ANNUAL INFORMATION FORM

FISCAL YEAR ENDED JANUARY 29, 2017

April 7, 2017

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1 EXPLANATORY NOTES

Unless otherwise indicated, the information in this annual information form (the “Annual Information Form”) is stated as at January 29, 2017, the last day of the Corporation’s most recently completed fiscal year, and all dollar amounts are expressed in Canadian dollars.

References to “Dollarama” or the “Corporation” refer to Dollarama Inc. and all of its subsidiaries, collectively, or to Dollarama Inc. or one or more of its subsidiaries, as applicable.

1.1 Forward-Looking Statements

Certain statements in this Annual Information Form about current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. The words “may”, “will”, “would”, “should”, “could”, “expects”, “plans”, “intends”, “trends”, “indications”, “anticipates”, “believes”, “estimates”, “predicts”, “likely” or “potential” or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements. Forward-looking statements are based on information currently available and on estimates and assumptions made by management regarding, among other things, general economic conditions and the competitive environment within the retail industry in Canada, in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors deemed appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. Many factors could cause actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, but not limited to, the following factors, which are discussed in greater detail in the “Risk Factors” section of this Annual Information Form: future increases in operating and merchandise costs, inability to sustain assortment and replenishment of merchandise, increase in the cost or a disruption in the flow of imported goods, failure to maintain brand image and reputation, disruption of distribution infrastructure, inventory shrinkage, inability to renew store, warehouse, distribution center and head office leases on favourable terms, inability to increase warehouse and distribution center capacity in a timely manner, seasonality, market acceptance of private brands, failure to protect trademarks and other proprietary rights, foreign exchange rate fluctuations, potential losses associated with using derivative financial instruments, level of indebtedness and inability to generate sufficient cash to service debt, changes in creditworthiness and credit rating and the potential increase in the cost of capital, interest rate risk associated with variable rate indebtedness, competition in the retail industry, current economic conditions, departure of senior executives, failure to attract and retain quality employees, disruption in information technology systems, inability to protect systems against cyber attacks, unsuccessful execution of the growth strategy, holding company structure, adverse weather, natural disasters and geopolitical events, unexpected costs associated with current insurance programs, product liability claims and product recalls, litigation and regulatory and environmental compliance.

These factors are not intended to represent a complete list of the factors that could affect the Corporation; however, they should be considered carefully. The purpose of the forward-looking statements is to provide the reader with a description of management’s expectations regarding the Corporation’s financial performance and may not be appropriate for other purposes. Readers should not place undue reliance on forward-looking statements made herein. Furthermore, unless otherwise stated, the forward-looking statements contained in this Annual Information Form are made as at the date of this Annual Information Form, and management has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. The forward-looking statements contained in this Annual Information Form are expressly qualified by this cautionary statement.

1.2 GAAP and Non-GAAP Measures

The Corporation's financial statements, available on SEDAR at www.sedar.com, are prepared in accordance with generally accepted accounting principles ("GAAP") in Canada as set out in the CPA Canada Handbook – Accounting under Part 1, which incorporates International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

This Annual Information Form makes reference to EBITDA, a non-GAAP measure representing operating income plus depreciation and amortization. This non-GAAP measure is not recognized under GAAP, does not have a standardized meaning prescribed by GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers. Management believes that the presentation of non-GAAP measures is appropriate. However, non-GAAP measures have important limitations as analytical tools, and readers should not consider them in isolation, or as substitutes for analysis of the Corporation's results as reported under GAAP.

Reference is made to the section entitled "Selected Consolidated Financial Information" of the Corporation's annual management's discussion and analysis, available on SEDAR at www.sedar.com, for additional information on non-GAAP measures and for the reconciliation of EBITDA to the most directly comparable GAAP measure.

1.3 Market and Industry Data

The market and industry data presented in this Annual Information Form has been obtained from a combination of internal company surveys, third party information, including third party websites, and estimates of management. While those sources are believed to be reliable, they have not been independently verified, and management has no assurance that the information contained in third party websites is current and up-to-date. While management is not aware of any misstatements regarding the market and industry data presented in this Annual Information Form, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under "Forward-Looking Statements" and "Risk Factors".

2 CORPORATE STRUCTURE

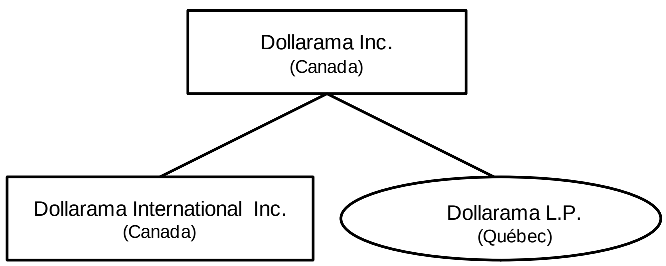
2.1 Name, Address and Incorporation

The Corporation was incorporated under the *Canada Business Corporations Act* ("CBCA") by articles of incorporation dated October 20, 2004 under the name 4258401 Canada Inc. The Corporation's name was thereafter changed to Dollarama Capital Corporation pursuant to articles of amendment dated November 16, 2004. The Corporation's articles were further amended on December 20, 2006 to, among other things, create classes of common and preferred shares, and on September 8, 2009 to change its name to Dollarama Inc. Immediately preceding the closing of its initial public offering on October 16, 2009, the Corporation amalgamated with 4513631 Canada Inc., one of its holding corporations, under the CBCA pursuant to articles of amalgamation dated October 16, 2009.

The Corporation's head and registered office is located at 5805 Royalmount Ave., Montreal, Québec, H4P 0A1.

2.2 Intercorporate Relationships

The chart below indicates the intercorporate relationships of the Corporation and its material subsidiaries as at the date hereof, together with the jurisdiction of incorporation or constitution of each entity.



As at January 29, 2017, the Corporation owned all of the equity interests in Dollarama L.P., a limited partnership formed under the laws of the Province of Québec which operates the Dollarama business.

As at the same date, the Corporation also owned all of the equity interests in Dollarama International Inc., a corporation incorporated under the CBCA which exports and sells products to Dollar City, a Central American dollar store chain, pursuant to a commercial arrangement entered into between the parties in February 2013. See "Business of the Corporation - Business Overview - Direct Sourcing for Canada and Dollar City Agreement".

With the exception of Dollarama L.P., the total assets or revenue of each of the subsidiaries of the Corporation (whether or not mentioned herein) did not constitute more than 10%, individually, of the consolidated assets or revenue of the Corporation as at January 29, 2017, nor did they constitute more than 20%, in the aggregate, of the consolidated assets or revenue of the Corporation as at January 29, 2017.

3 GENERAL DEVELOPMENT OF THE BUSINESS

As at January 29, 2017, Dollarama owned and operated 1,095 stores across Canada, and generated sales of $2.96 billion and EBITDA of $703.3 million during the fiscal year ended January 29, 2017.

The highlights relating to the development of the Dollarama business over the three most recently completed fiscal years and for the current fiscal year are described below. References to “Fiscal 2018” are to the Corporation’s fiscal year ending January 28, 2018, to “Fiscal 2017” are to the Corporation’s fiscal year ended January 29, 2017, to “Fiscal 2016” are to the Corporation’s fiscal year ended January 31, 2016, and to “Fiscal 2015” are to the Corporation’s fiscal year ended February 1, 2015. The Corporation’s fiscal year ends on the Sunday closest to January 31 of each year.

3.1 Fiscal 2018 Developments

Acceptance of Credit Cards

In early 2016, Dollarama launched a credit card pilot program to evaluate the impact and feasibility of accepting credit cards as a payment method in all its stores. Dollarama began accepting credit cards in its stores in British Columbia in January 2016 and later extended the pilot to stores located in Alberta and New Brunswick. Based on the results of the one-year pilot program, the Corporation has concluded that the incremental impact of increased sales offsets the additional costs associated with accepting credit cards as a method of payment. While the Corporation expects the financial impact to be neutral, this additional payment method will provide customers with additional convenience. The Corporation plans to accept credit cards as a payment method in all stores across Canada in the second quarter of Fiscal 2018.

Long-Term Store Target

In March 2017, the Corporation completed a study to re-evaluate the market potential for Dollarama stores across Canada. The study took into consideration, among other factors, the 2016 census and household income data published in early 2017, the current competitive retail landscape in all markets across Canada, the rates of per capita store penetration, the performance of comparable and new stores and the targeted payback period expected by Dollarama on new store openings. The results of this study support management’s confidence in the Corporation’s ability to continue to expand the store network beyond the previously disclosed threshold of 1,400 stores, up to approximately 1,700 stores over the next eight to ten years. While cannibalization is expected to increase as the total store count gets closer to 1,700, management does not expect this to have a significant impact on the current average capital payback period of approximately two years.

Dividend Increase

On March 30, 2017, the Corporation announced that the board of directors of the Corporation (the “Board of Directors”) had approved a 10% increase of the quarterly dividend for holders of its common shares, from $0.10 to $0.11 per common share.

Private Offering of $225 Million Senior Unsecured Notes

On March 16, 2017, the Corporation issued series 2 floating rate senior unsecured notes due March 16, 2020 (the “Series 2 Floating Rate Notes”) by way of private placement in Canada in reliance upon exemptions from the prospectus requirements under applicable securities legislation (the “2017 Offering”). The Series 2 Floating Rate Notes were issued at par for aggregate gross proceeds of $225.0 million and bear interest at a rate equal to the 3-month bankers’ acceptance rate (CDOR) plus 59 basis points (or 0.59%). The Corporation used the net proceeds of the 2017 Offering to repay indebtedness outstanding under its unsecured revolving credit facility (the “Credit Facility”) and for general corporate purposes. The Series 2 Floating Rate Notes were assigned a rating of BBB, with a stable trend, by DBRS Limited (“DBRS”). See “Description of Material Indebtedness - Senior Unsecured Notes”.

3.2 Fiscal 2017 Developments

New Warehousing Facility

At the beginning of Fiscal 2017, the Corporation announced that the Board of Directors had approved an investment of approximately $60.0 million in the construction of a new 500,000 square-foot warehouse in Montreal, Québec, aimed at increasing the total warehousing capacity by approximately 40%, on a square footage basis, to accommodate capacity requirements. Construction began in March 2016 and was completed, on time and under budget, before the end of Fiscal 2017.

Introduction of Additional Price Points

In August 2016, the Corporation started to gradually add non-grocery items at the $3.50 and $4.00 price points to its existing seasonal and general merchandise product selection offered at fixed price points of $0.82, $1.00, $1.25, $1.50, $2.00, $2.50 and $3.00.

Private Offering of $525 Million Senior Unsecured Notes

On July 22, 2016, the Corporation issued fixed rate senior unsecured notes due July 22, 2021 (the "2.337% Fixed Rate Notes") in the aggregate principal amount of $525.0 million by way of private placement in Canada in reliance upon exemptions from the prospectus requirements under applicable securities legislation (the "2016 Offering"). The Corporation used the net proceeds of the 2016 Offering to repay indebtedness outstanding under the Credit Facility and for general corporate purposes. The 2.337% Fixed Rate Notes were assigned a rating of BBB, with a stable trend, by DBRS. See "Description of Material Indebtedness - Senior Unsecured Notes".

2016-2017 Normal Course Issuer Bid

On June 8, 2016, the Corporation renewed its normal course issuer bid to purchase for cancellation up to 5,975,854 common shares (representing 5.0% of the common shares issued and outstanding as at June 7, 2016) during the 12-month period from June 17, 2016 to June 16, 2017 (the "2016-2017 NCIB").

As at January 29, 2017, the Corporation had repurchased for cancellation under the 2016-2017 NCIB a total of 4,287,922 common shares, at a weighted average price of $98.32 per common share, for a total cash consideration of $421.6 million. Of this total, 300,000 common shares were purchased through private agreements with arm's-length third party sellers and 327,800 common shares were purchased through a specific share repurchase program, in each case pursuant to issuer bid exemption orders, at a discount to the prevailing market price or the volume weighted average trading price on the date of each purchase, as applicable.

Appointment of New President and Chief Executive Officer

On May 1, 2016, Neil Rossy became Dollarama's President and Chief Executive Officer, as announced by the Board of Directors on March 30, 2016. Concurrently with this appointment, Larry Rossy, founder of Dollarama, became Executive Chairman of the Board of Directors, and continues to this day to play an active role in key areas of the business such as real estate and buying.

Dividend Increase

On March 30, 2016, the Corporation announced that the Board of Directors had approved an 11.1% increase of the quarterly dividend for holders of its common shares, from $0.09 to $0.10 per common share.

Amendment of Dollar City Agreement

On March 15, 2016, the Corporation and Dollar City, a dollar store chain based in El Salvador, amended certain terms and conditions of the agreements entered into in February 2013 (collectively, the "Dollar City Agreement") pursuant to which the Corporation agreed, through Dollarama International Inc., to share its business expertise and to provide sourcing services to Dollar City for the expansion of its activities in an agreed upon territory covering Central America as well as Colombia, Peru and Ecuador. The Dollar City Agreement contains key financial performance indicators at specified milestones throughout the term and also includes an option for Dollarama to acquire a majority interest in Dollar City based on a predetermined formula.

In the context of the 2016 amendment, the parties agreed, among other things, to postpone by one year, from February 4, 2019 to February 4, 2020, the date on which Dollarama's option to acquire a majority interest in Dollar City becomes exercisable. This additional year was intended to provide the parties with more time to test the dollar store concept in a bigger market within the agreed upon territory. Other amendments effected in 2016 relate to the ongoing commercial relationship between the parties and/or are not material or relevant prior to a decision about the call option being made.

3.3 Fiscal 2016 Developments

Amendments to Credit Agreement

The Second Amended and Restated Credit Agreement (the "SAR Credit Agreement") was amended twice during Fiscal 2016, on October 30, 2015 and on January 29, 2016. The Corporation received additional commitments from lenders first in the amount of $125.0 million, for a period ending no later than June 15, 2017, and then in the amount of $250.0 million, for a period ending no later than January 29, 2018, pursuant to the accordion feature of the SAR Credit Agreement. Additional commitments were used to further optimize the Corporation's capital structure, including through the purchase of shares under the 2015-2016 NCIB (as hereinafter defined), and for general corporate purposes. See "Description of Material Indebtedness - Credit Facility".

2015-2016 Normal Course Issuer Bid

On June 10, 2015, the Corporation renewed its normal course issuer bid to repurchase for cancellation up to 4,500,765 common shares (representing 3.5% of the common shares issued and outstanding as at June 9, 2015) during the 12-month period from June 17, 2015 to June 16, 2016 (the "2015-2016 NCIB").

The 2015-2016 NCIB was amended twice, on December 9, 2015 and on March 30, 2016, with the approval of the Toronto Stock Exchange (the "TSX") to increase the maximum number of common shares that could be repurchased thereunder up to 11,797,176 common shares (representing 10.0% of the public float (as such term is defined in the TSX rules)).

At the expiry of the 2015-2016 NCIB on June 16, 2016, the Corporation had repurchased for cancellation a total of 9,561,911 common shares, at a weighted average price of $85.75 per common share, for a total cash consideration of $820.0 million.

Private Offering of $125 Million Senior Unsecured Notes

On April 8, 2015, the Corporation issued additional floating rate senior unsecured notes due May 16, 2017 (the "Additional Series 1 Floating Rate Notes") by way of private placement in reliance upon exemptions from the prospectus requirements under applicable securities legislation (the "2015 Offering"). The Additional Series 1 Floating Rate Notes were issued at a discount of 0.336% of the principal amount thereof, for aggregate gross proceeds of $124.58 million. The Additional Series 1 Floating Rate Notes constituted an increase to the $150.0 million aggregate principal amount of Original Series 1 Floating Rate Notes (as hereinafter defined) due May 16, 2017 issued by the Corporation on May 16, 2014, and they bear interest at the same rate as the Original Series 1 Floating Rate Notes. The Corporation used the net proceeds of the 2015 Offering to repay indebtedness outstanding under the Credit Facility and for general corporate purposes. See "Description of Material Indebtedness - Senior Unsecured Notes".

Dividend Increase

On March 25, 2015, the Corporation announced that the Board of Directors had approved a 12.5% increase of the quarterly dividend for holders of its common shares, from $0.08 to $0.09 per common share.

Board Appointment

On February 19, 2015, the Corporation announced the appointment of Elisa D. Garcia C. as independent director and member of the Nominating and Governance Committee. See “Directors and Officers”.

3.4 Fiscal 2015 Developments

Two-for-One Share Split by Way of Share Dividend

On November 17, 2014, the Corporation paid to shareholders of record at the close of business on November 10, 2014 a share dividend of one common share for each issued and outstanding common share, which had the same effect as a two-for-one share split (the “Share Split”). See “Description of Capital Structure - Two-For-One Share Split by Way of Share Dividend”.

2014-2015 Normal Course Issuer Bid

On June 12, 2014, the Corporation renewed its normal course issuer bid to repurchase for cancellation up to 4,683,858 common shares (representing 3.5% of the common shares issued and outstanding as at June 11, 2014) during the 12-month period from June 17, 2014 to June 16, 2015 (the “2014-2015 NCIB”).

