ANNUAL INFORMATION FORM

FISCAL YEAR ENDED FEBRUARY 2, 2020

April 29, 2020

TABLE OF CONTENTS

1 EXPLANATORY NOTES

Unless otherwise indicated, the information in this annual information form (the "Annual Information Form") is stated as at February 2, 2020, 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

This Annual Information Form contains certain forward-looking statements about current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or other future events or developments. 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 to management 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 and in Latin America, 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 the following factors which are discussed in greater detail in the "Risk Factors" section of this Annual Information Form: future increases in operating costs (including increases in statutory minimum wages), future increases in merchandise costs (including as a result of tariff disputes), inability to sustain assortment and replenishment of merchandise, increase in the cost or a disruption in the flow of imported goods (including as a result of the global outbreak of COVID-19), failure to maintain brand image and reputation, disruption of distribution infrastructure, inventory shrinkage, inability to renew store, warehouse and head office leases on favourable terms, inability to increase warehouse and distribution centre 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, disruptive technologies, general 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, pandemic or epidemic outbreaks, natural disasters, climate change, geopolitical events and political unrest in foreign countries, unexpected costs associated with current insurance programs, product liability claims and product recalls, litigation, regulatory and environmental compliance and shareholder activism.

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 financial outlook for Dollarcity for the 12-month period ending June 30, 2020 used specifically to calculate the estimated purchase price for the Dollarcity transaction constitutes a forward-looking statement. It is based on financial projections and is subject to risks and uncertainties similar to those identified above.

All of the forward-looking statements contained in this Annual Information Form are expressly qualified by this cautionary statement.

1.2 Accounting Principles, 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

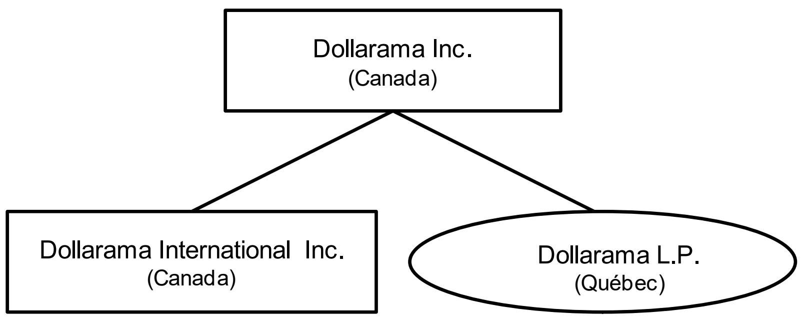
2.1 Name, Address and Incorporation

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. On June 19, 2018, the Corporation's articles were amended to subdivide the number of common shares of the Corporation on a three-for-one basis. See "Description of Capital Structure – Share Splits".

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

2.2 Intercorporate Relationships

The simplified corporate 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 February 2, 2020, 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 chain of Dollarama stores in Canada and performs related logistical and administrative support activities.

As at the same date, the Corporation also owned all of the equity interests in Dollarama International Inc. ("Dollarama International"), a corporation incorporated under the CBCA. On August 14, 2019, Dollarama International acquired a 50.1% interest in Central American Retail Sourcing, Inc., the parent company of the Dollarcity group, a company incorporated under the laws of Panama ("Dollarcity"). As per the terms of the Stockholders Agreement entered into between Dollarama International and Dollarcity's founding stockholders, who retained a 49.9% interest, certain specified strategic and operational decisions are subject to the approval of all stockholders. These include, but are not limited to, decisions related to capital structure, nature of the business, merger and acquisition activities, executive officer appointments and remuneration, approval of annual budget and business plan, and any entry into a new country. As a result, Dollarcity is treated as an equity investee, and the Corporation is accounting for this investment as a joint arrangement using the equity method.

Under the terms of the Stockholders Agreement, Dollarcity's founding stockholders have a put right pursuant to which they can require, in certain circumstances, that Dollarama International purchase shares of Dollarcity held by them at fair market value. This right is exercisable in the ordinary course commencing on October 1, 2022 and is subject to certain transaction size thresholds, required ownership thresholds and freeze periods, among other conditions and restrictions. This right may also be exercised upon the occurrence of certain extraordinary events, including a change in control of the Corporation and a sale of Dollarcity.

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 February 2, 2020, nor did they constitute more than 20%, in the aggregate, of the consolidated assets or revenue of the Corporation as at February 2, 2020.

3 GENERAL DEVELOPMENT OF THE BUSINESS

As at February 2, 2020, Dollarama operated 1,291 stores across Canada, and generated sales of $3.787 billion and EBITDA of $1.111 billion during the fiscal year ended February 2, 2020.

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 2021” are to the Corporation’s fiscal year ending January 31, 2021, to “Fiscal 2020” are to the Corporation’s fiscal year ended February 2, 2020, to “Fiscal 2019” are to the Corporation’s fiscal year ended February 3, 2019 and to “Fiscal 2018” are to the Corporation’s fiscal year ended January 28, 2018.

The Corporation’s fiscal year ends on the Sunday closest to January 31 and usually has 52 weeks. However, as is traditional with the retail calendar, every five or six years, a week is added to the fiscal year. Fiscal 2019 was comprised of 53 weeks.

3.1 Fiscal 2021 Developments

U.S. Commercial Paper Program

On February 18, 2020, the Corporation announced the establishment of a commercial paper program in the United States on a private placement basis, in reliance upon exemptions from registration and prospectus requirements under applicable securities legislation (the “US Commercial Paper Program”). Under the terms of the US Commercial Paper Program, the Corporation may issue, from time to time, unsecured commercial paper notes with maturities not in excess of 397 days from the date of issue (the “USCP Notes”). The aggregate principal amount of USCP Notes outstanding at any one time under the US Commercial Paper Program may not exceed US$500.0 million. Proceeds from the issuance of USCP Notes are expected to be used for general corporate purposes. See “Description of Material Indebtedness – Senior Unsecured Notes” and “Ratings”.

Amendments to the Credit Agreement

On February 14, 2020, the Corporation and the lenders entered into the Third Amended and Restated Credit Agreement reflecting a number of agreed upon amendments to the Second Amended and Restated Credit Agreement, including the addition of a new revolving credit facility, Facility D, in the amount of $300.0 million, which is available until February 12, 2021. This additional facility brings total commitments on the revolving credit facilities (collectively, the “Credit Facility”) up from $500.0 million to $800.0 million and serves as a liquidity backstop for the repayment of the USCP Notes issued from time to time under the US Commercial Paper Program.

On March 13, 2020, the Corporation and the lenders entered into a first amending agreement to the Third Amended and Restated Credit Agreement in order to extend the term of Facility B and Facility C from September 29, 2021 to September 29, 2022. See “Description of Material Indebtedness – Credit Facility”.

3.2 Fiscal 2020 Developments

Distribution Centre Expansion

The expansion of the Corporation’s Montreal-area distribution centre, announced in March 2018, was completed on time and on budget at the end of the calendar year 2019. Following this expansion, the distribution centre now has approximately 500,000 square feet. The Corporation believes that the distribution centre as expanded will provide the infrastructure to support the long-term growth of its store network in Canada up to the stated target of 1,700 stores by 2027. See “Business of the Corporation - Warehousing and Distribution”.

Acquisition of a 50.1% interest in Dollarcity
On August 14, 2019, the Corporation acquired, through Dollarama International, a 50.1% interest in Latin American value retailer Dollarcity. This acquisition resulted in the creation of a second growth platform for the Corporation in complement to its Canadian growth strategy.

An upfront payment of US$40.0 million ($52.8 million), representing a portion of the total purchase price for the acquisition of the 50.1% equity interest, was made at the time of closing on August 14, 2019. The balance of the purchase price is expected to be paid in the third quarter of Fiscal 2021. The final purchase price will be determined using 50.1% of a five-time multiple of Dollarcity's EBITDA for the 12-month period ending June 30, 2020, minus net debt and subject to other adjustments. The purchase price estimate is based on financial projections, whereas the final purchase price will be based on audited financial statements. As at February 2, 2020, based on available financial projections, the total purchase price was estimated at US$92.674 million ($122.616 million), and an amount of US$52.674 million ($69.816 million), representing the estimated balance of the purchase price, was recorded in accounts payable and accrued liabilities. See "Business of the Corporation – Dollarcity".

2019-2020 Normal Course Issuer Bid
On July 3, 2019, the Corporation renewed its normal course issuer bid to purchase for cancellation up to 15,737,468 common shares (representing 5.0% of the common shares issued and outstanding as at July 2, 2019) during the 12-month period from July 5, 2019 to July 4, 2020 (the "2019-2020 NCIB").

As at February 2, 2020, the Corporation had purchased for cancellation a total of 7,089,040 common shares under the 2019-2020 NCIB, at a weighted average price of $46.15 per common share, for a total cash consideration of $327.14 million. See "Description of Capital Structure – Normal Course Issuer Bid".

Amendments to the Credit Agreement
On June 14, 2019, the Corporation and the lenders entered into an amending agreement to the Second Amended and Restated Credit Agreement pursuant to which, among other things, the term of each facility was extended by one year so that the term of Facility A was set to expire on September 27, 2024, and the terms of Facility B and Facility C were set to expire on September 29, 2021. The other changes pertained to the coming into effect of IFRS 16 and the adjustment of certain thresholds and ratios to reflect market terms. See "Description of Material Indebtedness – Credit Facility".

Dividend Increase
On March 28, 2019, the Corporation announced that the Board of Directors had approved a 10.0% increase of the quarterly dividend for holders of its common shares, to $0.044 per common share.

Adoption of IFRS 16
On February 4, 2019, the Corporation adopted the lease accounting standard IFRS 16, "Leases", in replacement of IAS 17, "Leases". The new standard requires lessees to recognize a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts, and record it on the statement of financial position, except with respect to lease contracts that meet limited exception criteria. Given that the Corporation had significant contractual obligations in the form of operating leases under IAS 17, the adoption of IFRS 16 resulted in a material increase to both assets and liabilities, and changes to the timing of recognition of expenses associated with lease arrangements. IFRS 16 has been applied to the consolidated financial statements for Fiscal 2020 using the full retrospective approach and the Corporation has therefore restated comparative information for Fiscal 2019 and its opening balance sheet dated January 29, 2018, as if IFRS 16 had always been in effect.

3.3 Fiscal 2019 Developments

Launch of Online Store
On January 21, 2019, the Corporation launched its online store to provide additional convenience to Dollarama customers – individuals and businesses alike – who wish to buy products in large quantities that may not be available in-store. Approximately 1,000 products, selected from the broader consumable, general merchandise and seasonal offering, are available for purchase by the full case through the online store, for delivery across Canada. See “Business of the Corporation – Online Store”.

