DOLLARAMA INC.

ANNUAL INFORMATION FORM

FOR THE FISCAL YEAR

ENDED FEBRUARY 1, 2015

April 24, 2015

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EXPLANATORY NOTES

The information in this annual information form (the "Annual Information Form") is stated as at February 1, 2015, unless otherwise indicated.

Unless otherwise noted or the context otherwise indicates, "Dollarama", the "Corporation", "we", "us" and "our" refer to Dollarama Inc. and its direct and indirect subsidiary entities and predecessors. Unless otherwise indicated, all references to "$" in this Annual Information Form refer to Canadian dollars.

The Corporation's fiscal year ends on the Sunday closest to January 31 of each year and usually has 52 weeks. However, as is traditional with the retail calendar, every five to six years, a week is added to the fiscal year. The fiscal year ended February 1, 2015 was comprised of 52 weeks.

Forward-Looking Statements

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

These factors are not intended to represent a complete list of the factors that could affect us; 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 we have no intention and undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. The forward-looking statements contained in this Annual Information Form are expressly qualified by this cautionary statement.

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 certain non-GAAP measures. The non-GAAP measures used by the Corporation are as follows:

EBITDA	Represents operating income plus depreciation and amortization.
EBITDA margin	Represents EBITDA divided by sales.
Total debt	Represents the sum of long-term debt (including accrued interest as current portion) and other bank indebtedness (if any).
Net debt	Represents total debt minus cash and cash equivalents.

These non-GAAP measures are not recognized under GAAP, do not have a standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. These measures are used to bridge differences between external reporting under GAAP and external reporting that is tailored to the retail industry, in order to complement GAAP measures and provide further understanding of the Corporation's results of operations from management's perspective. We use non-GAAP measures to provide investors with a supplemental measure of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on GAAP measures. We also believe that securities analysts, investors and other interested parties frequently use non-GAAP measures in the evaluation of issuers. Our management also uses non-GAAP measures in order to facilitate operating and financial performance comparisons from period to period, to prepare annual budgets, to assess our ability to meet our future debt service, capital expenditure and working capital requirements, and to evaluate senior management's performance. We refer the reader 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 the reconciliation of the non-GAAP measures used and presented by the Corporation to the most directly comparable GAAP measures.

We believe that the presentation of non-GAAP measures is appropriate. However, non-GAAP measures have important limitations as analytical tools, and you should not consider them in isolation, or as substitutes for analysis of our results as reported under GAAP. Because of these limitations, we primarily rely on our results as reported in accordance with GAAP and use non-GAAP measures only as a supplement. In addition, because other issuers may calculate non-GAAP measures differently than we do, they may not be comparable to similarly-titled measures reported by other issuers.

Market and Industry Data

We have obtained the market and industry data presented in this Annual Information Form from a combination of internal company surveys, third party information, including third party websites, and the estimates of our management. While we believe internal company surveys, third party information and estimates of our management are reliable, we have not verified them, nor have they been verified by any independent sources, and we have no assurance that the information contained in third party websites is current and up-to-date. While we are 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".

CORPORATE STRUCTURE

General

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

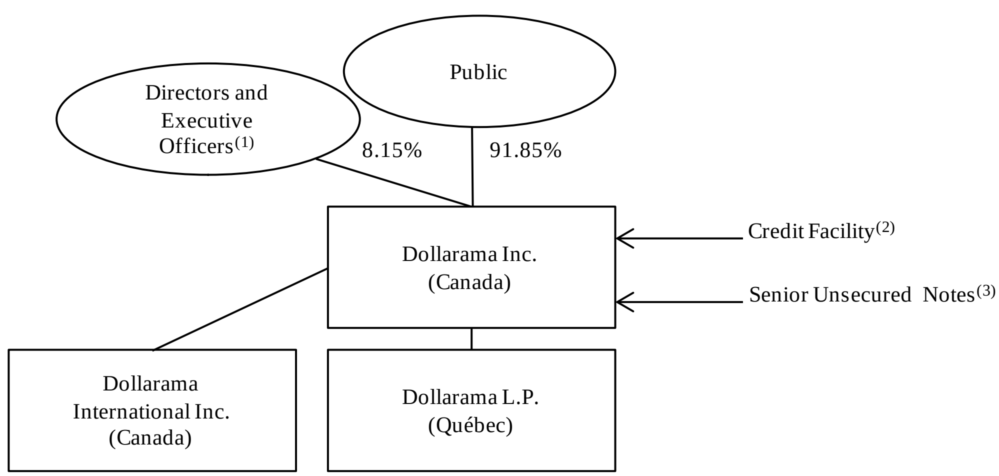
The Corporation's head and registered office is located at 5805 Royalmount Ave., Montreal, Québec, H4P 0A1.

