop's operating business, together with consideration of any surplus cash.

The valuation is summarised as follows.

The Reject Shop Valuation Summary ($ millions)

	Section Reference	Valuation Range	
		Low	High
Maintainable EBIT (pre-AASB 16)	**9.3.2**	**8.5**	**8.5**
Capitalisation multiple (control basis)	**9.3.3**	16.0	18.0
Value of The Reject Shop's operating business (control basis)		**136.2**	**153.2**
Add: Surplus cash[1]	**9.4**	50.0	50.0
Value of The Reject Shop's equity (control basis)		**186.2**	**203.2**
Diluted number of Reject Shop Shares outstanding (millions)	**8.7**	38.8	38.8
Value per Reject Shop Share (control basis)		**$4.80**	**$5.24**

Source: Kroll analysis.
Notes:
1. Excludes lease liabilities since Kroll's valuation is prepared on a pre-AASB16 basis.
2. Includes 37,365,917 ordinary Reject Shop Shares on issue and 1,439,400 vesting performance rights on issue.

In assessing a value range for The Reject Shop's operating on a 100% basis, Kroll has adopted a market approach as the primary methodology utilising multiples of EBIT. In selecting an EBIT multiple for The Reject Shop (100% basis), Kroll has had regard to the multiples implied in transactions involving ANZ discretionary retailers as well as the multiples at which international discount retailers and ANZ mid-cap discretionary retailers are trading. This value has been cross-checked using a comparison to broker target prices (refer to Section 9.5 of this report).

Our assessed value range of $4.80 to $5.24 per Reject Shop Share reflects a premium over the closing price of Reject Shop Shares immediately prior to the announcement of the Scheme of between 52.3% and 66.2%, and a premium to the one-month VWAP prior to the announcement of the Scheme in the range of 49.0% to 62.6%. This premium likely reflects a combination of:

- that Kroll's valuation of The Reject Shop includes a control premium, whereas the prices at which Reject Shop Shares are traded on the ASX reflect trading in minority (and fairly illiquid) parcels. Premiums observed in completed control transactions are broadly in the range of 25% to 40% depending on the individual circumstances.[55] However, in transactions where it was estimated the combined entity would be able to achieve significant synergies, the premium was frequently estimated to be in excess of this range. For transactions involving ANZ discretionary retailers, control

[54] This includes 37,365,917 ordinary Reject Shop shares on issue and 1,439,400 vesting performance rights on issue.
[55] 2023 FactSet Review. Range represents median premium from 2013 to 2022. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%. Data includes publicly traded and privately owned companies where at least one of the parties is a U.S. entity. Includes all sector and industry classifications.

For personal use only

premiums paid were in the range of 9.2% to 42.9%, at a median of 22.3% (refer to Appendix 6 of this report). In addition, Factset transaction data for retailers indicates the median control premium for retail companies to be 33.5% for transactions in the period between 2014 and 2023;

- in this regard, we note that there are a number of potential strategic acquirers of The Reject Shop that are of substantial scale and which could likely achieve material synergies, including the ability to purchase products at lower prices as a result of their greater scale, resulting in a gross margin uplift, as well as savings in corporate overhead costs and public company costs. Kroll's valuation includes only synergies available to a pool of potential acquires, and excludes any special value likely to be available to Dollarama that arises as a result of its 'best-in-class merchandising, sourcing and operational expertise' or as the Transaction fulfils its strategic objective of expanding geographically;
- that The Reject Shop's share price was potentially depressed, reflecting that it was part way through a transformation plan, and 1H24 financial results were lower than the pcp due to inventory shrinkage, product mix shifts and inflationary pressures; and
- that The Reject Shop's share price may have been impacted by the relatively low liquidity of the shares (refer to Section 8.8.3 of this report).

In forming our view as to the value of The Reject Shop's equity, we have considered a range of factors including:

- external factors (refer to Section 7 of this report), including:
  - the highly fragmented nature of the discount retail market in Australia. In comparison, there is greater competition among discount retailers based in the United States (noting that a number of the comparable discount retailers are based in the United States);
  - higher labour costs in Australia relative to those in North America and Europe, resulting in lower margins for Australian retailers;
  - macroeconomic challenges impacting retail sales, including persistent high inflation, high interest rates, diminished consumer sentiment and declining real household disposable income;
  - margin pressures across the retail sector driven by rising input costs, increased discounting activities and elevated wage growth, and exacerbated by declining demand; and
  - ongoing structural trends facing the retail industry, including increased competition from new international and online-only entrants and changing consumer preferences towards online sales channels.
- factors related to The Reject Shop, including:
  - the 'defensive' nature of The Reject Shop as a result of the potential for consumers to trade down price categories in challenging economic conditions (refer to Section 7.2.2 of this report) compared to other discretionary retailers in Australia, which reduces the risk associated with its earnings;
  - The Reject Shop's broker forecast growth in EBIT from LTM to FY27 at a CAGR of 33.3% (refer to Section 8.4.4 of this report), which includes the expected impact on revenue of growth in the number of stores, improved product offering under the new merchandising strategy and the potential for consumers to trade down in challenging economic conditions, as well as margin expansion from 1.0% in the LTM period to 1.8% in FY+3 as a result of changes in mix, increases in scale, reduced purchase prices in source countries, direct sourcing and cost leverage;
  - The Reject Shop's relatively small scale relative to the peers ($122.2 million[56] market capitalisation as at 26 March 2025, the last trading day prior to the announcement of the Transaction); and
  - the material synergies available to a strategic acquirer (refer to Section 9.2.2 of this report).

[56] Calculated as the closing price of Reject Shop Shares on 26 March 2025 of A$3.15 multiplied by 38,805,317 fully diluted Reject Shop Shares, consisting of 37,365,917 ordinary shares and 1,439,400 Vesting Performance Rights. Fully diluted Reject Shop Shares excludes 387,100 Lapsing Performance Rights.

For personal use only

KROLL

Special Dividend

The Transaction Consideration of $6.68 per Reject Shop Share will be reduced by any Special Dividend, being a fully-franked dividend of up to $0.77 for each Reject Shop Share held as at the Special Dividend Record Date which, if declared and paid, will result in franking credits of up to $0.33 per Reject Shop Share (provided a favourable class ruling is obtained from the ATO).

In Kroll's opinion, it is not appropriate for the assessment of the Scheme to either factor into the value of The Reject Shop the value of accumulated franking credits or include in the value of the consideration the value of the credits attached to the Special Dividend since the value of those credits to each shareholder varies depending on their individual circumstances. Nevertheless, it needs to be recognised that, where part of a takeover offer comprises a franked dividend, some shareholders may realise additional value from the franking credits (i.e. they are better off in after tax terms than they would have been had the same amount been paid as part of the acquisition price and been received as a capital gain).

9.2 Approach

9.2.1 Overview

Our valuation of The Reject Shop has been prepared on the basis of 'fair value'. The generally accepted definition of fair value (and that applied by us in forming our opinion) is the value agreed in a hypothetical transaction between a knowledgeable, willing, but not anxious buyer and a knowledgeable, willing, but not anxious seller, acting at arm's length. Fair value excludes 'special value', which is the value over and above the value that a particular buyer, which can achieve synergistic or other benefits from the acquisition, may be prepared to pay.

In the absence of direct market evidence, fair value is commonly derived by applying one or more of the following valuation approaches:

- the market approach;
- income approach; or
- cost approach.

These approaches are discussed in further detail in Appendix 4. The decision as to which approach to adopt will depend on various factors including the availability and quality of information, the maturity of the business and the actual practice adopted by purchasers of the type of asset or business involved. A secondary methodology is often adopted as a cross-check to ensure the reasonableness of the outcome, with the valuation conclusion ultimately being a judgement derived through an iterative process.

For profitable businesses, the market approach and income approach are commonly used as they reflect 'going concern' values, which typically incorporate some element of goodwill over and above the value of the underlying assets. For businesses that are either non-profitable, non-tradeable or asset rich (e.g. real estate investment trusts), a cost approach is often adopted as there tends to be minimal goodwill, if any.

9.2.2 Selection of valuation methodology

A discussion of the rationale for the selection of the valuation methodologies is set out as follows.

Market approach

The market approach is based on comparing the asset or business to identical or comparable assets or businesses for which there is available price information. Application of this approach involves the capitalisation of the cash flows or earnings (or revenue) of a business at a multiple that reflects both the risks of the business and the future growth prospects of the income it generates. It is commonly adopted where:

- the asset or business or similar assets or businesses are actively publicly traded (**market comparable methodology**);
- there are frequent and/or observable transactions in comparable assets or businesses (**comparable transactions methodology**); and

For personal use only

- there is substantial operating history and a consistent earnings trend.

The Reject Shop has a substantial operating history with an established track-record of earnings on which to apply multiples. Further, there are a number of publicly traded discretionary retailers in Australia and international discount retailers and also transactions involving Australian discretionary retailers and international discount retailers from which to calculate meaningful multiples. Consequently, a market approach has been used as the primary valuation approach.

Application of this approach involves the capitalisation of the cash flows or earnings of a business at a multiple that reflects both the risks of the business and the future growth prospects of the earnings it generates. This methodology requires an element of professional judgement as to:

- the level of earnings or cash flows that are expected to be maintainable indefinitely, consideration of the broader economic environment in Australia and its impact on retail demand, adjusted for non-recurring items and other known factors likely to impact on future operating performance; and
- an appropriate capitalisation multiple that reflects the risk and growth prospects associated with the level of earnings being capitalised. The capitalisation multiple is usually determined having regard to market evidence derived from comparable transactions and share market prices for comparable companies, whilst also considering the specific characteristics of the business being valued.

The earnings bases to which a multiple is commonly applied include revenue, EBITDA, EBIT, and NPAT. The choice will typically depend on the industry and characteristics of the subject asset or business. We note that EBIT is commonly used to value retail businesses as EBIT provides a more consistent and reliable comparison between retail businesses with different store ownership models. Consequently, we have adopted EBIT as the earnings base for our valuation and EBIT multiples as the metric for our earnings capitalisation method. Furthermore, in order to facilitate a meaningful comparison, we have based our analysis using operating EBIT as an earnings definition to remove distortions to value caused by items such as significant and one-off and non-operating items which are not part of ongoing operations.

For retailers such as The Reject Shop that have a significant store network, operating leases on stores have a significant impact on financial performance. We have considered EBIT on a pre-AASB 16 basis, which better reflects the cash impact of operating leases.

In considering the appropriate earnings period of the asset or business being valued from which to calculate multiples, factors that a valuer may take into account include whether the historical performance of the asset or business reflects the expected level of future operating performance, including whether significant changes have occurred in the operating environment, such as in a rising interest rate environment, or whether the underlying business is cyclical. The Reject Shop has not provided earnings guidance for FY25 and beyond, although there are brokers that cover The Reject Shop. Consequently, Kroll has considered the LTM as the most appropriate year of earnings on which to apply a multiple.

Determining the appropriate earnings multiple on which to apply to the earnings base is one of the most judgemental aspects of any valuation. Offers for a particular asset or business provide the most reliable guidance for selecting the earnings multiples, however, in the absence of such offers, the multiple must be inferred from other sources.

The primary methodology used by valuers is to examine the multiples paid by other buyers for similar businesses in recent transactions. Although the multiple in each transaction will be influenced by a unique set of factors, such as prevailing economic conditions, strategic considerations, the availability of synergistic benefits, regulatory frameworks, investment and share market conditions, and the number of competing buyers, a pattern may emerge from transactions involving similar businesses, showing a typical range of multiples. This range often reflects the opportunities (e.g. growth prospects) and risks of the business, with mature businesses with stable, low growth, generally attracting lower multiples than those with high growth potential, all else being equal. The critical task in valuation is assessing the specific business's attributes and distinguishing it from its peers in order to form a judgement as to its position within that range.

We note that the multiples implied by transactions typically include a premium for control, which may be substantial due to synergy or other strategic benefits available to the acquirer. Another approach to determining an appropriate earnings multiple is to consider share market evidence, which reflects the value of minority interests without the inclusion of a control premium. This gives an indication of the prices that investors are prepared to pay for a non-controlling interest in the business.

For personal use only

KROLL

The analysis of comparable transactions and share market evidence does not often result in a clear conclusion regarding the appropriate multiple or range of multiples that should apply. Multiples can vary significantly for a wide range of reasons, making the application of judgement an essential part of the process. Furthermore, it is important to consider the specific attributes of the business being valued to determine whether they justify a higher or lower multiple compared to peers. This evaluation is inherently a matter of professional judgement.

Rule-of-thumb valuation benchmarks are sometimes considered to be an application of the market approach. They generally should not be given substantial weight unless market participants place particular reliance on them. Kroll is not aware of any rules-of-thumb that are used in the valuation of department stores or other retail companies.

Income approach

Under an income approach, the value of an asset or business is determined by converting future cash flows to a current value. It is commonly adopted when:

- the income producing ability is the critical element affecting value from a market participant perspective;
- future cash flows can be estimated on a reasonable basis; and
- there is not a substantial operating history, there is a variable pattern of cash flow, or the asset or business has a finite life.

The most common application of the income approach is the discounted cash flow (**DCF**) methodology. This methodology allows for cash flows to reflect a range of risks and opportunities and also allows for a range of scenarios to be modelled.

A DCF methodology can be applied to cash flows to the whole asset or business or cash flows to equity. Cash flow to the whole asset or business is most commonly used because an asset or business should theoretically have a single value that is independent of how it is financed or whether income is paid as dividends or reinvested.

Utilising a DCF methodology requires estimation of cash flows for a number of years and discounting those cash flows back to a present value. The Reject Shop management has not provided forecast information for The Reject Shop beyond FY25. As such, Kroll is unable to utilise a DCF methodology.

Cost approach

A cost-based approach is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (e.g. real estate holding companies). This approach does not generally capture growth potential or internally generated intangible value associated with The Reject Shop and consequently, has not been adopted.

Control premium

Consistent with the requirements of RG 111, we have assumed 100% ownership in valuing The Reject Shop and, therefore, our valuation is inclusive of a control premium. Successful transactions are commonly completed with an implied acquisition premium to the pre-trading equity price of the target in the order of 25% to 40% depending on the individual circumstances.[57] In considering the evidence provided by actual transactions, it is important to recognise that the observed premium for control is an outcome of the valuation process, not a determinant of value, and that each transaction will reflect to varying degrees the outcome of a unique combination of factors, including:

- the acquirer's capacity to realise full control over the strategy and cash flows of the target entity;
- the magnitude of synergies available to all acquirers, for example, the rationalisation of costs related to duplicated functions particularly where there are overlapping geographies, or the removal of costs associated with the target being a listed entity;
- uncertainties related to the timing of full realisation of target synergies;

[57] Refer to footnote 6.

For personal use only

- the expected costs to migrate and integrate the business;
- the nature of the bidder (i.e. whether the acquirer is a financial investor or a trade participant);
- synergistic or special value that may be unique to a particular acquirer;
- the interest acquired with consideration to the bidder's pre-existing shareholding in the target;
- the prevailing conditions of the economy and capital markets at the time of the transaction with consideration to the position in the overall market cycle;
- desire (or anxiety) for the acquirer to complete the transaction;
- whether the acquisition is competitive; and
- the extent the target company's share price already reflects a degree of takeover speculation.

The premium that is ultimately applied must have regard to the circumstances of each transaction. In some situations, it may be appropriate to apply no premium for control, for example, there are transactions where no corporate buyer is prepared to pay a price in excess of the prices paid by institutional investors through an initial public offering. Accordingly, an assessment as to an appropriate control premium, if any, is essentially a matter of judgement.

The multiples derived for listed comparable companies generally reflect prices at which portfolio interests are traded and consequently, they do not include a control premium. They may also be impacted by the level of liquidity in trading of the particular security. Accordingly, when valuing a business as a whole (i.e. on a 100% basis), it is appropriate to also reference the multiples achieved in recent transactions, where a control premium and breadth of purchaser interest are more fully reflected.

Dollarama is a natural acquirer of The Reject Shop as:

- Dollarama is a "best in class" company that has achieved an EBIT margin (pre-AASB 16) of 20.8% in the 12 months to 2 February 2025. It has stated that will leverage "best-in-class merchandising, sourcing and operational expertise" across The Reject Shop's business. Dollarama advised that it expects to optimise the business over the medium term and deploy its value proposition, including through merchandise mix and price point strategy, as well as through store layout and overall shopping experience and optimising technology infrastructure. Dollarama has 1,616 stores across Canada and a 60.1% interest in Dollarcity, which owns 632 stores across Latin America. Consequently, as a result of Dollarama's substantial scale, it is likely to be able to source products at a lower price, thereby enabling Dollarama to significantly improve margins for The Reject Shop; and
- the acquisition enables Dollarama to achieve its strategic objective of expanding geographically, having entered Latin America in 2019 through the acquisition of a 50.1% interest in Dollarcity, which has subsequently almost doubled in sales. Dollarama has outlined plans to almost double The Reject Shop's business' network to approximately 700 stores by 2034. In addition, the Australian market is attractive with relatively low penetration and fragmented competition.

RG 111 requires an independent expert to include those synergies that are available to a pool of potential acquirers, rather than any special value that is available to a specific acquirer. There are a number of potential strategic acquirers of The Reject Shop, other than Dollarama, including international discount retailers and local discretionary retailers. These acquirers would likely to be able to achieve synergies associated with greater purchasing power as well as a portion of overhead expenses and all public company costs, however, these synergies are likely to be less than for Dollarama as Dollarama is a natural acquirer of The Reject Shop (noting that its margins are significantly higher than those of other discount retailers).

For transactions involving ANZ discretionary retail specialists, control premiums paid were in the range of 9.2% to 42.9%, at a median of 22.3% (refer to Appendix 6 of this report). In addition, Factset transaction data for retailers indicates the median control premium for retail companies to be 33.5% for transactions in the period between 2014 and 2023.

Rather than adjusting The Reject Shop's earnings to reflect the synergies available to a pool of purchasers, Kroll has included a control premium in the selected multiple, having regard to recent transaction evidence. Adding both an adjustment to earnings to reflect synergies and a control multiple in the valuation would result in an overstatement of the benefits of a transaction.

For personal use only

KROLL

9.3 Market approach

9.3.1 Summary

Kroll has assessed the market value of The Reject Shop's operating business to be in the range of $136.2 million to $153.2 million under the market approach. In assessing this value range, Kroll has had regard to the valuation outcomes developed by utilising multiples of historical EBIT.

Our range of assessed values for The Reject Shop's operating business reflects 100% ownership of The Reject Shop and, therefore, incorporates a control premium. As our valuation of The Reject Shop's operating business includes a control premium, the resulting range of assessed multiples exceeds the multiples at which we expect Reject Shop Shares would trade on the share market in the absence of the Scheme.

To inform our assessed range of multiples, Kroll has had regard to the capitalisation of EBIT from transactions involving ANZ discretionary retailers, and the capitalisation of EBIT from selected listed Australian mid-cap discretionary retailers and international discount retailers.

Our assessment of the value of The Reject Shop's operating business requires consideration of an appropriate level of maintainable earnings (refer to Section 9.3.2 of this report) and capitalisation multiple (refer to Section 9.3.3 of this report). The results of this assessment are presented as follows.

Utilising a capitalisation of EBIT methodology, Kroll has determined the value of The Reject Shop's operating business to be in the range of $136.2 million to $153.2 million.