Private Offering of $500 Million Senior Unsecured Notes
On November 5, 2018, the Corporation issued $500.0 million aggregate principal amount of fixed rate senior unsecured notes due November 6, 2023 (the “3.55% Fixed Rate Notes”) by way of private placement in Canada in reliance upon exemptions from the prospectus requirements under applicable securities legislation. The 3.55% Fixed Rate Notes were issued at a price of $995.37 per $1,000.00 principal amount of 3.55% Fixed Rate Notes, for an effective yield of 3.652% and aggregate gross proceeds of $497.7 million. The Corporation used the net proceeds of this offering to repay a series of notes which matured on November 5, 2018, to repay indebtedness outstanding under the Credit Facility and for general corporate purposes. The 3.55% Fixed Rate Notes were assigned a rating of BBB, with a stable trend, by DBRS Limited (“DBRS”). See “Description of Material Indebtedness – Senior Unsecured Notes” and “Ratings”.

Amendments to the Credit Agreement
The Corporation’s Second Amended and Restated Credit Agreement was amended twice during Fiscal 2019, first on July 27, 2018 and then on December 21, 2018. The purpose of the July 27, 2018 amendment was to, among other things, extend the term of the initial commitments of the lenders in the amount of $250.0 million to September 29, 2023 and to extend the term of the 2016 commitments in the amount of $250.0 million to September 29, 2020. The purpose of the December 21, 2018 amendment was to divide the commitments of the lenders into three distinct credit facilities. See “Description of Material Indebtedness – Credit Facility”.

Three-for-One Share Split
On June 19, 2018, the Corporation completed a three-for-one share split of the Corporation’s common shares and shareholders of record as at the close of business on June 14, 2018 received two additional common shares for each common share held (the “3-for-1 Share Split”). See “Description of Capital Structure – Share Splits”.

Appointment of Stephen Gunn as Chairman
On June 7, 2018, Stephen Gunn was appointed as independent Chairman of the board of directors of the Corporation (the “Board of Directors”) succeeding Dollarama founder Larry Rossy, who stepped down as director as of the same date and was named Chairman Emeritus.

2018-2019 Normal Course Issuer Bid
On June 7, 2018, the Corporation renewed its normal course issuer bid to purchase for cancellation up to 16,386,351 common shares (representing 5.0% of the common shares issued and outstanding as at June 6, 2018) during the 12-month period from June 20, 2018 to June 19, 2019 (the “2018-2019 NCIB”). The 2018-2019 NCIB was amended on December 5, 2018, with the approval of the Toronto Stock Exchange (the “TSX”), to increase the maximum number of common shares that could be repurchased thereunder from 16,386,351 to 30,095,056 common shares (representing 10.0% of the Corporation’s public float (as such term is defined in the TSX rules) as at June 6, 2018).

The Corporation repurchased for cancellation a total of 12,980,884 common shares under the 2018-2019 NCIB, at a weighted average price of $37.88 per common share, for a total cash consideration of $491.8 million. See “Description of Capital Structure – Normal Course Issuer Bid”.

Distribution Centre Expansion
On March 29, 2018, the Corporation announced plans to expand its existing Montreal-area distribution centre by 50% to approximately 500,000 square feet. The expansion was completed on time and on budget at the end of the calendar year 2019. See “Fiscal 2020 Developments”.

Board Appointment
On March 29, 2018, the Corporation announced the appointment of Kristin Williams Mugford as independent director. Ms. Mugford is also a member of the Audit Committee. See “Directors and Officers”.

Dividend Increase
On March 29, 2018, the Corporation announced that the Board of Directors had approved a 9.0% increase of the quarterly dividend for holders of its common shares, to $0.04 per common share.

Private Offering of $300 Million Senior Unsecured Notes
On February 1, 2018, the Corporation issued series 3 floating rate senior unsecured notes due February 1, 2021 (the “Series 3 Floating Rate Notes”) by way of private placement in Canada in reliance upon exemptions from the prospectus requirements under applicable securities legislation. The Series 3 Floating Rate Notes were issued at par for aggregate gross proceeds of $300.0 million and bear interest at a rate equal to the 3-month bankers’ acceptance rate (CDOR) plus 27 basis points (or 0.27%). The Corporation used the net proceeds of this offering to repay indebtedness outstanding under the Credit Facility and for general corporate purposes. The Series 3 Floating Rate Notes were assigned a rating of BBB, with a stable trend, by DBRS. See “Description of Material Indebtedness - Senior Unsecured Notes” and “Ratings”.

3.4 Fiscal 2018 Developments

Amendment to Credit Agreement
On November 28, 2017, the Corporation and the lenders entered into an amending agreement to the Second Amended and Restated Credit Agreement pursuant to which, among other things, the term of the initial commitments in the amount of $250.0 million was extended to September 29, 2022, and the term of the 2016 commitments in the amount of $250.0 million was extended to September 29, 2019. See “Description of Material Indebtedness – Credit Facility”.

2017-2018 Normal Course Issuer Bid
On June 7, 2017, the Corporation renewed its normal course issuer bid to purchase for cancellation up to 17,041,170 common shares (representing 5.0% of the common shares issued and outstanding as at June 6, 2017) during the 12-month period from June 19, 2017 to June 18, 2018 (the “2017-2018 NCIB”). The Corporation repurchased for cancellation a total of 14,061,366 common shares under the 2017-2018 NCIB, at a weighted average price of $47.89 per common share, for a total cash consideration of $673.4 million. See “Description of Capital Structure – Normal Course Issuer Bid”.

Private Offering of $325 Million Senior Unsecured Notes
On May 10, 2017, the Corporation issued additional series 2 floating rate senior unsecured notes due March 16, 2020 in the aggregate principal amount of $75.0 million (the “Additional Series 2 Floating Rate Notes”) as well as fixed rate senior unsecured notes due November 10, 2022 in the aggregate principal amount of $250.0 million (the “2.203% Fixed Rate Notes”) by way of private placement in Canada in reliance upon exemptions from the prospectus requirements under applicable securities legislation. Both the Additional Series 2 Floating Rate Notes and the 2.203% Fixed Rate Notes were assigned a rating of BBB, with a stable trend, by DBRS. The Additional Series 2 Floating Rate Notes constituted an increase to the $225.0 million aggregate principal amount of Original Series 2 Floating Rate Notes (as hereinafter defined) issued by the Corporation on March 16, 2017 (collectively, the “Series 2 Floating Rate Notes”). All Series 2 Floating Rate Notes were repaid by the Corporation on March 16, 2020. See “Description of Material Indebtedness - Senior Unsecured Notes” and “Ratings”.

Acceptance of Credit Cards
Since May 1, 2017, the Corporation accepts credit cards as a payment method in all stores across Canada. See “Business of the Corporation - Stores”.

Long-Term Store Target in Canada
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 competitive retail landscape in all markets across Canada, the rate of per capita store penetration, the performance of comparable and new stores and the average payback

period of two years targeted by the Corporation for new stores. Based on the results of this study, management expressed confidence in the Corporation's ability to continue to expand the store network in Canada beyond the previously disclosed threshold of 1,400 stores, up to approximately 1,700 stores by 2027.

Dividend Increase
On March 30, 2017, the Corporation announced that the Board of Directors had approved a 10.0% increase of the quarterly dividend for holders of its common shares, to $0.037 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 "Original 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 Original Series 2 Floating Rate Notes were issued at par for aggregate gross proceeds of $225.0 million and bore 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 this offering to repay indebtedness outstanding under the Credit Facility and for general corporate purposes. The Original Series 2 Floating Rate Notes were assigned a rating of BBB, with a stable trend, by DBRS. All Original Series 2 Floating Rate Notes were repaid by the Corporation on March 16, 2020. See "Description of Material Indebtedness - Senior Unsecured Notes" and "Ratings".

4 BUSINESS OF THE CORPORATION

The Corporation manages its business under one reportable segment. Sections 4.1 to 4.15 below provide a detailed description of the Corporation's business and operations in Canada whereas Section 4.16 provides an overview of the business and operations of Dollarcity, an equity investee of the Corporation doing business in Latin America.

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 decades, as evidenced by the increase in the number of mass merchants, smaller value-priced chains, warehouse/club stores, discount food stores, close-out retailers and dollar stores.

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

Merchandise offered 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.

Management believes that 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 10,000 people per store in the U.S. as at February 2, 2020. By contrast, based on the number of stores operated by the top five Canadian dollar store chains, management estimates that there were approximately 21,000 people per store in Canada as at February 2, 2020. See "Business of the Corporation – Competition". Despite significant differences between the business models of U.S. and Canadian dollar stores, including that U.S. dollar stores typically rely more heavily on the sale of consumable products such as refrigerated goods, management believes that there remains an opportunity for growth in the Canadian market.

Industry-Wide Factors Affecting the Corporation
On March 11, 2020, the World Health Organization declared the rapidly spreading coronavirus disease (COVID-19) outbreak a pandemic. Subsequently, all of the jurisdictions in which Dollarama operates imposed increasingly strict measures in an attempt to slow the transmission of the virus, including travel restrictions, self-isolation measures, mandatory closures of non-essential services and businesses, and physical distancing practices. Similar measures have been taken in the countries of operation of Dollarcity. The Corporation has been recognized as an essential business in its Canadian markets. It has implemented mitigation strategies and contingency plans in its supply chain and operations as well as preventive measures in all its facilities to protect the health and safety of its employees and customers in response to this rapidly evolving situation.

It is impossible to forecast the duration and full scope of the economic impact of COVID-19 and other consequential changes it will have on the retail industry in general and on the Corporation's business and operations in particular, both in the short term and in the long term. The deterioration of economic conditions to date has resulted in a surge in unemployment in Canada and may lead to a deterioration in consumers' balance sheets, all of which may impact consumers' spending behaviour and could adversely affect the Corporation's financial performance. See "Risk Factors – Risks Related to Business Operations – COVID-19 Pandemic Outbreak".

4.2 Business Overview

The Dollarama business was founded in 1992 by Larry Rossy, a third generation retailer. Over the years, the management team introduced a number of key initiatives that have defined the Dollarama business model. These include (i) adopting a fixed price point retail 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. Though the core principles of the model which has enabled Dollarama to become a major Canadian value retailer – i.e. offering a broad assortment of general merchandise, consumable products and seasonal items, including private label and nationally branded products, at compelling values – remain unchanged to this day, the Corporation continues to explore new initiatives to better serve its customers and to pursue its growth, in Canada and internationally.