At the expiry of the 2014-2015 NCIB on June 16, 2015, the Corporation had repurchased for cancellation the maximum number of shares it was authorized to purchase, at a weighted average price of $56.73 per common share, for a total cash consideration of $265.7 million.

Private Offering of $150 Million Senior Unsecured Notes

On May 16, 2014, the Corporation issued floating rate senior unsecured notes due May 16, 2017 (the “Original Series 1 Floating Rate Notes”) by way of private placement in reliance upon exemptions from the prospectus requirements under applicable securities legislation (the “2014 Offering”). The Original Series 1 Floating Rate Notes were issued at par for aggregate gross proceeds of $150.0 million and bear interest for each quarterly interest period at a rate equal to the 3-month bankers’ acceptance rate (CDOR) plus 54 basis points (or 0.54%). The Corporation used the net proceeds of the 2014 Offering to repay indebtedness outstanding under the Credit Facility and for general corporate purposes. The Original Series 1 Floating Rate Notes were assigned a rating of BBB, with a stable trend, by DBRS. See “Description of Material Indebtedness - Senior Unsecured Notes”.

Senior Executive Appointment

On April 14, 2014, the Corporation announced the appointment of Johanne Choinière as Chief Operating Officer of the Corporation, effective May 12, 2014. See “Directors and Officers”.

Dividend Increase

On April 9, 2014, the Corporation announced that the Board of Directors had approved a 14% increase of the quarterly dividend for holders of its common shares, from $0.07 to $0.08 per common share.

4 BUSINESS OF THE CORPORATION

4.1 Industry Overview

Value retail is a well-established and growing segment of the overall Canadian retail industry. Canadian consumer demand for value-oriented merchandise has grown substantially over the last two decades, as evidenced by the increase in the number of general mass merchants, smaller value-priced chains, warehouse/club stores, discount food stores, close-out retailers and dollar stores.

The dollar store segment in which Dollarama operates is generally differentiated from that of other value retailers by one or more of the following: (i) low fixed price points; (ii) convenient locations and store size; (iii) broad offerings of everyday branded and unbranded merchandise; (iv) small or individual sized product quantities; and (v) no-frills, self-service environment.

Merchandise offered by dollar stores generally includes items in the following categories: household wares, kitchenware, glassware, tableware, linens and towels, storage containers and accessories, home cleaning products, home decor products and seasonal ornaments, books, stationery, greeting cards, giftware, party supplies, toys and games, arts and crafts materials, electronics, souvenirs, novelties, jewelry, clothing, footwear, headwear, costumes, personal care products, cosmetics, over-the-counter pharmaceutical products, food, beverages, snacks, confectionery, pet food and pet accessories, hardware, garden tools, artificial flowers and other general merchandise. One of the key differentiating factors between the Canadian dollar store industry and the U.S. dollar store industry resides in the merchandise mix: consumable products, including refrigerated goods, represent a higher proportion of the product offering in U.S. dollar stores than in Canadian dollar stores, including Dollarama.

The key differentiators among Canadian dollar store operators include price range, store locations, merchandise mix, consistency of product selection and store layout. Many Canadian dollar stores have a market positioning similar to close-out retailers, offering a “treasure hunt” type of shopping experience. Product selection and availability at these retailers change frequently and are often inconsistent, largely as a result of a sourcing strategy focused on importers and liquidators. Some dollar stores, including Dollarama, have distinguished themselves by offering a more consistent product selection which includes everyday household items and a selection of national brands and private labels, as well as an assortment of unique and seasonal items. This strategy is intended to drive customer loyalty and repeat traffic.

The Canadian dollar store industry remains underpenetrated relative to the U.S. dollar store industry. Based on the number of stores operated by the top five U.S. dollar store chains, there were approximately 11,000 people per dollar store in the U.S. as at January 29, 2017. By contrast, based on the number of stores operated by the top five Canadian dollar store chains, management estimates that there were approximately 23,000 people per dollar store in Canada as at January 29, 2017. Despite significant differences in the business models of U.S. and Canadian dollar stores, including that the U.S. model generally relies on the sale of consumables more than the Canadian one, management believes that there remains an opportunity for growth in the Canadian dollar store market.

4.2 Business Overview

The Dollarama business was founded in 1992 by Larry Rossy, a third generation retailer. Larry Rossy took the helm of the family retail business in 1973 and transitioned the business from a general merchandise retailer to a single price point dollar store chain. He led the management team to introduce a number of initiatives that have defined the Dollarama business model. These include (i) adopting a fixed price point dollar store concept; (ii) pursuing the store network expansion strategy across Canada, leading to stronger brand awareness and increased sales; and (iii) implementing a program to directly source merchandise from overseas suppliers, thereby reducing merchandise costs and diversifying and enhancing the product offering. The core principles of the model remain unchanged to this day, under the new leadership of Neil Rossy.

Operation of Dollar Stores in Canada

The Corporation operated 1,095 in Canada as at January 29, 2017, including 65 net new stores opened during the most recently completed fiscal year, and continues to expand its network across the country.

Stores average 10,023 square feet and offer a broad assortment of everyday consumer products, general merchandise and seasonal items, including private label and nationally branded products, at compelling values. Merchandise is sold in individual or multiple units at nine select fixed price points ranging from $0.82 to $4.00.

All stores are corporately owned and operated, providing a consistent shopping experience, and nearly all are in high-traffic areas such as strip malls and shopping centers in various locations, including metropolitan areas, mid-sized cities, and small towns.

The Corporation's strategy is to grow sales, EBITDA, and cash flows by offering a compelling value proposition on a wide variety of everyday merchandise to a broad base of customers. Also, the Corporation continually strives to maintain and improve the efficiency of its operations.

Management believes that Dollarama's strong position in the Canadian value retail industry is attributable to a number of operational advantages that will further contribute to future growth, including:

- the number, location and penetration of stores in new and existing markets, which increase brand recognition, generate word-of-mouth advertising and drive customer traffic;
- the core offering of consistently available everyday products, which offers compelling value and makes Dollarama stores a destination shopping experience, in contrast to the "treasure hunt" type offering of certain other dollar stores;
- the multi-price point strategy, which allows the Corporation to provide customers with a broad assortment of products at compelling value and to selectively adjust the selling price on certain items to address cost increases;
- the store size and consistent store format, which allows for an effective display of the broad assortment of merchandise;
- the strong and long-standing supplier network, which enables the Corporation to update and diversify its product selection and rapidly respond to customers' changing needs;
- the volume of goods directly sourced from low-cost foreign suppliers, which allows the Corporation to deliver a strong customer value proposition at attractive margins;
- the in-house product development expertise;
- the size, scale and efficiencies of warehousing and distribution operations; and
- key technology-driven initiatives, which enable the Corporation to be in a better in-stock position, to optimize in-store labour productivity, warehousing capacity and logistics efficiencies and to generally maintain a streamlined cost structure as the business continues to grow.

Direct Sourcing for Canada and Dollar City Agreement

Dollarama is as much an importer as it is a retailer: the business is based on growing the network of stores but also on further developing the low-cost direct sourcing platform. See "Merchandise - Merchandise Sourcing".

In addition to operating its store network and sourcing its own product offering, Dollarama currently acts as Dollar City's primary product supplier and leverages its direct sourcing and import platform in order to provide Dollar City's growing network of stores with a compelling product offering, selected from a subset of Dollarama's all year and seasonal product offering in Canada. Under the terms of the Dollar City Agreement entered into on February 5, 2013, products are sold to Dollar City at cost, except for a small handling fee charged on shipments that transit through Dollarama's facilities.

As Dollar City expands its store network within the territory mutually agreed upon between the parties (comprised of El Salvador, Guatemala, Honduras, Costa Rica, Nicaragua, Panama, Colombia, Peru and Ecuador), Dollarama expects to continue to grow its direct sourcing capabilities and develop its export platform.

For the moment, the Corporation does not own any equity interest in Dollar City and therefore does not operate stores in Latin America but rather provides products and services and shares its retail expertise with Dollar City. The Corporation's option to acquire a majority equity interest in Dollar City becomes exercisable only on February 4, 2020. However, if for any reason the Corporation elects not to exercise this option, it may decide, starting as early as February 4, 2019, to terminate the existing licensing and services agreement providing for the supply of products at cost prior to its expiry in February 2022. This early termination right is conditional upon the Corporation entering into a new supply agreement with Dollar City, on terms and conditions substantially agreed upon between the parties, which are generally more reflective of a wholesale contractual relationship and would allow the Corporation to continue to leverage the export platform it has been developing since 2013.

4.3 Stores

Store Locations and Site Selection

As at January 29, 2017, the Corporation operated 1,095 stores in all Canadian provinces as detailed below.

Province	# Stores	Province	# Stores
Alberta	98	Nova Scotia	35
British Columbia	94	Ontario	449
Manitoba	33	Prince Edward Island	3
New Brunswick	33	Québec	310
Newfoundland and Labrador	14	Saskatchewan	26

The Corporation carefully selects its real estate locations with the goal of maximizing chain-wide store profitability and maintaining a disciplined, cost-sensitive approach to store site selection.

Potential store locations are evaluated by management based on a variety of criteria, including (i) the level of retail activity and traffic patterns; (ii) the presence or absence of competitors; (iii) the population and demographics of the area; (iv) the total rent and occupancy costs per square foot; and (v) the location of existing Dollarama stores.

The Corporation opens stores in various locations, including metropolitan areas, mid-sized cities and small towns, and nearly all stores are located in high-traffic areas such as strip malls and shopping centers. Management believes that stores attract customers from a relatively small shopping radius, which allows the Corporation to profitably operate multiple stores in all markets across Canada and to continue to profitably open stores, including in areas where the store density is the highest, such as in Ontario and Québec. Management also believes that the close proximity of stores to customers drives customer loyalty and frequency of visits. New store openings are dependent upon, among other factors, management's ability to locate suitable sites and negotiate favourable lease terms.

With the exception of 20 stores which are leased at market rates from entities controlled by Larry Rossy, the Corporation's Executive Chairman, or certain of his immediate family members (see "Interest of Management and Others in Material Transactions"), all stores are leased from third parties. Management expects to continue to lease locations as the store network expands.

The Corporation typically enters into leases with base terms of ten years and options to renew for one or more periods of five years each. The average time to expiration of leases is approximately five years. As current leases expire, management believes that it will be able to either obtain lease renewals as desired or obtain new leases for equivalent or better locations in the same general area. To date, the Corporation has not experienced difficulty in either renewing leases for existing locations or securing suitable leases for new stores. Management believes that this leasing strategy enhances flexibility to pursue various expansion and relocation opportunities resulting from changing market conditions.

Store Size and Condition

Dollarama offers a well-designed, convenient and consistent store format, which makes it an attractive alternative to large discount and other large-box retail stores. The average store size has increased over the years from 5,272 square feet in 1998 to 10,023 square feet as at January 29, 2017 (of which between 80% and 85% is available selling square footage). Stores are clean and well stocked with a broad assortment of everyday consumer products, general merchandise and seasonal items.

An average of approximately $6.4 million was spent annually on store expansions, renovations or relocations over the last five fiscal years. Management believes that the current store network is in good condition and does not require material maintenance capital expenditures.

New Store Payback

The Corporation’s expansion model is characterized by a low capital investment to open stores, a rapid sales increase after opening, consistent sales volumes and low ongoing operating costs (including low maintenance capital expenditure requirements), which together result in an attractive return on investment.

A new Dollarama store requires a minimal initial investment, typically $0.7 million, including $0.5 million for capital expenditures and $0.2 million for inventory. Generally, stores reach over $2.1 million in annual sales within the first two years of operation, and achieve an average capital payback period of approximately two years. The model has been effective in both rural and small communities as well as in more densely populated and metropolitan areas that typically include a larger number of competitors.

Customer Payment Methods

All Dollarama stores currently accept cash and PIN-based debit cards. The debit card penetration rate has continually increased since the implementation of this payment method, debit card transactions representing approximately 49.2% of sales in Fiscal 2017. The average transaction size for debit card sales is approximately two times greater than the average transaction size for cash sales.

Since January 2016, the Corporation accepts credit cards on a trial basis in all stores located in British Columbia. In light of the fact that Canadian consumers, especially younger ones, are increasingly using non-cash payment methods, management decided to run a credit card pilot in a good-sized sample of stores which are representative of the average basket size and mix of payment methods across the chain in order to assess whether customers are receptive to this payment option. Stores located in Alberta and New-Brunswick were added to the pilot during the course of 2016. Based on the results of the one-year pilot program, the Corporation announced on March 30, 2017 that it plans to accept credit cards as a payment method in all stores across Canada in the second quarter of Fiscal 2018. While the Corporation expects the financial impact to be neutral, this additional payment method will provide customers with more convenience.

4.4 Merchandise

Merchandise Mix

Dollarama offers a well-balanced targeted mix of merchandise at compelling values, including private label and nationally branded products. The merchandise mix consists of:

- General merchandise, which represented approximately 46% of the product offering in Fiscal 2017 (based on retail value, compared to 47% in the previous fiscal year), including party supplies, office supplies, arts and craft supplies, greeting cards and stationery, giftware, household wares, kitchenware, glassware, hardware and electronics, toys, apparel and other items;
- Consumable products, which represented approximately 39% of the product offering in Fiscal 2017 (based on retail value, compared to 38% in the previous fiscal year), including household consumables such as paper, plastics, foils and cleaning supplies, basic health and beauty care products, pet food, confectionery, drinks, snacks and other food products; and

- Seasonal products, which represented approximately 15% of the product offering in Fiscal 2017 (based on retail value, aligned with the same 15% in the previous fiscal year), including Valentine's day, St. Patrick's day, Easter, Halloween and the winter holidays merchandise, along with seasonal summer and winter merchandise.

Stores carry a broad assortment of actively-managed stock keeping units ("SKUs", each a unique number used to identify a specific product), including more than 4,000 active year-round SKUs and more than 700 active seasonal SKUs at any one time. The selection of items offered in stores at any one time varies. Dollarama consistently refreshes its product offering by updating 25% to 30% of SKUs on an annual basis, with slower selling items being discontinued or replaced as warranted. Dollarama also constantly adjusts the merchandise mix to offer a compelling value and a wide selection of products to its customers, as well as to optimize sales and maintain gross margins. See "Risk Factors – Risks Related to Business Operations – Merchandise Selection and Replenishment".

Merchandise Sourcing

The Corporation's sourcing strategy blends directly imported merchandise from overseas, mainly from China but overall from over 25 different countries, and products sourced from North American suppliers. Those two categories accounted for 53% and 47%, respectively, of total volume (based on retail value) in Fiscal 2017, a breakdown that remains generally similar year over year.

Dollarama began developing direct relationships with overseas suppliers in 1993. From the onset, importing directly from overseas suppliers was viewed as an opportunity to gain competitive advantage on two main fronts: (i) offering products that were differentiated and more compelling, and (ii) providing a low-cost platform that would give a sustainable long-term economic advantage. By dealing directly with suppliers, the Corporation develops product design, packaging, and labelling concepts for private-label brands, minimizes markups and overhead costs typically associated with intermediaries and importers and increases bargaining power. This sourcing strategy also provides some flexibility to help mitigate inflation and currency fluctuations.

The Corporation's supplier base is well diversified, with the largest supplier accounting for only approximately 3% of total purchases in Fiscal 2017. For the same period, the top ten suppliers represented approximately 20% of total purchases and the top 25 suppliers represented approximately 36% of total purchases. Those percentages remain generally constant year over year.

The Corporation generally buys products on an order-by-order basis and does not enter into long-term purchase contracts or arrangements. When it does exceptionally enter into purchase contracts, it is to benefit from fixed prices over a specific term and not to be bound by minimum volume commitments. The Corporation benefits from strong and long-standing relationships with suppliers, which, combined with the purchasing scale and direct sourcing capabilities, contribute to the Corporation's competitive cost position and ability to offer a wide selection of products at attractive, low-entry price points. See "Risk Factors – Risks Related to Business Operations – Imports and Supply Chain".

Over the years, Dollarama has built a network of preferred and trusted suppliers that meet high quality standards. When the Corporation begins a commercial relationship with a new supplier, various measures are taken to assess the supplier's reputation and reliability. Among other things, suppliers are required to adhere to the Dollarama Vendor Code of Conduct adopted by the Board of Directors to formalize Dollarama's expectations in terms of business standards. Following the adoption of the Vendor Code of Conduct, existing suppliers were asked to confirm their adherence by returning a signed engagement form to Dollarama whereas new suppliers receive the Vendor Code of Conduct as part of the supplier enrolment process. No purchase order may be placed with a supplier before Dollarama has a signed engagement form on file. Suppliers are required to certify compliance with the Vendor Code of Conduct every two years.

Pursuant to the Vendor Code of Conduct, suppliers are expected during the term of the commercial relationship with Dollarama to comply with, at a minimum, all applicable local and national laws and regulations of the jurisdictions in which they operate, including without limitation with respect to child labour, forced labour, freedom of association, discrimination, wages and benefits, working hours, harassment, health and safety and environment, and to ensure that the standards outlined in the Vendor Code of Conduct are communicated, understood and implemented at every level of their organization. Dollarama reserves the right to assess and monitor compliance with these standards, either in response to a complaint or an incident or in the normal course of business, by way of on-site inspections or otherwise.