Valuation of the Reject Shop Operating Business ($ millions)

	Section Reference	Valuation Range	
		Low	High
Maintainable EBIT (pre-AASB 16)	9.3.2	8.5	8.5
Capitalisation multiple (control basis)	9.3.3	16.0	18.0
Value of The Reject Shop's operating business (control basis)		**136.2**	**153.2**

9.3.2 Maintainable earnings

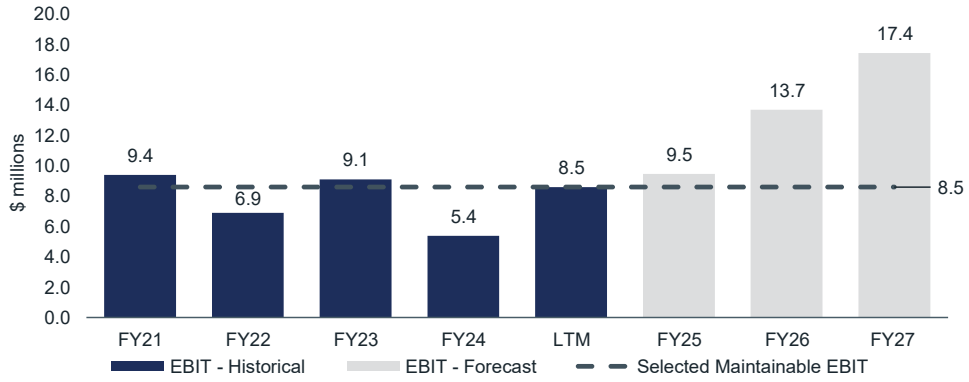
Maintainable earnings should reflect the earnings that can be achieved in the future for the business on an ongoing basis (i.e. they do not reflect any discontinued operations or non-recurring items that would not be expected to continue in the future). It is an estimation of the earnings or cash flows that a hypothetical purchaser would utilise for valuation purposes, having regard to historical and forecast operating results, non-recurring items of income and expenditure, and other known factors that are likely to have an impact on the businesses operating performance.

Kroll has selected a maintainable EBIT of $8.5 million on a pre-AASB 16 basis. The Reject Shop's actual (**A**) pre-AASB 16 EBIT from FY21 to FY24 and LTM, as well as forecast (**F**) pre-AASB 16 EBIT for FY25 to FY27, relative to the selected EBIT, is presented as follows.

For personal use only

KROLL

The Reject Shop Historical and Forecast EBIT (Pre-AASB 16)



Source: The Reject Shop Annual Reports, broker forecast; Kroll analysis.
Note:
1 As previously noted in Section 8.4.1 and 8.4.2 of this report, The Reject Shop's FY22 statutory results were based on a 53-week period. FY22 figures in this chart have been normalised to exclude the impact of the 53rd week and are presented on a 52-week basis.

The selected maintainable EBIT takes into account the following:

- historical earnings represent EBIT on a pre-AASB 16 basis and exclude individually significant items that are not expected to occur in the future, such as, in FY23, $4.2 million of non-recurring income derived from insurance claims relating to stores that were flood damaged (refer to Section 8.4.1 of this report for more detail). In addition, FY22 EBIT has been presented on a normalised basis (i.e. 52-week basis), which excludes the impact of the 53rd week in The Reject Shop's statutory results;
- The Reject Shop has experienced some volatility in earnings, with substantially lower EBIT evidenced in FY22 and FY24. Kroll has placed less reliance on these periods, noting that:
  - in FY22, results were adversely impacted by the emergence of the Omicron virus during the key Christmas trading period; and
  - like many other Australian retailers, the Reject Shop's FY24 earnings were negatively impacted by macroeconomic and inflationary pressures. Over the course of FY24, however, inflation eased, with the annual Consumer Price Index (**CPI**) falling from 5.4% in September 2023 to 3.8% in June 2024. Results were also impacted by an unanticipated increase in shrinkage.
- in our view, the LTM period is the most relevant period on which to select maintainable EBIT as it reflects:
  - challenges associated with the macroeconomic environment in which The Reject Shop is operating;
  - inflation has moderated further to 2.4% in December 2024[58] (within the RBA's target range of 2% to 3%) and, based on recent forecasts in the RBA's Statement on Monetary Policy – February 2025, is expected to remain level through to the end of FY25, before picking up slightly in FY26 (albeit, remaining below FY24 highs);[59]
  - an increase in sales in line with recent trends, whilst also attributable to continued store growth (i.e. as at 29 December 2024, The Reject Shop's national store network included 393 stores, up from 385 as at 30 June 2024. In 2H25, it is expected to open a further nine stores and close four stores); and

[58] Australian Bureau of Statistics. Consumer Price Index, Australia. December Quarter 2024.
[59] Reserve Bank of Australia. Statement on Monetary Policy – February 2025.

For personal use only

KROLL

- an increase in gross profit margin, which largely reflects the shift towards more general merchandise sales, as depicted in the trading update in the 1H25 results announcement (a trend which is supported by The Reject Shop's current strategy (refer to Section 8.2 of this report) and is expected to continue).

- forecast EBIT is based on the median of four brokers as outlined in Section 8.4.4 of this report. Kroll notes that it is difficult to forecast the outlook for the retail sector in the current environment, given the macroeconomic challenges. The Reject Shop has not released any guidance and, as at the date of this report, no further trading updates have been announced. Additionally, Kroll has not been provided with any forecast information from The Reject Shop management beyond FY25; and
- based on the median of the broker estimates, The Reject Shop's EBIT is forecast to increase by a CAGR of approximately 33.3% from $8.5 million in the LTM period to $17.4 million in FY27. As discussed in Section 8.4.4 of this report, brokers have cited the key drivers of revenue growth as improved product offering as a result of the new merchandising strategy, consumers trading down in tougher times and growth in the number of stores. In addition, brokers have cited the key drivers of margin expansion as:
  - Mix: increase in the general merchandise mix, noting that general merchandise has a higher margin than consumables;
  - Scale: through negotiating better terms and prices, particularly in fast moving consumer goods;
  - Purchase prices: reduced prices in source countries;
  - Direct sourcing: opportunity to increase direct sourcing (currently ~30%); and
  - Cost leverage: notably labour and overheads.
- Kroll has reflected growth expectations beyond the LTM period in the selection of the capitalisation multiple. In order to cross-check our analysis, however, we have compared the FY+3 EBIT multiples implied by our valuation with those of comparable listed companies for FY+3.

9.3.3 Capitalisation multiples

In determining an appropriate range of capitalisation multiples to apply to The Reject Shop's maintainable earnings, we have considered the following:

- multiples implied by recent transactions involving ANZ discretionary retailers (**comparable transactions methodology**);
- trading multiples of comparable Australian mid-cap discretionary retailers and international discount retailers (**comparable companies methodology**); and
- the specific attributes of The Reject Shop (refer to Section 9.3.6 of this report).

For personal use only

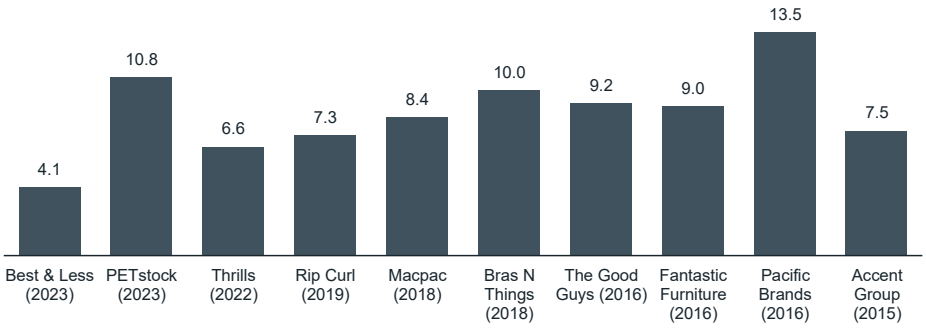
KROLL

9.3.4 Transaction evidence

Kroll has considered several transactions involving ANZ discretionary retailers. Further detail is provided in Appendix 5 of this report.

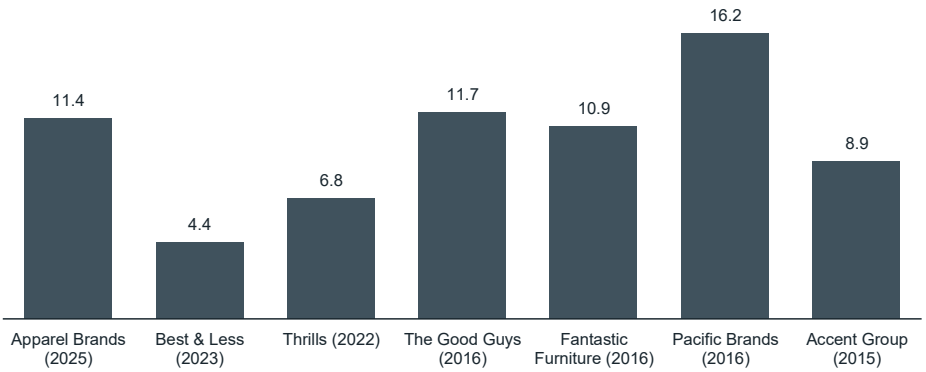
The following charts summarise the historical and first forecast year EBITDA and EBIT trading multiples for the target companies discussed in our comparable transactions analysis.

ANZ Discretionary Retail Historical EBITDA Multiples



Source: S&P Capital IQ, Company financial statements; Kroll analysis.
Notes:
1. Historical EBITDA multiples are based on LTM of financial reportings on a pre-AASB 16 basis.
2. At the time of the transaction, Best & Less Group Holdings Ltd (**Best & Less**) was experiencing large declines in revenue.
3. Apparel Brands pre-AASB16 LTM EBITDA figure was not disclosed.

ANZ Discretionary Retail Historical EBIT Multiples



Source: S&P Capital IQ, Company financial statements; Kroll analysis.
Notes:
1. Historical EBIT multiples are based on LTM of financial reportings on a pre-AASB 16 basis.
2. At the time of the transaction, Best & Less was experiencing large declines in revenue.
3. Historical EBIT figures for PETstock Pty Ltd (**PETstock**), Rip Curl Group Pty Ltd (**Rip Curl**), Macpac Ltd (**Macpac**) and BNT Holdco Pty Limited (**Bras N Things**) were not disclosed.

The following factors are relevant to the evaluation of the comparable transaction EBIT multiples:

- the transactions generally include a control premium;

For personal use only

KROLL

- the multiples implied by transactions involving retail companies have generally declined markedly over time, reflecting the increasingly competitive retail environment as a result of the entry of new international and online-only retailers such as Temu and Amazon. Consequently, transactions that occurred earlier than a few years ago are arguably less relevant than those that occurred more recently;
- transactions which attracted higher multiples had various combinations of the following key drivers:
  - **size:** in general, larger companies tend to operate, and transact, at higher multiples. Of the comparable transactions, some of the largest ones were PETstock (enterprise value of $1.7 billion), Pacific Brands Limited (**Pacific Brands**) (enterprise value of $1.0 billion) and The Good Guys Discount Warehouses Pty Ltd (**The Good Guys**) (enterprise value of $0.9 billion). Acquisitions of Pacific Brands and The Good Guys occurred at respective historical EBIT multiples of 16.2 and 11.7 times and the acquisition of PETstock occurred at a relatively high historical EBITDA multiple of 10.8 times. As discussed, the relatively high multiples for Pacific Brands and The Good Guys may also reflect the more favourable competitive environment in which they operated at the time of the transactions. On the other hand, Best & Less, Accent Group, and Cheap THRILLS Cycles Pty Ltd (**Thrills**) were relatively small value transactions ($222.3 million, $131.5 million and $50.0 million enterprise value, respectively) and were acquired at historical EBIT multiples of 4.4 times, 8.9 times and 6.5 times, respectively;
  - **brand strength:** brand strength is a key factor driving multiples for retail category specialists as it influences consumers perceptions of a company and drives shopping behaviour and brand loyalty;
  - **earnings growth**: Pacific Brands' relatively high multiple of 16.2 times historical EBIT, likely not only reflects its relatively large scale, but also its strong expected EBIT growth (8.6%) for the following financial year. The relatively low multiple for Best & Less of 4.4 times likely reflects not only its relatively small scale, but also that it was experiencing large declines in revenue;
  - **synergies:** cost savings and efficiencies which are expected to be realised post-acquisition often support higher multiples as they represent expected increases in profits:
    - the acquisition of Fantastic Furniture occurred at a 42.9% premium to the undisturbed share price, and operational synergies of between $15 to $20 million ($17.5 million mid-point), or 4.2% to 5.5% (4.9% mid-point) of deal value, were anticipated. The transaction was also expected to result in strategic market expansion, occurring at multiples of 9.0 and 10.9 times historical EBITDA and EBIT, respectively. As discussed, the transaction occurred in a relatively more favourable competitive environment;
    - the acquisition of Pacific Brands which occurred at a relatively high multiple of 16.2 times historical EBIT and implied a premium of 22.3% to the undisturbed share price. Hanesbrands as the acquirer stated that the transaction was expected to be immediately accretive to adjusted EPS. As discussed, the relatively high multiple likely also reflects Pacific Brands' relatively large scale, strong growth outlook and the more favourable competitive environment at the time of the transaction;[60] and
    - Myer's acquisition of Apparel Brands was expected to deliver combination benefits of at least $30 million per annum over the short to medium term. The transaction occurred at a relatively high multiple of 11.4 times historical EBIT, reflecting its moderate growth outlook (12.4% from LTM to FY+3 post the 1H25 results release). The FY+3 EBIT multiple for Apparel Brands was 8.5 times.

[60] HanesBrands to Acquire Pacific Brands Limited, the No. 1 Underwear and Intimate Apparel Company in Australia, 26 April 2016.

For personal use only

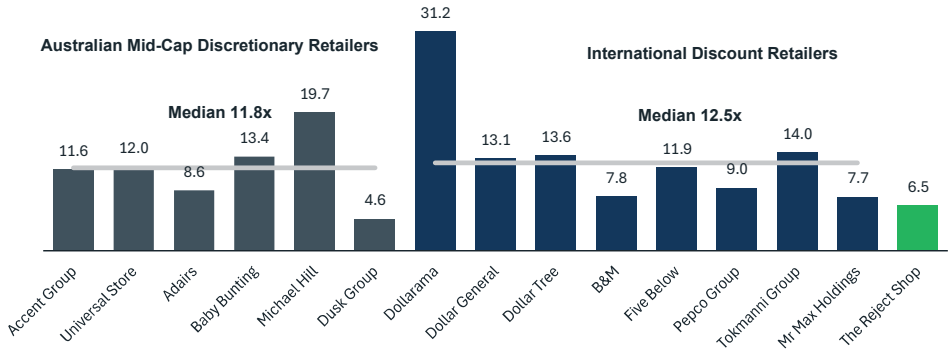
KROLL

9.3.5 Share market evidence

In assessing a multiple to apply to The Reject Shop, Kroll has considered ASX-listed mid-cap discretionary retailers and international discount retailers. Kroll notes that scale has a considerable impact on the trading multiples at which retailers are trading. As The Reject Shop is of relatively small scale ($122.2 million[61] market capitalisation as at 26 March 2025, the last trading day prior to the announcement of the Transaction), we have excluded large-capitalisation ANZ discretionary retailers from our analysis. Further detail on the selected comparable companies is set out in Appendix 5 of this report.

The following chart illustrates the historical trading multiples for the selected retailers.

Australian Mid-Cap Discretionary Retailers and International Discount Retailers - LTM EBIT Multiples



Source: S&P Capital IQ, Company financial statements; Kroll analysis.
Notes:
1. All company multiples, other than Dollarama and The Reject Shop, are based on the share prices on 9 May 2025 and their most recent financial reporting. Multiples for Dollarama and The Reject Shop are based on closing share prices on 26 March 2025.
2. All company earnings (historical and forecast) have been adjusted to exclude any income or losses from equity accounted investments. Similarly, enterprise values have been adjusted to exclude the book value of the equity accounted investments.
3. For each comparable company, net cash/(debt) is calculated as an average over the last 12 months.
4. Multiples are calculated on a pre-AASB 16 basis.

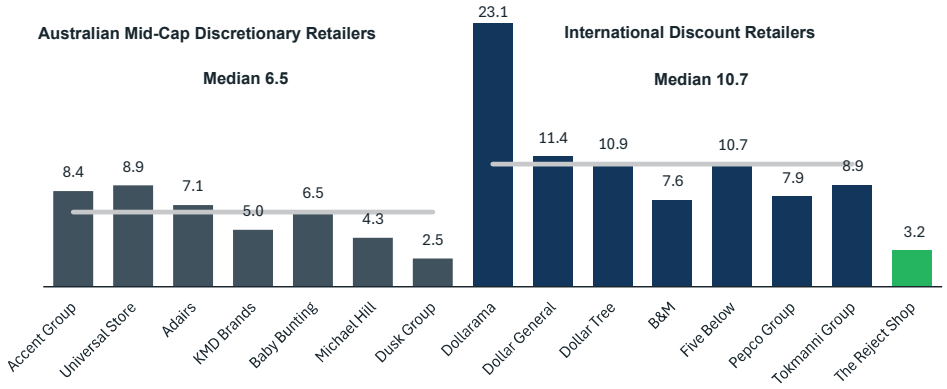
[61] Calculated as the closing price of Reject Shop Shares on 26 March 2025 of A$3.15 multiplied by 38,805,317 fully diluted Reject Shop Shares, consisting of 37,365,917 ordinary shares and 1,439,400 Vesting Performance Rights. Fully diluted Reject Shop Shares excludes 387,100 Lapsing Performance Rights.

For personal use only

KROLL

The following chart illustrates the FY+3 trading multiples for the selected retailers.

Australian Mid-Cap Discretionary Retailers and International Discount Retailers - FY+3 EBIT Multiples



Source: S&P Capital IQ, Company financial statements; Kroll analysis.
Notes:
1. All company multiples, other than Dollarama and The Reject Shop, are based on the share prices on 9 May 2025 and their most recent financial reporting. Multiples for Dollarama and The Reject Shop are based on closing share prices on 26 March 2025.
2. All company earnings (historical and forecast) have been adjusted to exclude any income or losses from equity accounted investments. Similarly, enterprise values have been adjusted to exclude the book value of the equity accounted investments.
3. For each comparable company, net cash/(debt) is calculated as an average over the last 12 months.
4. Multiples are calculated on a pre-AASB 16 basis.