Retail Operations in Canada
The Corporation operated 1,291 stores in Canada as at February 2, 2020, including 66 net new stores opened during the most recently completed fiscal year, and continues to expand its network across the country. Stores average 10,277 square feet. At store level, merchandise is sold in individual or multiple units at select fixed price points up to $4.00. All stores are corporately operated, providing a consistent shopping experience, and many are located in high-traffic areas such as strip malls and shopping centers in various locations, including metropolitan areas, mid-sized cities, and small towns.

In Canada, the Corporation's strategy is to grow sales, EBITDA, and cash flows by offering a compelling value proposition on a wide variety of 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 products, which offers compelling value and makes Dollarama stores a destination shopping experience, in contrast to the "treasure hunt" type offering of certain other value retailers;
- 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;
- 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; and
- the online offering of select consumable products, general merchandise and seasonal items, which provides customers with the opportunity to purchase certain items in large quantities and have them delivered across Canada.

The Corporation is focused on expanding its retail operations within the Canadian market towards a long-term potential of 1,700 Dollarama stores by 2027.

Direct Sourcing for Canada and Latin America
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 its low-cost direct sourcing platform which enables it to source a majority of its product offering directly from foreign suppliers. See "Merchandise - Merchandise Sourcing".

Dollarama, through Dollarama International, continues to act as the primary product supplier of Dollarcity pursuant to the commercial agreement entered into between the parties in February 2013 (the "Dollarcity Agreement"). Dollarama leverages its direct sourcing and import platform in order to provide Dollarcity's growing network of stores in Latin America 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 Dollarcity Agreement, products are sold to Dollarcity at cost, except for a nominal handling fee charged on shipments that transit through Dollarama's facilities. The Dollarcity Agreement is set to expire in February 2022 and will be replaced by a new commercial arrangement between the parties which has been agreed upon in the context of the 2019 acquisition of a 50.1% interest in Dollarcity by Dollarama International.

4.3 Stores

Store Locations and Site Selection
As at February 2, 2020, the Corporation operated 1,291 stores across Canada as detailed below.

Province	# Stores	Province	# Stores
Alberta	119	Nova Scotia	39
British Columbia	108	Ontario	519
Manitoba	39	Prince Edward Island	5
New Brunswick	40	Québec	361
Newfoundland and Labrador	23	Saskatchewan	38

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 many 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 in Ontario, where the store count is the highest, and in areas where the store density is the highest, such as in Québec and the Maritimes. 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.

All of the Corporation's stores are leased from unaffiliated third parties, except for one store that is owned by the Corporation and 19 stores that are leased from entities controlled by the Rossy family (see "Interest of Management and Others in Material Transactions"). 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 the Corporation's 1,290 leases is approximately five years. As 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 Relocations, Expansions and Closures
Stores are relocated from time to time, often within the same mall or complex, or are expanded. Stores are relocated or expanded based on availability of real estate, to improve store performance or to capture other opportunities. An average of approximately $9.9 million was spent annually on the relocation or expansion of stores over the last five fiscal years. Store relocations decided by management are not considered store closures. Store closures are generally attributable to mall renovations, property redevelopment, natural disasters or expiry of the lease. During the fiscal year ended February 2, 2020, three stores were closed upon expiry of the lease.

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 10,277 square feet as at February 2, 2020 (of which between 80% and 85% is available selling square footage). Stores are clean and well stocked with a broad assortment of consumable products, general merchandise and seasonal items.

Store Capital Expenditures
The Corporation's expansion model in Canada 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 $0.8 million, including $0.55 million for capital expenditures and $0.25 million for inventory. Stores generally reach over $2.3 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.

Beyond new store openings and store expansions, which represent growth capital expenditures, the Corporation's capital expenditure intensity ratio for Fiscal 2020 was around 2% of revenue, consistent with the previous fiscal year's ratio. This ratio represents the Corporation's total capital expenditures in a given period as a percentage of the Corporation total revenue for the same period and takes into account transformation and maintenance capital expenditures, but excludes special projects such as the expansion of the Montreal-area distribution centre.

Examples of transformational capital projects of the Corporation over the last five fiscal years include: (i) the chain-wide roll-out of new electronic transaction terminals; (ii) the installation of wifi technology in all stores; (iii) the chain-wide roll-out of mobile scanning technology to run proprietary applications developed for the use of field personnel; (iv) the roll-out of cameras in high shrink stores to reduce shrinkage caused by theft; (v) the redesign of the layout of certain stores to improve traffic flow at check out and optimize merchandising space; and (vi) the installation of LED lighting in stores to improve energy efficiency.

Management believes that the current store network is in good condition and does not require material maintenance capital expenditures beyond the current capital expenditure intensity ratio. An average of approximately $12.9 million was spent annually on the maintenance of the Corporation's stores over the last five fiscal years.

Customer Payment Methods
All Dollarama stores accept credit cards (including via Apple Pay) as a payment method in addition to cash and debit cards. The Corporation started accepting credit cards in all stores across Canada on May 1, 2017 based on the results of a one-year pilot initiated in British Columbia and later extended to Alberta and New Brunswick.

The average transaction size for debit card and credit card sales is approximately two times the average transaction size for cash sales. Card payments also benefit both the customer and Dollarama as they make transactions easier and speedier, especially in contactless transactions.

Store Operations
After having invested heavily in the past few years in its information technology infrastructure in stores, the Corporation is now leveraging this platform, including through the development of mobile applications, in order to improve operational control and standardization of processes across the chain, labour productivity as well as operations visibility and reporting.

For example, this infrastructure is being leveraged to, among other things, (i) develop mobile scanning technology at store level to automate certain manual tasks, thereby improving labour productivity and inventory accuracy; (ii) roll out a monitoring application to give field management real time visibility on store execution; (iii) roll out cameras in high shrink stores and improve existing loss prevention tools to reduce inventory shrinkage caused by theft; and (iv) implement a pilot self-checkout solution to minimize customers' waiting time and accelerate the checkout process.

4.4 Online Store

On January 21, 2019, the Corporation launched its online store to provide additional convenience to Dollarama customers – individuals and businesses alike – who wish to buy products in large quantities that may not be available in-store. Approximately 1,000 products, selected from the broader consumable, general merchandise and seasonal offering, are available for purchase through the online store by the full case, for delivery across Canada.

While the Corporation has now begun to penetrate the online shopping market, this is not expected to become a new business segment in the short or medium term. The objective of the online store is to service the needs of a specific category of customers looking to buy products in large quantities, a previously unmet customer need. The Corporation therefore does not expect this initiative to materially impact its financial results in the short or medium term.

4.5 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 43% of the product offering in Fiscal 2020 (based on retail value, same as in the previous fiscal year), including party supplies, office supplies, arts and craft supplies, greeting cards and stationery, giftware, household wares, kitchenware, glassware, hardware, electronics, toys and apparel;
- Consumable products, which represented approximately 41% of the product offering in Fiscal 2020 (based on retail value, same as in the previous fiscal year), including household consumables such as paper, plastics, foils, cleaning supplies, basic health and beauty care products, pet food, confectionery, drinks, snacks and other food products; and

- Seasonal items, which represented approximately 16% of the product offering in Fiscal 2020 (based on retail value, same as 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). In Fiscal 2020, the assortment was comprised of more than 4,900 active year-round SKUs and more than 800 active seasonal SKUs at any one time. Fiscal 2020 was characterized by a meaningful increase in the SKU count across all categories as part of an initiative to drive comparable store sales. The selection of items offered in stores at any one time varies, and 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 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 2020, 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) building 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 its bargaining power. This sourcing strategy also provides some flexibility to help mitigate inflation and currency fluctuations. Furthermore, it provides the Corporation with more visibility and control over safety and quality monitoring.

The Corporation's supplier base is well diversified, with the largest supplier accounting for only approximately 4% of total purchases in Fiscal 2020. For the same period, the top ten suppliers represented approximately 25% of total purchases and the top 25 suppliers represented approximately 41% of total purchases.

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. The Corporation only engages with reputable suppliers holding the required certifications and meeting all Canadian federal and, where applicable, provincial consumer product regulations and guidelines for any given product as well as Dollarama's own specifications, which may exceed regulatory requirements. While all products must meet Canadian regulations and Dollarama's specifications and standards, the Corporation pays particular attention to baby and children's products, jewelry, electronics, certain health and beauty products and food. These product categories carry higher risks if non-compliant, as they may present health or safety-related hazards. For these categories, Dollarama has robust monitoring procedures in place, which include, but are not limited to, reviewing existing product safety audits and conducting additional audits or on-site inspections at the place of manufacture.

When they become Dollarama suppliers, suppliers must also undertake to adhere to Dollarama's Vendor Code of Conduct, which was adopted by the Board of Directors to formalize Dollarama's expectations in terms of business standards. 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. Also, as part of the Vendor Code of Conduct implementation, the Corporation established a whistleblower channel allowing any person who believes that a violation to the Vendor Code of Conduct has occurred to report the relevant information confidentially to Dollarama.

Pursuant to the Vendor Code of Conduct, suppliers are expected during the term of the commercial relationship with Dollarama to comply with all applicable local and national laws and regulations of the jurisdictions in which they operate, and with the standards outlined in the Vendor Code of Conduct. Specific areas covered include, without limitation: child labour, forced labour, freedom of association, disciplinary practices, discrimination, wages and benefits, working hours, harassment, health and safety and environment. The Vendor Code of Conduct also requires vendors to comply with all applicable anti-corruption and anti-bribery laws, including the *Corruption of Foreign Public Officials Act* (Canada) and similar laws applicable in other jurisdictions. Furthermore, suppliers must 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, third-party audits or otherwise.

In order to monitor compliance with the Vendor Code of Conduct, Dollarama has developed a vendor compliance survey. The survey is aimed at collecting data on vendor social practices. It is designed to allow the Corporation to better understand some key risks in its supply chain and to improve visibility and direct engagement with vendors on ethical, social responsibility and environmental issues. After an initial pilot, the Corporation started rolling out the survey in phases to direct suppliers selected based on various criteria, including the nature of the product sourced, the country of origin, as well as the annual volume of purchases by the Corporation. The survey is mandatory and all questions must be answered by suppliers. In addition to the question portion of the survey, it also requires the submission of documentation or proof regarding the topics outlined. This program is being overseen by a dedicated Dollarama compliance manager, responsible for increasing engagement with vendors on safety, environmental and social risks. Issues identified in the review of answers provided by suppliers, if any, will be discussed with the suppliers and may be further investigated by way of on-site inspections, third party audits or otherwise. If the Corporation determines that a supplier has violated the Vendor Code of Conduct, the supplier will be required to implement a corrective action plan in order to bring its business up to Dollarama's standards within a reasonable timeframe. Dollarama reserves the right to cancel purchase orders, to terminate the relationship with a supplier which 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.