Intercorporate Relationships

As at February 1, 2015, the Corporation owned all of the equity interests in Dollarama L.P., a limited partnership formed under the laws of the Province of Québec which operates the Dollarama business.

As at the same date, the Corporation also owned all of the equity interests in Dollarama International Inc., incorporated under the CBCA under the name 8315248 Canada Inc. by articles of incorporation dated January 21, 2013. Its name was thereafter changed to Dollarama International Inc. pursuant to articles of amendment dated January 29, 2013. Dollarama International Inc. exports and sells products to Dollar City, a Central American dollar store chain pursuant to a commercial arrangement entered into in February 2013. See "Business of the Corporation - Business Overview - Direct Sourcing for Canada and Other Markets".

The organization chart below indicates the intercorporate relationships of the Corporation and its material subsidiary entities as at the date hereof, together with the jurisdiction of incorporation or constitution of each such entity. With the exception of Dollarama L.P., the total assets or revenue of each of the subsidiaries of the Corporation do not constitute more than 10%, individually, of the consolidated assets or revenue of the Corporation as at February 1, 2015, nor do they constitute more than 20%, in the aggregate, of the consolidated assets or sales and operating revenues of the Corporation as at February 1, 2015.



(1) Refers to the common shares of the Corporation (the "Common Shares") that our directors and executive officers beneficially own, or control or direct, directly or indirectly, as at February 1, 2015.
(2) For a description of the Credit Facility (as defined hereinafter), see "Description of Material Indebtedness - Credit Facility".
(3) For a description of the Senior Unsecured Notes (as defined hereinafter), see "Description of Material Indebtedness - Senior Unsecured Notes".

GENERAL DEVELOPMENT OF THE BUSINESS

As at February 1, 2015, Dollarama operated 955 corporate stores across Canada and generated sales of approximately $2.3 billion and EBITDA (representing operating income in accordance with GAAP plus amortization and depreciation) of $460.9 million during the fiscal year ended February 1, 2015.

The highlights relating to the development of the Dollarama business over the three most recently completed fiscal years and for the current fiscal year to date are described below. References to "Fiscal 2016" are to the Corporation's fiscal year ending January 31, 2016, to "Fiscal 2015" are to the Corporation's fiscal year ended February 1, 2015, to "Fiscal 2014" are to the Corporation's fiscal year ended February 2, 2014, and to "Fiscal 2013" are to the Corporation's fiscal year ended February 3, 2013.

Fiscal 2016 Developments

Private Offering of $125 Million Senior Unsecured Notes

On April 8, 2015, the Corporation issued additional floating rate senior unsecured notes due May 16, 2017 (the "Additional Floating Rate Notes") by way of private placement in reliance upon exemptions from the prospectus requirements under applicable securities legislation (the "2015 Offering"). The Additional Floating Rate Notes constitute an increase to the $150 million aggregate principal amount of Floating Rate Notes (as defined hereinafter) due May 16, 2017 issued by the Corporation on May 16, 2014. The Additional Floating Rate Notes were issued at a discount of 0.336% of the principal amount thereof, for aggregate gross proceeds of $124.58 million. Once issued, the Additional Floating Rate Notes bear interest at the same rate as the Floating Rate Notes, such rate being equal to the applicable 3-month bankers' acceptance rate (CDOR) plus 54 basis points (or 0.54%). All other terms and conditions applicable to the Floating Rate Notes also apply to the Additional Floating Rate Notes, and the Additional Floating Rate Notes are treated as a single series with the Floating Rate Notes. The Corporation used the net proceeds of the 2015 Offering to repay indebtedness outstanding under its unsecured revolving credit facility (the "Credit Facility") and for general corporate purposes. The Additional Floating Rate Notes were assigned a rating of BBB, with a stable trend, by DBRS Limited ("DBRS").