The following factors are relevant to the consideration of the comparable company multiples:

- the multiples reflect trading of portfolio interests in the companies and do not include a premium for control;
- the selected retailers have elements of comparability, and also face similar external factors to The Reject Shop, including macroeconomic factors (e.g. inflation, cost of living pressures), competition, and shifts in consumer preferences (e.g. online shopping);
- the earnings multiples at which the comparable companies are trading are driven by several factors, in particular the scale of their operations, future growth prospects and level of competition and market position/brand strength;
- retailers typically have several characteristics which contribute to them trading at higher multiples. These characteristics include:
  - **scale**: retailers that have larger scale typically have greater buying power (which mostly improves gross margin), an ability to streamline supply chains and distribution networks and leverage operating costs across a larger revenue base. In particular, a number of the international discount retailers are of substantial scale and are trading at relatively high multiples. Dollarama, Dollar General, Dollar Tree have market capitalisations of $45.8 billion, $31.4 billion and $28.6 billion, respectively and are trading at LTM EBIT multiples of 31.2, 13.1 and 13.6, respectively, or FY+3 EBIT multiples of 23.1, 11.4 and 10.9, respectively. Of the Australian mid-cap discretionary retailers, Accent Group is substantially larger than The Reject Shop (market capitalisation of $1.1 billion) and it is trading at multiples of 11.6 times LTM EBIT and 8.4 times FY+3 EBIT;
  - **growth:** companies that are expected to experience higher growth generally trade at higher multiples. The primary drivers of earnings growth are the success of ongoing strategy and operational changes, including cost savings initiatives and new and planned store openings. The growth expectations for Australian retail companies are much higher than for the international discount retailers, potentially reflecting an anticipated recovery from challenging trading conditions

For personal use only

due to high interest rates and inflation pressures and weak consumer sentiment. EBIT margins are a key driver of this growth and are expected to improve across the observed Australian retailers from a median of 6.3% in the LTM period to 8.4% in the FY+3 period. For example, KMD Brands, Michael Hill and Baby Bunting are expected to experience significant growth, with a CAGR in EBIT of 103.9% (from the FY+1 period to FY+3), and of 83.9% and 33.2% (from the LTM period to FY+3), respectively, and they are trading at multiples of 20.7 times FY+1 EBIT, and 19.7 and 13.4 times LTM EBIT, respectively. In comparison, their FY+3 multiples (after the recovery in earnings) are relatively low, at 5.0, 4.3 and 6.5, respectively. Although Dusk is also expected to experience significant EBIT growth (27.9%), it's multiple is relatively low at 4.6 times LTM EBIT, likely reflecting its relatively small scale (a market capitalisation of $68.5 million);

- growth expectations for international discount retailers are less optimistic, with a median CAGR in EBIT from the LTM period to FY+3 of 5.8%. This largely reflects that for the majority of the international discount retailers, EBIT margins are expected to remain fairly static. Limited margin expansion for discount retailers operating in the United States, United Kingdom and Europe likely reflects the highly competitive nature of these markets. For example, despite being of relatively large scale (a market capitalisation of $6.9 billion), B&M is trading at a multiple of 7.8 times LTM EBIT, likely reflecting its lower growth prospects (0.8% EBIT CAGR from LTM to FY+3). In comparison, Tokmanni is of smaller scale ($1.4 billion market capitalisation), however, it is trading at a multiple of 14.0 times LTM EBIT, likely reflecting its strong growth prospects (19.7% EBIT growth from LTM to FY+3); and
- **brand strength**: encompasses factors which influence how consumers perceive a company, such as perceptions of shopping experience, product quality, reliability, and product availability. Companies with clear product specialisations, such as The Universal Store, typically have higher earnings margins, as consumers are required to shop at particular retailers to purchase these products.

9.3.6 Specific attributes of The Reject Shop

In forming our views as to the value of The Reject Shop's operating business we have considered a series of factors, which include:

- the highly fragmented nature of the discount retail market in Australia (refer to Section 7.2.2 and 7.2.4 of this report). In comparison, there is greater competition among discount retailers based in the United States, although less competition in Canada and Central America where Dollarama operates;
- higher labour costs in Australia relative to those in North America and Europe, resulting in lower margins for Australian retailers;
- the 'defensive' nature of The Reject Shop as a result of the potential for consumers to move down price categories in challenging economic conditions (refer to Section 7.2.2 of this report) compared to other discretionary retailers in Australia, which reduces the risk associated with its earnings;
- The Reject Shop's broker forecast growth in EBIT from LTM to FY27 at a CAGR of 33.3% (refer to Section 8.4.4 of this report), which includes the expected impact on revenue of growth in the number of stores, improved product offering under the new merchandising strategy and the potential for consumers to trade down in challenging economic conditions. It also includes assumed margin expansion from 1.0% in the LTM period to 1.8% in FY+3 as a result of changes in mix, increases in scale, reduced purchase prices in source countries, direct sourcing and cost leverage;
- The Reject Shop's relatively small scale relative to the peers ($122.2 million[62] market capitalisation as at 26 March 2025, the last trading day prior to the announcement of the Transaction); and
- the material synergies likely to be available to a strategic acquirer (refer to Appendix 6 of this report).

[62] Calculated as the closing price of Reject Shop Shares on 26 March 2025 of A$3.15 multiplied by 38,805,317 fully diluted Reject Shop Shares, consisting of 37,365,917 ordinary shares and 1,439,400 Vesting Performance Rights. Fully diluted Reject Shop Shares excludes 387,100 Lapsing Performance Rights.

For personal use only

KROLL

9.3.7 Market evidence conclusion

Transaction evidence

Similar to The Reject Shop, transactions where significant synergies were anticipated include the acquisitions of Apparel Brands (2025), Fantastic Furniture (2016) and Pacific Brands (2016). These transactions occurred at relatively high multiples of 11.4, 10.9 and 16.2 times historical EBIT, respectively. Kroll notes, however, that Pacific Brands was substantially larger than The Reject Shop and furthermore, the Fantastic Furniture and Pacific Brands transactions occurred in a more favourable competitive landscape for discretionary retailers. Apparel Brands had a moderate growth outlook (12.4% CAGR in EBIT for LTM to FY27 following the release of the 1H25 results) compared to the relatively high growth outlook for The Reject Shop of 33.3% for LTM to FY+3, suggesting a higher LTM EBIT multiple (than 11.4) is appropriate for The Reject Shop.

A number of the Australian and New Zealand companies are of similar scale to The Reject Shop. Best and Less (enterprise value of $222.3 million), which also operated in discount retail and was of a similar scale to The Reject Shop, was acquired relatively recently (in 2023). The transaction occurred at a historical EBIT multiple of 4.4 times, which is at the low end of the observed range, potentially as it was experiencing large declines in revenue and is of relatively small scale. Accent Group (enterprise value of $200.0 million), an Australian retail provider of popular footwear brands in Australia, with a similar scale to The Reject Shop, was transacted at a historical EBIT multiple of 8.9 times. However, the transaction occurred in 2015 when the retail environment was less competitive.

Share market evidence

The Reject Shop is more comparable in terms of growth outlook and scale to the Australian mid-cap discretionary retailers (which are experiencing relatively high growth but are of smaller scale) than the international discount retailers (which are of substantial scale but which are expected to grow more modestly). KMD Brands, Michael Hill and Baby Bunting are of similar scale to The Reject Shop and are also expected to experience relatively high growth. KMD Brands is trading at multiples of 20.7 times FY+1 EBIT and 5.0 times FY+3 EBIT, while Michael Hill and Baby Bunting are trading at respective multiples of 19.7 and 13.4 times LTM EBIT and 4.3 and 6.5 times FY+3 EBIT. KMD Brands and Michael Hill are expected to experience respective CAGRs in EBIT of 103.9% (from FY+1 to FY+3) and 83.9% from LTM to FY+3, which are significantly greater than The Reject Shop's expected CAGR in EBIT of 33.3% from LTM to FY+3, suggesting that a lower historical multiple is appropriate for The Reject Shop than for KMD Brands and Michael Hill (before adjusting for a control premium). Baby Bunting is expected to experience a CAGR in EBIT of 33.2% from LTM to FY+3, which is comparable to The Reject Shop's expected growth over this period. Baby Bunting is, however, larger than The Reject Shop (market capitalisation of $244.9 million). As such, a slightly lower multiple (i.e. 13.4 times LTM EBIT, before adjusting for a control premium) could be expected for The Reject Shop.

The most comparable international discount retailer by scale is Mr Max ($245.2 million market capitalisation). It is trading at a multiple of 7.7 times LTM EBIT. No earnings forecasts are available for Mr Max. Also comparable is Tokmanni which, despite being considerably larger than The Reject Shop (it has a market capitalisation of $1.4 billion), exhibits a relatively strong growth profile (a CAGR of 19.7% from LTM to FY+3). It is trading at multiples of 14.0 times LTM EBIT and 8.9 times FY+3 EBIT. As a result of Tokmanni's considerably greater scale, we would expect a lower multiple for The Reject Shop (before adjusting for a control premium).

Selected maintainable EBIT multiple

Based on each of these factors and with overall regard to each of the multiples of the listed comparable companies presented, which do not include a premium for control, the multiples implied by recent transactions, as well as the attributes of these respective targets compared to The Reject Shop, we consider the selected capitalisation multiples of 16.0 times to 18.0 times LTM EBIT (including a control premium) to be appropriate for The Reject Shop.

The selected multiples exceed the multiples paid in the recent Apparel Brands transaction for which substantial synergies were also expected to be generated, of 11.4 times historical EBIT. This is appropriate as a result of The Reject Shop's relatively higher growth profile, despite its smaller scale.

For personal use only

KROLL

Assuming a control premium of 50% and no financial leverage, the selected multiple of 16.0 to 18.0 times LTM EBIT on a control basis is equivalent to a multiple of 10.7 to 12.0 times LTM EBIT on a minority basis, which is consistent with, albeit slightly below the multiple for Baby Bunting (13.4 times LTM EBIT) (which does not include a control premium), and below the multiples for KMD Brands (20.7 times FY+1 EBIT) and Michael Hill (19.7 times LTM EBIT) (which do not include a control premium), which is appropriate, noting that these companies have larger market capitalisations and/or significantly stronger growth outlooks than The Reject Shop.

The selected LTM EBIT multiple of 16.0 to 18.0 times (including a control premium) implies the following multiples of earnings for FY25, FY26 and FY27.

The Reject Shop Implied Multiples ($ millions)

		Implied Multiples	
	Parameter	Low	High
Value of The Reject Shop's operating business (control basis)		**136.2**	**153.2**
LTM EBIT - historical	8.6	16.0	18.0
FY25 EBIT - broker consensus	9.5	14.3	16.1
FY26 EBIT - broker consensus	13.7	9.9	11.2
FY27 EBIT - broker consensus	17.4	7.8	8.8

The selected LTM EBIT multiple results in a multiple of 7.8 to 8.8 times FY+3 EBIT for The Reject Shop (including a control premium), which straddles the implied FY+3 EBIT multiple for Apparel Brands of 8.5 times, noting that Apparel Brands is greater in scale than The Reject Shop.

Assuming a control premium of 50% and no financial leverage, the multiple of 7.8 to 8.8 times FY+3 EBIT (control basis) is equivalent to a multiple of 5.2 to 5.9 times FY+3 EBIT on a minority basis. This range is above the FY+3 multiples of KMD Brands and Michael Hill of 5.0 and 4.3 times respectively (which do not include a control premium), and slightly below the Baby Bunting multiple of 6.5 times FY+3 EBIT (which does not include a control premium), noting that Baby Bunting is larger than The Reject Shop.

9.4 Surplus cash

In order to arrive at the value of equity, it is necessary to add surplus cash to the unlevered value of The Reject Shop. Kroll has assessed The Reject Shop's surplus cash to be $50.0 million. This amount is based on The Reject Shop's average monthly cash balance in the 12 months to 31 March 2025.

For personal use only

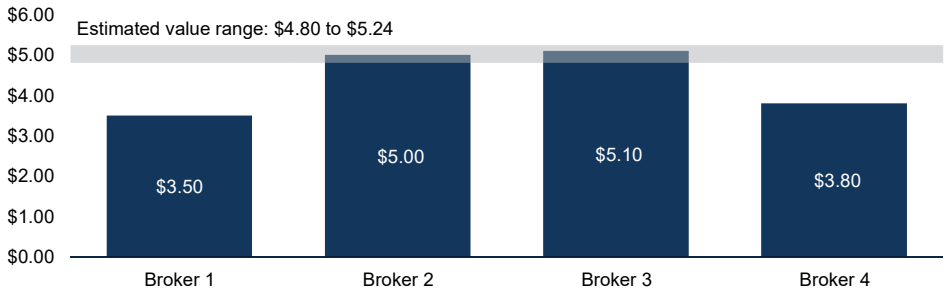
KROLL

9.5 Valuation cross-check

9.5.1 Comparison to broker target prices

In order to cross-check our assessed valuation range for Reject Shop Shares, we have compared the assessed range to broker target prices prior to the announcement of the Scheme.

The Reject Shop Broker Target Prices



Source: Broker reports; Kroll analysis.

With regard to the broker target prices comparison, we note that Kroll's value range of a Reject Shop Share is consistent with the high end of the broker target prices. Brokers do not explicitly state whether the target prices are on a minority or a control basis. Two of the four brokers refer to using a DCF analysis, which is generally assumed to be on a control basis where cash flows to the firm are utilised (as opposed to discounting a stream if dividends). Furthermore, broker target prices are generally forward looking, rather than representing the value as at today. Two of the brokers explicitly stated that the target prices reflect the value in at least 12 months' time.

For personal use only

KROLL

Appendix 1 – Kroll disclosures

Qualifications

The individuals with overall responsibility for preparing this report on behalf of Kroll are Celeste Oakley and Ian Jedlin. Celeste holds a Bachelor of Economics, a Bachelor of Laws and a CFA designation. Ian is an Associate and Accredited Business Valuation Specialist of the Institute of Chartered Accountants Australia and New Zealand and holds a Master of Commerce. Both Celeste and Ian have extensive experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of Independent Expert Reports.

Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Kroll's opinion as to whether the Scheme is in the best interests of Reject Shop Shareholders, in the absence of a superior proposal. Kroll expressly disclaims any liability to any Reject Shop Shareholder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

Other than this report, Kroll has had no involvement in the preparation of the Scheme Booklet or any other document prepared in respect of the Scheme. As such, Kroll takes no responsibility for the content of the Scheme Booklet as a whole or other documents prepared in respect of the Scheme (other than this report).

Independence

Kroll considers itself to be independent in accordance with the requirements of Regulatory Guide 112 issued by ASIC on 30 March 2011. In considering independence, it is noted that Kroll does not have, and has not had within the previous two years, any business or professional relationship with The Reject Shop, Dollarama or any financial or other interest that could reasonably be regarded as capable of affecting our ability to provide an unbiased opinion in relation to The Reject Shop. Kroll's only role with respect to the Scheme has been the preparation of this report.

Kroll will receive a fixed fee of $225,000 (excluding GST and out of pocket expenses) for the preparation of this report. This fee is not contingent on the conclusions reached or the outcome of the Scheme Meetings. Kroll will receive no other benefit for the preparation of this report.

Declarations

The Reject Shop has provided an indemnity to us for any claims arising out of any misstatement or omission in any material or information provided to us in the preparation of this report.

During the course of this engagement, Kroll provided draft copies of this report to management of The Reject Shop for comment as to factual accuracy, as opposed to opinions, which are the responsibility of Kroll alone. Changes made to this report as a result of those reviews have not altered the methodology or opinions of Kroll as stated in this report.

The engagement has been conducted in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board (**APESB**).

Kroll is authorised by Millinium Capital Managers Limited, Australian Financial Services Licence no. 284336, to provide the following financial services as their Corporate Authorised Representative:

- provide financial product advice in respect of the following classes of financial products:
  - interests in managed investment schemes including investor directed portfolio services; and
  - securities;

with respect to retail clients and wholesale clients.

For personal use only

KROLL

Consents

Kroll consents to the inclusion of this report in the form and context in which it is included in the Scheme Booklet to be issued to The Reject Shop. Neither the whole nor any part of this report or its attachments or any reference thereto may be included or attached to any other document without the prior written consent of Kroll as to the form and context in which it appears.

For personal use only

KROLL

Appendix 2 – Limitations and reliance on information

Limitations and reliance on information

Kroll's opinion is based on prevailing economic, market, business and other conditions at the date of this report. However, the factors impacting these conditions continue to evolve and can change over relatively short periods of time. The impact of any subsequent changes in these conditions on the global economy and financial markets generally, and the assets being valued specifically, could impact upon value in the future, either positively or negatively. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

Our report is also based on financial and other information provided by The Reject Shop and its advisers. The Reject Shop has been responsible for ensuring that information provided by it and its representatives is not false or misleading or incomplete. The Reject Shop has represented in writing to Kroll that to its knowledge, the information provided is complete and not incorrect or misleading in any material respect. Complete information is deemed to be information which at the time of completing this report should have been made available to Kroll and would have reasonably been expected to have been made available to Kroll to enable us to form our opinion. We have no reason to believe that any material facts have been withheld from us.

In forming our opinion, we have relied upon the truth, accuracy and completeness of any information provided or made available to us without independently verifying such information. Nothing in this report should be taken to imply that Kroll has in any way carried out an audit of the books of account or other records of The Reject Shop for this report. It is understood that the accounting information that was provided was prepared in accordance with generally accepted accounting principles including the Australian equivalents to International Financial Reporting Standards, as applicable.

In addition, we have also had discussions with The Reject Shop management in relation to the nature of the business operations, specific risks and opportunities, historical results of The Reject Shop and prospects for the foreseeable future of The Reject Shop. This type of information has been evaluated through analysis, inquiry and review to the extent considered necessary or practical as part of the information used in forming our opinion and is comprised of the opinions and judgements of management. Kroll does not warrant that its procedures and inquiries have identified all matters that a more extensive analysis might disclose as they did not include verification work nor an audit or review engagement in accordance with standards issued by the Auditing and Assurance Standards Board or equivalent body.

An important part of the information used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management. This type of information was also evaluated through analysis, inquiry and review to the extent practical. Such information is often not capable of external verification or validation.

The statements and opinions included in this report are given in good faith and in the belief that such statements and opinions are not false or misleading.

Disclosure of information

In preparing this report, Kroll has had access to all financial information considered necessary in order to provide the required opinion. The Reject Shop has requested Kroll limit the disclosure of certain information relating to The Reject Shop. This request has been made on the basis of the commercially sensitive and confidential nature of the operational and financial information of the operating entities comprising The Reject Shop. As such the information in this report, unless otherwise indicated, has been limited to the type of information that is regularly placed into the public domain by The Reject Shop.

Sources of information

In preparing this report we have been provided with and considered the following sources of information:

Publicly available information

- Scheme Booklet;

For personal use only

KROLL

- financial reports, results presentations and annual reports for The Reject Shop for FY22, FY23, FY24 and 1H25;
- ASX announcements, press releases, media and analyst presentations and other public filings by The Reject Shop including information available on its website;
- broker reports and press articles regarding The Reject Shop and the retail sector;
- results presentations, annual reports, press releases and other public filings relating to comparable companies and comparable transactions;
- various industry reports; and
- information sourced from IRESS, Refinitiv and S&P Capital IQ.

Non-public information

- the Reject Shop Board papers and other internal briefing papers prepared by The Reject Shop and its advisors;
- FY25 budget prepared by The Reject Shop management; and
- other confidential documents, presentations and workpapers.

In addition, we have had discussions with, and obtained information from, senior management of The Reject Shop and The Reject Shop Directors.

For personal use only

KROLL

Appendix 3 – Broker Consensus

The Reject Shop has not released earnings guidance for FY25 or beyond. As such, we have had regard to broker consensus. Four brokers have published reports following the announcement of the Scheme. A summary of the broker reports is provided as follows.