With the goal of addressing social risks even more effectively, the Corporation is implementing a third-party social audit program. The audit program will be primarily focused on monitoring social practices of suppliers and reviewing compliance with the Vendor Code of Conduct. It will also complement activities related to the vendor compliance survey. The selection of suppliers required to submit to this audit will be based on a number of factors, including the nature of the product sourced, the country of origin, the annual volume of purchases by the Corporation as well as information gathered by Dollarama through the vendor compliance survey.

4.6 Warehousing and Distribution

The Corporation's warehousing, distribution and logistics operations are located in the Montreal area, and this centralization is driven by the fact that more than 75% of stores are currently located in Ontario, Québec and the Maritimes.

The tables below describe warehousing and distribution facilities, which consisted of six warehouses and one distribution centre, as at February 2, 2020.

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 Centre	Size
Town of Mount Royal, Québec	495,686 sq. ft

Warehousing
The Corporation's 500,000-square foot warehouse in Lachine, Québec, built in 2016, is owned by the Corporation. The other five warehouses used by the Corporation are leased from entities controlled by the Rossy family pursuant 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".

The Corporation primarily uses its warehouses to store goods directly imported from overseas, and therefore warehouses approximately 60% of its merchandise. Most goods sourced from North American suppliers are delivered directly to the distribution centre or, in some cases, directly to stores. The Corporation distributes approximately 90% of its merchandise through the distribution centre. The remaining 10% of its merchandise, which includes among other things greeting cards, chips and soft drinks, is shipped directly to stores by suppliers. Orders placed through the online store are processed, assembled and shipped from one of the warehouses operated by the Corporation in the Town of Mount Royal.

Distribution
The Corporation's distribution centre is located in the Town of Mount Royal, Québec. The Corporation acquired the distribution centre, which was previously leased from an entity controlled by the Rossy family, on February 21, 2018 for $39.4 million. Such acquisition, made at fair market value, followed the purchase by the Corporation of two adjacent properties for an aggregate amount of $23.2 million during Fiscal 2018.

In connection with these acquisitions, the Corporation announced on March 29, 2018 its plan to increase the size of its distribution centre by 50%, to approximately 500,000 square feet, thereby leveraging its existing centralized warehousing, distribution and logistics operations. Phase 1 of the project, which was comprised of the construction of the building extension, was completed in December 2018. Phase 2 of the project, which consisted of construction work within the existing facility, integration of the existing building with the new building extension and installation of fixtures and equipment, was completed in December 2019, the whole on time and on budget. Management believes that the expanded facility, which now has approximately 500,000 square feet, will provide the required capacity to cost-effectively support the long-term growth of its store network in Canada up to the stated target of 1,700 stores by 2027.

4.7 Transportation

The Corporation must constantly replenish depleted inventory through deliveries of merchandise to the distribution centre, and from the distribution centre to stores. Such process includes various means of transportation, including shipments by sea, train and truck.

The Corporation does not have its own transportation fleet and works in collaboration with third party carriers and freight forwarders to move products as efficiently as possible, including 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 and Warehousing Network".

4.8 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 the processes and tools for forecasting, inventory planning, safety stock and lead time management. 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 centre or, more recently, in stores, as a result of significant investments in networks, hardware and software, including mobile scanning technology.

4.9 Employees

Following Fiscal 2020, Dollarama's store employee count was over 20,700. Of these store employees, approximately 39% are full-time employees and 61% are part-time or occasional employees. Dollarama hires seasonal employees during busy seasons such as the winter holidays to better address peak periods.

Dollarama also employs over 575 head office and field management employees and over 200 warehouse and distribution centre employees. The majority of warehouse and distribution centre staffing needs are outsourced to well-established third party agencies. As employers, the agencies are responsible, among other things, to hire and to train workers.

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 and the product offering appeals to all demographics and income ranges. Customers shop at Dollarama to fulfill various levels of basic needs, either as a stand-alone shopping destination or for impulse purchases. Moreover, with Dollarama's online store, the Corporation is now able to serve customers seeking to buy large quantities of select consumables, general merchandise and seasonal items.

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.

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!, all of which are franchise operations except Dollar Tree Canada. These four pure play competitors operated a total of 517 stores as at February 2, 2020.

In addition to the competition from other dollar stores, the Corporation faces competition to an even 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, and engage in extensive advertising and marketing efforts.

Moreover, as a result of Dollarama's broad offering of general merchandise, consumable products and seasonal items, the Corporation faces competition from various speciality retailers, including in the stationery, hardware, household ware, health and beauty, and arts and crafts categories, whose product offerings overlap with a subset of Dollarama's product offering.

Management monitors competition from all sources, including online, to ensure that the Corporation's product offering, in terms of variety, quality and pricing, remains compelling for consumers. Although the Corporation faces increased competition from the use of mobile and web-based technology that facilitates online shopping and real-time product and price comparisons, the current online competition has not posed a significant threat to the Corporation's business to date, as the business model is premised on proximity and convenience. The Corporation continues to monitor this evolving retail trend and to explore new initiatives to address consumers' changing needs and preferences. The Corporation's online store, offering select products by the full case, is one example of these initiatives. Launched in January 2019, it provides additional convenience to the Corporation's Canadian customers – individuals and businesses alike – who wish to buy products in large quantities that may not be available in-store, a previously unmet customer need.

Additionally, the Corporation competes with a number of companies for prime retail site locations and for the recruitment of employees. See "Risk Factors – Market Risks – Retail Competition" and "Risk Factors – Market Risks – Economic Conditions".

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, the volume of sales contributed by new and existing stores, the timing of certain holidays and weather conditions. Furthermore, they can be affected by any event beyond the Corporation's control and causing disruption in its business activities or operations during a peak season.

The following table reflects the seasonality of sales and gross margin for each quarter of Fiscal 2020.

Fiscal 2020 *(in % of total)*	**1st Quarter**	**2nd Quarter**	**3rd Quarter**	**4th Quarter**
Sales	21.9%	25.0%	25.0%	28.1%
Gross Margin	21.1%	25.0%	25.0%	28.9%

4.14 Intellectual Property

The Corporation relies on a portfolio of trademarks, the vast majority of which are registered trademarks, to protect certain aspects of its business. Trademarks are divided into two main categories: the corporate trademarks under which the Corporation conducts its retail operations and the product trademarks under which private label lines of products are presented. 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, employment matters and environmental levies.

As per the terms of the business arrangements in place, suppliers are responsible for the quality of their products and agree to indemnify the Corporation for any non-compliance with product related laws and regulations. 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. See "Merchandise – Merchandise Sourcing".

The Corporation works closely with Health Canada, the Canadian Food Inspection Agency, Environment and Climate Change Canada and other federal and provincial regulatory authorities to monitor the compliance of its products and operations with 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 Dollarcity Agreement, the Corporation, through Dollarama International, acts as Dollarcity's primary product supplier. The products supplied to Dollarcity constitute a subset of Dollarama's all year and seasonal product offering in Canada. Dollarcity is responsible to ensure that products purchased from Dollarama International comply with applicable laws in the jurisdictions where Dollarcity operates stores, including product safety and labelling laws, and Dollarama International has no contractual indemnification obligations towards Dollarcity 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.

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 regulations, it does not anticipate that continuing compliance with such laws and regulations will have a material adverse effect upon its competitive or consolidated financial position. See "Risk Factors – Legal and Regulatory Risks – Environmental Compliance".

Privacy and Security Laws and Regulations
The Corporation is subject to various privacy laws and regulations including the *Personal Information Protection and Electronic Documents Act* (Canada) (the "PIPEDA"), which governs the collection, use and disclosure of personal information in the course of its business activities and interactions with its customers, and with other parties entrusting personal information to the Corporation. Pursuant to PIPEDA, organizations may collect, use or disclose personal information only for purposes that a reasonable person would consider appropriate in the circumstances, and data breaches must be notified and recorded. The Corporation has developed, in collaboration with a cyber breach coach, a cyber incident response plan aimed at ensuring compliance with applicable notification and record-keeping requirements. See "Risk Factors – Technology Risks – Data Security and Privacy Breaches".

4.16 Dollarcity

On August 14, 2019, the Corporation acquired, through Dollarama International, a 50.1% interest in Dollarcity, an independently-owned and operated value retailer founded in 2009 and headquartered in Panama, thereby establishing a second growth platform in Latin America. Dollarcity is treated as an equity investee, and the Corporation is accounting for this investment as a joint arrangement using the equity method. See "Corporate Structure – Intercorporate Relationships".

This decision to acquire a majority interest in Dollarcity was made six years after entering into a commercial relationship with Dollarcity pursuant to which the Corporation agreed, through Dollarama International, to share its business expertise and to provide sourcing services for the future expansion of Dollarcity's activities in agreed upon territories, namely El Salvador, Guatemala, Honduras, Costa Rica, Nicaragua, Panama, Colombia, Peru and Ecuador.

Over the period from February 2013, date of inception of the commercial relationship between the parties, to August 2019, date of closing of the acquisition, the management team of Dollarcity was successful in adapting locally the value retail concept developed by Dollarama in Canada and was able to grow its store network in each of the three countries in which it currently has operations, namely El Salvador, Guatemala and Colombia. As at December 31, 2019, the end date of Dollarcity's fiscal year, Dollarcity operated a total of 228 stores, including 49 in El Salvador, 61 in Guatemala and 118 in Colombia. This represents an increase to the total of 169 stores which were operated by Dollarcity as at December 31, 2018. Dollarcity's management is focused on expanding its retail operations towards a long-term potential of 600 Dollarcity stores in Colombia, El Salvador and Guatemala by 2029. Dollarcity stores average 6,890 square feet and all are leased.

For Dollarcity's fiscal year ended December 31, 2019, the merchandise mix consisted of: (i) general merchandise, which represented approximately 50% of the product offering; (ii) consumable products, which represented approximately 35% of the product offering; and (iii) seasonal items, which represented approximately 15% of the product offering. Merchandise is sold in individual or multiple units at select, fixed price points up to US$3.00, or the equivalent in local currency. As at December 31, 2019, Dollarcity stores which had been opened for at least 13 fiscal months reached an average of over US$1.63 million in annual sales, up from US$1.61 million in annual sales in the previous fiscal year. The Corporation's 50.1% share of Dollarcity's net earnings for the period from August 14, 2019 to December 31, 2019, was $10.3 million.

Dollarcity uses six warehouses to store its goods: three national warehouses in Colombia, one in Guatemala and another one in El Salvador, in addition to an international warehouse located in a free trade zone in El Salvador. All facilities are leased.

As at December 31, 2019, Dollarcity's corporate employee count was approximately 300, its store employee count approximately 2,200, and its warehousing and distribution employee count approximately 130.