If Dollarama determines that a supplier has violated the Vendor Code of Conduct, the supplier will be required to propose and implement a corrective action plan in order to bring its business up to Dollarama's standards within a reasonable timeframe. Dollarama also reserves the right to cancel purchase orders, to terminate the relationship with a supplier who is unwilling or unable to comply with the Vendor Code of Conduct or to remediate a situation of non-compliance within a reasonable timeframe, or to terminate the relationship immediately in case of serious violation or gross negligence.

4.5 Warehousing and Distribution

The tables below describe warehousing and distribution facilities, which consisted of six warehouses and one distribution center, as at January 29, 2017.

Warehouses	Size
Dorval, Québec	269,950 sq. ft
Lachine, Québec	356,675 sq. ft
Lachine, Québec	499,708 sq. ft
Town of Mount Royal, Québec	128,838 sq. ft
Town of Mount Royal, Québec	325,000 sq. ft
Town of Mount Royal, Québec	88,059 sq. ft
	1,668,230 sq. ft

Distribution Center	Size
Town of Mount Royal, Québec	320,819 sq. ft

The distribution center and five of the six warehouses are owned by entities controlled by Larry Rossy, the Corporation's Executive Chairman, and are subject to long-term lease agreements entered into before the initial public offering and expiring on November 30, 2024. See "Interest of Management and Others in Material Transactions".

On February 2, 2016, the Corporation announced an investment in the construction of a new Dollarama-owned 500,000 square foot warehouse in Montreal, Québec, in close proximity to Dollarama's existing, centralized warehousing and distribution operations. The land, comprised of two contiguous properties, was acquired from a party related to Dollarama, at the same price paid by such party in an arm's length transaction. Construction began in March 2016, and the building was completed, in time and under budget, before the end of Fiscal 2017. Total costs related to this project, approximately $67.9 million, include, in addition to the land and the building itself, some racking, fixtures and other equipment. The new facility increased the Corporation's total warehousing capacity by approximately 40%, on a square footage basis.

The Corporation primarily uses its warehouses to store goods directly imported from overseas, and warehouses approximately 63% of its merchandise. Most domestic goods sourced from North American suppliers are delivered directly to the distribution center or, in some cases, directly to stores. The Corporation distributes approximately 92% of its merchandise through the distribution center. The remaining 8% of its merchandise, which includes among other things greeting cards, chips and soft drinks, is shipped directly to stores by suppliers. In those cases, suppliers work with store managers to manage the inventory.

The Corporation strives to constantly improve the efficiency of its logistics and, after having focused on warehousing capacity in Fiscal 2017, management will be turning its attention to distribution efficiency and capacity in the near future. Alternatives could include improving the efficiency of existing distribution operations, creating more distribution capacity within our existing facilities, or looking for new sites, either for rent or for sale.

4.6 Transportation

The Corporation must constantly replenish depleted inventory through deliveries of merchandise to the distribution center, and from the distribution center to stores by various means of transportation, including shipments by sea, train and truck on the roads and highways of Canada.

The Corporation does not have its own shipping fleet and works in collaboration with third party carriers and freight forwarders to move products as efficiently as possible, through enhanced merchandise consolidation, cube optimization and fuel saving route-optimization initiatives and by increasing the amount of merchandise moved via rail instead of road.

Transportation costs are subject to fuel cost increases or surcharges and therefore fluctuate over time. See "Risk Factors – Risks Related to Business Operations – Distribution Network".

4.7 Replenishment

Store replenishment and inventory is managed using customized systems, processes and planning methods, and requirements are determined based on actual store sales. The Corporation continuously strives to improve forecasting, inventory planning, safety stock and lead time management processes and tools. Over the last several years, the Corporation improved visibility and control over inventory, whether in Dollarama warehouses, in third party temporary warehouses, in the distribution center or, more recently, in stores, as a result of significant investments in networks, hardware and software.

During Fiscal 2016, the Corporation successfully piloted new mobile scanning technology in stores. Handheld scanning devices were used in select stores to perform inventory counts that would normally have been done manually. The roll-out of this new technology across all stores was completed in Fiscal 2017 and has already resulted in a better in-stock position and higher inventory accuracy.

4.8 Store Operations

During Fiscal 2016, the Corporation installed WiFi technology in all of its stores, for corporate use only and not for customer use, laying the foundation for Dollarama's "Mobile Roadmap". After having invested heavily in the past few years in its information technology infrastructure, the Corporation is now leveraging this platform and rolled out a three-year plan focused on improving store operating processes, labour productivity as well as operations visibility and reporting through the development of mobile applications.

Firstly, an application for field management was successfully launched to improve operational control and standardization of processes across the chain. Then, the Corporation successfully piloted mobile scanning technology at store level to automate certain manual tasks, thereby improving inventory accuracy and labour productivity. Finally, mobile cash registers made available in select stores have contributed to reducing line-ups in high volume stores during peak periods. The full roll-out of these mobile initiatives, comprising the first phase of Dollarama's Mobile Roadmap, was completed in Fiscal 2017, and more benefits are expected to be realized in the coming year.

4.9 Employees

As at January 29, 2017, the Corporation's store employee count was over 18,300. Of these store employees, approximately 42% are full-time employees and 58% are part-time or occasional employees. This employee count is lower than that reported as at January 31, 2016, as our processes have been updated to exclude employees who had previously been counted however were no longer active on the last day of the fiscal year. As a comparison, the Corporation's store employee count as at January 31, 2016 would have been approximately 17,250 had all inactive employees been excluded at that date as well.

Dollarama also employs over 450 head office and field management employees and over 140 warehouse and distribution center employees. The vast majority of warehouse and distribution center staffing needs remain outsourced to third party agencies. The Corporation hires seasonal employees during busy seasons such as the winter holidays to better address peak periods. None of Dollarama's employees is a party to a collective bargaining agreement or represented by a labour union. See "Risk Factors – Human Resources Risks – Recruitment, Retention and Management of Quality Employees".

4.10 Customers

Dollarama customers seek value and convenience. Depending on their economic needs and geographic proximity, customers shop at Dollarama to fulfill various levels of basic needs. Many customers make Dollarama a stand-alone shopping destination. The product offering also attracts impulse shoppers.

4.11 Marketing

The Corporation has generated rapid growth without significant expenditures on marketing and promotions. Management believes that this is primarily due to the strong brand name and success at selecting store locations with high traffic and ease of accessibility. Given the everyday fixed low price points model, there are generally no sales or markdowns to advertise.

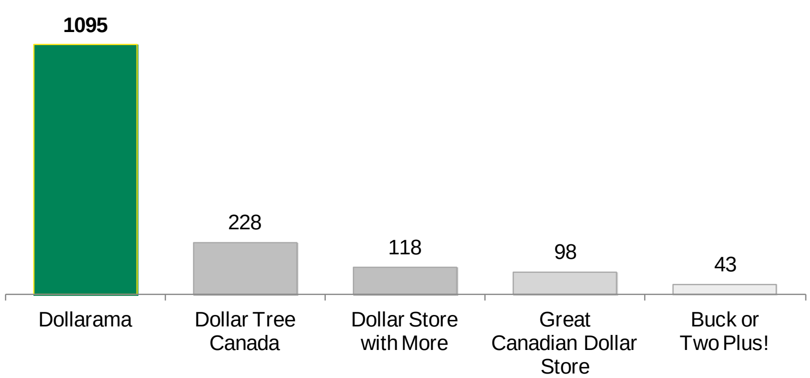
Advertising is employed almost exclusively for new store openings, using a selection of media which may include radio, local newspapers and circulars. More recently, the credit card pilot launched in British Columbia has also been advertised, mainly through radio.

4.12 Competition

The Canadian dollar store industry remains highly fragmented with many privately-owned multi-outlet chains as well as independently-operated dollar stores. In addition to Dollarama, the largest multi-outlet dollar store chains include Dollar Tree Canada, Dollar Store With More, Great Canadian Dollar Store and Buck or Two Plus! This group, including Dollarama, operates more than 1,580 stores across Canada on a combined basis. Other than Dollar Tree Canada, most multi-outlet competitors are franchise operations.

On a regional basis, these multi-outlet chain competitors, as a group, have a similar market share to Dollarama in the Western provinces, with Dollar Tree Canada and Dollar Store with More representing the strongest pure play competitors in that part of the country. In the Maritimes, Dollarama faces competition in the dollar store space mostly from Great Canadian Dollar Store and Buck or Two Plus!, which, as a group, have a similar market share to Dollarama. However, these four pure play competitors, both individually and as a group, have a much less significant market share than Dollarama in its core markets of Ontario and Québec.

The following chart illustrates Dollarama's store count compared to the store count of its main dollar store competitors in Canada as at January 29, 2017.



(1) The information presented in this graph regarding the next four dollar store competitors was obtained from third party reports and websites. No assurance can be given that information featured in those reports and websites is accurate and up-to-date.

In addition to the competition from other dollar stores, the Corporation faces competition to an ever greater extent from variety and discount stores, convenience stores and mass merchants, many of which operate stores in the areas where Dollarama operates, offer products substantially similar to those offered by Dollarama as a subset of their overall offering, and engage in extensive advertising and marketing efforts.

Additionally, Dollarama competes with a number of companies for prime retail site locations and for the recruitment of employees. See “Risk Factors – Market Risks – Retail Competition”.

4.13 Seasonality

The Corporation’s business has limited sales seasonality. Historically, the Corporation’s lowest sales results have occurred during the first quarter whereas the highest sales results have occurred during the fourth quarter, with December representing the highest proportion of sales. Consequently, the Corporation generally purchases substantial amounts of inventory in the third quarter and incurs higher shipping and payroll costs in anticipation of the increased sales activity during the fourth quarter. Also, it carries merchandise during the fourth quarter that it does not carry during the rest of the year, such as gift sets, holiday decorations, certain baking items, and a broader assortment of toys and candy.

The quarterly results can also be affected by the timing of new store openings and store closings, the amount of sales contributed by new and existing stores, as well as the timing of certain holidays. See “Risk Factors – Risks Related to Business Operations - Seasonality”.

The following table reflects the seasonality of sales and gross margin for each quarter of Fiscal 2017.

Fiscal 2017 *(in % of total)*	**1st Quarter**	**2nd Quarter**	**3rd Quarter**	**4th Quarter**
Sales	21.6%	24.6%	24.9%	28.8%
Gross Margin	20.4%	24.1%	25.1%	30.4%

4.14 Intellectual Property

The Corporation relies on trademark laws to protect certain aspects of its business. Registered trademarks in Canada include the following: Dollarama®, Duramax®, Richard®, Make it Special®, Gryphonware®, Stitch-It®, Medi Care & Globe Design®, Static Matic®, Frameworks & Design®, Dollarama Halfmoon & Design®, Dollarama Banner & Design®, Studio Media & Design®, Terrifik®, Dollarama Polygon Design®, Sparkle N’ Shine®, Dr. Bob®, Dollarama Banner Design (2007)®, Dollarama Halfmoon Design (2007)®, Dollarama Polygon Design (2007)®, Grip-Eze®, Hearth Kitchen®, E-Z Reach®, Studio & Design®, Flow-Rite®, Snaptite & Design®, Hercules®, Dollarama Plus®, Dollarama $1 Plus Halfmoon Design®, Dollarama $1 Plus Banner Design®, Electra & Design®, Rama Design & Logo®, Proauto & Design®, Watson’s Candles®, William’s®, PetStore & footprint Design®, Cheeky Sweets & Girl Face Design®, Comfy Toes®, Plastico & Design®, Duramax & Design®, Game Zone®, Luv Fresh®, Femline®, Tech-1®, Elegant Effects®, Seal Store®, Simply Green®, Dollarama Express®, D & Design®, Diskpro®, Titan®, Island Bar®, Meteor®, Choco Air®, Moda Moderna®, Ivita®, Almond Delight®, Choco Duet®, Dollarama $1 Plus Polygon Design®, iPharma®, $1 Plus Polygon Design®, Koolraz®, Caramel Delight®, Pet Select®, Maurice®, Casa Moderna®, Seeders®, Eagle Design® and Hydro Power®.

The Corporation also has a number of applications pending to register other trademarks in Canada. The Corporation also relies on a combination of unregistered trademark rights to protect its position as a branded company with strong name recognition. See “Risk Factors – Risks Related to Business Operations – Intellectual Property”.

4.15 Regulatory Matters

Commercial Activity Laws and Regulations

The Corporation is subject to many laws and regulations, including without limitation with respect to permits and licenses, product labelling, product safety, consumer protection and environmental levies.

As per the terms of the business arrangements in place, suppliers are responsible for the quality of their products and assume the risks related to any non-compliance with product safety laws. Among other things, the Corporation may require a review of a supplier's existing audits and inspect the supplier's operations and production facilities in order to verify compliance with standards. It also reserves the right to discontinue acceptance of products that are not in compliance with its standards, which are driven by regulatory requirements as well as Dollarama's own product specifications. The Corporation has controls in place to monitor continued adherence to the strict standards for private label lines of products, which are manufactured by independent suppliers.

The Corporation works closely with Health Canada, the Canadian Food Inspection Agency and other federal and provincial regulatory authorities to ensure that its products and operations meet all prescribed standards and regulations. The Corporation strives to use best practices for the storage, physical safety and distribution of products and, when required, for the disposal of recalled products, and has adopted corresponding safety guidelines and recall procedures. In addition, the Corporation carries liability insurance to mitigate potential product liability claims. See "Risk Factors – Legal and Regulatory Risks".

Under the terms of the Dollar City Agreement, Dollarama acts as Dollar City's primary product supplier. The products supplied to Dollar City constitute a subset of Dollarama's all year and seasonal product offering in Canada. Dollar City is responsible to ensure that products purchased from Dollarama comply with applicable laws in the jurisdictions where Dollar City operates stores, including product safety and labelling laws, and Dollarama has no contractual indemnification obligations towards Dollar City for product liability.

Environmental Laws and Regulations

Under various federal, provincial and local environmental laws and regulations, current or previous owners or occupants of property may become liable for the costs of investigating, removing and monitoring any hazardous substances found on the property. These laws and regulations often impose liability without regard to fault.

In the ordinary course of business, the Corporation sometimes uses, stores, handles or disposes of commonplace household products that are classified as hazardous materials under various environmental laws and regulations. However, none of Dollarama's products require special disposal measures. Although the Corporation expects to continue to incur ongoing capital and operating costs in the ordinary course of business to maintain compliance with existing and future applicable environmental laws and requirements, it does not anticipate that continuing compliance with such laws and requirements will have a material adverse effect upon its competitive or consolidated financial position. See "Risk Factors – Legal and Regulatory Risks – Environmental Compliance".

5 RISK FACTORS

The following section examines the major risk factors relating to the Corporation and its business. These risks may not be the only risks Dollarama faces. Other risks of which management is not aware or which are currently deemed to be immaterial may arise and have a material adverse impact on Dollarama, its business, results from operations and financial condition.

5.1 Risks Related to Business Operations

Merchandise and Operating Costs

The Corporation's ability to provide quality merchandise at low price points is subject to a number of factors that are beyond its control, including merchandise costs, foreign exchange rate fluctuations, tariffs on imported goods, increases in labour costs (including any increases in the minimum wage), increases in rent and occupancy costs, fuel costs and inflation, all of which may reduce profitability and have an adverse impact on cash flows. Some of these factors are discussed immediately below while others are addressed under the headings "Imports and Supply Chain" and "Foreign Exchange Risk".

Labour costs are largely outside of the Corporation's control, driven by the legislated minimum wage in each province. However, productivity improvements resulting from various operational initiatives may help partially offset the additional costs of wage rate increases.

Rent and occupancy costs, while substantial, offer multi-year visibility due to the long term nature of leases. Historically, the Corporation has been able to negotiate leases on market terms and therefore benefits from a reasonable lead time to prepare for potential rent increases.

Inflation and adverse economic developments in Canada, where the Corporation both buys and sells merchandise, and in China and other parts of Asia, where it buys a large portion of its imported merchandise, could have a negative impact on margins, profitability and cash flows. Fuel cost increases or surcharges could also increase transportation costs and therefore impact profitability.

If management is unable to predict and respond promptly to these or other similar events, the merchandise and operating costs may increase, and the Corporation's business and financial results could be materially adversely affected.

Generally, management believes that the multiple price point strategy provides some flexibility to address cost increases by allowing the Corporation to adjust the selling price on certain items. There is, however, no guarantee that the Corporation will continue to be successful in offsetting cost increases in a meaningful way. There can be no assurance that the Corporation will be able to continue to pass on any cost increases to customers or that it will be able to maintain the compelling value of its product offering relative to competitors.

Merchandise Selection and Replenishment

Success depends in large part on the Corporation's ability to continually find, select and purchase quality merchandise at attractive prices in order to expand the assortment of products and replace underperforming goods to timely respond to evolving trends in demographics and consumer preferences, expectations and needs. The Corporation typically does not enter into long-term contracts for the purchase or development of merchandise and must continually seek out buying opportunities from both existing suppliers and new sources. Although management believes that the Corporation has strong and long-standing relationships with most of its suppliers, it may not be successful in maintaining a continuing and increasing supply of quality merchandise at attractive prices. If the Corporation cannot find or purchase the necessary amount of competitively priced merchandise to maintain its compelling product offering or to replace goods that are outdated or unprofitable, business and financial results could be materially adversely affected.