The Reject Shop Broker Forecast – Pre-AASB 16 ($ millions)

	Date of report	Sales				EBIT				NPAT			
		FY24	FY25	FY26	FY27	FY24	FY25	FY26	FY27	FY24	FY25	FY26	FY27
Broker 1	27-Mar-25	852.7	880.5	915.4	949.7	5.4	10.3	14.6	18.3	4.8	7.5	10.2	12.5
Broker 2	27-Mar-25	852.7	881.9	917.2	953.8	5.4	9.5	11.7	14.1	4.8	7.7	9.3	10.9
Broker 3[2]	27-Mar-25	852.7	882.8	923.8	954.9	5.4	9.3	20.6	25.7	na	na	na	na
Broker 4	26-Mar-25	852.7	883.4	928.1	977.2	5.4	9.4	12.8	16.5	4.8	7.8	11.2	13.6
Median		**852.7**	**882.4**	**920.5**	**954.4**	**5.4**	**9.5**	**13.7**	**17.4**	**4.8**	**7.7**	**10.2**	**12.5**

Source: Broker reports.

	Date of report	Sales Growth				EBIT Growth				NPAT Growth			
		FY24	FY25	FY26	FY27	FY24	FY25	FY26	FY27	FY24	FY25	FY26	FY27
Broker 1	27-Mar-25	4.1%	3.3%	4.0%	3.7%	(40.7%)	90.7%	41.7%	25.3%	(54.3%)	56.3%	36.0%	22.5%
Broker 2	27-Mar-25	4.1%	3.4%	4.0%	4.0%	(40.7%)	75.9%	23.2%	20.5%	(54.3%)	60.4%	20.8%	17.2%
Broker 3[2]	27-Mar-25	4.1%	3.5%	4.6%	3.4%	(40.7%)	72.2%	121.5%	24.8%	na	na	na	na
Broker 4	26-Mar-25	4.1%	3.6%	5.1%	5.3%	(40.7%)	76.3%	35.4%	29.5%	(54.3%)	61.7%	44.0%	21.5%
Median		**4.1%**	**3.5%**	**4.3%**	**3.9%**	**(40.7%)**	**76.1%**	**38.6%**	**25.0%**	**(54.3%)**	**60.4%**	**36.0%**	**21.5%**

Source: Broker reports.

For personal use only

KROLL

	Date of report	EBIT Margin				NPAT Margin			
		FY24	FY25	FY26	FY27	FY24	FY25	FY26	FY27
Broker 1	27-Mar-25	0.6%	1.2%	1.6%	1.9%	0.6%	0.9%	1.1%	1.3%
Broker 2	27-Mar-25	0.6%	1.1%	1.3%	1.5%	0.6%	0.9%	1.0%	1.1%
Broker 3[2]	27-Mar-25	0.6%	1.1%	2.2%	2.7%	na	na	na	na
Broker 4	26-Mar-25	0.6%	1.1%	1.4%	1.7%	0.6%	0.9%	1.2%	1.4%
Median		**0.6%**	**1.1%**	**1.5%**	**1.8%**	**0.6%**	**0.9%**	**1.1%**	**1.3%**

Source: Broker reports.
Notes:
1. Broker consensus is the median of broker forecasts.
2. Broker three has not published NPAT forecasts on a pre-AASB 16 basis and Kroll has therefore not included these forecasts in the broker consensus.

For personal use only

KROLL

Appendix 4 – Valuation methodologies

The purpose of the valuation methodology adopted is, in the absence of direct market evidence, to provide an estimate of value using methodologies that rely on other sources of evidence. Consistent with International Valuation Standards, valuation methodologies applicable to assets or businesses can be categorised under three approaches: market approach, income approach and cost approach.

These approaches have application in different circumstances. The decision as to which approach to adopt will depend on various factors including the availability and quality of information, the maturity of the business and the actual practice adopted by purchasers of the type of asset or business involved.

Market approach

The market approach is based on comparing the asset or business to identical or comparable assets or businesses for which there is available price information. It is commonly adopted where:

- the asset or business or similar assets or businesses are actively publicly traded (**market comparable methodology**);
- there are frequent and/or observable transactions in comparable assets or businesses (**comparable transactions methodology**); and
- there is substantial operating history and a consistent earnings trend.

The market comparable methodology indicates the value of a business by comparing it to publicly traded companies in similar lines of business. An analysis of the trading multiples of comparable companies yields insight into investor perceptions and, therefore, the value of the subject company. The multiples are evaluated and compared based on the relative growth potential and risk profile of the subject company vis-a-vis the publicly traded comparable companies. The multiples derived for comparable quoted companies are generally based on security prices reflective of the trades of small parcels of securities. As such, multiples are generally reflective of the prices at which portfolio interests change hands.

The comparable transaction methodology indicates value based on exchange prices in actual transactions. This process essentially involves the comparison and correlation of the subject company with other similar businesses recently sold or currently offered for sale. Considerations such as timeframe of transaction, premiums, and conditions of sale are analysed, and the observed transaction multiples are subjectively adjusted to indicate a value for the subject company.

A key step in both methods is determining the appropriate unit of comparison. In a business valuation common units of comparison include, revenue, EBITDA, EBIT, NPAT and book values. The choice will typically depend on the industry and characteristics of the subject asset.

Rule-of-thumb valuation benchmarks are sometimes considered to be an application of the market approach. They generally should not be given substantial weight unless market participants place particular reliance on them.

Income approach

Under an income approach the value of an asset is determined by converting future cash flows to a current value. It is commonly adopted when:

- the income producing ability is the critical element affecting value from a market participant perspective;
- future cash flows can be estimated on a reasonable basis; and
- there is not a substantial operating history or there is a variable pattern of cash flow, or the asset has a finite life.

The most common methodology adopted is the DCF methodology. It has a strong theoretical basis and benefits by explicitly estimating future cash flows, allowing it to be used in a variety of circumstances, whether that be a start-up or an established business. It also allows for various scenarios and/or sensitivities to be modelled. Under a DCF methodology, forecast cash flows are discounted back to the valuation date

For personal use only

KROLL

resulting in a present value for the asset. Where there is an explicit forecast period a terminal value will typically be included, representing the value of the asset at the end of this period, which is also discounted back to the valuation date to give an overall value for the business. The rate at which the future cash flows are discounted (the discount rate) should reflect not only the time value of money, but also the risk associated with the asset or business' future operations. Whilst discount rates are generally determined from observable data, substantial judgement is required in their determination. Further, the cash flows themselves also require considerable judgement in their preparation, placing significant importance on the quality of the underlying cash flow forecasts and the determination of an appropriate discount rate in order for a DCF methodology to produce a sensible valuation figure.

DCF's can also be extremely sensitive to what may be considered small changes in various assumptions and the longer the forecast period the more difficult it is in general to forecast cash flows with sufficient reliability. As such, it is important to adequately understand the basis and risks associated with the various assumptions used to derive the cash flow forecasts and recognise the impact it can have on resulting values including the value range. Notwithstanding, DCF methodologies are widely used and benefit from the rigour associated with the preparation of future cash flows.

Cost approach

Under a cost approach the value of an asset is determined having regard to the cost to replace or reproduce the asset. The most common methodologies include:

- the replacement cost;
- the reproduction cost method; and
- the summation method.

A cost based approach is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (e.g. real estate holding companies).

A premium is added, if appropriate, to the marked-to-market net asset value, reflecting the profitability, market position and the overall attractiveness of the business. The net asset value, including any premium, can be matched to the 'book' net asset value, to give a price to net assets, which can then be compared to that of similar transactions or quoted companies.

A net asset approach is also useful as a cross-check to assess the relative riskiness of the business (e.g. through measures such as levels of tangible asset backing).

For personal use only

KROLL

Appendix 5 – Market Evidence

Comparable transactions

The following table sets out the key comparable transactions within the ANZ discretionary retail industry.

Date	Target	Acquiror	Country	Ownership Percentage Acquired ($A millions)	Enterprise Value ($A millions)	EBITDA Multiples		EBIT Multiples[3]	
						Historical[1]	Forecast[2]	Historical[1]	Forecast
ANZ discretionary retail transactions									
26-Jan-25	Apparel Brands	Myer	Australia	100.0%	666.0[6]	na	na[5]	11.4	na[5]
17-Jul-23	Best & Less	BB Retail Capital	Australia	83.6%	222.3	4.1	4.0	4.4	4.1
14-Dec-23	PETstock	Woolworths	Australia	55.0%	1,702.7	10.8	na[5]	na[4]	na[5]
31-Oct-22	Thrills	The Universal Store	Australia	100.0%	50.0	6.6	na[5]	6.8	na[5]
1-Oct-19	Rip Curl	Kathmandu	New Zealand	100.0%	350.5	7.3	na[5]	na[4]	na[5]
31-Mar-18	Macpac	Super Retail	New Zealand	100.0%	131.5	8.4	na[5]	9.0	na[5]
12-Feb-18	Bras N Things	Hanesbrands	Australia	100.0%	500.0	10.0	na[5]	na[4]	na[5]
28-Nov-16	The Good Guys	JB Hi-Fi Limited	Australia	100.0%	870.0	9.2	na[5]	11.7	na[5]
13-Oct-16	Fantastic Furniture	Steinhoff	Australia	100.0%	361.0	9.0	8.8	10.9	10.7
14-Jul-16	Pacific Brands	Hanesbrands	Australia	100.0%	1,040.0	13.5	12.0	16.2	13.9
27-May-15	Accent Group	RCG Corporation	Australia	100.0%	200.0	7.5	na[5]	8.9	na[5]

Source: Capital IQ, Various Independent Expert Reports, Mergermarket; Kroll analysis.
Notes:
1. Historical EBIT and EBITDA multiples are based on LTM of financial reports on a pre-AASB 16 basis.
2. Forecast information is based on broker consensus for LTM results on a pre-AASB 16 basis.
3. Enterprise value is calculated based on the offer price of the transaction.
4. Historical EBIT figures for PETstock Pty Ltd, Rip Curl Group Pty Ltd, Macpac Ltd, and BNT Holdco Pty Limited were not disclosed.
5. Forecasted EBITDA and EBIT figures for Accent Group, PETstock Pty Ltd, Thrills Rip Curl Group Pty Ltd, Macpac Ltd, The Good Guys, Fantastic Furniture, and Bras N Things Limited were not disclosed.
6. Calculated as 890.5 million Myer shares multiplied by $0.84 Myer share price at 14 January 2025, less $82 million cash contribution.

For personal use only

KROLL

ANZ Discretionary Retail Transactions

Apparel Brands / Myer

On 29 October 2024, Myer Holdings Limited announced its agreement to acquire Apparel Brands from Premier Investments for $666.0 million in enterprise value.[63] Apparel Brands is known for its popular brands like Just Jeans, Jay Jays, Portmans, Dotti, and Jacqui E. The merger was expected to deliverer combination benefits of at least $30.0 million per annum. The transaction implied historical multiples of 11.4 times EBIT.[64] Post the 1H25 results release, one broker had forecast Apparel Brands' EBIT to grow at a CAGR of 12.4% from LTM to FY27. The FY+3 EBIT multiple for Apparel Brands was 8.5 times.

Best & Less / BB Retail Capital Pty Ltd.

BB Retail Capital Pty Ltd. (**BB Retail Capital**), through an off-market offer completed the acquisition of 83.6% stake in Best & Less Group Holdings Ltd for $236.9 million on 17 July 2023. Best & Less is a discount retailer of clothing, footwear, and other soft goods in Australia and New Zealand. At the time of the acquisition announcement, Best & Less operated 245 stores and offered products such as jeans, jackets, knitwear, jumpers, hoodies, shorts, shoes, and other items. Over the six months to 1 January 2023, Best & Less saw a 13.0% increase in revenue over the prior comparable period to US$324.8 billion. The transaction implied historical EBITDA and EBIT multiple of 4.1 times and 4.4 times, respectively.[65]

PETstock / Woolworths Group Limited

On 15 December 2022, Woolworths announced its acquisition of a 55.0% equity interest in PETstock. PETstock operate in a network of 276 stores across Australia and New Zealand providing customers with a wide range of pet products and services, including food, accessories, grooming, and veterinary care. Woolworths purchased PETstock for approximately $586.0 million for their 55.0% equity stake, in an all-cash transaction. Woolworths purchased this stake of PETstock's founders, who were to continue in their leadership roles, retaining a 45% interest in PETstock. PETstock's wide reach allowed Woolworths to quickly expand into a variety of pet products, using PETstock 's well-established loyalty program. From 2017 to 2022, PETstock delivered strong sales growth organically and through regional acquisition, with an LTM September 2022 sales figure of $979 million. Positive tailwinds post-COVID-19 Pandemic. favoured PETstock, as customers favoured specialty pet retailers from their pet family needs. This justifies the implied historical EBITDA multiple of 10.8 times, and this strategic move was anticipated to enhance Woolworths' brand portfolio and market reach, positioning it as a significant player in the pet care industry.[66]

Thrills / The Universal Store

On 26 September 2022, Universal Store agreed to acquire Thrills for an implied enterprise value of $50.0 million. Thrills is a designer, wholesaler and retailer of casual youth fashion apparel based in Australia which offers vintage-inspired fashion wear for men and women under the brand name Thrills. At the time of the acquisition, Thrills operated eight stores, with plans to open two more by November 2022, and was Universal Store's top third-party brand by sales. Online sales contributed 12% to its total sales in FY22. Universal Store expected the acquisition to expand its portfolio of premium youth fashion brands and omni-channel retail businesses. In FY22, Thrills reported an 21.4% increase in revenue compared to the same period the previous year, reaching $34.6 million. Operating income rose by 7.4% to $7.3 million during this period partially offset by lower gross profit margin. The transaction implied historical EBITDA and EBIT multiple of 6.6 and 6.8 times, respectively.

Rip Curl / Kathmandu

On 1 October 2019, Kathmandu Holdings Limited (**Kathmandu**) acquired Rip Curl for $350 million (NZ$368 million). Rip Curl is an iconic global surf brand and action sports company, known for its surfing equipment

---

[63] Calculated as 890.5 million Myer shares multiplied by $0.84 Myer share price at 14 January 2025, less $82 million cash contribution.
[64] EBIT multiple was calculated based on the enterprise value of $666.0 million, and an EBIT of $58.5 (pre-AASB 16 Apparel Brands LTM figure), calculated as the sum of the mid-point of the range of guidance provided by Premier Investments for 1H25 ($31 million to $35 million) plus Apparel Brands' 2H24 EBIT.
[65] Australian Financial Review: Best & Less shoppers cut back as profits slide, 25 January 2023.
[66] ASX Announcement: Woolworths Group to acquire 55% of Petspirations Group (PETstock), 15 December 2022.

For personal use only

KROLL

and apparel. The acquisition aimed to create a NZ$1.0 billion global outdoor and action sports company, diversifying Kathmandu's geographic footprint, market channels, and seasonality profile. The acquisition was expected to deliver meaningful EPS accretion for Kathmandu shareholders, with estimated FY20 pro-forma EPS accretion more than 10% (pre-synergies).[67] This strategic move was anticipated to significantly enhance Kathmandu's brand portfolio and market reach, positioning it as a leading player in the outdoor and action sports industry. The transaction implied historical EBITDA multiple of 7.3.

Macpac Ltd / Super Retail Group Limited

Super Retail Group Limited (**Super Retail**) announced its acquisition of Macpac Holdings Pty Limited on 13 March 2018 for $135 million (NZ$144 million). Macpac is a well-known outdoor adventure retailer with a strong presence in Australia and New Zealand, primarily offering high quality own-branded apparel, equipment, and accessories. This purchase of Macpac was aimed to make Super Group a leading retailer in the industry, adding 54 Macpac stores, with the integration of Macpac's already established brand expecting to create synergies in its retail operations. The transaction was funded through Super Retail Group's existing debt facilities and was anticipated to generate mid-single-digit EPS accretion in FY19 (pre-synergies). The transaction implied historical EBITDA and EBIT multiple of 8.4 and 9.0 times, respectively.[68]

Bras N Things / Hanesbrands Inc.

Hanesbrands Inc. (**Hanesbrands**) announced the acquisition of Bras N Things on 13 February 2018 for $500 million (approximately US$400 million). Bras N Things is a leading specialty retailer and online seller of intimate apparel in Australia, New Zealand, and South Africa, known for its proprietary bras, panties, and lingerie sets. CEO of Hanesbrands exclaimed that Bras N Things is a highly efficient and fully customer-direct business model with a robust millennial following. This nicely complements Hanesbrands strategic positioning, as the purchase of Bras N Things add 171 stores to Hanesbrands. The transaction was funded through all Hanesbrands' existing cash reserves and was expected to be accretive to earnings in 2018. The transaction implied a historical EBITDA multiple of 10.0 times, and at the time was expected to drop below 8 times after cost and revenue synergies.[69]

The Good Guys / JB Hi-Fi Limited

On 13 September 2016, JB Hi-Fi Limited (**JB Hi-Fi**) announced its acquisition of The Good Guys for $870 million. The Good Guys is a leading retailer of home appliances and consumer electronics in Australia, with a network of 101 stores. JB Hi-Fis' purchase of the Good Guys was aimed at complementing their customer base and product offerings, as both companies share a close alignment in their customer value position. It was expected to swell JB Hi-Fi's annual sales by $2.1 billion to more than $6 billion. The Good Guys 3% proportion of the overall $4.6 billion home appliance market rose post-acquisition to 29%, surpassing many prominent industry player such as Harvey Noman. The merger was supposed to deliver net synergies of $15 to 20 million per annum after a three-year integration period. This strategic move was anticipated to generate an 11.6% increase in EPS for JB Hi-Fi in FY16 (pre-synergies).[70] The transaction implied historical EBITDA and EBIT multiples of 9.2 times and 11.7 times, respectively.

Fantastic Furniture / Steinhoff Asia Pacific Holding Pty Ltd

Steinhoff Asia Pacific Holdings Pty Ltd (**Steinhoff**) announced its acquisition of Fantastic Furniture on 13 October 2016 for $361 million. Fantastic Furniture is Australia's largest vertically integrated furniture company, known for its retail and manufacturing operations across brands like Fantastic Furniture, Plush, and Original Mattress Factory. Steinhoff's aimed to heighten their presence in the Australian market by adding Fantastic Furniture's existing store network of 125 stores. Fantastic Furniture's strategic profile emphasises value for money by offering stylish, affordable furniture, closely aligning with Steinhoff's business model. Fantastic Furniture achieved an impressive sales CAGR of 5.1% from FY12 to FY16. In 2015 and 2016, Steinhoff significantly enhanced their strategic initiatives by expanding product offerings

---

67 The Kathmandu Holdings Limited Media announcement, 1 October 2019.
68 ASX / Media Announcement: Super Retail Group confirms completion of Macpac, 5 April 2018.
69 HanesBrands Completes Acquisition of Australian Intimate Apparel Seller Bras N Things, 13 February 2018.
70 JB Hi-Fi Company Announcement: Acquisition of The Good Guys and Capital Raising, 13 September 2016.

For personal use only

KROLL

and improving customer service.[71] The transaction was funded through Steinhoff's existing cash reserves and debt facilities, with the purchase supposedly generating meaningful EPS accretion for Steinhoff in the first-year post-acquisition. The transaction implied historical EBITDA and EBIT multiples of 9.0 times and 10.9 times, respectively.