Management believes that there are significant growth opportunities in the value retail segment in Latin America due to favourable demographics and economic fundamentals in the region. The attractiveness of the retail market is evidenced by the growing presence of global retailers and brands in the area. To date, there is no significant presence of other pure play competitors in the countries where Dollarcity operates. However, Dollarcity faces competition from mass merchants, variety and discount stores, various speciality retailers and street vendors with respect to, among other things, price, product offering and merchandise quality. Dollarcity also competes with a number of companies for prime retail site locations and for the recruitment of employees.

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 the Corporation 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 the Corporation, its business, results from operations and financial condition.

5.1 Risks Related to Business Operations

COVID-19 Pandemic Outbreak

The COVID-19 outbreak continues to spread and is having a significant impact on global economic activity. The measures imposed by public authorities worldwide, including in Canada, to slow the transmission of the virus have resulted in the closure of non-essential services and businesses in certain jurisdictions, among other consequences.

The Corporation has been recognized as an essential business in its Canadian markets. However, the measures put in place by Canadian public authorities have resulted in the forced temporary closure of a number of stores, most notably in shopping malls, and the Corporation may not be able to make up for lost sales, in its remaining locations or when such stores reopen. The Corporation may also voluntarily implement temporary store closures in the event an employee is diagnosed with COVID-19 and may be unable to reopen such locations promptly as a result of staff shortages or other factors. If additional mitigation measures are implemented by public authorities, there is no assurance that the Corporation will be able to retain its status as an essential business and maintain its operations. The loss of such status in Quebec could lead to the closure of the Corporation’s distribution centre and significantly hinder its ability to re-stock its stores across Canada. Furthermore, the COVID-19 emergency has caused a significant disruption in everyday life and in consumer habits in the Corporation’s principal markets, and there is no assurance that the end of the pandemic will restore business as usual.

Similarly, in the Latin American markets in which Dollarcity operates (Colombia, El Salvador and Guatemala), the long-term impact of the COVID-19 pandemic is impossible to forecast at this time. As the situation in these markets evolves, Dollarcity may continue to be impacted by factors beyond its control, including without limitation forced store closures, potential supply disruptions or other unforeseen circumstances.

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 minimum wage legislation in each jurisdiction in which the Corporation has operations. Certain Canadian provinces have recently announced notable increases in the statutory minimum wage, which are set to come into effect in Fiscal 2021 and beyond. Minimum wage adjustments that deviate from the formula based on the year-over-year change in the consumer price index (CPI) create unpredictability, resulting in additional challenges for retailers. Productivity improvements from various operational initiatives may not be sufficient to offset those costs.

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, in China and other parts of Asia, where it buys a large portion of its imported merchandise, and in Latin America, where Dollarcity carries operations, 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 pass on any cost increases to customers if it wishes to maintain the compelling value of its product offering relative to competitors.

Merchandise Selection and Replenishment
The Corporation's success depends in large part on its 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 are 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: (a) disruptions in the flow of imported goods due to factors such as raw material shortages, work stoppages and strikes, suppliers going out of business, factory closures resulting from changes in the economic or regulatory landscape of the country of origin, inflation, natural disasters, unusually adverse weather, pandemic or epidemic outbreaks (such as the COVID-19) 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 could 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, foreign exchange rate fluctuations, or changes in the economic or regulatory landscape of the country of origin, 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 compelling value. Failure to maintain product safety and quality or ethical and socially responsible operations could materially adversely affect its brand image and reputation. Public concerns about the environmental impact of the Corporation's products and operations could also negatively impact consumers' perceptions of the Corporation's brand image. 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 in turn materially adversely affect its business and financial results. The Vendor Code of Conduct formalizes the Corporation'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 the Corporation 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 centre 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. Disruptions in the distribution network or the national and international transportation infrastructure could lead to delays or interruptions of service which, in turn, 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 and the expansion of the Montreal-area distribution centre to approximately 500,000 square feet in 2018-2019, management believes that the Corporation's facilities will provide the required capacity to cost-effectively support new store openings for the currently planned store expansion. However, over the longer term, the Corporation may need additional warehouse and distribution centre capacity. If the Corporation does not plan efficiently for increased capacity, or is unable to locate new sites, 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 measures taken or 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 were required to incur increased security costs to limit inventory theft, its business and financial results could be materially adversely affected.

Real Estate

All of the Corporation's stores are leased from unaffiliated third parties, except for one store that is owned by the Corporation and 19 stores that are leased from entities controlled by the Rossy family. In addition, the Corporation leases five of its six warehouses (the sixth one being owned by the Corporation) and its head office from entities controlled by the Rossy family pursuant to long-term leases expiring in November 2024.

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 promptly find alternative locations that meet its needs on favourable terms, or at all. Also, 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 holiday sales demand and the timing of certain holidays and of new store openings could have material adverse effects on the Corporation's business and financial results. In addition, the occurrence of unusually adverse weather, natural disasters, geopolitical events, pandemic or epidemic outbreaks or any other event beyond the Corporation's control and causing any disruption in its business activities or operations during a peak season could have an adverse effect on the 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 the Corporation. 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 of the brand 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.

International Operations
Following its acquisition of a 50.1% interest in Dollarcity, the Corporation now has international operations in El Salvador, Guatemala and Colombia. The Corporation's operations outside of Canada are exposed to risks inherent in foreign operations. These risks, which can vary substantially by market and jurisdiction, are described in many of the risk factors discussed in this section and also include the following:

- the adoption of laws, regulations and policies aimed at managing national economic conditions, such as increases in taxes, austerity measures that impact consumer spending, monetary policies that may impact inflation rates and currency fluctuations;
- the imposition of import restrictions or controls;
- the effects of legal and regulatory changes and the burdens and costs of compliance with a variety of foreign laws;
- changes in laws and policies that govern foreign investment and trade in the countries in which the Corporation operates, including in Latin America;

- breaches or violations of Canadian and other foreign anti-corruption and anti-bribery laws, including by the Corporation's employees, suppliers, contractors, agents or representatives;
- risks and costs associated with political and economic instability, corruption, and social and ethnic unrest in the countries in which the Corporation operates, including in Latin America;
- risks of operating in developing or emerging markets in which there are significant uncertainties regarding the interpretation, application and enforceability of laws and regulations and the enforceability of contract rights and intellectual property rights; and
- risks arising from the significant and rapid fluctuations in currency exchange markets, and the impact of any decisions and positions taken to hedge such volatility.

With respect to Dollarcity, these factors may increase in importance as it expands its store network in Latin America as part of its growth strategy and could adversely affect such growth which, in turn, could adversely affect the Corporation's business and financial results.

5.2 Financial Risks

Foreign Exchange Risk
The Corporation's results of operations are impacted by foreign exchange rate fluctuations. While its sales are predominantly 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 appreciates against the Canadian dollar, it would have a negative impact on margins, profitability and cash flows.

The Corporation uses foreign exchange forward contracts to mitigate the foreign currency risk associated with the vast majority of forecasted U.S. dollar merchandise purchases. However, 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 February 2, 2020, the outstanding principal on the Corporation's long-term debt amounted to $1,876.8 million. The Corporation's indebtedness could have important consequences on its business and operations, 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.

Furthermore, the Credit Agreement and the trust indentures governing the Senior Unsecured Notes 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 Agreement 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.

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. If interest rates increase, debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and net income and cash flows would decrease, which 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.

Changes in Creditworthiness or Credit Rating
Changes in the perceived creditworthiness of the Corporation and in the credit rating of the Senior Unsecured Notes or the USCP Notes may affect not only the market value and the liquidity of those notes but also the cost at which the Corporation can access capital or credit markets, public or private. The Corporation received credit ratings in connection with the issuance of each series of Senior Unsecured Notes and the USCP 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 various financial tests, business composition and market and operational risks. Those criteria 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 or the USCP 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.

Income Taxes
The Corporation's income tax provisions and income tax assets and liabilities are based on interpretations of applicable tax laws, including income tax treaties between the countries in which the Corporation operates (including countries in Latin America in the case of Dollarcity), as well as underlying rules and regulations with respect to transfer pricing. These interpretations involve judgments and estimates and may be challenged through government taxation audits that the Corporation is regularly subject to. New information may become available that causes the Corporation to change its judgment regarding the adequacy of existing income tax assets and liabilities; such changes will impact net earnings in the period that such a determination is made.

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. 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 the Corporation 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.

E-Commerce and Disruptive Technologies
While the Corporation has now begun to penetrate the online shopping market with the launch of its online store offering select products by the full case, the Corporation continues to face increased competition from the use of mobile and web-based technology that facilitates online shopping and real-time product and price comparisons. Failure to adequately assess and address this evolving retail trend could have a material adverse impact on the Corporation's business and financial results.

As part of the Corporation's e-commerce initiative, customers expect innovative concepts and a positive customer experience, including a user-friendly website, reliable data, safe and reliable processing of payments and a well-executed merchandise pick up or delivery process. If systems are damaged or cease to function properly, capital investment may be required. The Corporation is also vulnerable to various additional uncertainties associated with e-commerce including website downtime and other technical failures, changes in applicable federal and provincial regulations, security breaches, and consumer privacy concerns. If these technology-based systems do not function effectively, the Corporation's ability to maintain and potentially grow its e-commerce business could be adversely affected.

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, rent, 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 the Corporation either does not sell or does not sell as profitably, which could translate into decreased sales volumes, slower inventory turnover and lower gross margin for the Corporation. 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 the Corporation, 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
The Corporation'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, 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 leading 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 could materially adversely affect its business and financial results.

Recruitment, Retention and Management of Quality Employees
Future growth and performance depend, 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 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, inventory management and replenishment, labour forecasting and scheduling, payroll processing, data storage, customer transactions processing and store communications. 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 operations, 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, 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 technology systems, networks and websites, 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.

At store level, the Corporation does not store customer data on its systems, such as card numbers and other customer personally identifiable information. However, since the launch of its online store, the Corporation must now store certain personally identifiable information of its online customers through its website, such as names and addresses, and through third party service providers, including cardholder data. Moreover, during the ordinary course of its business, the Corporation collects and maintains 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, customers, 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'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 competitive 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, including Latin America, 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 warehousing and distribution facilities as well as 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 a 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.

On August 14, 2019, the Corporation acquired a 50.1% interest in Dollarcity and established a second growth platform in Latin America. The Corporation's ability to develop this new growth platform will depend largely on the ability of Dollarcity to successfully expand 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), which, in turn, will depend on a number of operational and financial factors similar to those that the Corporation has to contend with in Canada, in addition to economic, social and geopolitical factors arising specifically in the countries where Dollarcity operates and the legal environment governing its Latin American operations.