Imports and Supply Chain

Following one of its key business strategies of sourcing merchandise directly from low cost suppliers, the Corporation relies heavily on imported goods, the majority of which is imported from China. Imported goods are generally less expensive than domestic goods and contribute significantly to favourable profit margins. Imported merchandise could become more expensive or unavailable, or deliveries could be subject to longer lead times, for a number of reasons, including but not limited to: (a) disruptions in the flow of imported goods due to factors such as raw material shortages, work stoppages, factory closures, suppliers going out of business, inflation, strikes, and political unrest in foreign countries; (b) uncertainty and potential consolidation in the shipping industry in a context of overcapacity and carrier failures, which could eventually lead to rate increases; (c) economic instability and international disputes; (d) increases in the cost of purchasing or shipping foreign merchandise resulting from Canada's failure to maintain normal trade relationships with foreign countries; (e) increases in tariffs or the elimination of existing preferential tariffs on goods originating from certain countries, including China, restrictive changes to import quotas, and other adverse protectionist trade measures; and (f) changes in currency exchange rates or policies and local economic conditions, including inflation in the country of origin. The development of one or more of these factors could materially adversely affect the Corporation's business and financial results.

If imported merchandise becomes more expensive, limited or unavailable, the Corporation may not be able to transition to alternative sources in time to meet the demand. Products from alternative sources may also be of lesser quality and/or more expensive than those currently imported. A disruption in the flow of imported merchandise or an increase in the cost of those goods due to these or other factors would significantly decrease sales and profits and have a material adverse impact on the Corporation's business and financial results.

Management believes that the Corporation has good relationships with suppliers and that it is generally able to obtain competitive pricing and other terms. However, products are bought on an order-by-order basis and the Corporation has very few long-term purchase contracts or other assurances of continued product supply or guaranteed product cost. If it fails to maintain good relationships with suppliers, or if suppliers' product costs are increased as a result of prolonged or repeated increases in the prices of certain raw materials or of foreign exchange rate fluctuations, the Corporation may not be able to obtain attractive pricing. In addition, if it is unable to receive merchandise from suppliers on a timely basis because of interruptions in production or in shipping or other reasons that are beyond its control, the Corporation could experience merchandise shortages which could lead to lost sales or increased merchandise costs if alternative sources must be used, and business and financial results could be materially adversely affected.

Brand Image and Reputation

The Corporation has a well-recognized brand that consumers associate with everyday consumer products offered at compelling prices. Failure to maintain product safety and quality or ethical and socially responsible operations could materially adversely affect its brand image and reputation. Any negative publicity about, or significant damage to, the Corporation's brand and reputation could have an adverse impact on customer perception and confidence, which could materially adversely affect the Corporation's business and financial results. Also, the pervasiveness and viral nature of social media could exacerbate any negative publicity with respect to its business practices and products.

Furthermore, as the Corporation's sourcing strategy relies heavily on directly imported merchandise from overseas, mainly from China, any unethical conduct by a supplier or any allegations, whether or not founded, of unfair or illegal business practices by a supplier, including production methods and labour practices, could also materially adversely affect the Corporation's brand image and reputation, which could thereafter materially adversely affect its business and financial results. The adoption of the Vendor Code of Conduct in December 2014 was meant to formalize Dollarama's expectations with respect to suppliers' business standards. However, signed engagement forms do not constitute a guarantee that suppliers will uphold and adhere to the principles outlined in the Vendor Code of Conduct or that violations of the Vendor Code of Conduct will be reported to Dollarama in a timely manner.

Distribution and Warehousing Network

The Corporation must constantly replenish depleted inventory through deliveries of merchandise from suppliers to its warehouses, distribution center and directly to stores by various means of transportation, including shipments by sea, train and truck. Also, as a result of its reliance on third-party carriers, the Corporation is subject to carrier disruptions and increased costs due to factors beyond its control. Long-term disruptions in the distribution network and to the national and international transportation infrastructure that lead to delays or interruptions of service could materially adversely affect the Corporation's business and financial results.

With the addition of a new 500,000 square foot warehouse in Fiscal 2017, management believes that the Corporation's facilities will provide the required capacity to cost-effectively support new store openings in the near future. However, over the longer term, the Corporation may need additional warehouse and distribution center capacity. If the Corporation does not plan efficiently for increased capacity, or is unable to locate sites for new warehouses and distribution centers, either for sale or for rent, on favorable terms, or is unable to commission new warehousing or distribution operations on a timely basis, the Corporation may not be able to successfully execute its growth strategy or may incur additional costs, which could materially adversely affect its business and financial results.

Inventory Shrinkage

The Corporation is subject to the risk of inventory loss and administrative or operator errors, including mislabelling, as well as damage, theft and fraud. The Corporation experiences inventory shrinkage in the normal course of its business, and cannot ensure that incidences of inventory loss and theft will decrease in the future or that the measures taken or the initiatives implemented will effectively address inventory shrinkage. Although some level of inventory shrinkage is an unavoidable cost of doing business, if the Corporation were to experience higher rates of inventory shrinkage or incur increased security costs to limit inventory theft, its business and financial results could be materially adversely affected.

Real Estate

As at January 29, 2017, the Corporation leased all of its stores from unaffiliated third parties, except for 20 stores which are leased from entities controlled by Larry Rossy or certain of his immediate family members. In addition, the Corporation leased five of its six warehouses (the sixth one being owned by the Corporation), its distribution center and its head office from entities controlled by Larry Rossy. Those leases expire in fiscal year 2025.

Unless the terms of the Corporation's leases are extended, the properties, together with any improvements that were made, will revert to the property owners upon expiration of the lease terms. As the terms of those leases expire, the Corporation may not be able to renew leases or find alternative locations that meet its needs on favourable terms, or at all. If the Corporation is unable to renew a significant number of expiring leases or to promptly find alternative locations that meet its needs, its business and financial results could be materially adversely affected. Many leases also provide that the landlord may increase the rent over the term of the lease and require that the tenant pay a variety of costs such as cost of insurance, taxes, maintenance and utilities. Breaching the terms of a lease may result in the Corporation incurring substantial penalties, including, among others, paying all amounts due to the landlord for the balance of the lease term. In the event that one or more of the foregoing risks materialize, the Corporation's business and financial results could be materially adversely affected.

Seasonality

Historically, the Corporation's highest sales have occurred in the fourth quarter, during the winter holidays selling season. Sales also generally increase ahead of other holidays and celebrations, such as Easter, St. Patrick's Day, Valentine's Day and Halloween. Failure to adequately prepare for the holidays sales demand could have a material adverse effect on the Corporation's business and financial results. In addition, the occurrence of unusually adverse weather, natural disasters, geopolitical events or any other event beyond its control and causing any disruption in its business activities or operations during a peak season could have an adverse effect on the Corporation's distribution network and on store traffic, which could materially adversely affect its business and financial results.

Private Brands

The Corporation carries a substantial number of private brand items. Management believes that the Corporation's success in maintaining broad market acceptance of private brands depends on many factors, including pricing, quality and customer perception. If the Corporation does not achieve or maintain expected sales for private brands, or if it fails to successfully protect its proprietary rights in those brands or avoid claims related to the proprietary rights of third parties, its business and financial results could be materially adversely affected.

Intellectual Property

Management believes that trademarks and other proprietary rights are important to the Corporation's success and competitive position. Accordingly, the Corporation protects its trademarks and proprietary rights, in Canada and in other relevant markets. However, monitoring the unauthorized use of one's intellectual property is difficult and violations may not always become immediately known. Furthermore, the steps generally taken to address such violations, including sending demand letters and taking actions against third parties, may be inadequate to prevent imitation of products and concepts by others or to prevent others from claiming violations of their trademarks and proprietary rights by Dollarama. In addition, the Corporation's intellectual property rights may not have the value that management believes they have. If the Corporation is unsuccessful in protecting its intellectual property rights, or if another party prevails in litigation against it relating to its intellectual property rights, the value and adequacy of the brand recognition could be diminished causing customer confusion and materially adversely affecting the Corporation's business and financial results. In addition, the Corporation may incur significant costs if it is required to change certain aspects of its branding and business operations.

5.2 Financial Risks

Foreign Exchange Risk

The Corporation's results of operations are impacted by foreign exchange rate fluctuations. While all of its sales are in Canadian dollars, the Corporation purchases a majority of its merchandise from overseas suppliers using U.S. dollars. If the Chinese renminbi were to appreciate against the U.S. dollar, the cost of merchandise purchased in China would likely increase. Similarly, and to an even greater extent, if the U.S. dollar continues to appreciate against the Canadian dollar, it would have a negative impact on margins, profitability and cash flows.

In order to mitigate the potential negative impact of foreign exchange rate fluctuations, the Corporation uses foreign exchange forward contracts to manage the foreign currency risk associated with the majority of forecasted U.S. dollar merchandise purchases. Currency hedging entails a risk of illiquidity and, to the extent that the U.S. dollar depreciates against the Canadian dollar, the risk of using hedges could result in losses greater than if the hedging had not been used. Hedging arrangements may have the effect of limiting the total returns to the Corporation if purchases at hedged rates result in lower margins than otherwise earned if purchases had been made at spot rates.

Indebtedness

As at January 29, 2017, the outstanding principal on the Corporation's long-term debt amounted to $1,330.0 million. This level of indebtedness could have important consequences, including the following:

- a portion of cash flows from operations will be dedicated to the payment of interest on the indebtedness and other financial obligations and will not be available for other purposes, including funding the operations and capital expenditures and future business opportunities;
- the Corporation's ability to obtain additional financing for working capital and general corporate or other purposes may be limited;

- this debt level may limit the Corporation's flexibility to engage in specified types of transactions or in planning for, or reacting to, changes in the business and in the industry in general, placing the Corporation at a competitive disadvantage compared to competitors that have less debt; and
- the Corporation's leverage may make it vulnerable to a downturn in general economic conditions and adverse industry conditions.

Depending on the circumstances and the relative impact of the foregoing consequences, the level of indebtedness of the Corporation could materially adversely affect the Corporation's business and financial results.

Liquidity

A portion of cash flows from operations is dedicated to the payment of interest on the Corporation's indebtedness and other financial obligations. The Corporation's ability to service its debt and other financial obligations depends on its financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business, and other factors beyond its control, including fluctuations in interest rates, market liquidity conditions, increased operating costs, and industry trends. If cash flows and capital resources are insufficient to meet debt service obligations, the Corporation may be forced to reduce the scope of, or delay, capital expenditures, new store openings and future business opportunities, sell assets, seek additional capital, or restructure or refinance its indebtedness.

Furthermore, the Credit Facility and the trust indentures governing the Senior Unsecured Notes (as hereinafter defined) contain restrictive covenants that, subject to certain exceptions, limit the ability of the Credit Parties, to, among other things: make loans, incur, assume, or permit to exist additional secured indebtedness, guarantees or liens. The Credit Facility also requires the Corporation to comply, on a quarterly and consolidated basis, with a minimum interest coverage ratio test and a maximum lease-adjusted leverage ratio test. This may prevent it from pursuing certain business opportunities or taking certain actions that may be in the best interest of the business, which could materially adversely affect the Corporation's business and financial results.

Changes in Creditworthiness or Credit Rating

Changes in the perceived creditworthiness of the Corporation and in the credit rating of the Senior Unsecured Notes may affect not only the market price or value and the liquidity of those notes but also the cost at which the Corporation can access the capital or credit markets, public or private. The Corporation received credit ratings in connection with the issuance of each series of Senior Unsecured Notes. Credit ratings are generally evaluated and determined by independent third parties and may be impacted by events outside of the Corporation's control as well as any other significant decisions made by it, including the entering into of any transaction. Credit rating agencies perform independent analysis when assigning credit ratings and such analysis includes a number of criteria, including, but not limited to, various financial tests, business composition and market and operational risks. The criteria applicable to various industry sectors and credit ratings are continually reviewed by credit rating agencies and are therefore subject to change from time to time. There is no assurance that any credit rating assigned to the Senior Unsecured Notes will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. Any actual or anticipated lowering or withdrawal of a credit rating could have a material adverse effect not only on the market value of those notes but also on the market perceptions of the Corporation in general or its business and financial results.

Interest Rates

Although a significant portion of the Corporation's indebtedness bears interest at fixed annual rates, the Corporation remains exposed from time to time to interest rate risk under the Floating Rate Notes and the Credit Facility. In such case, if interest rates were to increase, debt service obligations on the variable rate indebtedness could increase even though the amount borrowed remained the same, and net income and cash flows could decrease, which could materially adversely affect the Corporation's business and financial results.

5.3 Market Risks

Retail Competition

The Corporation operates in the value retail industry, which is highly competitive with respect to, among other things, price, store location, merchandise quality, assortment and presentation, in-stock consistency, and customer service. This competitive environment could materially adversely affect the Corporation's business and financial results due to the lower prices, and thus lower margins, that could be required to maintain its competitive position. Companies operating in the value retail industry have limited ability to increase prices in response to increased costs. This limitation may also affect margins and financial performance.

The Corporation also competes for customers, employees, store sites, products and services and in other important aspects of its business with many other local, regional and national retailers, including multi-price dollar stores, variety and discount stores and mass merchants. These retailers compete in a variety of ways, including aggressive promotional activities, merchandise selection and availability, services offered to customers, location, store hours, in-store amenities and price. Some competitors in the retail industry are much larger and have substantially greater resources than the Corporation. Consequently, the Corporation is vulnerable to the marketing power and high level of consumer recognition of major mass merchants, and to the risk that these mass merchants or others could venture into its market segment in a significant way. In addition, management expects that the Corporation's expansion plans will increasingly bring it into direct competition with those other retailers.

Given the lack of significant economic barriers for other companies to open dollar stores or develop dollar store concepts within their existing retail operations, competition may also increase as a result of new value retailers entering into the markets in which Dollarama operates. If the Corporation fails to respond effectively to competitive pressures and changes in the retail markets, its business and financial results could be materially adversely affected.

Furthermore, the Corporation faces increased competition from the use of mobile and web-based technology that facilitates on-line shopping and real-time product and price comparisons. Failure to adequately assess and address this evolving retail trend could have a material impact on the Corporation's business and financial results.

Economic Conditions

Adverse global or Canadian economic conditions affecting disposable consumer income, employment levels, consumer debt levels, credit availability, business conditions, fuel and energy costs, inflation, interest rates and tax rates could materially adversely affect the Corporation's business and financial results by reducing consumer spending or causing customers to shift their spending to other products Dollarama either does not sell or does not sell as profitably, which could translate into decreased sales volumes, slower inventory turnover and lower gross margins for Dollarama. In addition, similar adverse economic conditions could materially adversely affect the Corporation, its suppliers or other business partners by reducing access to liquid funds or credit, increasing the cost of credit, limiting the ability to manage interest rate risk, increasing the risk of insolvency or bankruptcy of Dollarama, its suppliers, landlords or financial counterparties, increasing the cost of goods, and other impacts which cannot be fully anticipated.

5.4 Human Resources Risks

Reliance on Key Personnel

Dollarama's senior executives have extensive experience in the industry and with the business, suppliers, products and customers. The loss of management knowledge, expertise and technical proficiency as a result of the loss of one or more members of the core management team, including but not limited to: Larry Rossy, Executive Chairman, Neil Rossy, President and Chief Executive Officer, Geoffrey Robillard, Senior Vice-President, Import Division, Michael Ross, Chief Financial Officer, and Johanne Choinière, Chief Operating Officer, could result in a diversion of management resources or a temporary executive gap, and negatively affect the Corporation's ability to develop and pursue other business strategies, which could materially adversely affect its business and financial results. Also, the expertise pertaining to purchasing and import management, especially as it relates to the dollar store industry, is rare and the loss of key executives heading those functions could have a material adverse effect on the Corporation's ability to continue to offer a compelling product offering to its customers, which in turn would materially adversely affect its business and financial results.

Recruitment, Retention and Management of Quality Employees

Future growth and performance depends, among other things, on the Corporation's ability to attract, retain and motivate quality employees, many of whom are in positions with historically high rates of turnover. The Corporation's ability to meet its labour needs, while controlling labour costs, is subject to many external factors, including the competition for and availability of quality personnel in a given market, unemployment levels within those markets, prevailing wage rates, minimum wage laws, health and other insurance costs and changes in employment and labour legislation (including changes in the process for employees to join a union) or other workplace regulation (including changes in entitlement programs such as health insurance and paid leave programs). In addition, the Corporation must be able to successfully manage staff and management personnel throughout its vast, geographically dispersed network of stores.

The Corporation's employees are not unionized. Should any portion of its employee base attempt to unionize, the successful negotiation of a collective bargaining agreement cannot be assured. Protracted and extensive work stoppages or labour disruptions could materially adversely affect the Corporation's business and financial results.