Pacific Brands Limited / Hanesbrands

On 14 July 2016, Hanesbrands acquired Pacific Brands Limited for $987.2 million. Pacific Brands is an Australian consumer products and retail category specialist company. They sell products such as underwear, socks, bedding products, and towels, through brands such as Bonds and Sheridan. Pacific Brands distributes its products through department stores, supermarkets, and its own network of Bonds retail outlets. Hanesbrands anticipated that the acquisition would expand its geographic footprint and brand portfolio, as well as providing manufacturing cost synergies for Pacific Brands who were outsourcing their production. In the six months leading up to 31 December 2015, Pacific Brands reported an 8.6% increase in revenue compared to the same period the previous year, reaching $324.8 million. Operating income also rose by 14.9% to $36.2 million over the same period. The transaction implied historical EBITDA and EBIT multiple of 13.5 times and 16.2 times, respectively.

Accent Group / RCG Corporation Ltd.

On 19 March 2015, RCG Corporation Limited (**RCG Corporation**) announced its acquisition of Accent Group for approximately $200 million. Accent Group, known for its popular footwear brands, such as Platypus Shoes, Vans, Skechers, Dr. Martens, and Timberland, significantly bolstered RCG Corporation's retail portfolio. The acquisition aimed at leveraging Accent Group's strong market presence and extensive brand portfolio to drive growth and operational efficiencies. In the 12 months leading up to 31 December 2014, Accent Group reported EBITDA of approximately $26 million and revenue of $181.4 million. The transaction was funded through a combination of RCG Corporation's existing cash reserves and debt facilities, and it was anticipated to be EBITDA and EPS accretive in the full financial year post-acquisition.[72] The transactions implied historical EBITDA and EBIT multiples of 7.5 times and 8.9 times, respectively.

[71] Fantastic Holdings Limited Annual Fillings (FY12 to FY16).
[72] RCG Corporation Limited completed the acquisition of Accent Group Ltd., 27 May 2015.

For personal use only

KROLL

Comparable companies

The following table sets out the trading multiples for the comparable companies to The Reject Shop, as at 9 May 2025, calculated by Kroll using publicly available information including technical and annual reports.

Company Name	Country	Market capitalisation (A$ million)	Enterprise Value[1,2,3] (A$ million)	EBIT Margin				Enterprise Value[1,2,3] / EBIT[2,4]				EBIT CAGR (LTM-FY+3)
				LTM	FY+1	FY+2	FY+3	LTM	FY+1	FY+2	FY+3	
The Reject Shop	Australia	117.5	55.1	1.0%	1.1%	1.5%	1.8%	6.5	5.6	4.0	3.2	33.3%
Australian mid-cap discretionary retailers												
Accent Group[6]	Australia	1,098.0	1,221.7	6.4%	7.7%	8.1%	8.4%	11.6	10.5	9.3	8.4	13.9%
The Universal Store[6]	Australia	609.2	575.7	16.5%	15.1%	16.1%	16.3%	12.0	11.3	9.7	8.9	9.6%
Adairs Limited[6]	Australia	456.0	513.5	9.9%	9.2%	9.7%	10.1%	8.6	9.0	8.0	7.1	7.7%
KMD Brands	Australia	229.3	301.0	0.4%	1.6%	3.4%	5.9%	nm	20.7	8.9	5.0	103.9%[5]
Baby Bunting[6]	Australia	244.9	255.2	3.9%	5.0%	5.9%	6.5%	13.4	9.8	7.7	6.5	33.2%
Michael Hill[6]	Australia	157.8	171.3	1.4%	2.5%	4.1%	5.7%	19.7	10.7	6.2	4.3	83.9%
Dusk	Australia	68.5	38.8	6.3%	7.1%	8.6%	9.9%	4.6	3.9	3.0	2.5	27.9%
International discount retailers												
Dollarama Inc.[7]	Canada	45,847.37	46,848.06	21.8%	23.9%	24.6%	25.3%	31.2	27.4	25.4	23.1	12.8%
Dollar General[7]	United States	31,416.11	39,684.38	4.8%	4.4%	4.6%	4.9%	13.1	13.7	12.7	11.4	5.8%
Dollar Tree[7]	United States	28,646.68	32,035.54	8.6%	8.4%	8.8%	8.9%	13.6	12.9	11.6	10.9	9.3%
B&M[6]	Luxembourg	6,974.34	8,578.15	9.6%	9.2%	8.6%	8.7%	7.8	8.1	8.2	7.6	0.8%
Five Below[7]	United States	7,313.97	6,608.36	9.2%	7.5%	7.5%	7.6%	11.9	13.1	11.9	10.7	4.2%
Pepco Group[6]	United Kingdom	4,444.15	4,882.43	5.0%	3.9%	4.3%	4.9%	9.0	11.0	9.5	7.9	5.2%
Tokmanni[6]	Finland	1,439.39	1,877.77	4.8%	5.4%	6.0%	6.3%	14.0	11.2	9.7	8.9	19.7%
Mr Max	Japan	245.20	277.10	2.5%	na	na	na	7.7	na	na	na	na

Source: Company reports, Capital IQ; Kroll analysis
Notes:
1. All company multiples, other than Dollarama and The Reject Shop, are based on the share prices on 9 May 2025 and their most recent financial reporting. Multiples for Dollarama and The Reject Shop are based on closing share prices on 26 March 2025.

For personal use only

KROLL

Notes (continued):

2. All company earnings (historical and forecast) have been adjusted to exclude any income or losses from equity accounted investments. Similarly, enterprise values have been adjusted to exclude the book value of the equity accounted investments.
3. An average of all company cash balances in the year leading up to 9 May 2025 has been used.
4. EBIT is calculated on a pre-AASB 16 basis.
5. CAGR calculated is for FY+1 to FY+3, as the company's earnings over the LTM period were negative.
6. Companies' broker's forecasts are on a post-AASB 16 basis have been adjusted to be on a pre-AASB 16 basis.
7. Kroll has not been able to adjust the EBIT figures for companies who do not separately their finances leases, depreciation and interest expenses in their annual financial statements.
8. na means not applicable.
9. nm means non meaningful number.

For personal use only

KROLL

Summary of market evidence

The following table presents the business description for the selected comparable companies, along with geographies, number of stores and employees, and product range.

Australian mid-cap discretionary retailers

Company	Business Description	Geographies[1]	Number of Stores and Employees	Product Range
Accent Group	Accent Group engages in the retail, distribution, and franchise of lifestyle footwear, apparel, and accessories in Australia and New Zealand. Their brands include The Athlete's Foot, Platypus Shoes, Hype DC, Skechers, Merrell, CAT, Vans, Dr. Martens, and more.	Operates in Australia and New Zealand.	▪ Over 890 stores ▪ 8,7000 employees	Footwear and apparel.
The Universal Store	The Universal Store is a leading Australian retail specialist. Their brands include Perfect Stranger, Thrills, Lioness, Common Need, and more. Their strategy focuses on delivering a frequently changing and carefully curated selection of on-trend apparel products to their target market of 16- to 35-year-olds.	Operates across Australia.	▪ 102 stores (80 Universal Store, 8 Thrills, 14 Perfect Stranger)	Trend-led and casual fashion for men and women, shoes, accessories, lifestyle products, and gifts.
Adairs	Adairs, founded in 1918, is a specialty retailer of home furnishings, furniture, and decoration products in Australia and New Zealand. They operate through three segments: Adairs, Mocka, and Focus. Their strategy focuses on offering on-trend fashion products, quality staples, strong value, and superior customer service.	Stores in Australia and New Zealand.	▪ Over 170 stores ▪ 1,898 employees.	Bedroom, Bathroom, furniture, homewares, kids' products, and gift.
KMD Brands	KMD Brands, founded in 1987, designs, markets, wholesales, and retails apparel, footwear, and equipment for surfing and the outdoors under the Kathmandu, Rip Curl, and Oboz brands.	Stores in Australia, New Zealand, and North America.	▪ Approximately 450 stores ▪ 4,843 employees	Outdoor, lifestyle, and sports products including apparel, footwear, and equipment
Baby Bunting	Baby Bunting Group was founded in 1979, is a specialty retailer of maternity and baby goods in Australia and New Zealand. They offer a wide range of products from well-known brands such as Bugaboo, Silver Cross, Britax Safe-n-Sound, Maxi-Cosi, Ergobaby, and Medela.	Operates across Australia.	▪ 50 Stores ▪ 1,590 employees	Prams, car seats, carriers, furniture, nursery items, safety products, babywear, feeding products, and maternity items.

For personal use only

KROLL

Company	Business Description	Geographies[1]	Number of Stores and Employees	Product Range
Michael Hill	Michael Hill was established in 1979, owns and operates jewelry stores. They feature brands such as Southern Star, Everlight, and Sir Michael Hill Designer Bridal Collection. Their strategy focuses on elevating the brand, growing loyalty membership and continually evolving their product offerings.	Operates in Australia, New Zealand, and Canada.	▪ 300 stores ▪ Over 2,800 employees	Jewellery including engagement rings, wedding bands, watches, and other accessories.
Dusk	Dusk strategy focuses on expanding their product range and delivering premium quality products at competitive prices. They offer products from their own exclusive brands, such as Dusk and Dusk Luxe.	Operates in Australia and New Zealand.	▪ Na[2,3] employees ▪ 145 stores	Candles, diffusers, essential oils, home fragrances, and homewares.

International discount retailers

Company	Business Description	Geographies[1]	Number of Stores and Employees	Product Range
Dollarama	Dollarama was founded in 1992 and operates over 1,000 stores across Canada. They carry well-known brands such as Dove, L'Oreal, and Quake. Their strategy focuses on expanding their store network internationally and offering a compelling value proposition.	Operates across Canada, Latin America, Colombia, Peru and Mexico.	▪ Over 1,000 stores ▪ 14,230 employees	General merchandise, consumables, seasonal products.
Dollar General	Dollar General is a major American discount retailer known for its mission of "Serving Others." Founded in 1939, their strategy focuses on serving their loyal customers, employees and communities in enabling future growth.	Operates across United States and Mexico.	▪ Over 20,000 stores ▪ Approximately 170,000 employees	Food, snacks, health and beauty aids, cleaning supplies, basic apparel, housewares, seasonal items
Dollar Tree	Dollar Tree operates discount variety stores under the Dollar Tree and Family Dollar brands, offering a wide range of products at a fixed price of $1. Founded in 1986, they feature brands like Greenbrier International and Family Dollar	Operates across United States and Canada.	▪ Over 16,000 stores ▪ Approximately 214,000 employees	Seasonal celebrations, party supplies, crafts, snacks, cleaning supplies, toys, beauty supplies, household cleaners, home décor, grocery items.
B&M	B&M operates general merchandise and grocery stores under the B&M, Heron Foods, and B&M Express brands. It offers a variety of consumer goods including toiletries, household goods, food and drink, and furniture.	Operates across United Kingdom and France.	▪ Over 600 stores ▪ Approximately 40,383 employees	Toiletries, household goods, food and drink, furniture, baby care, health and beauty, electrical, toys and games, pet care, home adornment.
Five Below	Five Below is a specialty discount retailer targeting tweens and teens, offering products priced at $5 or less, with some items up to $25. It focuses on providing a fun and engaging shopping experience.	Operates across United States.	▪ Over 1,800 stores ▪ Approximately 30,000 employees	Sports games, fashion accessories, bath and body, candy and beverages, room décor, stationery

For personal use only

Company	Business Description	Geographies[1]	Number of Stores and Employees	Product Range
Pepco	Pepco operates as a discount variety retailer in Europe, offering clothing, homeware, and fast-moving consumer goods. It operates stores under the Pepco, Poundland, and Dealz brands.	Operates across United Kingdom, Republic of Ireland and Poland.	▪ Over 2,800 stores ▪ Approximately 47,760 employees	Clothing, homeware, fast-moving consumer goods, toys, sweets, beverages, household cleaning products, cosmetics, office supplies, pet products
Mr Max	Mr Max operates discount stores in Japan, offering a wide range of products including home appliances, food, kitchen and household items, beauty and healthcare, and clothing.	Operates across Japan.	▪ 57 stores ▪ 2,367 employees	Home appliances, food, kitchen and household items, beauty and healthcare, clothing, accessories, stationery, toys, pet supplies, interior/storage, sports/outdoors, car supplies, gardening/DIY products.
Tokmanni	Tokmanni is one of the leading variety discount retailers in the Nordics, offering a wide range of products at affordable prices. It operates under various brands including Tokmanni, Dollarstore, Big Dollar, Click Shoes, and Shoe House.	Operates across Finland, Sweeden and Denmark.	▪ Over 380 stores ▪ 6,000 employees	Nordic and international brand-name products, home décor, toys, seasonal products, footwear, groceries.

Notes:
1. Specific geographies include Australia, New Zealand, United States, United Kingdom, Republic of Ireland, Poland, Finland, Sweden, Denmark, Mexico, Canada, Peru, Columbia, Latin America, Japan.
2. na refers to not applicable.
3. Several companies do not disclose their number of stores or employees.

For personal use only

KROLL

Appendix 6 – Synergies and premiums

The following table sets out the synergies and premiums for relevant retail transactions. Synergy figures are as reported in transaction announcements and premiums are based on publicly available share price data.

Announcement Date	Target	Acquiror	Enterprise value[1]	Synergies	Synergies as % of deal value	Premium to undisturbed share price
ANZ Discretionary Retail Transactions						
26-Jan-25	Apparel Brands	Myer	666.0	30.0	22.2%	na[2]
17-Jul-23	Best & Less	BB Retail Capital	222.3	na	na	na[3]
14-Dec-23	PETstock	Woolworths	1,702.7	na	na	na
31-Oct-22	Thrills	The Universal Store	50.0	na	na	na
1-Oct-19	Rip Curl	Kathmandu	350.5	na	na	na
31-Mar-18	Macpac	Super Retail	131.5	na	na	na
12-Feb-18	Bras N Things	Hanesbrands	500.0	na	na	na
28-Nov-16	The Good Guys	JB Hi-Fi Limited	870.0	na	na	9.2%
13-Oct-16	Fantastic Furniture	Steinhoff	361.0	15.0 to 20.0	4.2% to 5.5%	42.9%
14-Jul-16	Pacific Brands	Hanesbrands	1,040.0	na	na	22.3%
27-May-15	Accent Group	RCG Corporation	200.0	na	na	na
Min			**50.0**	**15.0**	**4.2%**	**9.2%**
Max			**1,702.7**	**30.0**	**22.2%**	**42.9%**
Mean			**554.0**	**23.8**	**13.5%**	**24.8%**
Median			**361.0**	**23.8**	**13.5%**	**22.3%**

Source: ASX and company announcements, Capital IQ, various independent expert reports; Kroll analysis.
Notes:
1. Figures have been translated into Australian dollars using a monthly average exchange rate based on the announcement date month.
2. na refers to not applicable.
3. Premium to last undisturbed share price totalled (7.6%). Premium has been omitted as it was an outlier.

For personal use only

KROLL

Part Two – Financial Services Guide

What is an FSG?

This Financial Services Guide ("FSG") is an important document that provides you with information to help you decide whether to use our financial services.

This FSG contains information on:

- who we are;
- who our authorised representatives are;
- how we can be contacted;
- certain financial services that we can offer you;
- how we, our authorised representatives and other parties involved in providing the financial services are paid in relation to the financial services we offer; and
- details of how you can make a complaint about us or the financial services we provide.

Who we are?

Kroll Australia Pty Ltd (ACN 116 738 535), ("We", "us" and "Kroll") is authorised to provide retail financial services on behalf of Millinium Capital Managers Limited (ACN 111 283 357) ("Millinium"), Australian Financial Services License ("AFSL") no. 284336, as a Corporate Authorised Representative ("CAR"). We have also appointed Ms. Celeste Oakley and Mr. Ian Jedlin as an authorised representative to Millinium's AFSL (our "Authorised Representative"). All authorised representatives of Kroll are authorised representatives of Millinium. We aim to provide quality financial products and services to investors. Kroll acts on its own behalf when providing financial services.

Kroll has been engaged by The Reject Shop Limited ("Client") to prepare an Independent Expert's Report ("Report") in connection with the proposed acquisition by Dollarama Inc. of Client by way of a scheme of arrangement. The Client will provide our Report to you.

Our details

Kroll Australia Pty Ltd
Level 32, 85 Castlereagh St
SYDNEY
NSW 2000

Ph: 02 8286 7200

Our Authorised Representatives

Celeste Oakley
ASIC authorised representative: No. 001309836
Level 32, 85 Castlereagh St, SYDNEY, NSW 2000

Ian Jedlin
ASIC authorised representative: No. 000404117
Level 32, 85 Castlereagh St, SYDNEY, NSW 2000

Authorised Financial Services

Kroll is authorised by Millinium to provide the following financial services as their CAR:

- provide financial product advice in respect of the following classes of financial products:
  - interests in managed investment schemes including investor directed portfolio services; and
  - securities,

  with respect to retail clients and wholesale clients.

This FSG only relates to the provision of general advice by Kroll.

Personal Advice

Neither we nor our authorised representatives can provide you with personal advice. Personal advice is advice that takes into account your objectives, financial situation and needs. Where you are referred to a financial planner for personal advice, they will make reasonable enquiries to understand your personal objectives, financial situation and needs. Their personal advice, and any relevant warnings, will be provided to you in their Statement of Advice ("SOA").

Remuneration

Kroll charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay Kroll A$225,000 (excluding GST and out of pocket expenses) for preparing the Report. Kroll and its officers, representatives, related entities and associates ("Personnel") will not receive any other fee or benefit in connection with the provision of the Report. All Personnel that provide general advice on our behalf in providing services are on contract to us and receive a salary or payments in accordance with their respective contracts. They may also receive a bonus, but it is not related to the general advice provided in the Report.

Kroll may provide professional services, including consultancy, business intelligence, transfer pricing and financial advisory services, to the person who engaged us and receive fees for those services Kroll and any of its associated entities may at any time provide

For personal use only

KROLL

professional services to financial product issuers in the ordinary course of business.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the transaction.

Complaint Redressal

If you have a complaint, please let either Kroll or the Authorised Representative know. Formal complaints should be sent in writing to Complaints Officer, Kroll, Level 32, 85 Castlereagh St, SYDNEY, NSW 2000. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 8286 7227 and they will assist you in documenting your complaint. If the complaint cannot be settled in the first instance by Kroll, you should contact Millinium via the contact details set out below:

In writing:

Dispute Resolution Officer
Millinium Capital Managers Limited
GPO Box 615
Sydney, NSW, 2000

When your complaint is received by Millinium it will be entered onto Millinium's complaints register. All details of the complaint will be sent to the Disputes Resolution Officer who will investigate the circumstances of the complaint. If the Disputes Resolution Officer is unable to reach a satisfactory resolution of the complaint within thirty (30) business days of receipt, you should contact Australian Financial Complaints Authority ("AFCA"). The details are:

In writing:
https://www.afca.org.au/make-a-complaint
Telephone
1300 56 55 62 (local call rate)
Email
info@afca.orga.au
Website
www.afca.org.au

Please note that AFCA can currently only deal with claims for compensation up to $1,085,000. Monetary limits and the AFCA terms of reference do change from time to time. Current details can be obtained from the AFCA website listed above.