Moreover, while the Corporation has a majority interest in Dollarcity, certain strategic and operational decisions are subject to the approval of all stockholders. Dollarcity's founding stockholders may in the future have interests that are different from the Corporation's interests, which may result in conflicting views as to the conduct of the business of Dollarcity. In the event of a disagreement regarding the resolution of any particular issue, or regarding the management or conduct of the business of Dollarcity, the Corporation may not be able to resolve such disagreement in its favor and such disagreement could have a material adverse effect on the Corporation's equity interest in Dollarcity or the business of Dollarcity in general. As a result, the Corporation's success in Latin America will also depend on the ability of Dollarcity's stockholders to reach agreements with respect to the strategic direction of Dollarcity and other important aspects of the Dollarcity business in the future.

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. or any of its creditors, except in certain circumstances and subject to certain terms and conditions 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, Climate Change, Geopolitical Events, Pandemic and Epidemic Outbreaks
The occurrence of one or more natural disasters, such as earthquakes and hurricanes, unusually adverse weather exacerbated by global climate change or otherwise, pandemic or epidemic outbreaks, boycotts and geopolitical events, such as civil unrest in countries in which suppliers are located or in which the Corporation, including through Dollarcity, operates, 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 or Dollarcity's properties, increases in fuel or other energy prices, disruption to information systems, the temporary or long-term disruption in the supply of products from some local and overseas suppliers, the temporary disruption in the transportation of goods from overseas, delays in the delivery of goods to warehouses, distribution centres or stores, the temporary or permanent closure of one or more warehouses or distribution centre or of one or more stores, the temporary reduction in the availability of products in stores, delays in opening new stores, a temporary workforce unavailability in a market or a surge in unemployment, the temporary reduction of store traffic, significant disruption in everyday life and consumer spending habits in the markets in which the Corporation operates and/or the loss of sales. These factors could materially adversely affect the Corporation's business and financial results, for a short or long period, and there is no assurance that business will resume and reach historical levels after any such event.

Insurance
The Corporation's insurance coverage reflects deductibles, self-insured retentions, limits of liability and similar provisions that management believes are reasonable based on the nature and size of the Corporation'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, epidemic, 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 manufactured by unaffiliated third parties. 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, 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 and product recalls may affect customers' perception of the business or the brand and harm the Corporation's reputation, 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.

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, intellectual property, data privacy, environmental levies, trade and customs, bribery and corruption.

Compliance with existing or new laws and regulations, or changes 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, health and safety, and environmental protection, could also materially adversely affect the Corporation's brand image and reputation.

In addition, the Corporation and its representatives are subject to anti-corruption and anti-bribery laws that prohibit improper payments directly or indirectly to government officials, authorities, or persons defined in those anti-corruption and anti-bribery laws, in order to obtain business or other improper advantages in the conduct of business. Failure by the Corporation or any of its employees, subcontractors, suppliers, agents, and/or representatives to comply with anti-corruption and anti-bribery laws could result in criminal, civil and administrative legal sanctions and negative publicity, and could materially adversely affect the Corporation's business and financial results as well as its 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. Also, products sold by the Corporation may be subject to environmental regulations prohibiting or restricting the use of certain toxic substances in the manufacturing process.

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 or impose fines or penalties, which could vary substantially from those currently anticipated and could materially adversely affect the Corporation's business and financial results.

Climate Change

Climate change is an international concern that is receiving increasing attention worldwide. As a result, in addition to the physical risks associated with climate change, there is the risk that the government introduces climate change legislation and treaties that could result in increased costs, and therefore, decreased profitability of the Corporation's operations.

The Canadian government has established a number of policy measures in response to concerns relating to climate change. While the impact of these measures cannot be quantified at this time, the likely effect will be to increase costs for fuels, electricity and transportation; restrict industrial emission levels; impose added costs for emissions in excess of permitted levels; and increase costs for monitoring and reporting. Compliance with these initiatives 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.

Increased public awareness and concern regarding global climate change may result in more legislative and/or regulatory requirements to reduce or mitigate the effects of greenhouse gas (GHG) emissions. GHG regulations could require the Corporation to purchase allowances to offset the Corporation's own emissions or result in an overall increase in costs or operating expenses, any of which could materially adversely affect the Corporation's business and financial results. While additional regulation of emissions in the future appears likely, it is too early to predict whether this regulation could ultimately have a material adverse effect on the Corporation's business or financial results.

Shareholder Activism
The Corporation may be subject to legal and business challenges in the operation of its business due to actions instituted by activist shareholders or others. Responding to such actions can be costly and time-consuming, disrupting business operations and diverting the attention of management and employees. Such investor activism could result in uncertainty of the direction of the Corporation, substantial costs and diversion of management's attention and resources, which could harm the business, hinder execution of the business strategy and initiatives and create adverse volatility in the market price and trading volume of the Corporation's shares.

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 February 2, 2020, there were 310,231,037 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, available on the Corporation's website at www.dollarama.com.

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 Share Splits

Three-For-One Share Split

On March 29, 2018, the Corporation announced that the Board of Directors had approved a split of its common shares on a three-for-one basis, which was approved by its shareholders at the Corporation's Annual and Special Meeting of Shareholders held on June 7, 2018. On June 19, 2018, shareholders of record at the close of business on June 14, 2018 received two additional common shares for each common share held. Ex-distribution trading in the common shares on a split-adjusted basis commenced on June 20, 2018.

Two-For-One Share Split

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 a split-adjusted basis on November 18, 2014.

6.4 Normal Course Issuer Bid

On July 3, 2019, the Corporation renewed its normal course issuer bid and launched the 2019-2020 NCIB to repurchase for cancellation up to 15,737,468 common shares, representing 5.0% of the common shares issued and outstanding as at July 2, 2019, during the 12-month period from July 5, 2019 to July 4, 2020.

As at February 2, 2020, the Corporation had repurchased for cancellation a total of 7,089,040 common shares under the 2019-2020 NCIB, at a weighted average price of $46.15 per common share, for a total cash consideration of $327.155 million.

Since the launch of the Corporation's inaugural normal course issuer bid in June 2012 up until March 31, 2020, the Corporation repurchased for cancellation a total of 150,281,795 common shares, at a weighted average price of $25.88 per common share, for a total cash consideration of $3.889 billion.

NCIB	Period of Coverage	Number of Common Shares Repurchased for Cancellation	Weighted Average Price per Common Share	Value of Common Shares Repurchased for Cancellation
2012-2013	June 15, 2012 to June 14, 2013	15,499,584	$10.06	$155.9 million
2013-2014(1)	June 17, 2013 to June 16, 2014	39,988,128	$13.83	$552.8 million
2014-2015	June 17, 2014 to June 16, 2015	14,051,574	$18.91	$265.7 million
2015-2016(2)	June 17, 2015 to June 16, 2016	28,685,733	$28.58	$820.0 million
2016-2017	June 17, 2016 to June 16, 2017	17,925,486	$33.59	$602.2 million
2017-2018	June 19, 2017 to June 18, 2018	14,061,366	$47.89	$673.4 million
2018-2019(3)	June 20, 2018 to June 19, 2019	12,980,884	$37.88	$491.7 million
2019-2020	July 5, 2019 to March 31, 2020(4)	7,089,040	$46.15	$327.2 million
		150,281,795	**$25.88**	**$3,888.9 million**

(1) As amended on January 22, 2014.
(2) As amended successively on December 9, 2015 and March 30, 2016.
(3) As amended on December 5, 2018.
(4) The 2019-2020 NCIB is ongoing and is set to expire on July 4, 2020. Pursuant to the 2019-2020 NCIB, the Corporation is entitled to repurchase for cancellation up to 15,737,468 common shares during the 12-month period from July 5, 2019 to July 4, 2020.

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 $0.015 per common share and was designated as an "eligible dividend" for Canadian tax purposes. Since 2011, the Board of Directors announced the approval of eight successive increases of the quarterly dividend.

The Board of Directors determined that this latest level of quarterly dividend is appropriate based on the Corporation'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 the Corporation'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 Fiscal 2018, Fiscal 2019 and Fiscal 2020.

Date of Declaration	Date of Payment	Amount of Dividend per Common Share(1)
December 6, 2016	February 1, 2017	$0.034
March 29, 2017	May 3, 2017	$0.037
June 6, 2017	August 2, 2017	$0.037
September 6, 2017	November 1, 2017	$0.037
December 5, 2017	January 31, 2018	$0.037
March 28, 2018	May 2, 2018	$0.040
June 6, 2018	August 1, 2018	$0.040
September 12, 2018	October 31, 2018	$0.040
December 5, 2018	February 8, 2019	$0.040
March 27, 2019	May 10, 2019	$0.044
June 12, 2019	August 9, 2019	$0.044
September 11, 2019	November 8, 2019	$0.044
December 3, 2019	February 7, 2020(2)	$0.044

(1) Retrospectively restated to reflect the 3-for-1 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 2020 was paid at the beginning of the first quarter of Fiscal 2021.

8 DESCRIPTION OF MATERIAL INDEBTEDNESS

The table below summarizes the principal amounts outstanding as at March 30, 2020 under the Credit Facility, the Senior Unsecured Notes and the US Commercial Paper Program, which are described in greater details hereunder.

Type	Maturity	Principal Amount Outstanding
Credit Facility – Facility A	2024-09-27	$598.2 million
Credit Facility – Facility B	2022-09-29	
Credit Facility – Facility C	2022-09-29	
Credit Facility – Facility D	2021-02-12	
Series 3 Floating Rate Notes	2021-02-01	$300.0 million
3.55% Fixed Rate Notes	2023-11-06	$500.0 million
2.203% Fixed Rate Notes	2022-11-10	$250.0 million
2.337% Fixed Rate Notes	2021-07-22	$525.0 million
USCP Notes	Maturities may range from overnight to 397 days from the date of issue	$65.4 million
Total		**$2,238.6 million**

8.1 Credit Facility

The Credit Facility currently consists of four separate unsecured revolving credit facilities totalling $800.0 million, made available under the Third Amended and Restated Credit Agreement entered into between the Corporation and the lenders on February 14, 2020, as amended on March 13, 2020 (the “Credit Agreement”).

Under the 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 $1.5 billion.

The applicable margin, ranging from 0% to 1.70% per annum, is calculated based on a lease-adjusted leverage ratio reported on a quarterly basis to the lenders. The 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 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 Credit Agreement also limits the ability of the Corporation, in certain circumstances, to make loans, declare dividends and make payments on, or redeem or repurchase equity interests, including if there exists a default or an event of default thereunder.