5.5 Technology Risks

Information Technology Systems

The Corporation depends on its information technology systems for the efficient functioning of its business, including financial reporting and accounting, purchasing and inventory management, replenishment, labour scheduling, payroll processing, data storage, processing of customer transactions and store communications systems. Enterprise-wide software solutions enable management to efficiently conduct operations, and gather, analyze and assess information across all business functions and geographic locations.

Management believes that the Corporation's information technology architecture is resilient, relying on redundant material components to prevent material failures, redundant telecommunication links to prevent communication failures and a synchronous disaster recovery site to provide service continuity in the event of a server room disaster. However, systems may be subject to damage or interruption resulting from power outages, telecommunication failures, computer viruses, security breaches, cyber-attacks and catastrophic events. Difficulties with the hardware and software platform may require the Corporation to incur substantial costs to repair or replace it, could result in a loss of critical data or could disrupt operations, including the Corporation's ability to timely ship and track product orders, forecast inventory requirements, manage the supply chain, process customer transactions and otherwise adequately service customers, which, in each case, could have a material adverse effect on the Corporation's business and financial results. Prolonged disruptions to information technology systems may reduce the efficiency of the Corporation's entire operation, which could materially adversely affect its business and financial results.

The Corporation relies heavily on information technology staff and consultants. Failure to meet staffing needs or to retain competent consultants may have an adverse effect on its ability to pursue technology-driven initiatives and to maintain and periodically upgrade many of its information systems and software programs, which could disrupt or reduce the efficiency of its operations and materially adversely affect its business and financial results.

The Corporation also depends on security measures that some of its third party service providers are taking to protect their own systems and infrastructure. For instances, the outsourcing of certain functions requires the Corporation to sometimes grant network access to third parties. If such third party service providers do not maintain adequate security measures in accordance with contractual requirements, the Corporation may experience operational difficulties and increased costs.

Data Security and Privacy Breaches

Information security risks have increased in recent years because of the proliferation of new technologies and the increased sophistication of perpetrators of cyber-attacks. Cyber incidents can result from deliberate attacks or unintentional events. Cyber-threats in particular vary in technique and sources, are persistent, frequently change and are increasingly more targeted and difficult to detect and prevent.

Cyber-attacks and security breaches could include unauthorized attempts to access, disable, improperly modify or degrade the Corporation's information systems and networks, the introduction of computer viruses and other malicious codes, and fraudulent "phishing" emails that seek to misappropriate data and information or install malware onto users' computers. They could result in important remediation costs, increased cyber security costs, lost revenues due to a disruption of activities, litigation and reputational harm affecting customer and investor confidence. Cyber-attacks and security breaches could therefore materially adversely affect the Corporation's business and financial results.

Even though the Corporation does not store customer data on its systems, such as card numbers and other customer personally identifiable information, it does collect and maintain proprietary and confidential information related to its business and affairs, including its suppliers and employees. The Corporation stores and processes such internal data both at onsite facilities and at third-party owned facilities. Any fraudulent, malicious or accidental breach of data security could result in unintentional disclosure of, or unauthorized access to, suppliers, employees or other confidential or sensitive data or information, which could potentially result in additional costs to the Corporation to enhance security or to respond to occurrences, violations of privacy or other laws or regulations, penalties or litigation. In addition, media or other reports of perceived security vulnerabilities of the Corporation's systems, even if no breach has been attempted or has occurred, could also adversely impact the Corporation's brand and reputation and materially impact its business and financial results.

While the Corporation has dedicated resources and utilizes third party technology products and services to help protect the Corporation's information technology systems and infrastructure as well as its proprietary and confidential information against security breaches and cyber incidents, such measures may not be adequate or effective to prevent or identify or mitigate attacks by hackers or breaches caused by employee error, malfeasance or other disruptions, which could cause damage in excess of any available insurance, and could materially adversely affect its business and financial results.

5.6 Strategy and Corporate Structure Risks

Growth Strategy

The Corporation has experienced substantial growth during the past several years and management plans to continue to open new stores in the coming years. The Corporation's ability to successfully execute its growth strategy will depend largely on its ability to successfully open and operate new stores, which, in turn, will depend on a number of operational, financial, and economic factors, including whether it can:

- locate, lease, build out, and open stores in suitable locations on a timely basis and on favourable economic terms;
- hire, train, and retain an increasing number of quality employees at affordable rates of compensation;
- supply an increasing number of stores with the proper mix and volume of merchandise;
- expand within the markets of Ontario and Québec, where it is already well established and where new stores may draw sales away from existing stores;
- expand into new geographic markets, where it has limited presence;
- procure efficient logistics and transportation services for those new markets;

- successfully compete against local competitors; and
- build, expand and upgrade warehouses, distribution centers and internal store support systems in an efficient, timely and economical manner.

Any failure by the Corporation to achieve these goals could materially adversely affect its ability to continue to grow.

In addition, if the expansion occurs as planned, the Corporation’s store base will include a relatively high proportion of stores with relatively short history of operations. If new stores on average fail to achieve results comparable to existing stores, the Corporation’s business and financial results could be materially adversely affected.

Also, in February 2013, the Corporation, through a wholly-owned subsidiary, entered into an agreement with Dollar City, a dollar store chain based in El Salvador, pursuant to which it shares business expertise and provides sourcing services to Dollar City. The Corporation believes that this partnership with a reputable local partner with strong business experience will allow Dollarama to assess the growth opportunity in Latin America, while remaining focused on strengthening its leading position in the Canadian market. However, if the product offering is not well received by local consumers or if Dollar City is unable to establish locally the Dollarama concept and successfully develop its store network, this could adversely affect Dollarama’s plan to expand its footprint in Latin America.

Corporate Structure

Dollarama Inc. is a holding company and a substantial portion of its assets are the equity interests in its subsidiaries. As a result, the Corporation is subject to the risks attributable to Dollarama Inc.’s subsidiaries. As a holding company, Dollarama Inc. conducts substantially all of its business through its subsidiaries, which generate substantially all of Dollarama Inc.’s revenues. Consequently, Dollarama Inc.’s cash flows, and its ability to meet financial obligations and to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to Dollarama Inc. The ability of these entities to pay dividends and other distributions will depend on their operating results and may potentially be constrained by various contractual restrictions. Dollarama Inc.’s subsidiaries are distinct legal entities and have no obligation to make funds available to Dollarama Inc., except in the case of a subsidiary that is a guarantor of Dollarama Inc.’s obligations. In the event of a bankruptcy liquidation of any of its subsidiaries, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to Dollarama Inc.

5.7 Business Continuity Risks

Adverse Weather, Natural Disasters and Geopolitical Events

The occurrence of one or more natural disasters, such as earthquakes and hurricanes, unusually adverse weather, pandemic outbreaks, boycotts and geopolitical events, such as civil unrest in countries in which suppliers are located and acts of terrorism, or similar disruptions could materially adversely affect the Corporation’s business and financial results. Furthermore, the impact of any such events on its business and financial results could be exacerbated if they occur during a period of the year when sales generally increase, such as the winter holidays season or any other major holidays and celebrations.

These events could result in physical damage to one or more of the Corporation’s properties, increases in fuel or other energy prices, the temporary or permanent closure of one or more of its warehouses or distribution center (which are all located in Montreal, Québec, within a small radius from the Corporation’s head office) or of one or more of its stores, delays in opening new stores, the temporary lack of an adequate workforce in a market, the temporary or long-term disruption in the supply of products from some local and overseas suppliers, the temporary disruption in the transport of goods from overseas, delays in the delivery of goods to warehouses, distribution center or stores, the temporary reduction in the availability of products in stores, the temporary reduction of store traffic and disruption to information systems. These factors could materially adversely affect the Corporation's business and financial results.

Insurance

The Corporation's insurance coverage reflects deductibles, self-insured retentions, limits of liability and similar provisions that management believes are prudent based on the nature and size of Dollarama's operations. However, there are types of losses against which the Corporation cannot be insured or which management chose not to insure, in some cases because it believes it is not economically reasonable to do so, such as losses due to acts of war, nuclear disaster, pandemic, reputational risks, supply chain issues, certain cyber risks, product recalls, employee turnover, strikes and some natural disasters. If the Corporation incurs these losses and they are material, its business and financial results could be materially adversely affected. In addition, certain material events may result in sizable losses for the insurance industry and materially adversely affect the availability of adequate insurance coverage or result in excessive premium increases. To offset negative insurance market trends, the Corporation may elect to increase its level of self-insurance, accept higher deductibles or reduce the amount of coverage in response to these market changes. Although it continues to maintain property insurance for catastrophic events, the Corporation is effectively self-insured for property losses up to the amount of its deductibles. If it experiences a greater number of these losses than anticipated, the Corporation's business and financial results could be materially adversely affected.

5.8 Legal and Regulatory Risks

Product Liability Claims and Product Recalls

The Corporation sells products produced by third party manufacturers. Any of such manufacturers might not adhere to product safety requirements or quality control standards, and the Corporation might not identify the deficiency before merchandise is shipped to stores and sold to customers. As a result, the products sold by the Corporation may expose it to product liability claims relating to personal injury, death or property damage caused by such products, and may require the Corporation to take actions or act as a defendant in a litigation. In addition, if suppliers are unable or unwilling to recall products failing to meet quality standards, the Corporation may be required to remove merchandise from the shelves or recall those products at a substantial cost. Product liability claims or product recalls, withdrawals or replacements may harm the Corporation's reputation and acceptance of its products by customers, which may materially adversely affect its business and financial results. Although the Corporation maintains liability insurance to mitigate potential claims, it cannot be certain that coverage will be adequate or sufficient to cover for liabilities actually incurred or that insurance will continue to be available on economically reasonable terms or at all. Product liability claims and product recalls, withdrawals or replacements could materially adversely affect the Corporation's business and financial results.

Litigation

The Corporation's business is subject to the risk of litigation by employees, customers, consumers, product suppliers, service providers, other business partners, competitors, shareholders, government agencies, or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation, including, in the case of administrative proceedings, as a result of reviews by taxation authorities. The outcome of litigation, particularly class action lawsuits, regulatory actions and intellectual property claims, is difficult to assess or quantify. Claimants in these types of lawsuits or claims may seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to these lawsuits or claims may remain unknown for substantial periods of time. In addition, certain of these lawsuits or claims, if decided adversely to the Corporation or settled by it, may result in liability material to its financial statements as a whole or may negatively affect operating results if changes to business operations are required. In addition, in connection with its business activities, the Corporation is subject to reviews by taxation authorities. There is no assurance that any such reviews will not result in taxation authorities challenging any of its tax filings.

The cost to defend litigation may be significant. There also may be adverse publicity associated with litigation, including without limitation litigation related to product safety, which could negatively affect customer perception of the business or the brand, regardless of whether the allegations are valid or whether the Corporation is ultimately found liable. As a result, litigation could materially adversely affect the Corporation's business and financial results.

Regulatory Environment

The Corporation is subject to many laws and regulations, including laws and regulations related to, among other things, permits and licences, product safety, labour practices, health and safety, merchandise quality, labelling, environmental levies, as well as policies related to suppliers and the countries in which they are located or from which they import, foreign trade policies, tariffs and other impositions on imported goods, trade sanctions imposed on certain countries, the limitation on the importation of certain types of goods or of goods containing certain materials from certain countries, and other factors related to its business.

Compliance with such laws and regulations, or the adoption of new laws and regulations or any changes to existing laws and regulations or in the interpretation, implementation or enforcement of any laws and regulations, could require the Corporation to make significant system or operating changes or require it to make significant expenditures or incur substantial costs, all of which could materially adversely affect its business and financial results. In addition, untimely compliance or non-compliance with any laws and regulations could trigger litigation or governmental enforcement action, or require the payment of any fines or penalties, and harm the Corporation's reputation, which could materially adversely affect the Corporation's business and financial results.

Furthermore, as the Corporation's sourcing strategy relies heavily on directly imported merchandise from overseas, mainly from China, any violation of applicable local laws and regulations by one or more suppliers, including laws and regulations related to, among other things, labour practices and health and safety, could also materially adversely affect the Corporation's brand image and reputation.

Environmental Compliance

Under various federal, provincial, and local environmental laws and regulations, current or previous owners or occupants of property may become liable for the costs of investigating, removing and monitoring any hazardous substances found on the property. These laws and regulations often impose liability without regard to fault.

Certain of the facilities that the Corporation occupies have been in operation for many years and, over such time, the Corporation and the prior owners or occupants of such properties may have generated and disposed of materials, which are or may be considered hazardous. Accordingly, it is possible that environmental liabilities may arise in the future as a result of any generation and disposal of such hazardous materials. Although it has not been notified of, and management is not aware of, any current material environmental liability, claim, or non-compliance, the Corporation could incur costs in the future related to its properties in order to comply with, or address any violations under, environmental laws and regulations.

In the ordinary course of business, the Corporation sometimes uses, stores, handles or disposes of household products and cleaning supplies that are classified as hazardous materials under various environmental laws and regulations. The Corporation cannot predict the environmental laws or regulations that may be enacted in the future or how existing or future laws and regulations will be administered or interpreted. Compliance with more stringent laws or regulations, as well as more vigorous enforcement policies of the regulatory agencies or stricter interpretations of existing laws and regulations, may require additional expenditures, which could vary substantially from those currently anticipated and could materially adversely affect the Corporation's business and financial results.

6 DESCRIPTION OF CAPITAL STRUCTURE

The authorized capital of the Corporation consists of an unlimited number of common shares and an unlimited number of preferred shares issuable in series. As at January 29, 2017, there were 115,051,349 common shares issued and outstanding and no preferred shares were issued and outstanding.

The summary below of the rights, privileges, restrictions and conditions attaching to the shares of the Corporation is subject to, and qualified by reference to, the Corporation's articles and by-laws.

6.1 Common Shares

The holders of the common shares are entitled to one vote in respect of each common share held at all meetings of holders of shares, other than meetings at which only the holders of another class or series of shares are entitled to vote separately as a class or series. The holders of the common shares are entitled to receive any dividend declared by the Corporation in respect of the common shares, subject to the rights of the holders of other classes of shares. The holders of the common shares will be entitled to receive, subject to the rights of the holders of other classes of shares, the remaining property and assets of the Corporation available for distribution, after payment of liabilities, upon the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary.

6.2 Preferred Shares

The preferred shares are issuable at any time and from time to time in one or more series. The Board of Directors is authorized to fix, before any issuance, the number of, the consideration per share of, the designation of, and the provisions attaching to, the preferred shares of each series, which may include voting rights, the whole subject to the issuance of a certificate of amendment setting forth the designation and provisions attaching to the preferred shares of the series. The preferred shares of each series will rank on a parity with the preferred shares of every other series and will be entitled to preference over the common shares and any other shares ranking junior to the preferred shares with respect to payment of dividends and distribution of any property or assets in the event of the Corporation's liquidation, dissolution or winding-up, whether voluntary or involuntary. If any cumulative dividends (whether or not declared), non-cumulative dividends declared or amounts payable on a return of capital are not paid in full, the preferred shares of all series will participate rateably in accordance with the amounts that would be payable on such preferred shares if all such dividends were declared and paid in full or the sums that would be payable on such shares on the return of capital were paid in full, as the case may be.

6.3 Two-For-One Share Split by Way of Share Dividend

On September 11, 2014, the Board of Directors announced that it had approved a share dividend of one common share for each issued and outstanding common share, which had the same effect as a two-for-one share split of the Corporation's outstanding common shares. The Corporation's share dividend was paid on November 17, 2014 to shareholders of record at the close of business on November 10, 2014 and was designated as an "eligible dividend" for Canadian tax purposes. The common shares began trading on an ex-dividend basis (on a split basis) on November 18, 2014.

6.4 Normal Course Issuer Bid

On June 8, 2016, the Corporation renewed its normal course issuer bid and launched the 2016-2017 NCIB to repurchase for cancellation up to 5,975,854 common shares (representing 5.0% of the common shares issued and outstanding as at June 7, 2016) during the 12-month period from June 17, 2016 to June 16, 2017.

As part of the 2016-2017 NCIB, the Corporation purchased for cancellation 300,000 of its common shares pursuant to private agreements with two arm's-length third party sellers. Those purchases were made pursuant and subject to the terms of issuer bid exemption orders issued by the Ontario Securities Commission and the Autorité des marchés financiers. The price paid by the Corporation was negotiated with each of the third-party sellers and in both cases was at a discount to the prevailing market price of the Corporation's common shares on the TSX at the time of each purchase.

Also as part of the 2016-2017 NCIB, the Corporation entered into a specific share repurchase program with a third party to repurchase common shares through daily purchases, up to a maximum of 1,123,000 common shares for the program, subject to the conditions of an issuer bid exemption order issued by the Ontario Securities Commission. The price that the Corporation paid for common shares was at a discount to the volume weighted average trading price of the common shares on the Canadian markets on the date of the purchase. The Corporation also implemented an automatic share repurchase plan with the third party and its agents to allow for the repurchase of common shares under the program at times when it ordinarily would not be active in the market due to self-imposed trading blackout periods. A total of 1,120,040 common shares were repurchased through this specific program, representing all available holdings of common shares of the third party, and the program officially ended on March 13, 2017.