For personal use only

THE REJECT SHOP

Scheme Booklet

Schedule 2 – Scheme of Arrangement

Schedule 2 – Scheme of Arrangement

For personal use only

Scheme of Arrangement

Pursuant to section 411 of the Corporations Act

The Reject Shop Limited
Scheme Participants

SBA Law
Level 3, 535 Bourke Street
Melbourne, Victoria 3000
Tel: +61 3 9614 7000
Fax: +61 3 9614 7100
www.sbalaw.com

3447-8980-7673v4

For personal use only

Contents

Parties 1
Agreed terms 1
1 Definitions and interpretation 1
2 Preliminary 5
3 Conditions 6
4 Scheme 7
5 Scheme Consideration 8
6 Scheme Participants 11
7 Dealings in Target Shares 13
8 Quotation of Target Shares 14
9 Notices 14
10 General 14

For personal use only

Parties

The Reject Shop Limited ACN 006 122 676 of 245 Racecourse Road, Kensington VIC 3031 ('**Target**')

Scheme Participants

Agreed terms

1 Definitions and interpretation

1.1 Definitions

In this document the following definitions apply:

Aggregate Scheme Consideration means the amount described in paragraph (a) of the definition of Scheme Consideration, multiplied by the total number of Scheme Shares as at the Record Date;

ASIC means the Australian Securities and Investments Commission;

Associate in relation to each party, has the meaning given in sections 12 and 16 of the Corporations Act, where for the purposes of section 12, the 'designated body' is the Target;

ASX means ASX Limited ACN 008 624 691 or, as the context requires, the financial market operated by it;

ASX Listing Rules means the official listing rules of ASX;

Bidder means Dollarama Inc. of 5805 Av. Royalmount, Mont-Royal, Québec, H4P 0A1, Canada;

Bidder Sub means Dollarama International Inc. of 5805 Av. Royalmount, Mont-Royal, Québec, H4P 0A1, Canada, which is a wholly-owned Canadian subsidiary of the Bidder;

CHESS means the Clearing House Electronic Subregister System, which facilitates electronic security transfer in Australia, operated by ASX Settlement Pty Limited (ABN 49 008 504 532);

CHESS Holding has the meaning given in the Settlement Rules.

Corporations Act means the *Corporations Act 2001* (Cth);

Court means the Federal Court of Australia or such other court of competent jurisdiction under the Corporations Act agreed to in writing by Target and Bidder;

Cut Off Time means 8.00am on the Second Court Date;

Deed Poll means the deed poll to be executed by the Bidder and the Bidder Sub in favour of the Scheme Participants;

Effective means the time at which the Scheme Order takes effect pursuant to section 411(10) of the Corporations Act but, in any event, at no time before an office copy of the Scheme Order of the Court is lodged with ASIC;

Effective Date means the date on which the Scheme becomes Effective;

For personal use only

End Date means the date which is five months after the date of the Scheme Implementation Agreement or such later date as the Bidder and the Target agree in writing;

GST has the meaning given to that term in the *A New Tax System (Goods & Services Tax) Act 1999* (Cth);

Implementation Date means the fifth business day following the Record Date, or such other date as ordered by the Court or agreed between the Bidder and the Target;

Independent Expert means an independent expert in respect of the Scheme determined and appointed by the Target;

Issuer Sponsored Holding has the meaning given in the Settlement Rules.

NRCGT Withholding Amount has the meaning given to it in clause 5.2(e);

Performance Rights means any rights to Target Shares issued under employee incentive arrangements of the Target Group;

Record Date means 7.00pm on the fourth business day following the Effective Date or such other date and time as the Bidder and the Target agree in writing;

Regulatory Authority means any Australian or foreign government or governmental, semi-governmental, administrative, fiscal, regulatory or judicial entity, commission, tribunal agency or authority or any government minister, department, office or delegate of any government. It includes a self-regulatory organisation established under statute or a stock exchange, ASIC, ASX, the Toronto Stock Exchange, the Foreign Investment Review Board and the Australian Competition and Consumer Commission;

Scheme means this scheme of arrangement, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed in writing by the Bidder and the Target;

Scheme Booklet means the information to be dispatched to the Target Shareholders and approved by the Court, including the Scheme, explanatory statement in relation to the Scheme issued pursuant to section 412 of the Corporations Act and registered with ASIC, an independent expert's report in connection with the Scheme prepared by the Independent Expert, the Deed Poll, a summary of the Scheme Implementation Agreement and the notice convening the Scheme Meeting (together with proxy forms);

Scheme Consideration means:

(a) in relation to each Scheme Share, a cash amount equal to $6.68 *less* the Target Permitted Special Dividend (provided that, for the avoidance of doubt, the Scheme Consideration will not be reduced by the value attributed to any franking credits attached to any Target Permitted Special Dividend);

(b) in relation to a Scheme Participant, the number of Scheme Shares held by the Scheme Participant on the Record Date (as set out in the Target Register) multiplied by the amount calculated under paragraph (a) of this definition in respect of each such Scheme Share;

Scheme Implementation Agreement means the scheme implementation agreement between the Bidder and the Target dated 27 March 2025;

Scheme Meeting means the meeting ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act in respect of the Scheme, including any adjournment or postponement of that meeting;

For personal use only

Scheme Order means the order of the Court made for the purposes of section 411(4)(b) of the Corporations Act in relation to the Scheme;

Scheme Participant means a person registered in the Target Register as the holder of one or more Scheme Shares as at the Record Date;

Scheme Shares means the Target Shares held by the Scheme Participants as at the Record Date;

Scheme Transfer means for each Scheme Participant, a duly completed and executed proper instrument of transfer of the Scheme Shares held by that Scheme Participant for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all Scheme Shares;

Second Court Date means the first day of the Second Court Hearing or, if the Second Court Hearing is adjourned for any reason, the first day on which the adjourned application is heard;

Second Court Hearing means the hearing of the application made to the Court for the Scheme Order;

Settlement Rules means the ASX Settlement Operating Rules, being the official operating rules of the settlement facility provided by ASX Settlement Pty Ltd;

Subsidiary has the meaning given to that term in the Corporations Act;

Target Group means the Target and each of its Subsidiaries;

Target Permitted Special Dividend means a dividend not exceeding $0.77 per Target Share actually paid on the Target Shares as a special dividend, pursuant to the Target's discretion to do so under clause 7.3 of the Scheme Implementation Agreement;

Target Register means the register of members of the Target maintained by or on behalf of the Target in accordance with the Corporations Act and **Target Registry** has a corresponding meaning;

Target Share means a fully paid ordinary share in the capital of the Target;

Target Shareholder means each person who is registered in the Target Register as the holder of Target Shares; and

Trust Account means an Australian dollar denominated trust account operated by the Target as trustee for and for the benefit of the Scheme Participants and notified to the Bidder and Bidder Sub at least 3 business days prior to the Implementation Date.

1.2 Interpretation

In the interpretation of this document, unless the context otherwise requires:

(a) all references to dollars or '$' are references to Australian currency and all amounts payable are payable in Australian dollars;

(b) a reference to any law or legislation or legislative provision includes any statutory modification, amendment, replacements or re-enactments of any of them (whether passed by the same of another Regulatory Authority with legal power to do so), and any subordinate legislation or regulations issued under that legislation or legislative provision;

(c) a reference to a clause or part is a reference to a clause or part of this document;

For personal use only

(d) a reference to any agreement or document is to that agreement or document as amended, novated, supplemented or replaced from time to time and despite any change in the identity of the parties;

(e) a reference to a person:

(i) includes any company, trust, partnership, joint venture, association, corporation, body corporate or governmental agency;

(ii) includes the person's legal personal representatives, successors, assigns and persons substituted by novation;

(f) where a word or phrase is given a defined meaning another part of speech or other grammatical form in respect of that word or phrase has a corresponding meaning;

(g) a word which indicates the singular also indicates the plural, a word which indicates the plural also indicates the singular, and a reference to any gender also indicates each other gender;

(h) a reference to the word 'include' or 'including' is to be interpreted without limitation;

(i) headings are inserted for convenience only and do not affect interpretation;

(j) no clause will be construed to the disadvantage of a party because that party was responsible for the preparation of this document or that clause or the inclusion of the provision in the agreement;

(k) a reference to a holder includes a joint holder;

(l) a reference to an obligation includes a warranty or representation and a reference to a failure to comply with an obligation includes a breach of warranty or representation;

(m) a reference to a right includes a benefit, remedy, discretion or power;

(n) a reference to writing includes any mode of representing or reproducing words in tangible and permanently visible form, and includes fax transmissions;

(o) a reference to a body (including an institute, association or authority), other than the Bidder, the Bidder Sub or the Target, whether statutory or not:

(iii) which ceases to exist; or

(iv) whose powers or functions are transferred to another body,

is a reference to the body which replaces it or which substantially succeeds to its powers or functions;

(p) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;

(q) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;

(r) a term defined in or for the purposes of the Corporations Act, and which is not defined in clause 1.1, has the same meaning when used in this document; and

(s) a reference to the ASX Listing Rules includes any variation, consolidation or replacement of those rules and is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by the Bidder, the Bidder Sub or the Target.

For personal use only

1.3 Business days and time

In the interpretation of this document, unless the context otherwise requires:

(a) a reference to time is to the time in Melbourne, Australia;

(b) a reference to a business day means a day that is each of the following:

(i) a business day within the meaning given in the ASX Listing Rules; and

(ii) a day on which all banks are open for business in each of Melbourne, Australia, and Montréal, Québec, Canada other than a Saturday, Sunday or public holiday; and

(c) if the day on which any act, matter or thing is to be done is not a business day, that act, matter or thing may be done on the next business day.

2 Preliminary

2.1 Target

(a) The Target is a public company incorporated in Australia.

(b) The Target is a public company limited by shares under section 112(1) of the Corporations Act.

(c) The Target is admitted to the official list of ASX and fully paid Target Shares are quoted on the official list of ASX.

(d) As at the date of the Scheme Implementation Agreement the Target had on issue:

(i) 37,290,917 Target Shares; and

(ii) 1,901,500 Performance Rights.

2.2 Bidder and Bidder Sub

(a) The Bidder and the Bidder Sub are corporations incorporated under the Canada Business Corporations Act.

(b) The Bidder's common shares trade on the Toronto Stock Exchange.

2.3 Summary of the Scheme

If the Scheme becomes Effective:

(a) in consideration of the transfer of the Scheme Shares to the Bidder Sub, the Bidder Sub will provide (or procure the provision of) to each Scheme Participant the Scheme Consideration by satisfying its obligations to pay the Scheme Consideration under clause 5.2(a), in respect of each Scheme Share held by the Scheme Participant;

(b) all of the Scheme Shares and all rights and entitlements attaching to them as at the Implementation Date, will be transferred to the Bidder Sub; and

(c) the Target will enter the name and address of the Bidder Sub in the Target Register as the holder of the Scheme Shares transferred to it,

For personal use only

in each case, in accordance with and subject to the terms of this Scheme and the Deed Poll.

2.4 Scheme Implementation Agreement

The Bidder and the Target have agreed, by executing the Scheme Implementation Agreement, to implement the terms of the Scheme and to perform their respective obligations under the Scheme.

2.5 Deed Poll

This Scheme attributes actions to the Bidder and the Bidder Sub but does not itself impose an obligation on the Bidder or the Bidder Sub to perform those actions. The Bidder and the Bidder Sub have executed the Deed Poll in favour of the Scheme Participants pursuant to which each of them have covenanted to perform the actions attributed to them under the Scheme, including to provide to each Scheme Participant the Scheme Consideration by satisfying its obligations to pay the Scheme Consideration under clause 5.2(a) to which such Scheme Participant is entitled to in accordance with the terms of the Scheme and to carry out its other obligations in accordance with the Scheme Implementation Agreement.

3 Conditions

3.1 Conditions of Scheme

The Scheme is conditional upon, and will have no force or effect until the satisfaction of, each of the following conditions precedent:

(a) all of the conditions in clause 3.1 of the Scheme Implementation Agreement (other than the condition in the Scheme Implementation Agreement relating to Court approval of the Scheme) having been satisfied or, if capable of waiver under the Scheme Implementation Agreement, waived in accordance with the terms of the Scheme Implementation Agreement, by the Cut Off Time;

(b) neither the Scheme Implementation Agreement nor the Deed Poll having been terminated in accordance with their terms as at the Cut Off Time;

(c) the Court having approved the Scheme pursuant to section 411(4)(b) of the Corporations Act, either without modification or with modifications required by the Court under subsection 411(6) of the Corporations Act that both the Bidder and the Target accept in writing (each acting reasonably);

(d) subject to clause 10.1, such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Scheme and agreed to by the Bidder and the Target having been satisfied or waived; and

(e) the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) approving this Scheme coming into effect pursuant to section 411(10) of the Corporations Act on or before the End Date.

3.2 Effect of conditions precedent

The operation of the provisions of clauses 4 and 5 is conditional on the fulfilment of the conditions precedent set out in clause 3.1.

3.3 Certificate

The Bidder and the Target must each provide to the Court before 8.00am on the Second Court Date, a certificate confirming (in respect of matters within their knowledge) whether

For personal use only

or not all the conditions precedent in clauses 3.1(a) and 3.1(b) have been satisfied, or if not satisfied and capable of waiver, are waived, as at the Cut Off Time.

3.4 Conclusive evidence

The giving of a certificate by each of the Bidder and the Target in accordance with clause 3.3 will, in the absence of manifest error, be conclusive evidence of the matters referred to in the certificate.

3.5 Termination of Scheme Implementation Agreement

(a) The Scheme will lapse and be of no further force or effect if:

(i) the Effective Date does not occur on or before the End Date; or

(ii) the Scheme Implementation Agreement or the Deed Poll is terminated in accordance with its terms,

unless the Bidder and the Target otherwise agree in writing.

4 Scheme

4.1 Lodgement of Court order

(a) Following the approval of the Scheme by the Court in accordance with section 411(4)(b) of the Corporations Act, the Target must, as soon as possible and in any event by no later than 5.00pm on the first business day after the Court approves this Scheme, lodge with ASIC an office copy of the Scheme Order in accordance with section 411(10) of the Corporations Act.

(b) Subject to clause 3.5, this Scheme will come into effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

4.2 Transfer of Scheme Shares held by Scheme Participants

On the Implementation Date, in consideration of and subject to the Bidder Sub satisfying its obligation to pay the Scheme Consideration under clause 5.2(a), all of the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, must be transferred to the Bidder Sub without the need for any further acts by any Scheme Participant (other than acts performed by the Target as attorney and agent for Scheme Participants under clause 6) by:

(a) the Target delivering to the Bidder Sub a duly completed Scheme Transfer executed by the Target or any of its directors and officers as agent and attorney for the Scheme Participants as transferor for execution by the Bidder Sub; and

(b) the Bidder Sub duly executing the Scheme Transfer, attending to any necessary stamping (if required), and delivering the Scheme Transfer to the Target for registration.

4.3 Transfer documentation

Immediately following receipt by the Target of the Scheme Transfer duly executed by the Bidder Sub, as transferee pursuant to clause 4.2(b), but in any event on the Implementation Date, the Target must enter, or must procure the entry of, (subject to any necessary stamping, if required) the name and address of the Bidder Sub in the Target Register as the holder of all of the Scheme Shares transferred to the Bidder Sub in accordance with this Scheme.

For personal use only

4.4 Title to Scheme Shares

To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to the Bidder Sub will, at the time of transfer of them to the Bidder Sub, vest in the Bidder Sub free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009 (Cth)*) and interests of third parties of any kind, whether legal or otherwise and free from any restrictions on transfer of any kind.

4.5 Beneficial entitlement of Bidder Sub

From the time of the provision of the Scheme Consideration to each Scheme Participant in accordance with clauses 5.1, 5.2(a) and 5.2(b), the Bidder Sub will be beneficially entitled to the Scheme Shares (together with all rights and entitlements attached to the Scheme Shares) to be transferred to it under the Scheme pending registration of the Bidder Sub in the Target Register as the holder of those Scheme Shares.

4.6 Enforcement of Deed Poll

The Target undertakes in favour of each Scheme Participant to enforce the Deed Poll against the Bidder and the Bidder Sub on behalf of and as agent for the Scheme Participants.

5 Scheme Consideration

5.1 Entitlement to Scheme Consideration

On the Implementation Date, in consideration for the transfer to the Bidder Sub of the Scheme Shares:

(a) the Target and the Bidder Sub will take such steps to pay or procure the payment of the Aggregate Scheme Consideration as they are required to take in accordance with clauses 5.2(a) and 5.2(b); and

(b) each Scheme Participant will be entitled to receive, the Scheme Consideration in respect of each of their Scheme Shares in accordance with clause 5.2(b).

5.2 Provision of Scheme Consideration

(a) The Bidder Sub must by no later than the business day before the Implementation Date:

(i) deposit (or procure the deposit of), in cleared funds, an amount equal to the Aggregate Scheme Consideration net of any NRCGT Withholding Amount as provided for in clause 5.2(e) into the Trust Account; and

(ii) provide written confirmation to the Target of that deposit.

(b) On the Implementation Date, subject to funds having been deposited in accordance with clause 5.2(a), the Target must pay or procure the payment from the Trust Account of the Scheme Consideration to each Scheme Participant based on the number of Target Shares held by each such Scheme Participant as set out in the Target Register on the Record Date (provided that any interest on the amounts deposited, less bank fees and other charges, will be credited to the Bidder Sub's account).

(c) The obligations of the Target under clause 5.2(b) will be satisfied by the Target (in its absolute discretion) taking the following actions on the Implementation Date:

For personal use only

(i) where a Scheme Participant has, before the Record Date, made a valid election in accordance with the requirements of the Target Registry to receive dividend payments from the Target by electronic funds transfer to a bank account nominated by the Scheme Participant, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election;

(ii) paying, or procuring the payment of, the relevant amount in Australian currency by electronic means to a bank account nominated by the Scheme Participant by an appropriate authority from the Scheme Participant to the Target; or

(iii) otherwise, whether or not the Scheme Participant has made an election referred to in clause 5.2(c)(i), dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Scheme Participant by prepaid post to their address shown in the Target Register on the Record Date, such cheque being drawn in the name of the Scheme Participant (or in the case of joint holders, in accordance with the procedures set out in clause 5.3).

(d) To the extent that, following satisfaction of the Target's obligations under clause 5.2(b), there is a surplus in the amount held by the Target as trustee for the Scheme Participants in the Trust Account, that surplus must be paid by the Target to the Bidder Sub.

(e) If the Bidder or the Bidder Sub is required by section 260-5 or Subdivision 14-D of Schedule 1 of the *Taxation Administration Act 1953* (Cth) ('**Subdivision 14-D**'), or section 255 of the *Income Tax Assessment Act 1936* (Cth), to pay amounts to the Commissioner of Taxation ('**Commissioner**') in respect of the acquisition of Scheme Shares from certain Scheme Participants, the Bidder or the Bidder Sub is permitted to deduct the relevant amounts from the payment of the Scheme Consideration to those Scheme Participants, and remit such amounts to the Commissioner (the '**NRCGT Withholding Amount**'). The aggregate sum payable to Scheme Participants shall not be increased to reflect the deduction and the net aggregate sum payable to those Scheme Participants shall be taken to be in full and final satisfaction of the amounts owing to those Scheme Participants.