8.2 Senior Unsecured Notes

On July 22, 2016, the Corporation issued the 2.337% 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 this 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 February 2, 2020, the carrying value of the 2.337% Fixed Rate Notes was $524.7 million.

On March 16, 2017, the Corporation issued the Original Series 2 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 this offering to repay indebtedness outstanding under the Credit Facility and for general corporate purposes. The Original Series 2 Floating Rate Notes were repaid on March 16, 2020.

On May 10, 2017, the Corporation issued the Additional Series 2 Floating Rate Notes due March 16, 2020 in the aggregate principal amount of $75.0 million by way of private placement in reliance upon exemptions from the prospectus requirements under applicable securities legislation. The Additional Series 2 Floating Rate Notes constituted an increase to the $225.0 million aggregate principal amount of Original Series 2 Floating Rate Notes. They were issued at a premium of 0.284% of the principal amount thereof, for aggregate gross proceeds of $75.2 million. The Additional Series 2 Floating Rate Notes were treated as a single series with the Original Series 2 Floating Rate Notes (collectively, the “Series 2 Floating Rate Notes”) and were repaid on March 16, 2020.

On May 10, 2017, the Corporation also issued the 2.203% Fixed Rate Notes due November 10, 2022 in the aggregate principal amount of $250.0 million by way of private placement in reliance upon exemptions from the prospectus requirements under applicable securities legislation. The 2.203% Fixed Rate Notes bear interest at a rate of 2.203% per annum, payable in equal semi-annual instalments, in arrears, on May 10 and November 10 of each year until maturity. As at February 2, 2020, the carrying value of the 2.203% Fixed Rate Notes was $250.7 million.

The Corporation used the net proceeds of this offering and of the offering of Additional Series 2 Floating Rate Notes, both closed on May 10, 2017, to repay the Series 1 Floating Rate Notes in the aggregate principal amount of $275.0 million which were due on May 16, 2017, to repay indebtedness outstanding under the Credit Facility and for general corporate purposes.

On February 1, 2018, the Corporation issued the Series 3 Floating Rate Notes due February 1, 2021 (together with the Series 2 Floating Rate Notes, the "Floating Rate Notes") in the aggregate principal amount of $300.0 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 this offering to repay indebtedness outstanding under the Credit Facility and for general corporate purposes. The Series 3 Floating Rate Notes bear interest at a rate equal to the 3-month bankers' acceptance rate (CDOR) plus 27 basis points (or 0.27%), set quarterly on the 1st day of February, May, August and November of each year. Interest is payable in cash quarterly, in arrears, over the 3-year term on the 1st day of February, May, August and November of each year. As at February 2, 2020, the carrying value of the Series 3 Floating Rate Notes was $301.3 million.

On November 5, 2018, the Corporation issued the 3.55% Fixed Rate Notes (together with the 2.203% Fixed Rate Notes and the 2.337% Fixed Rate Notes, the "Fixed Rate Notes") in the aggregate principal amount of $500.0 million by way of private placement in reliance upon exemptions from the prospectus requirements under applicable securities legislation. The 3.55% Fixed Rate Notes were issued at a price of $995.37 per $1,000.00 principal amount of 3.55% Fixed Rate Notes, for an effective yield of 3.652% and aggregate gross proceeds of $497.7 million. The Corporation used the net proceeds of this offering to repay the 3.095% Fixed Rate Notes in the aggregate principal amount of $400.00 million, which were issued on November 5, 2013 and matured on November 5, 2018, to repay indebtedness outstanding under the Credit Facility and for general corporate purposes. The 3.55% Fixed Rate Notes bear interest at a fixed rate of 3.55% per annum, payable in equal semi-annual instalments, in arrears, on the 6th day of May and November of each year until maturity. As at February 2, 2020, the carrying value of the 3.55% Fixed Rate Notes was $500.9 million.

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 of 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, make an offer to 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.

8.3 US Commercial Paper Program

On February 18, 2020, the Corporation announced the establishment of the US Commercial Paper Program. Under the terms of the program, the Corporation may issue, from time to time, USCP Notes, being unsecured commercial paper notes with maturities not in excess of 397 days from their date of issue, on a private placement basis in reliance upon exemptions from registration and prospectus requirements under applicable securities legislation. The aggregate principal amount of USCP Notes that may be outstanding at any one time under the US Commercial Paper Program may not exceed US$500.0 million. The Corporation uses derivative instruments to convert the net proceeds from the issuance of USCP Notes into Canadian dollars, and uses those proceeds for general corporate purposes.

The USCP 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 USCP 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 USCP Notes are unconditionally guaranteed by Dollarama L.P. and Dollarama GP Inc., each a wholly-owned subsidiary of the Corporation. The Corporation's Credit Facility, upsized on February 14, 2020 from $500.0 million to $800.0 million, serves as a liquidity backstop for the repayment of USCP Notes issued under the US Commercial Paper Program.

9 RATINGS

A credit rating generally provides an indication of the risk that the borrower will not fulfill its full obligations in a timely manner with respect to both interest and principal commitments.

The Corporation's ability to raise financing depends on its ability to access the public and private equity and debt capital markets as well as the bank credit market. Its ability to access such markets and the cost and amount of funding available depend partly on the quality of its credit ratings at the time capital is raised. Investment-grade ratings usually mean that when the Corporation borrows money, it qualifies for lower interest rates than corporations that have ratings below investment-grade. Any rating downgrade could result in adverse consequences for the Corporation's funding capacity or ability to access the capital markets. See "Risk Factors – Financial Risks – Changes in Creditworthiness or Credit Rating".

This section describes the Corporation's credit ratings, as at March 31, 2020, for certain of the issued and outstanding debt securities of the Corporation, as well as the Corporation's long-term issuer ratings. These ratings provide investors with an independent measure of the credit quality of an issue of securities. However, there is no assurance that a rating will remain in effect for any given period of time or that a rating will not be lowered, withdrawn or revised by either rating agency if, in its judgment, circumstances so warrant. The rating of any debt securities is not a recommendation to buy, sell or hold such securities, inasmuch as such ratings do not comment as to market price or suitability for a particular investor. Each credit rating should be evaluated independently of any other credit rating.

In the past two years, the Corporation has paid fees to rating agencies to obtain ratings and expects to pay similar fees in the future pursuant to service agreements entered into with such rating agencies. No additional payment was made to ratings agencies for other services provided to the Corporation during the last two fiscal years.

9.1 General Explanation

Short-Term Debt Securities
The table below shows the range of credit ratings that Moody's Investors Service ("Moody's") and S&P Global Ratings ("S&P") assign to short-term debt instruments.

Rating Agency	Highest Quality of Securities Rated	Lowest Quality of Securities Rated
Moody's	P-1	NP
S&P (Global scale)	A-1+	D

Moody's short-term debt ratings are Moody's opinions on the ability of issuers to meet short-term financial obligations. Short-term ratings are assigned to obligations with an original maturity of 13 months or less and reflect the likelihood of a default on contractual financial obligations and the expected financial loss suffered in the event of default.

S&P's short-term debt rating scale provides an assessment of whether a company can meet the financial commitments of a specific commercial paper program or other short-term financial instrument, compared to the debt servicing and repayment capacity of other companies in the relevant financial market.

Long-Term Debt Securities
The table below shows the range of credit ratings that DBRS Morningstar ("DBRS") assigns to long-term debt instruments.

Rating Agency	Highest Quality of Securities Rated	Lowest Quality of Securities Rated
DBRS	AAA	D

The DBRS long-term debt rating scale provides an opinion on the risk of default; that is, 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 borrowing entity. 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.

Long-Term Issuer Ratings
The table below shows the range of credit ratings that DBRS, Moody's and S&P assign to long-term issuer ratings.

Rating Agency	Highest Quality of Issuer Rating	Lowest Quality of Issuer Rating
DBRS	AAA	D
Moody's	Aaa	C
S&P (Global scale)	AAA	D

DBRS' long-term issuer ratings are DBRS' opinions about credit risk that reflect the creditworthiness of issuers. A credit rating of "BBB Low" or higher is an investment grade rating. The assignment of a "(high)" or "(low)" modifier within each rating category indicates relative standing within such category.

Moody's long-term issuer ratings are Moody's opinions on the ability of issuers to honor senior unsecured financial obligations and contracts. A credit rating of "Baa3" or higher is an investment grade rating. Moody's appends numerical modifiers 1, 2 and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

S&P's long-term issuer credit rating (Global scale) provides S&P's opinion on an issuer's overall creditworthiness. This opinion focuses on the issuer's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. A credit rating of "BBB –" or higher is an investment grade rating. The addition of a plus (+) or minus (–) designation after a rating indicates the relative standing within a particular rating category.

9.2 Ratings Received by the Corporation

As at March 31, 2020, the Corporation's USCP Notes are rated by Moody's and S&P, and its Senior Unsecured Notes, by DBRS. In addition, the Corporation has long-term issuer ratings provided by DBRS, Moody's and S&P.

The following explanations of the rating categories received for the Corporation's securities and long-term issuer ratings have been published by the applicable rating agencies. The explanations and corresponding rating categories provided below are subject to change by the applicable rating agencies.

Short-Term Debt Securities	Rating Agency	Rating	Rank	Explanation of Rating Category Received
USCP Notes	Moody's	P-2	2 out of 4	• A strong ability to repay short-term debt obligations
	S&P (Global scale)	A-2	2 out of 6	• Capacity to meet financial commitments on the obligation is considered satisfactory • Somewhat more susceptible to changing circumstances and economic conditions than obligations rated higher

Long-Term Debt Securities	Rating Agency	Rating	Rank	Explanation of Rating Category Received
Senior Unsecured Notes	DBRS	BBB	4 out of 10	• Adequate credit quality • Capacity for the payment of financial obligations is considered acceptable • May be vulnerable to future events

Long-Term Issuer Ratings	Rating Agency	Rating	Rank	Explanation of Rating Category Received
	DBRS	BBB	4 out of 10	• Adequate credit quality • Capacity for the payment of financial obligations is considered acceptable • May be vulnerable to future events
	Moody's	Baa2	4 out of 9	• Subject to moderate credit risk • Considered medium-grade and as such may possess speculative characteristics
	S&P (Global Scale)	BBB	4 out of 10	• Adequate capacity to meet financial commitments • Adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation

As at March 31, 2020, the Corporation's credit ratings have stable outlooks from DBRS, Moody's and S&P. The rating trend indicates the direction in which the rating agency considers the rating is headed should present tendencies continue.

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 2020.