Since the launch of the Corporation's inaugural normal course issuer bid in June 2012 up until March 29, 2017, the Corporation repurchased for cancellation a total of 37,821,835 common shares, at a weighted average price of $60.67 per common share, for a total cash consideration of $2.29 billion.

NCIB	Period of Coverage	Number of Common Shares Purchased for Cancellation[1]	Weighted Average Price per Common Share[1]	Value of Common Shares Purchased for Cancellation
2012-2013	June 15, 2012 to June 14, 2013	5,166,528	$30.18	$155.9 million
2013-2014[2]	June 17, 2013 to June 16, 2014	13,329,376	$41.48	$552.8 million
2014-2015	June 17, 2014 to June 16, 2015	4,683,858	$56.73	$265.7 million
2015-2016[3]	June 17, 2015 to June 16, 2016	9,561,911	$85.75	$820.0 million
2016-2017	June 17, 2016 to Mar. 29, 2017[4]	5,080,162	$98.45	$500.1 million
		37,821,835	**$60.67**	**$2,294.5 million**

(1) Numbers of common shares and per common share prices were retrospectively restated to reflect the Share Split.
(2) As amended on January 22, 2014.
(3) As amended successively on December 9, 2015 and March 30, 2016.
(4) The 2016-2017 NCIB is ongoing and is set to expire on June 16, 2017.

7 DIVIDENDS

On June 9, 2011, the Corporation announced that the Board of Directors had declared the first quarterly dividend in Dollarama's history as a public corporation. The initial quarterly dividend was set at $0.045 per common share and was designated as an "eligible dividend" for Canadian tax purposes.

Since 2011, the Board of Directors announced the approval of six successive increases of the quarterly dividend. The most recent increase, from $0.10 to $0.11 per common share, was approved on March 29, 2017.

The Board of Directors determined that this latest level of quarterly dividend is appropriate based on Dollarama's current cash flow, earnings, financial position and other relevant factors. The dividend is expected to remain at this level subject to the Board of Directors' ongoing assessment of Dollarama's future capital requirements, financial performance, liquidity, outlook and other factors that the Board of Directors may deem relevant.

The payment of each quarterly dividend remains subject to the declaration of that dividend by the Board of Directors. The actual amount of each quarterly dividend, as well as each declaration date, record date and payment date are subject to the discretion of the Board of Directors.

The following table sets out the cash dividends declared and paid during the fiscal years ended February 1, 2015, January 31, 2016 and January 29, 2017.

Date of Announcement	Date of Payment	Amount of Dividend per Common Share[1]
December 5, 2013	February 5, 2014	$0.07
April 9, 2014	May 7, 2014	$0.08
June 12, 2014	August 6, 2014	$0.08
September 11, 2014	November 4, 2014	$0.08
December 4, 2014	February 3, 2015	$0.08
March 25, 2015	May 7, 2015	$0.09
June 10, 2015	August 5, 2015	$0.09
September 10, 2015	November 4, 2015	$0.09
December 9, 2015	February 2, 2016	$0.09
March 30, 2016	May 4, 2016	$0.10
June 8, 2016	August 3, 2016	$0.10
September 1, 2016	November 2, 2016	$0.10
December 7, 2016	February 1, 2017[2]	$0.10

(1) Per common share amounts were retrospectively restated to reflect the Share Split.
(2) Dividends are usually paid at the beginning of the quarter following the declaration date. Consequently, the dividend declared in the fourth quarter of Fiscal 2017 was paid at the beginning of the first quarter of Fiscal 2018.

8 DESCRIPTION OF MATERIAL INDEBTEDNESS

The table below summarizes the principal amounts outstanding as at March 29, 2017 under the Credit Facility and the Senior Unsecured Notes, which are described in greater details hereunder.

Type	Maturity	Principal Amount Outstanding
Credit Facility – Initial Commitments	2021-12-14	Nil
Credit Facility – 2016 Commitments	2018-01-29	Nil
Series 1 Floating Rate Notes	2017-05-16	$275.0 million
Series 2 Floating Rate Notes	2020-03-16	$225.0 million
2.337% Fixed Rate Notes	2021-07-22	$525.0 million
3.095% Fixed Rate Notes	2018-11-05	$400.0 million
Total		**$1,425.0 million**

8.1 Credit Facility

The Credit Facility currently consists of a $500.0 million unsecured revolving credit facility made available under the SAR Credit Agreement entered into between the Corporation and the lenders on October 25, 2013, as amended on December 3, 2013, June 10, 2014, November 3, 2014, October 30, 2015, January 29, 2016 and November 21, 2016 in order to, among other things, modify the amount of outstanding commitments from the lenders and extend the term.

The term of the SAR Credit Agreement is now December 14, 2021. The commitments in the amount of $250.0 million initially made in 2013 are available until December 14, 2021, and the commitments in the amount of $250.0 million made in 2016 are available until January 29, 2018.

Under the SAR Credit Agreement, the Corporation may, under certain circumstances and subject to receipt of additional commitments from existing lenders or other eligible institutions, request increases to the Credit Facility up to an aggregate amount, together with all then-existing commitments, of $1.3 billion.

The applicable margin, ranging from 0% to 2.50% per annum, is calculated based on the senior unsecured credit or debt rating issued to the Corporation by a rating agency.

The SAR Credit Agreement requires the Corporation to respect a minimum interest coverage ratio and a maximum lease-adjusted leverage ratio, each tested quarterly on a consolidated basis. The Corporation has the option to borrow in Canadian or U.S. dollars.

The Credit Facility is guaranteed by Dollarama L.P. and Dollarama GP Inc. (collectively, with the Corporation, the “Credit Parties”). The SAR Credit Agreement contains restrictive covenants that, subject to certain exceptions, limit the ability of the Credit Parties to, among other things, incur, assume, or permit to exist senior ranking indebtedness or liens, engage in mergers, acquisitions, asset sales or sale-leaseback transactions, alter the nature of the business and engage in certain transactions with affiliates. The SAR Credit Agreement also limits the ability of the Corporation to make loans, declare dividends and make payments on, or redeem or repurchase equity interests if there exists a default or an event of default thereunder.

8.2 Senior Unsecured Notes

On November 5, 2013, the Corporation issued the 3.095% Fixed Rate Notes due November 5, 2018 in the aggregate principal amount of $400.0 million by way of private placement in reliance upon exemptions from the prospectus requirements under applicable securities legislation. The Corporation used the net proceeds of the 2013 Offering to repay indebtedness outstanding under the Credit Facility and other bank indebtedness outstanding at the time and for general corporate purposes. The 3.095% Fixed Rate Notes bear interest at a rate of 3.095% per annum, payable in equal semi-annual instalments, in arrears, on May 5 and November 5 of each year until maturity. As at January 29, 2017, the carrying value of the 3.095% Fixed Rate Notes was $402.0 million.

On May 16, 2014, the Corporation issued the Original Series 1 Floating Rate Notes due May 16, 2017 in the aggregate principal amount of $150.0 million by way of private placement in reliance upon exemptions from the prospectus requirements under applicable securities legislation. The Corporation used the net proceeds of the 2014 Offering to repay indebtedness outstanding under the Credit Facility and for general corporate purposes. The Original Series 1 Floating Rate Notes bear interest at a rate equal to the 3-month bankers’ acceptance rate (CDOR) plus 54 basis points (or 0.54%), set quarterly on the 16th day of May, August, November and February of each year. Interest is payable in cash quarterly, in arrears, over the three-year term on the 16th day of May, August, November and February of each year.

On April 8, 2015, the Corporation issued the Additional Series 1 Floating Rate Notes due May 16, 2017 in the aggregate principal amount of $125.0 million by way of private placement in reliance upon exemptions from the prospectus requirements under applicable securities legislation. The Corporation used the net proceeds of the 2015 Offering to repay indebtedness outstanding under the Credit Facility and for general corporate purposes. The Additional Series 1 Floating Rate Notes constitute an increase to the $150.0 million aggregate principal amount of Original Series 1 Floating Rate Notes. They were issued at a discount of 0.336% of the principal amount thereof, for aggregate gross proceeds of $124.58 million. As at the date of issuance, the effective spread over the 3-month bankers’ acceptance rate (CDOR) for the Additional Series 1 Floating Rate Notes was 70 basis points (or 0.70%). Once issued, the Additional Series 1 Floating Rate Notes bear interest at the same rate as the Original Series 1 Floating Rate Notes, and interest is payable in cash quarterly, in arrears, concurrently with the payment of interest on the Original Series 1 Floating Rate Notes. All other terms and conditions applicable to the Original Series 1 Floating Rate Notes also apply to the Additional Series 1 Floating Rate Notes, and the Additional Series 1 Floating Rate Notes are treated as a single series with the Original Series 1 Floating Rate Notes (collectively, the “Series 1 Floating Rate Notes”). As at January 29, 2017, the carrying value of the Series 1 Floating Rate Notes was $275.2 million.

On July 22, 2016, the Corporation issued the 2.337% Fixed Rate Notes (together with the 3.095% Fixed Rate Notes, the “Fixed Rate Notes”) due July 22, 2021 in the aggregate principal amount of $525.0 million by way of private placement in reliance upon exemptions from the prospectus requirements under applicable securities legislation. The Corporation used the net proceeds of the 2016 Offering to repay indebtedness outstanding under the Credit Facility and for general corporate purposes. The 2.337% Fixed Rate Notes bear interest at a rate of 2.337% per annum, payable in equal semi-annual instalments, in arrears, on January 22 and July 22 of each year until maturity. As at January 29, 2017, the carrying value of the 2.337% Fixed Rate Notes was $523.2 million.

On March 16, 2017, the Corporation issued the Series 2 Floating Rate Notes (together with the Series 1 Floating Rate Notes, the "Floating Rate Notes") due March 16, 2020 in the aggregate principal amount of $225.0 million by way of private placement in reliance upon exemptions from the prospectus requirements under applicable securities legislation. The Corporation used the net proceeds of the 2017 Offering to repay indebtedness outstanding under the Credit Facility and for general corporate purposes. The Series 2 Floating Rate Notes bear interest at a rate equal to the 3-month bankers' acceptance rate (CDOR) plus 59 basis points (or 0.59%), set quarterly on the 16th day of March, June, September and December of each year. Interest is payable in cash quarterly, in arrears, over the 3-year term on the 16th day of March, June, September and December of each year.

The Fixed Rate Notes and the Floating Rate Notes (collectively, the "Senior Unsecured Notes") are direct unsecured obligations of the Corporation and rank equally and *pari passu* with all other existing and future unsecured and unsubordinated indebtedness of the Corporation. The Senior Unsecured Notes are effectively subordinated to all of the Corporation's existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness. They will rank senior in right of payment to all future obligations of the Corporation that are, by their terms, expressly subordinated in right of payment thereto and equal in right of payment with all existing and future obligations of the Corporation that are not so subordinated.

The Senior Unsecured Notes are solidarily (jointly and severally) guaranteed, on a senior unsecured basis, as to the payment of principal, interest and premium, if any, and certain other amounts specified in the trust indenture governing them (such indenture, together with the applicable supplemental indenture governing each series of Senior Unsecured Notes, the "Trust Indenture") by certain subsidiaries of the Corporation representing combined EBITDA, when aggregated with the EBITDA of the Corporation (on a non-consolidated basis), of at least 80% of the consolidated EBITDA. As at the date hereof, Dollarama L.P. and Dollarama GP Inc. are the only guarantors. So long as any Senior Unsecured Notes remain outstanding and the Credit Facility is in full force and effect, all of the Corporation's subsidiaries that are guarantors from time to time in respect of indebtedness under the Credit Facility will be guarantors in respect of the Senior Unsecured Notes.

The Corporation may, at its option, at any time and from time to time, purchase the Senior Unsecured Notes for cancellation, which may include purchases from or through an investment dealer or a firm holding membership on a recognized stock exchange or by tender, open market purchases, or by private contract, in each case, at any price.

The Corporation may also, at its option, redeem the Fixed Rate Notes, in whole or in part, at any time and from time to time, upon not less than 30 days' and not more than 60 days' notice to the holders of the Fixed Rate Notes to be redeemed, at a redemption price equal to the greater of (a) the Canada Yield Price (as defined in the applicable Trust Indenture) and (b) par, together, in each case, with accrued and unpaid interest, if any, to the date fixed for redemption. The Corporation does not have any optional redemption right under the Trust Indentures governing the Floating Rate Notes.

Under each Trust Indenture, if a Change of Control Triggering Event occurs (as defined in the Trust Indentures), the Corporation will be required to make (or arrange for a third party to make) an offer to repurchase all or, at the option of each holder of Senior Unsecured Notes, any part (equal to $1,000 or an integral multiple thereof) of such holder's notes, at a purchase price payable in cash equal to 101% of the outstanding principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

9 RATINGS

Each series of Senior Unsecured Notes was assigned a rating of BBB, with a stable trend, by DBRS. The following information relating to credit ratings is based on information made available to the public by the rating agency.

Credit ratings are forward-looking opinions about credit risk which reflect the creditworthiness of an issuer and/or security. Credit ratings are not statements of fact. While historical statistics and performance can be important considerations, credit ratings are not based solely on such; they include subjective considerations and involve expectations for future performance that cannot be guaranteed. To the extent that future events and economic conditions do not match expectations, credit ratings assigned to issuers and/or securities can change. Credit ratings are also based on approved and applicable methodologies, models and criteria which are periodically updated, and when material changes are deemed necessary for a wide variety of potential reasons, this may also lead to rating changes.

The DBRS long-term rating scale provides an opinion on the risk of default, i.e. the risk that an issuer will fail to satisfy its financial obligations in accordance with the terms under which an obligation has been issued. Ratings are based on quantitative and qualitative considerations relevant to the issuer, and the relative ranking of claims. DBRS' credit ratings for long-term debt range from AAA to D. All rating categories other than AAA and D also contain subcategories "(high)" and "(low)". The absence of either a "(high)" or "(low)" designation indicates that the rating is in the middle of the category.

The BBB rating assigned to the Senior Unsecured Notes is ranked fourth of ten rating categories. According to the DBRS rating scale, long-term obligations rated BBB or higher are considered investment grade credit quality, and, amongst those, long-term obligations rated BBB are considered as having adequate credit quality. The capacity for the payment of financial obligations is considered acceptable. Long-term obligations rated BBB may be vulnerable to future events.

DBRS also uses "rating trends" for its ratings in the corporate finance sector. Rating trends provide guidance in respect of DBRS' opinion regarding the outlook for the rating in question, with rating trends falling into one of three categories - "positive", "stable" or "negative". The rating trend indicates the direction in which DBRS considers the rating may move if present circumstances continue, or in certain cases as it relates to the corporate finance sector, unless challenges are addressed by the issuer. Within the corporate finance sector, in general, DBRS assigns rating trends based primarily on an evaluation of the issuing entity or guarantor itself, but may also include consideration of the outlook for the industry in which the issuing entity operates giving consideration to developments that could positively or negatively impact the sector or the company's debt position within the sector.

It is often the rating trend that reflects the initial pressures or benefits of a changing environment rather than an immediate change in the rating. A "positive" or "negative" trend is not an indication that a rating change is imminent. Rather, a "positive" or "negative" trend represents an indication that there is a greater likelihood that the rating could change in the future than would be the case if a "stable" trend was assigned to the security. Generally, the conditions that lead to the assignment of a "negative" or "positive" trend are resolved within a twelve month period. However, in some instances, new factors emerge which may cause the "positive" or "negative" trend to be maintained, even as the original factors become clarified or resolved. DBRS generally notes any changes to the basis for the "positive" or "negative" trend.

DBRS does not provide investment advice and a DBRS credit rating is not a buy, sell or hold recommendation. Credit ratings deal with only one characteristic of the investors' decision making process, which is credit risk. They make no assessment of the appropriateness of ownership for a given investor within their investment objectives. Specifically, investors will have an interest in many areas which are outside the bounds of credit risk, such as the level of market prices, tax related issues and investment losses that could result from changes in interest rates, market liquidity and other factors. The data and information on which DBRS bases its opinions is not audited or verified by DBRS, although DBRS conducts a reasonableness review of information received and relied upon in accordance with its methodologies and policies.

To the extent that future events and economic conditions do not match expectations, credit ratings assigned to any series of Senior Unsecured Notes can change.

The Corporation paid fees to DBRS to obtain its credit ratings, based on DBRS' fee schedule, and expects to pay similar fees in the future. No additional payment was made to DBRS for other services provided to the Corporation during the last two fiscal years.

10 MARKET FOR SECURITIES

10.1 Trading Price and Volume

The common shares are listed for trading on the TSX under the symbol "DOL". The following table shows the monthly range of high and low prices per common share at the close of market on the TSX, as well as total monthly volumes and average daily volumes traded on the TSX and alternative trading systems for Fiscal 2017.