(f) Each of the Bidder and the Bidder Sub acknowledges and agrees that it shall not pay any amounts to the Commissioner under clause 5.2(e) with respect to a Scheme Participant where it receives an entity declaration from the Scheme Participant prior to the Implementation Date, where:

(i) the entity declaration is made in accordance with the requirements in section 14-225 of Subdivision 14-D and covers the Implementation Date ('**Entity Declaration**'); and

(ii) neither the Bidder nor the Bidder Sub knows that the Entity Declaration is false.

(g) The Target agrees that the Bidder may approach the Australian Taxation Office ('**ATO**') to obtain clarification as to the application of Subdivision 14-D to the Scheme and will provide all information and assistance that the Bidder reasonably requires in making any such approach. The Bidder agrees:

(i) to provide the Target a reasonable opportunity to review the form and content of all materials to be provided to the ATO, and must incorporate the Target's reasonable comments on those materials, and more generally to take into account the Target's comments in relation to the Bidder's

For personal use only

engagement with the ATO, and provide the Target a reasonable opportunity to participate in any discussions and correspondence between the Target and the ATO in connection with the application of Subdivision 14-D to the Scheme; and

(ii) not to contact any Scheme Participant in connection with the application of Subdivision 14-D to the Scheme without the Target's prior consent.

(h) The Bidder, the Bidder Sub and the Target agree to consult in good faith as to the application of Subdivision 14-D, and to take all actions that they agree (each acting reasonably) are necessary or desirable following that consultation.

5.3 Joint holders

In the case of Scheme Shares held in joint names:

(a) subject to clause 5.2(c), the Scheme Consideration that is payable in respect of such Scheme Shares is payable to the joint holders of those Scheme Shares and any cheque required to be sent under this Scheme in respect of such Scheme Consideration will be made payable to the joint holders and sent to either, at the sole discretion of the Target, the holder whose name appears first in the Target Register as at the Record Date or to the joint holders (unless the joint holders have nominated a bank account under clause 5.2(c)(i) or 5.2(c)(ii), in which case the amount must be deposited directly to the nominated bank account of the joint holders); and

(b) any other document required to be sent under this Scheme, will be forwarded to either, at the sole discretion of the Target, the joint holders or the holder whose name appears first in the Register as at the Record Date.

5.4 Fractional entitlements

Where the calculation of the Scheme Consideration to be issued to a particular Scheme Participant would result in the Scheme Participant becoming entitled to a fraction of a cent, the fractional entitlement will be rounded down to the nearest cent.

5.5 Unclaimed monies

(a) The Target may cancel a cheque issued under this clause 5 if the cheque:

(i) is returned to the Target; or

(ii) has not been presented for payment within six months after the date on which the cheque was sent.

(b) During the period of one year commencing on the Implementation Date, on request in writing from a Scheme Participant to the Target (or the Target Registry) (which request may not be made until the date which is 30 business days after the Implementation Date), the Target must reissue a cheque that was previously cancelled under clause 5.5(a).

(c) The *Unclaimed Money Act 2008* (Vic) will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in section 3 of the *Unclaimed Money Act 2008* (Vic)).

5.6 Orders of a court or Regulatory Authority

If written notice is given to the Target (or the Target Registry) of an order, direction or notice made by a court of competent jurisdiction or by another Regulatory Authority that, or if a law applicable to the Target otherwise:

For personal use only

(a) requires consideration to be provided to a third party in respect of Scheme Shares held by a particular Scheme Participant, which would otherwise be payable to that Scheme Participant by the Target in accordance with this clause 5, then the Target shall be entitled to procure that provision of such consideration is made in accordance with that order, law or direction; or

(b) prevents the Target from providing consideration to any particular Scheme Participant in accordance with this clause 5, or the payment is otherwise prohibited by applicable law, the Target shall be entitled to retain an amount, in Australian dollars, equal to the Scheme Consideration to which that Scheme Participant would otherwise be entitled under this clause 5 until such time as provision of such Scheme Consideration in accordance with this clause 5 is permitted by that (or another) order or direction or otherwise by law,

and any such payment or retention by the Target will constitute a full discharge of the Target's obligations under this clause 5 with respect to the amount so paid or retained (in the case of 5.6(b), until it is no longer required to be retained).

6 Scheme Participants

6.1 Appointment of Bidder as sole proxy

Immediately upon the provision of the Scheme Consideration to each Scheme Participant and until the Target registers the Bidder Sub as the holder of all the Scheme Shares in the Target Register, each Scheme Participant:

(a) is deemed to have irrevocably appointed the Bidder Sub as its attorney and agent (and directed the Bidder Sub in such capacity) to appoint such director, secretary, officer or agent nominated by the Bidder Sub to be its sole proxy and, where applicable or appropriate, corporate representative, to attend shareholders' meetings of the Target, exercise the votes attaching to Scheme Shares registered in its name and sign any shareholders' resolution, whether in person, by proxy or by corporate representative;

(b) must not attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 6.1(a));

(c) must take all other actions in the capacity of the registered holder of Scheme Shares as the Bidder Sub directs; and

(d) acknowledges and agrees that in exercising the powers referred to in clause 6.1(a), the Bidder Sub and any director, officer, secretary or agent nominated by the Bidder Sub under clause 6.1(a) may act in the best interests of the Bidder Sub as the intended registered holder of the Scheme Shares.

6.2 Appointment of Target as sole attorney and agent

Each Scheme Participant, without the need for any further act, irrevocably appoints the Target and each of the directors and officers of the Target, jointly and severally, as the Scheme Participant's attorney and agent for the purpose of:

(a) enforcing the Deed Poll against the Bidder and the Bidder Sub;

(b) executing any document necessary or expedient to give effect to the Scheme (including (without limitation) executing a Scheme Transfer and any instrument appointing the Bidder Sub as sole proxy for or, where applicable, corporate representative of each Scheme Participant as contemplated by clause 6.1); or

For personal use only

(c) doing any other act necessary or desirable to give full effect to the Scheme and the transactions contemplated by it,

and the Target accepts each such appointment. The Target as attorney and agent of each Scheme Participant, may sub-delegate its functions, authorities or powers under this clause 6.2 to all or any of its directors, officers, secretaries or employees (jointly, severally or jointly and severally).

6.3 Scheme Participants' consents and agreements

Each Scheme Participant:

(a) consents to the Target doing all things and executing all deeds, instruments, transfers or other documents as may be necessary, incidental or expedient to the implementation and performance of the Scheme and the Target, as agent of each Scheme Participant, may sub-delegate its functions under this clause 6.3 to any of its directors and officers, severally;

(b) agrees to the transfer of their Target Shares, together with all rights and entitlements attaching to those Target Shares to the Bidder Sub, in accordance with the Scheme;

(c) agrees to the variation, cancellation or modification of the rights attached to their Target Shares constituted by or resulting from this Scheme;

(d) following the provision of the Scheme Consideration to each Scheme Participant, agrees to, on the direction of the Bidder Sub, destroy any holding statements or share certificates relating to their Target Shares; and

(e) who holds their Target Shares in a CHESS Holding agrees, following the provision of the Scheme Consideration to each Scheme Participant, to the conversion of those Target Shares to an Issuer Sponsored Holding and irrevocably authorises Target to do anything necessary or expedient (whether required by the Settlement Rules or otherwise) to effect or facilitate such conversion.

6.4 Warranties by Scheme Participants

Each Scheme Participant is deemed to have warranted to the Target and the Bidder Sub on the Implementation Date, and appointed and authorised the Target as its attorney and agent to warrant to the Bidder Sub on the Implementation Date, that:

(a) all of their Target Shares (including any rights and entitlements attaching to those shares) which are transferred to the Bidder Sub under the Scheme will be so transferred fully paid and free from all mortgages, pledges, charges, liens, encumbrances, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise and restrictions on transfer of any kind. The Target undertakes that it will provide such warranty to the Bidder Sub as agent and attorney of each Scheme Participant;

(b) they have full power and capacity to sell and transfer their Target Shares to the Bidder Sub, including any rights and entitlements attaching to those shares. The Target undertakes that it will provide such warranty to the Bidder Sub as agent and attorney of each Scheme Participant; and

(c) they hold no Target Shares other than the Scheme Shares and they have no existing right to be issued any Target Shares, Performance Rights, or any other Target equity securities. The Target undertakes that it will provide such warranty to the Bidder Sub as agent and attorney of each Scheme Participant.

For personal use only

7 Dealings in Target Shares

7.1 Determination of Scheme Participants

(a) For the purpose of establishing the persons who are the Scheme Participants, dealings in Scheme Shares will only be recognised if:

(i) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Target Register as the holder of the relevant Target Shares before the Record Date; and

(ii) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received at or before 5.00pm on the day on which the Record Date occurs at the place where the Target Register is kept.

(b) The Target must register, or must procure the registration of, registrable transmission applications or transfers of the kind referred to in clause 7.1(a)(ii) by or as soon practicable after the Record Date.

(c) The Target will not accept for registration nor recognise for any purpose any transmission applications or transfers or other request in respect of Target Shares received after 5.00pm on the day on which the Record Date occurs or received prior to that time, but not in registrable form, other than a transfer to the Bidder Sub in accordance with the Scheme and any subsequent transfer by the Bidder Sub or its successors in title.

(d) If this Scheme becomes Effective, a Scheme Participant (and any person claiming through that Scheme Participant) must not dispose of or otherwise deal with, or purport or agree to dispose of or otherwise deal with, any Scheme Shares or any interest in them on or after the Record Date otherwise than pursuant to this Scheme and any attempt to do so will be void and have no effect and the Target will be entitled to disregard any such disposal or dealing.

7.2 Maintenance of Target Register

(a) For the purpose of determining entitlements to the Scheme Consideration, the Target will maintain, or procure the maintenance of, until the Scheme Consideration has been provided, the Target Register in accordance with the provisions of this clause 7 and the Target Register in this form will solely determine entitlements to the Scheme Consideration.

(b) All certificates and holding statements for Target Shares (other than holding statements in favour of the Bidder Sub and its successors in title after the Implementation Date) will cease to have any effect from the Record Date as documents of title in respect of those shares. After the Record Date, each entry current at that date on the Target Register will cease to be of any effect other than as evidence of entitlement to the Scheme Consideration in respect of the Target Shares relating to that entry.

7.3 Information to be made available to Bidder Sub

The Target will procure that, as soon as reasonably practicable after the Record Date, and in any event by 5.00pm on the first Business Day after the Record Date, details of the names, registered addresses and holdings of Target Shares of every Scheme Participant, in each case as shown in the Target Register as at the Record Date, are made available to the Bidder Sub in such form as the Bidder Sub reasonably requires.

For personal use only

8 Quotation of Target Shares

(a) The Target must apply to ASX to suspend trading on ASX in Target Shares with effect from close of trading on the Effective Date.

(b) On a date after the Implementation Date to be determined by the Bidder, the Target must apply for termination of the official quotation of Target Shares on ASX and the removal of the Target from the official list of ASX.

9 Notices

9.1 General

Any notice, transfer, transmission, application, direction, demand, consent or other communication ('**Notice**') given or made under this document must be in writing in English and signed by the sender or a person duly authorised by the sender.

9.2 Communications by post

If a Notice referred to in this Scheme is sent by post to the Target, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at the Target's registered office or at the office of the Target Registry.

9.3 Accidental omission

The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a Target Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

10 General

10.1 Alterations and conditions

The Target may, only with the consent of the Bidder, by its counsel consent on behalf of all Scheme Participants to any modifications or conditions which the Court thinks fit to impose. Each Scheme Participant agrees to any such modifications or conditions which counsel for the Target has consented to.

10.2 Consent

Each of the Scheme Participants consents to the Target doing all things necessary or incidental to, or to give effect to, the implementation of this Scheme, whether on behalf of the Scheme Participants, the Target or otherwise.

10.3 Costs

The Bidder Sub must:

(a) pay all stamp duties and any related fines, interest and penalties, payable on or in connection with the transfer by the Scheme Participants of Scheme Shares under the Scheme; and

(b) indemnify each Scheme Participant on demand against any liability arising from the Bidder Sub's failure to comply with clause 10.30.

10.4 Further assurances

For personal use only

The Target will execute all documents and do all acts and things (on its own behalf and on behalf of each Target Shareholder) necessary or expedient for the implementation of, and performance of its obligations under, the Scheme.

10.5 Governing law and jurisdiction

(a) This document is governed by and is to be construed in accordance with the laws applicable in the State of Victoria, Australia.

(b) Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in the State of Victoria, Australia and any courts which have jurisdiction to hear appeals from any of those courts and waives any right to object to any proceedings being brought in those courts.

10.6 GST

The Target must pay to the Scheme Participants an amount equal to any GST for which the Scheme Participants are liable on any supply by the Scheme Participants under or in connection with the Scheme, without deduction or set off of any other amount.

10.7 No liability when acting in good faith

Each Scheme Participant agrees that neither the Bidder, the Bidder Sub, the Target nor any director, officer or employee of any of those companies shall be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

10.8 Target and Scheme Participants bound

The Scheme binds the Target and all Scheme Participants (including Scheme Participants who do not attend the Scheme Meeting, do not vote at that meeting or vote against the Scheme) and will, for all purposes, to the extent of any inconsistencies, have effect notwithstanding any provision in the constitution of the Target.

For personal use only

THE REJECT SHOP

Scheme Booklet

Schedule 3 – Deed Poll

Schedule 3 – Deed Poll

For personal use only

Deed Poll

Dollarama Inc.
Dollarama International Inc.

SBA Law
Level 3, 535 Bourke Street
Melbourne, Victoria 3000
Tel: +61 3 9614 7000
Fax: +61 3 9614 7100
www.sbalaw.com

For personal use only

Contents

1 Definitions and interpretation 1
2 Nature of this deed poll 2
3 Conditions precedent and termination 2
4 Scheme obligations 2
5 Representations and warranties 3
6 Continuing obligations 3
7 Stamp duty 4
8 Notices 4
9 General 5
Execution and date 1

For personal use only

This deed poll is made on 14 May 2025

By: **Dollarama Inc.** of 5805 Av. Royalmount, Mont-Royal, Québec, H4P 0A1, Canada ('**Bidder**'); and

Dollarama International Inc. of 5805 Av. Royalmount, Mont-Royal, Québec, H4P 0A1, Canada ('**Bidder Sub**')

in favour of: Each Scheme Participant

Background

A The Bidder and the Target have entered into the Scheme Implementation Agreement under which the Target agreed to propose the Scheme to the Target Shareholders.

B Under the Scheme Implementation Agreement, the Bidder agreed to do all things within its power as may be necessary or desirable for the implementation and performance of the Scheme.

C The Bidder has nominated the Bidder Sub to acquire the Scheme Shares in accordance with the Scheme Implementation Agreement.

D The Bidder and the Bidder Sub are each entering into this deed poll for the purpose of covenanting in favour of Scheme Participants to perform their obligations under the Scheme Implementation Agreement (in relation to the Bidder) and the Scheme (in relation to the Bidder and the Bidder Sub).

Operative Provisions

1 Definitions and interpretation

1.1 Definitions

(a) In this deed poll the following definitions apply:

Scheme means the scheme of arrangement between the Target and the Scheme Participants under Part 5.1 of the Corporations Act in the form attached to the Scheme Implementation Agreement (or such other form as agreed by the Bidder and the Target), subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed in writing by the Bidder and the Target; and

Scheme Implementation Agreement means the scheme implementation agreement dated 27 March 2025 between the Bidder and the Target.

(b) Words and phrases defined in the Scheme have the same meaning in this deed poll unless the context requires otherwise.

1.2 Interpretation

The rules specified in clauses 1.2 (*Interpretation*) and 1.3 (*Business days and time*) of the Scheme apply in interpreting or construing this deed poll, unless the context requires otherwise.

For personal use only

1.3 Joint and several liability

Any agreement, covenant, undertaking, representation, warranty or indemnity under this deed poll by the Bidder and the Bidder Sub binds them jointly and severally.

2 Nature of this deed poll

The Bidder and the Bidder Sub each acknowledge that:

(a) this deed poll may be relied on and enforced by any Scheme Participant in accordance with its terms, even though the Scheme Participants are not party to it; and

(b) under the Scheme, each Scheme Participant irrevocably appoints the Target and any of the Target's directors and officers (jointly and each of them severally) as its agent and attorney, inter alia, to enforce this deed poll against the Bidder and the Bidder Sub.

3 Conditions precedent and termination

3.1 Conditions precedent

The obligations of the Bidder and the Bidder Sub under this deed poll are subject to the Scheme becoming Effective.

3.2 Termination

If:

(a) the Scheme Implementation Agreement is terminated in accordance with its terms; or

(b) the Scheme does not become Effective on or before the End Date,

the obligations of Bidder and the Bidder Sub under this deed poll will automatically terminate and the terms of this deed poll will be of no further force or effect, unless the Target and the Bidder otherwise agree in writing.

3.3 Consequences of termination

If this deed poll is terminated under clause 3.2 then, in addition and without prejudice to any other rights, powers or remedies available to Scheme Participants:

(a) the Bidder and the Bidder Sub are each released from their obligations to further perform this deed poll; and

(b) each Scheme Participant retains any rights, power or remedies it has against the Bidder and the Bidder Sub in respect of any breach of this deed poll by the Bidder and the Bidder Sub which occurred before termination of this deed poll.

4 Scheme obligations

Subject to clause 3:

(a) the Bidder undertakes in favour of each Scheme Participant to comply with all of its obligations under the Scheme Implementation Agreement, subject to and in accordance with the terms of the Scheme Implementation Agreement;

For personal use only

(b) the Bidder and the Bidder Sub each undertake in favour of each Scheme Participant to perform the actions and obligations attributed to it under, and otherwise comply with, the Scheme as if it were a party to the Scheme, subject to and in accordance with the terms of the Scheme;

(c) the Bidder Sub undertakes in favour of each Scheme Participant to deposit, or procure the deposit of, in cleared funds, by no later than the Business Day before the Implementation Date, an amount equal to the Aggregate Scheme Consideration into an Australian dollar denominated trust account operated by the Target as trustee for the Scheme Participants, except that any interest on the amounts deposited (less bank fees and other charges) will be credited to the Bidder Sub account; and

(d) the Bidder undertakes in favour of each Scheme Participant that, in the event the Bidder Sub will not or does not fulfill its obligations under the Scheme or this deed poll, including clause 4(c) of this deed poll, the Bidder will perform those obligations as if the Bidder were the primary obligor (and, in the case of clause 4(c), as if references to the Bidder Sub in clause 4(c) were references to the Bidder).

5 Representations and warranties

The Bidder and the Bidder Sub each represents and warrants in favour of each Scheme Participant, in respect of itself, that:

(a) it is a company validly existing under the laws of its place of registration;

(b) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;

(c) it has taken all necessary corporate action to authorise the entry by it into this deed poll and has taken or will take all necessary corporate action to authorise the performance by it of this deed poll and to carry out the transactions contemplated by this deed poll;

(d) this deed poll is valid and binding on it and enforceable against it in accordance with its terms;

(e) this deed poll does not conflict with or result in the breach of, or any default under:

(i) any provision of its constituent documents; or

(ii) any writ, order or injunction, judgement, law, rule or regulation to which it is subject or by which it is bound.

6 Continuing obligations

This deed poll is irrevocable and, subject to clause 3, remains in full force and effect until:

(a) the Bidder and the Bidder Sub have completely performed their obligations under this deed poll; or

(b) this deed poll is terminated in accordance with clause 3,

whichever occurs first.