Calendar Month	Monthly High $	Monthly Low $	Total Monthly Volume	Average Daily Volume
February 2019	$37.27	$34.63	22,016,969	1,158,788
March 2019	$38.41	$33.00	40,918,695	1,948,509
April 2019	$42.29	$35.65	40,112,669	1,910,127
May 2019	$44.03	$39.26	25,168,402	1,144,018
June 2019	$47.90	$41.61	39,014,620	1,950,731
July 2019	$50.74	$47.21	29,582,701	1,344,668
August 2019	$52.13	$47.77	25,211,631	1,200,554
September 2019	$51.35	$46.58	29,851,286	1,492,564
October 2019	$48.26	$43.89	25,112,925	1,141,497
November 2019	$49.37	$44.48	17,891,962	851,998
December 2019	$49.45	$43.26	37,151,472	1,857,574
January 2020	$47.76	$44.56	27,960,238	1,270,920

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 meeting of shareholders.

Name, Province or State and Country of Residence	Position(s) with the Corporation	Director Since	Principal Occupation	Previously Held Positions (Last Five Years)
Stephen Gunn(1)(2)(4) Ontario, Canada	Independent Chairman of the Board of Directors	2009	Corporate Director	Lead Independent Director Dollarama Inc. (from Oct. 2009 to June 2018) Executive Co-Chair of the board of directors Sleep Country Canada Holdings Inc. (from Nov. 2014 to Jan. 2017)
Joshua Bekenstein(2)(3) Massachusetts, USA	Independent Director	2004	Managing Director Bain Capital Partners, LP	—
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)

Name, Province or State and Country of Residence	Position(s) with the Corporation	Director Since	Principal Occupation	Previously Held Positions (Last Five Years)
Kristin W. Mugford[(4)] Massachusetts, USA	Independent Director	2018	Senior Lecturer of Business Administration Harvard Business School	—
Nicholas Nomicos[(4)(5)] Massachusetts, USA	Independent Director	2004	Managing Director Nonantum Capital Partners, LLC	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	President and Chief Executive Officer Dollarama Inc.	Chief Merchandising Officer Dollarama Inc. (from 2010 to Apr. 2016)
Richard Roy, FCPA, FCA[(6)] Québec, Canada	Independent Director	2012	Corporate Director	President and Chief Executive Officer Uni-Select Inc. (from 2008 to Jul. 2015)
Huw Thomas, FCPA, FCA[(3)(4)] Ontario, Canada	Independent Director	2011	Corporate Director	Chief Executive Officer SmartCentres Real Estate Investment Trust (formerly known as Smart Real Estate Investment Trust) (from Jul. 2013 to Jun. 2018)

(1) Chair of the Nominating and Governance Committee.
(2) Member of the Human Resources and Compensation Committee.
(3) Member of the Nominating and Governance Committee.
(4) Member of the Audit Committee. Stephen Gunn stepped down from the Audit Committee on June 13, 2019, concurrently with the appointment of Huw Thomas.
(5) Chair of the Human Resources and Compensation Committee.
(6) Chair 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) with the Corporation	Executive Officer Since	Previously Held Positions (Last Five Years)
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	—
Johanne Choinière Ontario, Canada	Chief Operating Officer	2014	—
Geoffrey Robillard Québec, Canada	Senior Vice-President, Import Division	2004	—

Name, Province or State and Country of Residence	Position(s) with the Corporation	Executive Officer Since	Previously Held Positions (Last Five Years)
Nicolas Hien Québec, Canada	Senior Vice-President, Project Management and Systems(1)	2017	Vice President, Project Management and Systems Dollarama Inc. (from 2016 to Sept. 2017) Vice-President, Project Management Dollarama Inc. (from 2013 to 2016)
John Assaly Québec, Canada	Vice-President, Global Procurement	2013	—
Josée Kouri Québec, Canada	Vice-President, Legal Affairs and Corporate Secretary	2015	—

(1) Since August 14, 2019, Nicolas Hien is also Executive Vice-President of Dollarcity.

As a group, the directors and executive officers of the Corporation beneficially owned, or controlled or directed, directly or indirectly, a total of 21,390,612 common shares, representing approximately 6.90% of the common shares outstanding, on a non-diluted basis, as at February 2, 2020.

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:

(i) 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; and

(ii) Joshua Bekenstein, a director of the Corporation, who was from 2005 to 2019 a director of Toys "R" Us, Inc., which filed for bankruptcy in September 2017, and who was from 2010 to 2017 a director of The Gymboree Corporation, which filed for bankruptcy in June 2017.

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 the Rossy family, 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 reviewing 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.

On April 11, 2019, upon recommendation of the Nominating and Governance Committee, the Board of Directors approved an amendment to the Charter of the Audit Committee to formalize the role of the Audit Committee in overseeing the monitoring, management and mitigation of environmental, social and governance (ESG) risks, as part of its general risk oversight responsibility. The Charter of the Audit Committee was further amended on April 29, 2020 to formalize the oversight role of the Audit Committee over information technology risk and cybersecurity A copy of the Charter of the Audit Committee, as amended, is attached to this Annual Information Form as Appendix A and is available on the Corporation's website at www.dollarama.com.

12.2 Composition of the Audit Committee

As at the date hereof, the Audit Committee is composed of four members, namely Richard Roy (Chair), Kristin Mugford, Nicholas Nomicos and Huw Thomas. 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.

In addition to each Audit Committee member's general business experience, the education and experience of each Audit Committee member that are relevant to the performance of his or her responsibilities are as follows:

Richard Roy, FCPA, FCA (Chair), sits on the board of directors of Uni-Select Inc. since May 2008. He also sits on the board of directors of GDI Integrated Facility Services Inc. since May 2015 and on the board of directors of Toromont Industries Ltd. since November 2018, and is a member of their respective audit committees. Mr. Roy served as President and Chief Executive Officer of Uni-Select 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. Mr. Roy is a graduate of HEC Montreal.

Kristin Mugford is the Melvin Tukman Senior Lecturer of Business Administration in the Finance Unit at the Harvard Business School. Prior to academia, she spent nearly 20 years with Bain Capital Partners, LP, joining their private equity business in 1994, where she focused on the consumer and media industries, before becoming the firm's first female managing director. In 1998, she helped start Bain Capital Credit, LP (formerly known as Sankaty Advisors, LP), the credit affiliate of Bain Capital Partners, LP, where she was a senior member of its management and investment committee. She graduated from Harvard Business School as a Baker Scholar and holds an AB with honors in economics from Harvard College.

Nicholas Nomicos is a Managing Director of Nonantum Capital Partners, LLC, a middle market private equity firm that he founded with other executives in 2018. Mr. Nomicos is also a director of BRP Inc. and a member of its investment and risk committee, human resources and compensation committee and nominating, governance and social responsibility committee. 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, LP where he worked since 1999 in a variety of investments in the manufacturing and consumer product sectors. Prior to joining Bain Capital Partners, LP, 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.

Huw Thomas, FCPA, FCA, served as Chief Executive Officer of SmartCentres Real Estate Investment Trust ("SmartCentres REIT", formerly known as Smart Real Estate Investment Trust) from 2013 to June 2018 and also occupied the office of President of SmartCentres REIT from 2013 to August 2016. Prior to that, 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 is a trustee of Chartwell Retirement Residences, the chair of its compensation, governance and nominating committee and a member of 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.

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 Fiscal 2020 and Fiscal 2019, the Corporation was billed the following fees by its external auditor, PricewaterhouseCoopers LLP.

	Fiscal 2020	**Fiscal 2019**
Audit Fees(1)	$830,150	$587,750
Audit-Related Fees(2)	$416,275	$118,550
Tax Fees(3)	$45,233	$74,786
All Other Fees(4)	$42,000	$143,000
Total Fees	**$1,333,658**	**$924,086**

(1) "Audit Fees" include fees necessary to perform the annual audit of the consolidated financial statements. For Fiscal 2020, this category included additional audit fees related to the transition to IFRS 16 for lease accounting and the acquisition of a 50.1% interest in Dollarcity.

(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 Fiscal 2020, this category included fees related to the due diligence review for the acquisition of a 50.1% interest in Dollarcity and to internal controls extended audit procedures. For Fiscal 2019, this category included fees related to the performance of required procedures in connection with two offerings of senior unsecured notes, accounting advice related to Dollarcity transactions and to internal controls extended audit procedures.

(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 advice, tax planning as well as assistance in connection with provincial and federal tax audits conducted in the normal course of business.

(4) "Other Fees" include fees for products and services provided by the external auditor other than those included above. For Fiscal 2020, this category represented primarily fees related to translation services whereas for Fiscal 2019, these fees also included services related to compliance with payment card industry standards and assistance in re-evaluating the Corporation's enterprise risk management process.

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 19 stores, five warehouses, and its head office from entities controlled by the Rossy family pursuant to long-term lease agreements, and also leased its distribution centre from an entity controlled by the Rossy family until February 21, 2018, the date on which the Corporation acquired the property from the related party for $39.4 million. See “Business of the Corporation – Warehousing and Distribution”.

As at February 2, 2020, the outstanding balance of lease liabilities owed to entities controlled by the Rossy family totalled $52.4 million. Rental expenses charged by entities controlled by the Rossy family but not included in lease liabilities totalled $7.0 million for Fiscal 2020.

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. Independent valuations or other advice is provided to the Audit Committee and the Board of Directors, as appropriate. 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 offering of Senior Unsecured Notes (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 2020 or entered into prior to Fiscal 2020 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 April 1, 2020 in respect of the Corporation’s consolidated financial statements and the notes related thereto as at February 2, 2020 and February 3, 2019 and for each of Fiscal 2020 and Fiscal 2019. 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 the Corporation’s securities and securities authorized for issuance under equity compensation plans, is contained in the Corporation’s management proxy circular, prepared in connection with the upcoming annual meeting of shareholders of the Corporation to be held on June 10, 2020, which will be available shortly on SEDAR at www.sedar.com and on the Corporation’s website at www.dollarama.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 the Corporation for Fiscal 2020, also available on SEDAR at www.sedar.com and on the Corporation’s website at www.dollarama.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. <u>Internal Control</u>

(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. <u>Relationship with the External Auditor</u>

(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. <u>Audit Process</u>

(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. <u>Financial Reporting Processes</u>

(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) Receive quarterly reports from Management on risks facing the Corporation, including risks related to environmental, social and governance (ESG) matters, and assess the adequacy and effectiveness of Management's ability to monitor, manage and mitigate these risks.

(2) Oversee the management of significant and emerging information technology (IT) risks, including cybersecurity, and periodically receive reports from management on major IT projects and the implementation and effectiveness of related risk management programs. These reports should include any relevant information to allow the Committee to make informed judgments on trends and significant exposure to IT risks.

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

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

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

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

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

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

(9) 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.

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

(11) 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.

Adopted on October 16, 2009, last amended on April 29, 2020