Month	Monthly High $	Monthly Low $	Total Monthly Volume	Average Daily Volume
February 2016	79.96	70.34	14,447,731	722,387
March 2016	91.77	74.38	19,106,398	868,473
April 2016	93.45	86.54	13,540,243	644,773
May 2016	92.73	87.63	14,545,596	692,647
June 2016	94.88	87.40	14,483,289	658,331
July 2016	98.19	89.51	8,364,647	418,232
August 2016	100.47	95.11	9,564,005	434,728
September 2016	104.94	96.93	12,455,212	593,105
October 2016	103.90	98.49	8,793,006	439,650
November 2016	103.56	93.27	10,305,429	468,429
December 2016	103.42	96.50	13,995,318	699,766
January 2017 (until Jan. 27)	100.93	96.81	9,890,999	520,579

11 DIRECTORS AND OFFICERS

11.1 Directors

The following table sets out, as at the date hereof, for each director, the person's name, province or state and country of residence, position(s) with the Corporation, the date on which he or she became a director, his or her principal occupation and previously held positions for the last five years. Directors are elected annually and, unless re-elected, retire from office at the end of the next annual general meeting of shareholders.

Name, Province or State and Country of Residence	Position(s)	Since	Principal Occupation	Previously Held Positions (Last Five Years)
Larry Rossy Québec, Canada	Executive Chairman of the Board of Directors	2016	Executive Chairman of the Board of Directors Dollarama Inc.	Chairman and Chief Executive Officer Dollarama Inc. (from 2004 to Apr. 2016)
Joshua Bekenstein[(3)(5)] Massachusetts, USA	Independent Director	2004	Managing Director Bain Capital Partners, LP	—

Name, Province or State and Country of Residence	Position(s)	Since	Principal Occupation	Previously Held Positions (Last Five Years)
Gregory David Ontario, Canada	Director	2004	Chief Executive Officer GRI Capital Inc.	—
Elisa D. Garcia C.[3] New York, USA	Independent Director	2015	Chief Legal Officer Macy's, Inc.	Executive Vice President and Chief Legal Officer Office Depot, Inc. (from 2013 to Aug. 2016) Executive Vice President, General Counsel and Corporate Secretary Office Depot, Inc. (from 2007 to 2013)
Stephen Gunn[1][2][5][7] Ontario, Canada	Lead Independent Director	2009	Corporate Director	Executive Co-Chair of the board of directors Sleep Country Canada Holdings Inc. (from Nov. 2014 to Jan. 2017) Chair of the board of directors and Chief Executive Officer Sleep Country Canada Inc. (until Nov. 2014)
Nicholas Nomicos[4] Massachusetts, USA	Independent Director	2004	Corporate Director	Managing Director Bain Capital Credit, LP (formerly known as Sankaty Advisors, LP) (from 2011 to Dec. 2016)
Neil Rossy Québec, Canada	Director President and Chief Executive Officer	2004 2016	President and Chief Executive Officer Dollarama Inc.	Chief Merchandising Officer Dollarama Inc. (from 2010 to Apr. 2016)
Richard Roy, FCPA, FCA[7] Québec, Canada	Independent Director	2012	Corporate Director	President and Chief Executive Officer Uni-Select Inc. (from 2008 to Jul. 2015)
John J. Swidler, FCPA, FCA[6] Québec, Canada	Independent Director	2010	Consultant Richter LLP	Senior Advisor Richter LLP (from 2007 to 2013)
Huw Thomas, FCPA, FCA Ontario, Canada	Independent Director	2011	Chief Executive Officer Smart Real Estate Investment Trust ("SmartREIT")	President and Chief Executive Officer SmartREIT (from Jul. 2013 to Jul. 2016) Interim Chief Executive Officer SmartREIT (from Mar. 2013 to Jul. 2013)

(1) Lead director.
(2) Chair of the Nominating and Governance Committee.
(3) Member of the Nominating and Governance Committee.
(4) Chair of the Human Resources and Compensation Committee.
(5) Member of the Human Resources and Compensation Committee.
(6) Chair of the Audit Committee.
(7) Member of the Audit Committee.

11.2 Executive Officers

The following table sets out, as at the date hereof, for each executive officer, the person's name, province or state and country of residence, position(s) with the Corporation, the date on which he or she became an executive officer and previously held positions for the last five years.

Name, Province or State and Country of Residence	Position(s)	Since	Previously Held Positions (Last Five Years)
Larry Rossy Québec, Canada	Executive Chairman of the Board of Directors	2016	Chief Executive Officer Dollarama Inc. (from 2004 to Apr. 2016)
Neil Rossy Québec, Canada	President and Chief Executive Officer	2016	Chief Merchandising Officer Dollarama Inc. (from 2010 to Apr. 2016)
Michael Ross, FCPA, FCA Québec, Canada	Chief Financial Officer	2010	Chief Financial Officer and Secretary Dollarama Inc. (from 2010 to 2015)
Johanne Choinière Ontario, Canada	Chief Operating Officer	2014	Senior Vice President Metro, Ontario Division (from 2008 to May 2014)
Geoffrey Robillard Québec, Canada	Senior Vice-President, Import Division	2004	—
John Assaly Québec, Canada	Vice-President, Global Procurement	2013	Senior Buyer Dollarama L.P. (from 1992 to 2013)
Nicolas Hien Québec, Canada	Vice President, Project Management and Systems	2016	Vice-President, Project Management Dollarama Inc. (from 2013 to 2016) Senior Manager, Advisory Services KPMG LLP (from 2011 to 2012)

As a group, the directors and executive officers beneficially owned, or controlled or directed, directly or indirectly, a total of 9,082,283 common shares, representing approximately 7.9% of the common shares outstanding, on a non-diluted basis, as at January 29, 2017.

The following are brief profiles of the directors and executive officers of the Corporation, including a description of each individual's principal occupation within the past five years.

Directors

JOSHUA BEKENSTEIN is a member of the Board of Directors and a member of the Human Resources and Compensation Committee and the Nominating and Governance Committee. Mr. Bekenstein is a Managing Director at Bain Capital Partners, LP, a private asset management firm. Prior to joining Bain Capital Partners in 1984, Mr. Bekenstein spent several years at Bain & Company, where he was involved with companies in a variety of industries. Mr. Bekenstein serves as a director of Canada Goose Holdings Inc., BRP Inc., Bright Horizons Family Solutions Inc., and The Michaels Companies, Inc., and sits on the compensation committee of some of those corporations. Mr. Bekenstein received a Bachelor of Arts from Yale University and a Master of Business Administration (MBA) from Harvard Business School.

GREGORY DAVID is a member of the Board of Directors. He is the Chief Executive Officer of GRI Capital Inc., a private management and financial advisory firm, and has been with the company and its affiliates since 2003. From 2000 to 2003, Mr. David provided financial and strategic advisory services to private and public companies. Previously, he worked at Claridge Inc. from 1998 to 2000 and at McKinsey & Co. from 1996 to 1998. He has a Bachelor of Commerce from Queen's University, a Bachelor of Laws from McGill University and a Master of Business Administration (MBA) from Harvard Business School.

ELISA D. GARCIA C. is a member of the Board of Directors and a member of the Nominating and Governance Committee. Ms. Garcia currently serves as Chief Legal Officer of Macy's, Inc. Prior to joining Macy's, Inc. in September 2016, she served as Executive Vice President and Chief Legal Officer of Office Depot, Inc., a leading global provider of products, services, and solutions for the workplace headquartered in Boca Raton, Florida. Prior to joining Office Depot in 2007, she was Executive Vice President, General Counsel and Corporate Secretary for Domino's Pizza, Inc. Earlier in her career, she served as Latin American Regional Counsel for Philip Morris International and Corporate Counsel for GAF Corporation. She also serves on the board of the Institute for Inclusion in the Legal Profession and acts as an advisory board member for the Corporate Pro Bono Institute. Ms. Garcia is a graduate of the St. John's University School of Law, and also received a joint BA/MS in Political Science and Management and Policy Sciences from W. Averell Harriman College, State University of New York at Stony Brook.

STEPHEN GUNN is the Lead Director of the Board of Directors, the Chair of the Nominating and Governance Committee and a member of both the Audit Committee and the Human Resources and Compensation Committee. He is also co-chair of the board of directors of Sleep Country Canada Holdings Inc. and a director of Canada Goose Holdings Inc. and Cara Operations Limited, and chairs the audit committee of the latter. Prior to November 2014, Mr. Gunn served as chief executive officer of Sleep Country Canada, the Canadian mattress retailer he co-founded. He received a Bachelor of Applied Science in Electrical Engineering from Queen's University and a Master of Business Administration (MBA) from the University of Western Ontario.

NICHOLAS NOMICOS is a member of the Board of Directors, and he chairs the Human Resources and Compensation Committee since March 2016. He is also a director and a member of the investment and risk committee of BRP Inc. since December 2016. He previously sat on BRP Inc.'s board of directors from 2003 to 2015. Until December 2016, Mr. Nomicos was Managing Director at Bain Capital Credit, LP (formerly known as Sankaty Advisors, LP), the credit affiliate of Bain Capital Partners, LP. Prior to 2011, he was an Operating Partner at Bain Capital Partners where he worked since 1999 in a variety of investments in the manufacturing and consumer product sectors. Prior to joining Bain Capital Partners, Mr. Nomicos was a senior corporate development and manufacturing executive at Oak Industries Inc., and he spent several years at Bain & Company where he was a Manager. Mr. Nomicos received a Bachelor of Science in Engineering from Princeton University and a Master of Business Administration (MBA) from Harvard Business School.

LARRY ROSSY is the Executive Chairman of the Board of Directors since May 1, 2016. Before that date, he held the offices of Chairman of the Board of Directors and Chief Executive Officer since the Corporation's inception. Larry Rossy has been a retailer since 1965 and is the founder of Dollarama. In 1992, he made the strategic decision to convert the company to the "dollar store" concept. Since that time, his principal focus has been on the expansion of the Dollarama retail network. On May 1, 2016, Larry Rossy stepped aside as Chief Executive Officer, as Neil Rossy took the helm of the business. As Executive Chairman of the Board of Directors, he continues to play an active role in key areas of the business such as real estate and buying. He received a Bachelor of Arts from McGill University.

NEIL ROSSY is a member of the Board of Directors since 2004 and serves as President and Chief Executive Officer of the Corporation since May 1, 2016. Prior to being appointed to this office by the Board of Directors in 2016, he had served as Chief Merchandising Officer of Dollarama since 2010. With the company since its inception in 1992, he has been involved in all aspects of Dollarama's business, supply chain and day-to-day operations. Over the last two decades, Neil Rossy has played an increasingly important role in strategic decisions related to warehousing and distribution, direct sourcing, brand identity, product development and merchandising innovations that define Dollarama and underpin its success. He is a graduate of Queen's University.

RICHARD ROY, FCPA, FCA, is a member of the Board of Directors and a member of the Audit Committee. He also sits on the board of directors of Uni-Select Inc. since May 2008 and on the board of directors of GDI Integrated Facility Services Inc. since May 2015. Mr. Roy served as President and Chief Executive Officer of Uni-Select, a distributor of automotive replacement parts, equipment, tools and accessories in North America, from January 1, 2008 to July 31, 2015. Prior to January 2008, he held various senior roles at Uni-Select, including the positions of Vice President, Chief Operating Officer from April 2007 to January 2008, and Vice President, Administration and Chief Financial Officer from January 1999 to April 2007. Mr. Roy received his Fellow Chartered Accountant (FCA) designation from the *Ordre des comptables professionnels agréés du Québec* in 2012.

JOHN J. SWIDLER, FCPA, FCA, is a member of the Board of Directors and the Chair of the Audit Committee. Mr. Swidler will retire from office at the close of the annual meeting of shareholders of the Corporation in June 2017, after having served on the Board of Directors since 2010. He is the lead director and the chair of the audit committee of Reitmans (Canada) Limited, and a director of Accord Financial Corp. and a member of its audit committee. He also acts as consultant for Richter LLP, an accounting, business advisory and consulting firm, after several years spent acting as senior advisor to the same firm. He was the Managing Partner of RSM Richter LLP (Richter LLP's predecessor) from 1996 to January 1, 2007 and was Chairman of the firm's executive committee from 1982 to 1996. Mr. Swidler graduated from McGill University with a Bachelor of Commerce degree and obtained his designation as a Chartered Accountant. He also received a Bachelor of Civil Law from McGill University. He received his Fellow Chartered Accountant (FCA) designation from the *Ordre des comptables professionnels agréés du Québec* in 1992.

HUW THOMAS, FCPA, FCA, is a member of the Board of Directors and served as a member of the Audit Committee and the Nominating and Governance Committee until March 29, 2017. From 1996 to 2010, Mr. Thomas served in various senior financial roles at Canadian Tire Corporation, Limited, including nine years as Chief Financial Officer and, from November 2009 until December 2010, as Executive Vice-President, Financial Strategy and Performance. Mr. Thomas was appointed Interim Chief Executive Officer of SmartREIT in March 2013 and then President and Chief Executive Officer in July 2013. Since July 21, 2016, he holds the title of Chief Executive Officer of SmartREIT. He also serves as a trustee of SmartREIT since April 2011. In addition, he is a trustee of Chartwell Retirement Residences and chairs its audit committee. He holds a Bachelor of Science degree in Economics from the University of London (U.K.), and is a Certified U.K. and Canadian Chartered Professional Accountant. He received his Fellowship designation (FCPA) from the Chartered Professional Accountants of Ontario in 2013.

Executive Officers

MICHAEL ROSS, FCPA, FCA, was appointed Chief Financial Officer and Secretary, effective April 12, 2010. In April 2015, his title was changed to Chief Financial Officer as the Secretary office was assumed by another member of the management team. Prior to joining Dollarama, Mr. Ross was the Chief Financial Officer of Sanimax Industries Inc. for three years and from 1997 to 2007, he served as Vice President, Administration and Chief Financial Officer of the Bell Nordiq Group Inc. Mr. Ross earned his Bachelor of Commerce and Graduate Accounting diplomas from Concordia University in 1981 and 1983, respectively. He received his Fellow Chartered Accountant (FCA) designation from the *Ordre des comptables professionnels agréés du Québec* in 2012.

JOHANNE CHOINIÈRE was appointed Chief Operating Officer, effective May 12, 2014. Ms. Choinière is responsible for overseeing retail store operations as well as logistics, distribution, supply chain management, human resources and loss prevention. Prior to joining Dollarama, Ms. Choinière was with Metro inc. since 1999, where she held increasingly senior positions across the organization, including Senior Vice President, Merchandising for Metro Ontario and, most recently, Senior Vice President of Metro's Ontario Division. She holds a Bachelor in Business Administration (B.B.A.) from Bishop's University.

GEOFFREY ROBILLARD has been Senior Vice-President, Import Division since October 2006. From 1973 to November 2004, Mr. Robillard was the owner and President of Aris Import Inc., a major distributor for imports from overseas. In 1992, Mr. Robillard began working with Dollarama towards establishing Dollarama's direct overseas sourcing capabilities and this relationship became exclusive in 1996. The assets of Aris Import Inc. were acquired by Dollarama in November 2004. Mr. Robillard built Dollarama's import division and manages a team that sources products internationally, evaluates suppliers' offers and samples, and works with buyers to choose merchandise. He supervises pricing negotiations, quality control issues with import suppliers and coordination of all import delivery logistics, duties, and customs.

JOHN ASSALY joined Dollarama at its inception in 1992 as a Senior Buyer and has been named Vice-President, Global Procurement at the end of 2013. Mr. Assaly is responsible for a significant volume in product sales of Dollarama. In addition to travelling the world, constantly searching for new products and developing relationships with Dollarama's suppliers, Mr. Assaly has the responsibility of supervising a team of assistant buyers.

NICOLAS HIEN is Vice-President, Project Management and Systems since March 2016. Before that, he was Vice-President, Project Management. He now has supervisory responsibility over the information technology/information systems function and is responsible for overseeing all major projects implemented in stores and in distribution and warehousing facilities. He is also responsible for managing the commercial relationship between Dollarama and Dollar City. Prior to joining Dollarama in September 2012, Mr. Hien was Senior Manager, Advisory Services with KPMG LLP after KPMG LLP acquired the consulting firm where he was Partner and Project Director since 2008. He holds a Bachelor of Business Administration (B.B.A.) in operations management and a Master of Science (M.Sc.) in logistics from HEC Montreal.

11.3 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Corporation, no director or executive officer:

(a) is, as at the date of this Annual Information Form, or was, within the 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including the Corporation) that,

  (i) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

  (ii) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

  For the purposes of the paragraphs above, "order" means (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days.

To the knowledge of the Corporation, no director or executive officer, or no shareholder holding a sufficient number of common shares to affect materially the control of the Corporation:

(a) is, as at the date of this Annual Information Form, or has been within the 10 years before the date of this Annual Information Form, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets;

except for Stephen Gunn, a director of the Corporation, who was previously a director of Golf Town Canada Inc., which, together with certain of its Canadian affiliates, sought and obtained protection under the

Companies' Creditors Arrangement Act pursuant to an Initial Order of the Ontario Superior Court of Justice dated September 14, 2016.

To the knowledge of the Corporation, no director or executive officer, or no shareholder holding a sufficient number of common shares to affect materially the control of the Corporation:

(a) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

11.4 Conflicts of Interest

To the best of management's knowledge, other than the real property leases with entities controlled by Larry Rossy or his immediate family members, there are no known existing or potential material conflicts of interest among the Corporation and its directors, officers or other members of management as a result of their outside business interests, except that certain directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Corporation and their duties as a director or officer of such other companies. See "Directors and Officers" and "Interest of Management and Others in Material Transactions".