For personal use only

7 Stamp duty

The Bidder Sub must:

(a) pay all stamp duties and any related fines, interest and penalties, payable on or in connection with the transfer by the Scheme Participants of the Scheme Shares to the Bidder Sub pursuant to the Scheme; and

(b) indemnify each Scheme Participant on demand against any liability arising from the Bidder Sub's failure to comply with clause 0.

8 Notices

8.1 General

Any notice, transfer, transmission, application, direction, demand, consent or other communication ('**Notice**') given or made to the Bidder and the Bidder Sub under this deed poll must be in writing in English and signed by the sender or a person duly authorised by the sender.

8.2 How to give a Notice

A Notice must be given to the Bidder and the Bidder Sub by being:

(a) personally delivered;

(b) left at, or sent by pre-paid mail to, the current delivery address for notices or current registered office address for the Bidder and the Bidder Sub; or

(c) sent by email to the current email address for the Bidder and the Bidder Sub.

8.3 Particulars for delivery of notices

The particulars for delivery of Notices to the Bidder and the Bidder Sub are set out below (or any alternative details nominated by Bidder or Bidder Sub by Notice):

Address: 5805 Av. Royalmount, Mont-Royal, Québec, H4P 0A1, Canada
Email: [redacted]
Attention:

with a copy to Corrs Chambers Westgarth:

Address: Level 37, Quay Quarter Tower, 50 Bridge Street, Sydney NSW 2000
Email: adam.foreman@corrs.com.au
Attention: Adam Foreman, Partner

8.4 Communications by post

Subject to clause 8.5, a Notice is given:

(a) if it is delivered, when it is left at the relevant address;

(b) if it is sent by post within Australia to an Australian postal address, three business days after posting;

(c) if it is sent by post outside of Australia to an Australian postal address or within Australia to an address outside of Australia, nine business days after posting; or

(d) if sent by email, at the time of transmission, unless the sender receives a delivery failure notification indicating that the email was not successfully delivered.

For personal use only

8.5 After hours communications

If a Notice is given:

(a) after 5.00pm in the place of receipt; or

(b) on a day that is not a business day,

it is taken as having been given at 9.00am on the next business day.

8.6 Process service

Any process or other document relating to litigation, administrative or arbitral proceedings relating to this deed poll may be served by any method contemplated by this clause 8 or in accordance with any applicable law.

9 General

9.1 Amendment

A provision of this deed poll may not be varied unless:

(a) if before the First Court Date, the variation is agreed to in writing by the Target and Bidder; or

(b) if on or after the First Court Date, the variation is agreed to in writing by the Target and Bidder and the Court indicates that the variation would not of itself preclude approval of the Scheme,

in which event the Bidder and the Bidder Sub must enter into a further deed poll in favour of the Scheme Participants giving effect to that variation.

9.2 Assignment

The rights and obligations of the Bidder and the Bidder Sub and of each Scheme Participant under this deed poll are personal and must not be assigned, encumbered or otherwise dealt with at law or in equity and no person may attempt, or purport, to do so without the prior written consent of the Target, the Bidder and the Bidder Sub.

9.3 Cumulative rights

The rights, defences, powers and remedies of the Bidder, of the Bidder Sub and of each Scheme Participant under this deed poll are cumulative and do not exclude any other rights, defences, powers or remedies provided by law or equity independently of this deed poll.

9.4 Further assurances

Each of the Bidder and the Bidder Sub will execute and deliver all documents and do all acts and things (each on its own behalf and on behalf of each Scheme Participant) necessary or desirable to give full effect to this deed poll and the transactions contemplated by it.

9.5 Governing law and jurisdiction

(a) This deed poll is governed by and is to be construed in accordance with the laws applicable in the State of Victoria, Australia.

(b) The Bidder and the Bidder Sub each irrevocably and unconditionally:

For personal use only

(i) submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in the State of Victoria, Australia, and any courts which have jurisdiction to hear appeals from any of those courts; and

(ii) waives any right to object to any proceedings being brought in those courts.

9.6 Severability

If the whole or any part of a provision of this deed poll is void, unenforceable or illegal in a jurisdiction it is severed for that jurisdiction. The remainder of this deed poll has full force and effect and the validity or enforceability of that provision in any other jurisdiction is not affected. This clause 9.6 has no effect if the severance alters the basic nature of this deed poll or is contrary to public policy.

9.7 Waiver

Failure to exercise or enforce or a delay in exercising or enforcing or the partial exercise or enforcement of any right, power or remedy provided by law or under this deed poll by any person will not in any way preclude, or operate as a waiver of, any exercise or enforcement, or further exercise or enforcement of that or any other rights, power or remedy provided by law or under this deed poll. A waiver is not valid or binding on the person granting that waiver unless made in writing.

For personal use only

Execution and date

Executed as a deed poll in the State of Victoria, Australia.

Date 14 May 2025

Dollarama Inc.

[redacted]

Dollarama International Inc.

[redacted]

For personal use only

THE REJECT SHOP

Scheme Booklet

Schedule 4 – Notice of Scheme Meeting

Schedule 4 – Notice of Scheme Meeting

For personal use only

NOTICE OF SCHEME MEETING

The Reject Shop Limited ABN 33 006 122 676

Notice is given that, by an order of the Federal Court of Australia (**Court**) made on 16 May 2025 pursuant to section 411(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**), a meeting of shareholders of The Reject Shop Limited (**The Reject Shop**) (**Scheme Meeting**) will be held virtually at 2.30pm (AEST) on Monday, 23 June 2025 via the online meeting platform at https://meetings.openbriefing.com/TRS25.

Purpose of the Scheme Meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, to agree to a scheme of arrangement (with or without amendments or modifications required by the Court to which The Reject Shop and Dollarama Inc. (**Dollarama**) agree) proposed to be made between The Reject Shop and its shareholders (**Scheme**).

Scheme Resolution

To consider and, if thought fit, to pass (with or without amendment) the following resolution:

That, pursuant to and in accordance with section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement proposed between The Reject Shop Limited and the holders of its ordinary shares as contained in and more precisely described in the Scheme Booklet of which the notice convening this meeting forms part, is agreed to (with or without modification or conditions as approved by the Federal Court of Australia to which The Reject Shop Limited and Dollarama Inc. agree).

Chair of the Scheme Meeting

The Court has directed that Steven Fisher is to act as chair of the Scheme Meeting (and, that if Steven Fisher is unable or unwilling to attend the Scheme Meeting, David Grant is to act as chair of the Scheme Meeting).

By order of the Court and The Reject Shop Board

Lauren Harris
Company Secretary

16 May 2025

For personal use only

EXPLANATORY NOTES

General

This Notice of Scheme Meeting and the Scheme Resolution should be read in conjunction with the Scheme Booklet of which this notice forms part. The Scheme Booklet contains important information to assist you in determining how to vote on the Scheme Resolution.

Capitalised terms used but not defined in this Notice of Scheme Meeting have the meaning given to those terms in Section 10 of the Scheme Booklet unless the context requires otherwise.

Requisite Majorities

In accordance with section 411(4)(a) of the Corporations Act, for the Scheme to be approved by Reject Shop Shareholders, the Scheme Resolution must be passed by:

- unless the Court orders otherwise, a majority in number (more than 50%) of Reject Shop Shareholders present and voting at the Scheme Meeting (either online or by proxy, attorney or, in the case of corporate Reject Shop Shareholders, corporate representative); and
- at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Reject Shop Shareholders present and voting (either online or by proxy, attorney or, in the case of corporate Reject Shop Shareholders, corporate representative).

Court approval

Under section 411(4)(b) of the Corporations Act, the Scheme (with or without modification or conditions approved by the Court to which The Reject Shop and Dollarama agree in writing) must be approved by the Court.

If the Scheme Resolution is agreed to by the requisite majorities set out above and the conditions set out in the Scheme Implementation Agreement are satisfied or (where applicable) waived, The Reject Shop will apply to the Court for the necessary orders to approve the Scheme.

How to Participate in the Scheme Meeting

Reject Shop Shareholders (or their appointed proxies) may attend the Scheme Meeting, vote and ask questions in real time via the online meeting platform: https://meetings.openbriefing.com/TRS25.

Online registration for the Scheme Meeting will open at 2.00pm (AEST) on Monday, 23 June 2025.

The Virtual Scheme Meeting Guide, outlining how to participate in the Scheme Meeting via the online meeting platform, including how to vote and ask questions, can be found on The Reject Shop website at https://www.rejectshop.com.au/about/scheme-of-arrangement (**Virtual Scheme Meeting Guide**).

If you are not able to attend the Scheme Meeting online at the scheduled time, you can participate in the Scheme Meeting by appointing a proxy to attend the Scheme Meeting and vote on your behalf in accordance with the instructions below.

Voting at the Scheme Meeting

Entitlement to participate and vote

The Reject Shop Board has determined that, for the purposes of the Scheme Meeting (including voting at the Scheme Meeting), Reject Shop Shareholders are those persons who are registered holders of Reject Shop Shares at 2.30pm (AEST) on Saturday, 21 June 2025.

The Scheme Resolution will be decided on a poll. On a poll, each Reject Shop Shareholder has one vote for each Reject Shop Share held by that shareholder.

Appointing a proxy

A Reject Shop Shareholder entitled to attend and vote at the Scheme Meeting may appoint a proxy to attend and vote on their behalf.

A proxy need not be a Reject Shop Shareholder. A Reject Shop Shareholder may appoint an individual or body corporate as a proxy. If a body corporate is appointed as a proxy, it must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as a proxy at the Scheme Meeting.

A Reject Shop Shareholder entitled to cast two or more votes at the Scheme Meeting may appoint up to two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

Any directed proxies that are not voted on a poll at the Scheme Meeting will default to the chair of the Scheme Meeting who is required to vote those proxies as directed.

Proxy forms (and, if applicable, an original certified copy of the authority under which it is signed) must be submitted by **2.30pm (AEST) on Saturday, 21 June 2025**.

For personal use only

Completed proxy forms and any authority under which they are signed may be:

- *mailed to:* The Reject Shop Limited, C/- MUFG Corporate Markets (AU) Limited, Locked Bag A14, Sydney South NSW 1235 Australia;
- *sent by fax to:* +61 2 9287 0309;
- *delivered by hand during business hours to:* MUFG Corporate Markets (AU) Limited, Parramatta Square, Level 22, Tower 6, 10 Darcy Street, Parramatta NSW 2150; or
- *submitted online via:* au.investorcentre.mpms.mufg.com

For more information on the appointment of proxies, please refer to the proxy form enclosed with this Notice of Scheme Meeting.

Appointing an attorney

A Reject Shop Shareholder entitled to attend and vote at the Scheme Meeting may appoint an attorney to attend and vote on their behalf. For the appointment to be effective for the Scheme Meeting, the instrument effecting the appointment or a certified copy of it must be received by The Reject Shop at its registered office or the physical address listed above for the receipt of proxy forms by 2.30pm (AEST) on Saturday, 21 June 2025.

Appointing a corporate representative

A body corporate which is a Reject Shop Shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the Scheme Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act.

Corporate representatives must submit a completed 'Certificate of Appointment as a Corporate Representative' form by email to support@cm.mpms.mufg.com by 2.30pm (AEST) on Saturday, 21 June 2025.

How the chair of the Scheme Meeting intends to vote undirected proxies

If the chair of the Scheme Meeting is appointed as your proxy, the chair of the Scheme Meeting intends to vote all available undirected proxies in favour of the Scheme Resolution.

Technical Difficulties

Technical difficulties may arise during the Scheme Meeting. The chair of the Scheme Meeting has discretion as to whether and how the Scheme Meeting should proceed in the event a technical difficulty arises. In exercising this discretion, the chair of the Scheme Meeting will have regard to the number of Reject Shop Shareholders impacted and the extent to which participation in the business of the Scheme Meeting is affected.

Where considered appropriate, the chair of the Scheme Meeting may continue to hold the Scheme Meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, Reject Shop Shareholders are encouraged to lodge a directed proxy by 2.30pm (AEST) on Saturday, 21 June 2025 even if they plan to attend the Scheme Meeting online.

In the event of a technological failure that prevents Reject Shop Shareholders from having a reasonable opportunity to participate in the Scheme Meeting, The Reject Shop will provide an update on its website and the ASX to communicate the details of any postponement or adjournment of the Scheme Meeting to Reject Shop Shareholders.

Questions and Comments

Reject Shop Shareholders may submit written questions to The Reject Shop in advance of the Scheme Meeting (whether or not they are able to attend the Scheme Meeting) by 5.00pm (AEST) on Monday, 16 June 2025 by emailing: companysecretary@rejectshop.com.au.

Reject Shop Shareholders may also ask questions about, or make comments on, the Scheme during the Scheme Meeting via a dedicated phone line or the online meeting platform. Instructions on how to ask questions during the Scheme Meeting are outlined in the Virtual Scheme Meeting Guide.

The chair of the Scheme Meeting will endeavour to address as many questions as possible during the Scheme Meeting. However, there may not be sufficient time available at the Scheme Meeting to address all of the questions raised. Individual responses will not be sent to Reject Shop Shareholders.

Corporate directory

For personal use only

THE REJECT SHOP LIMITED

245 Racecourse Road
Kensington, Victoria 3031

FINANCIAL ADVISER

UBS Securities Australia Limited

Level 16, 8 Exhibition Street
Melbourne, Victoria 3000

LEGAL ADVISER

SBA Law

Level 3, 535 Bourke Street
Melbourne, Victoria 3000

INDEPENDENT EXPERT

Kroll Australia Pty Ltd

Level 32, 85 Castlereagh Street
Sydney, New South Wales 2000

THE REJECT SHOP SHARE REGISTRY

MUFG Corporate Markets, a division of MUFG Pension & Market Services (formerly known as Link Market Services)

Level 10, Tower 4
727 Collins Street
Melbourne, Victoria 3008

1300 420 709 (callers within Australia) or
+61 1300 420 709 (callers outside Australia)

www.colliercreative.com.au #REJ0001

For personal use only

THE REJECT SHOP

rejectshop.com.au

THE REJECT SHOP

The Reject Shop Limited
ABN 33 006 122 676

LODGE YOUR VOTE

ONLINE
https://au.investorcentre.mpms.mufg.com

BY MAIL
The Reject Shop Limited
C/- MUFG Corporate Markets (AU) Limited
Locked Bag A14
Sydney South NSW 1235 Australia

BY FAX
+61 2 9287 0309

BY HAND
MUFG Corporate Markets (AU) Limited
Parramatta Square, Level 22, Tower 6,
10 Darcy Street, Parramatta NSW 2150

ALL ENQUIRIES TO
Telephone: 1300 420 709 Overseas: +61 1300 420 709

X99999999999

For personal use only

PROXY FORM

I/We being a shareholder(s) of The Reject Shop Limited (**Company**) and entitled to attend and vote at the Scheme Meeting (**Scheme Meeting**) hereby appoint:

STEP 1

APPOINT A PROXY

☐ **the Chair of the Scheme Meeting (mark box)**

OR if you are **NOT** appointing the Chair of the Scheme Meeting as your proxy, please write the name and email of the person or body corporate you are appointing as your proxy

Name

Email

or failing the person or body corporate named, or if no person or body corporate is named, the Chair of the Scheme Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Scheme Meeting of the Company to be held at **2:30pm (AEST) on Monday, 23 June 2025** and at any postponement or adjournment of the Scheme Meeting.

The Scheme Meeting will be conducted as a virtual meeting and you can participate by logging in online at **https://meetings.openbriefing.com/TRS25** (refer to details in the Virtual Scheme Meeting Guide which can be accessed at https://www.rejectshop.com.au/about/scheme-of-arrangement).

The Chair of the Scheme Meeting intends to vote undirected proxies in favour of the Resolution.

STEP 2

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Scheme Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

Resolution

		For	Against	Abstain*
1	That, pursuant to and in accordance with section 411 of the *Corporations Act 2001* (Cth), the scheme of arrangement proposed between The Reject Shop Limited and the holders of its ordinary shares as contained in and more precisely described in the Scheme Booklet of which the notice convening this meeting forms part, is agreed to (with or without modification or conditions as approved by the Federal Court of Australia to which The Reject Shop Limited and Dollarama Inc. agree).	☐	☐	☐

* If you mark the Abstain box for the Resolution, you are directing your proxy not to vote on your behalf on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)	Joint Shareholder 2 (Individual)	Joint Shareholder 3 (Individual)
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chair of the Scheme Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chair of the Scheme Meeting as your proxy, please write the name of that individual or body corporate in Step 1. An email will be sent to your appointed proxy with details on how to access the the Scheme Meeting. If you leave this section blank, or if your named proxy does not attend the Scheme Meeting, the Chair of the Scheme Meeting will be your proxy. If your named proxy attends the Scheme Meeting but does not vote on the Resolution in accordance with your direction, the Chair of the Scheme Meeting will become your proxy in respect of the Resolution. A proxy need not be a shareholder of the Company.

PROXY VOTING BY THE CHAIR OF THE SCHEME MEETING

On a poll, the Chair of the Scheme Meeting will vote directed proxies as directed and may vote available undirected proxies as the Chair of the Scheme Meeting sees fit.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite the Resolution. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the Resolution, your proxy may vote as he or she chooses. If you mark more than one box on the Resolution your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Scheme Meeting and vote on a poll. If you wish to appoint a second proxy, an additional proxy form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

(a) on each of the first proxy form and the second proxy form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and

(b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the shareholder must sign.

Joint Holding: where the holding is in more than one name, any shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the share registry. If you have not previously lodged this document for notation, please attach a certified copy of the Power of Attorney to this form when you return it.

Companies: where the company has a sole Director who is also the sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Scheme Meeting virtually, the appropriate "Certificate of Appointment of Corporate Representative" must be received at support@cm.mpms.mufg.com prior to the Scheme Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.mpms.mufg.com/en/mufg-corporate-markets.

LODGEMENT OF A PROXY FORM

This proxy form (and any Power of Attorney under which it is signed) must be received at an address given below by **2:30pm (AEST) on Saturday, 21 June 2025,** being not later than 48 hours before the commencement of the Scheme Meeting. Any proxy form received after that time will not be valid for the scheduled Scheme Meeting.

Proxy forms may be lodged in the following ways:

ONLINE VIA A COMPUTER, TABLET OR MOBILE DEVICE

Step 1: Go to **https://au.investorcentre.mpms.mufg.com** OR access using the adjacent QR code.

Step 2: Click on 'Proceed' in the View Single Holding box, enter 'The Reject Shop' as the Issuer Name, and enter your Shareholder Reference Number (SRN) / Holder Identifier Number (HIN) (found on the front of this proxy form) and postcode.

Step 3: Complete the security validation, read and accept the terms and conditions and click 'Submit'.

Step 4: Select `Voting' to lodge your vote.

BY MAIL

The Reject Shop Limited
C/- MUFG Corporate Markets (AU) Limited
Locked Bag A14
Sydney South NSW 1235
Australia

BY FAX

+61 2 9287 0309

BY HAND

delivering it to C/- MUFG Corporate Markets (AU) Limited*
Parramatta Square
Level 22, Tower 6
10 Darcy Street
Parramatta NSW 2150

*During business hours Monday to Friday (9:00am - 5:00pm)

For personal use only