11.5 Indemnification and Insurance

The Corporation currently purchases a total of $120.0 million of directors and officers insurance coverage, including an excess side A difference in conditions (DIC) coverage of $25.0 million. The Corporation also entered into indemnification agreements with each of its directors. The indemnification agreements generally require that the Corporation indemnify and hold the indemnitees harmless to the greatest extent permitted by law for liabilities arising out of the indemnitees' service to the Corporation as directors, provided that the indemnitees acted honestly and in good faith and in a manner the indemnitees reasonably believed to be in or not opposed to the Corporation's best interests and, with respect to criminal and administrative actions or proceedings that are enforced by monetary penalty, the indemnitees had no reasonable grounds to believe that their conduct was unlawful. The indemnification agreements also provide for the advancement of defence expenses to the indemnitees by the Corporation.

12 AUDIT COMMITTEE INFORMATION

12.1 Charter of the Audit Committee

The Board of Directors has adopted a written charter (the "Charter of the Audit Committee") setting out the responsibilities of the Audit Committee, which include, among other things, (i) reviewing the financial statements of the Corporation and public disclosure documents containing financial information and reporting on such review to the Board of Directors, (ii) ensuring that adequate procedures are in place for the review of the Corporation's public disclosure documents that contain financial information, (iii) overseeing the work and review the independence of the external auditor and (iv) reviewing, evaluating and approving the internal control procedures that are implemented and maintained by management, including those designed to identify and manage the significant risks associated with the activities of the Corporation. A copy of the Charter of the Audit Committee is attached to this Annual Information Form as Appendix A.

12.2 Composition of the Audit Committee

As at the date hereof, the Audit Committee is composed of three members, namely John J. Swidler (Chair), Stephen Gunn, and Richard Roy. Huw Thomas stepped down from the Audit Committee effective

March 30, 2017. Each member of the Audit Committee is independent and financially literate within the meaning of *National Instrument 52-110 – Audit Committees* ("NI 52-110").

12.3 Relevant Education and Experience of the Audit Committee Members

Each member of the Audit Committee has (i) an understanding of the accounting principles used by the Corporation to prepare its financial statements, (ii) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and provisions, (iii) experience in the preparation, audit, analysis or evaluation of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements (or experience in actively supervising individuals engaged in same), and (iv) an understanding of the internal controls and procedures necessary for financial reporting. The biographies of the members of the Audit Committee (included above) outline the education, professional background and experience relevant to the performance of their responsibilities.

12.4 Pre-Approval Policies and Procedures

In accordance with the provisions of the Charter of the Audit Committee, the Audit Committee must pre-approve all non-audit services to be provided to the Corporation by its external auditor.

12.5 External Auditor Service Fees

For the fiscal years ended January 29, 2017 and January 31, 2016, the Corporation was billed the following fees by its external auditor, PricewaterhouseCoopers LLP.

	Fiscal year ended January 29, 2017	Fiscal year ended January 31, 2016
Audit Fees(1)	$500,000	$463,500
Audit-Related Fees(2)	$151,250	$115,000
Tax Fees(3)	$213,421	$258,959
All Other Fees(4)	$38,000	$38,000
Total Fees Paid	**$902,671**	**$875,459**

(1) "Audit Fees" include fees necessary to perform the annual audit of the consolidated financial statements.

(2) "Audit-Related Fees" include fees for assurance and related services that are reasonably related to the performance of the audit or review of the financial statements and are not reported under "Audit Fees". For the fiscal year ended January 29, 2017, this category included fees related to the performance of required procedures in connection with the 2016 Offering, accounting advisory services as well as assistance with the Corporation's compliance project with National Instrument 52-109. For the fiscal year ended January 31, 2016, this category included fees related to the performance of required procedures in connection with the 2015 Offering as well as assistance with the Corporation's compliance project with National Instrument 52-109.

(3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax advice, tax planning as well as assistance in connection with provincial and federal tax audits conducted in the normal course of business. Fees related to tax compliance and preparation amounted to $96,028 for the fiscal year ended January 29, 2017 and $57,121 for the fiscal year ended January 31, 2016, whereas fees for tax advice and planning amounted to $117,393 for the fiscal year ended January 29, 2017 and $201,838 for the fiscal year ended January 31, 2016.

(4) "Other Fees" include fees for products and services provided by the external auditor other than those included above. This category represents primarily fees related to translation services.

13 LEGAL PROCEEDINGS AND REGULATORY ACTIONS

From time to time, the Corporation is involved in legal proceedings and regulatory actions of a nature considered normal to its business. Management believes that none of the litigation in which the Corporation is currently involved, or has been involved since the beginning of the most recently completed fiscal year, individually or in the aggregate, is material to its consolidated financial condition or results of operations.

14 INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Corporation currently leases 20 stores, five warehouses, its distribution center and its head office from entities controlled by Larry Rossy, the Corporation's Executive Chairman, or certain of his immediate family members pursuant to long-term lease agreements. Expenses associated with related-party leases and other arrangements are established at market terms and represented an aggregate amount of approximately $18.1 million for Fiscal 2017. See "Business of the Corporation – Stores – Store Locations and Site Selection" and "Business of the Corporation – Warehousing and Distribution ".

The Board of Directors reviews and approves transactions between the Corporation on the one hand and a related party, such as directors, officers, holders of 10% or more of the voting securities and their affiliates and associates, the immediate family members of any of the foregoing persons and any other persons whom the Board of Directors determines may be considered a related party, on the other hand. Prior to the Board of Directors' consideration of a transaction with a related party, the material facts as to the related party's relationship or interest in the transaction are disclosed to the Audit Committee, which then makes a recommendation to the Board of Directors, and the transaction is not considered approved unless a majority of the directors who have no interest in the transaction approve the transaction. Management believes each of the transactions disclosed herein was made on terms no less favorable to the Corporation than could have been otherwise obtained from unaffiliated third parties.

15 TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the common shares is Computershare Investor Services Inc. at its principal offices in Montreal and Toronto.

16 MATERIAL CONTRACTS

Other than the contracts entered into in the ordinary course of business and the Trust Indentures entered into with Computershare Trust Company of Canada, as trustee, in connection with each of the 2013 Offering, 2014 Offering, 2016 Offering and 2017 Offering (copies of which are available on SEDAR at www.sedar.com), there are no material contracts that were entered into by the Corporation during Fiscal 2017 or entered into prior Fiscal 2017 but which are still in effect. See "Description of Material Indebtedness - Senior Unsecured Notes" for a description of the main terms and conditions of the Trust Indentures.

17 INTERESTS OF EXPERTS

The Corporation's independent auditors are PricewaterhouseCoopers LLP, Chartered Professional Accountants, who have issued an independent auditor's report dated March 29, 2017 in respect of the Corporation's consolidated financial statements and the notes related thereto as at January 29, 2017 and January 31, 2016 and for each of the fiscal years ended January 29, 2017 and January 31, 2016. PricewaterhouseCoopers LLP, Chartered Professional Accountants, has advised that they are independent with respect to the Corporation within the meaning of the Code of Ethics of the *Ordre des comptables professionnels agréés du Québec.*

18 ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Dollarama's securities and securities authorized for issuance under equity compensation plans, is contained in Dollarama's Management Proxy Circular, which will be available shortly on SEDAR at www.sedar.com. Information regarding corporate governance practices is also contained in the Management Proxy Circular. Additional financial information is provided in the audited consolidated financial statements and management's discussion and analysis of Dollarama for the fiscal year ended January 29, 2017, also available on SEDAR at www.sedar.com.

APPENDIX A

CHARTER OF THE AUDIT COMMITTEE
DOLLARAMA INC.

(the "Charter")

1. PURPOSE

The Audit Committee (the "Committee") is a committee of the Board of Directors (the "Board") of Dollarama Inc. The members of the Committee and the chair of the Committee (the "Chair") are appointed by the Board on an annual basis (or until their successors are duly appointed) for the purpose of overseeing the Corporation's financial controls and reporting and monitoring whether the Corporation complies with financial covenants and legal and regulatory requirements governing financial disclosure matters and financial risk management.

2. COMPOSITION

The Committee should be comprised of a minimum of three directors and a maximum of five directors.

(1) The Committee must be constituted as required under National Instrument 52-110 – Audit Committees, as it may be amended or replaced from time to time ("NI 52-110").

(2) All members of the Committee must (except to the extent permitted by NI 52-110) be independent (as defined by NI 52-110), and free from any relationship that, in the view of the Board, could be reasonably expected to interfere with the exercise of his or her independent judgment as a member of the Committee.

(3) No members of the Committee shall receive, other than for service on the Board or the Committee or other committees of the Board, any consulting, advisory, or other compensatory fee from the Corporation or any of its related parties or subsidiaries.

(4) All members of the Committee must (except to the extent permitted by NI 52-110) be financially literate (which is defined as the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements).

(5) Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee on ceasing to be a director. The Board may fill vacancies on the Committee by election from among the Board. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all powers of the Committee so long as a quorum remains.

3. LIMITATIONS ON COMMITTEE'S DUTIES

In contributing to the Committee's discharge of its duties under this Charter, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended or may be construed as imposing on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which any member of the Board may be otherwise subject.

Members of the Committee are entitled to rely, absent actual knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, (ii) the accuracy and completeness of the information provided, (iii) representations made by management of the Corporation

(“Management”) as to the non-audit services provided to the Corporation by the external auditor, (iv) financial statements of the Corporation represented to them by a member of Management or in a written report of the external auditor to present fairly the financial position of the Corporation in accordance with applicable generally accepted accounting principles, and (v) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

4. MEETINGS

The Committee should meet not less than four times annually. The Committee should meet within 45 days following the end of the first three financial quarters of the Corporation and shall meet within 90 days following the end of the fiscal year of the Corporation. A quorum for the transaction of business at any meeting of the Committee shall be a majority of the members of the Committee or such greater number as the Committee shall by resolution determine.

The Committee shall keep minutes of each meeting of the Committee. A copy of the minutes shall be provided to each member of the Committee.

Meetings of the Committee shall be held from time to time and at such place as any member of the Committee shall determine upon two days’ prior notice to each of the other Committee members. The members of the Committee may waive the requirement for notice. In addition, each of the Chief Executive Officer and the Chief Financial Officer, and the external auditor shall be entitled to request that the Chair call a meeting.

The Committee may ask members of Management and employees of the Corporation (including, for greater certainty, its affiliates and subsidiaries) or others (including the external auditor) to attend meetings and provide such information as the Committee requests. Members of the Committee shall have full access to information of the Corporation (including, for greater certainty, its affiliates, subsidiaries and their respective operations) and shall be permitted to discuss such information and any other matters relating to the results of operations and financial position of the Corporation with Management, employees, the external auditor and others as they consider appropriate.

The Committee or its Chair should meet at least once per year with Management and the external auditor in separate sessions to discuss any matters that the Committee or either of these groups desires to discuss privately. In addition, the Committee or its Chair should meet with the Corporation’s Management quarterly in connection with the Corporation’s interim financial statements.

The Committee shall determine any desired agenda items.

5. COMMITTEE ACTIVITIES

As part of its function in assisting the Board in fulfilling its oversight responsibilities (and without limiting the generality of the Committee’s role), the Committee will have the power and authority to:

A. <u>Financial Disclosure</u>

(1) Review, approve and recommend for Board approval the Corporation’s interim financial statements, including any certification, report, opinion or review rendered by the external auditor and the related Management’s Discussion & Analysis and press release.

(2) Review, approve and recommend for Board approval the Corporation’s annual financial statements, including any certification, report, opinion or review rendered by the external auditor, the annual information form, and the related Management’s Discussion & Analysis and press release.

(3) Review and approve any other press releases that contain financial information and such other financial information of the Corporation provided to the public or any governmental body as the Committee requires.

(4) Satisfy itself that adequate procedures have been put in place by Management for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and the related Management's Discussion & Analysis.

(5) Review any litigation, claim or other contingency and any regulatory or accounting initiatives that could have a material effect upon the financial position or operating results of the Corporation and the appropriateness of the disclosure thereof in the documents reviewed by the Committee.

(6) Receive periodically Management reports assessing the adequacy and effectiveness of the Corporation's disclosure controls and procedures.

B. Internal Control

(1) Review Management's process to identify and manage the significant risks associated with the activities of the Corporation.

(2) Review the effectiveness of the internal control systems for monitoring compliance with laws and regulations.

(3) Have the authority to communicate directly with the internal auditor.

(4) Receive periodical Management reports assessing the adequacy and effectiveness of the Corporation's internal control systems.

(5) Assess the overall effectiveness of the internal control and risk management frameworks through discussions with Management and the external auditor and assess whether recommendations made by the external auditor have been implemented by Management.

C. Relationship with the External Auditor

(1) Recommend to the Board the selection of the external auditor and the fees and other compensation to be paid to the external auditor.

(2) Have the authority to communicate directly with the external auditor and arrange for the external auditor to be available to the Committee and the Board as needed.

(3) Advise the external auditor that it is required to report to the Committee, and not to Management.

(4) Monitor the relationship between Management and the external auditor, including reviewing any Management letters or other reports of the external auditor, discussing any material differences of opinion between Management and the external auditor and resolving disagreements between the external auditor and Management.

(5) If considered appropriate, establish separate systems of reporting to the Committee by each of management and the external auditor.

(6) Review and discuss on an annual basis with the external auditor all significant relationships they have with the Corporation, Management or employees that might interfere with the independence of the external auditor.

(7) Pre-approve all non-audit services (or delegate such pre-approval, as the Committee may determine and as permitted by applicable securities laws) to be provided by the external auditor.

(8) Review the performance of the external auditor and recommend any discharge of the external auditor when the Committee determines that circumstances warrant.

(9) Periodically consult with the external auditor out of the presence of Management about (a) any significant risks or exposures facing the Corporation, (b) internal controls and other steps that Management has taken to control such risks, and (c) the fullness and accuracy of the financial statements of the Corporation, including the adequacy of internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper.

(10) Review and approve any proposed hiring of current or former partners or employees of the current (and any former) external auditor of the Corporation.

D. Audit Process

(1) Review the scope, plan and results of the external auditor's audit and reviews, including the auditor's engagement letter, the post-audit management letter, if any, and the form of the audit report. The Committee may authorize the external auditor to perform supplemental reviews, audits or other work as deemed desirable.

(2) Following completion of the annual audit and quarterly reviews, review separately with each of Management and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and, if applicable, reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and, if applicable, reviews.

(3) Review any significant disagreements among Management and the external auditor in connection with the preparation of the financial statements.

(4) Where there are significant unsettled issues between Management and the external auditor that do not affect the audited financial statements, the Committee shall seek to ensure that there is an agreed course of action leading to the resolution of such matters.

(5) Review with the external auditor and Management significant findings and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented.

(6) Review the system in place to seek to ensure that the financial statements, Management's Discussion & Analysis and other financial information disseminated to regulatory authorities and the public satisfy applicable requirements.

E. Financial Reporting Processes

(1) Review the integrity of the Corporation's financial reporting processes, both internal and external, in consultation with the external auditor.

(2) Periodically consider the need for an internal audit function, if not present.

(3) Review all material balance sheet issues, material contingent obligations and material related party transactions.

(4) Review with Management and the external auditor the Corporation's accounting policies and any changes that are proposed to be made thereto, including all critical accounting policies and practices used, any alternative treatments of financial information that have been discussed with Management, the ramification of their use and the external auditor's preferred treatment and any other material communications with Management with respect thereto. Review the disclosure and impact of contingencies and the reasonableness of the provisions, reserves and estimates that may have a material impact on financial reporting.

F. General

(1) Inform the Board of matters that may significantly impact on the financial condition or affairs of the business.

(2) Respond to requests by the Board with respect to the functions and activities that the Board requests the Committee to perform.

(3) Periodically review and discuss with the nominating and governance committee of the Board the adequacy of the Committee mandate.

(4) Periodically review this Charter and, if the Committee deems appropriate, recommend to the Board changes to this Charter.

(5) Review the public disclosure regarding the Committee required from time to time by NI 52-110.

(6) Review and discuss, on an annual basis, with the external auditor all significant relationships they have with the Corporation to assess their independence.

(7) The Committee may at its discretion retain independent counsel, accountants and other professionals to assist it in the conduct of its activities and to set and pay (as an expense of the Corporation) the compensation for any such advisors.

(8) Review in advance, and approve, the hiring and appointment of the Corporation's senior financial executives.

(9) Perform any other activities as the Committee or the Board deems necessary or appropriate.

6. COMPLAINT PROCEDURES

(1) Anyone may submit a complaint regarding conduct by the Corporation or its employees or agents (including its external auditor) reasonably believed to involve questionable accounting, internal accounting controls, auditing or other matters. The Chair of the Committee will have the power and authority to oversee treatment of such complaints.

(2) Complaints are to be directed to the attention of the Chair of the Committee.

(3) The Committee should endeavour to keep the identity of the complainant confidential.

(4) The Chair of the Committee will have the power and authority to lead the review and investigation of a complaint. The Committee should retain a record of all complaints received. Corrective action may be taken when and as warranted.