Dividend Increase

On March 25, 2015, the Corporation announced that the board of directors of the Corporation (the "Board of Directors") had approved a 12.5% increase of the quarterly dividend for holders of its Common Shares, from $0.08 per Common Share to $0.09 per Common Share. The increased dividend will be paid on May 7, 2015 to shareholders of record at the close of business on April 29, 2015 and is designated as an "eligible dividend" for Canadian tax purposes.

Board Appointment

On February 19, 2015, the Corporation announced the appointment of Elisa D. Garcia C. as independent director and member of the Nominating and Governance Committee. Ms. Garcia's appointment increases the number of members on the Board of Directors to ten, seven of whom are independent. See "Directors and Officers - Biographies".

Fiscal 2015 Developments

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

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

2014-2015 Normal Course Issuer Bid

On June 12, 2014, the Corporation renewed its normal course issuer bid (the "2014-2015 NCIB") to repurchase for cancellation up to 2,341,929 Common Shares (representing 3.5% of the Common Shares issued and outstanding as at June 11, 2014) or, taking into account the Share Split, the equivalent of 4,683,858 Common Shares, during the 12-month period from June 17, 2014 to June 16, 2015.

As at February 1, 2015, the Corporation had repurchased for cancellation under the 2014-2015 NCIB, taking into account the Share Split, a total of 3,384,132 Common Shares, at a weighted average price of $52.17 per Common Share, for a total cash consideration of $176.55 million. See "Description of Capital Structure - 2014-2015 Normal Course Issuer Bid".

Private Offering of $150 Million Senior Unsecured Notes

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

Downsizing of Credit Facility

Concurrently with the 2014 Offering, effective May 16, 2014, the Corporation cancelled $100.0 million of the initial $350.0 million aggregate amount available under its Credit Facility, which portion was not drawn by the Corporation on that date, in order to reduce standby fees payable on the unutilized portion.

Senior Executive Appointment

On April 14, 2014, the Corporation announced the appointment of Johanne Choinière as Chief Operating Officer of the Corporation, effective May 12, 2014. Ms. Choinière is responsible for overseeing retail store operations as well as logistics, distribution, supply chain management and human resources.

Dividend Increase

On April 9, 2014, the Corporation announced that the Board of Directors had approved a 14% increase of the quarterly dividend for holders of its Common Shares, from $0.14 per Common Share to $0.16 per Common Share or, taking into account the Share Split, from $0.07 per Common Share to $0.08 per Common Share.

Fiscal 2014 Developments

2013-2014 Normal Course Issuer Bid

On January 22, 2014, the Corporation announced that it received approval from the Toronto Stock Exchange (the "TSX") to amend its then ongoing normal course issuer bid pursuant to which the Corporation was authorized to repurchase for cancellation up to 3,364,523 Common Shares (representing 5% of the public float as at May 31, 2013) or, taking into account the Share Split, the equivalent of 6,729,046 Common Shares, over the 12-month period from June 17, 2013 to June 16, 2014 (the "2013-2014 NCIB"). Under the amended 2013-2014 NCIB, the Corporation was entitled to repurchase for cancellation up to 6,729,046 Common Shares (representing 10% of the Corporation's public float as at May 31, 2013) or, taking into account the Share Split, the equivalent of 13,458,092 Common Shares, over the same 12-month period from June 17, 2013 to June 16, 2014. All other terms of the 2013-2014 NCIB remained unchanged.

On June 16, 2014, the Corporation had repurchased for cancellation, taking into account the Share Split, a total of 13,329,376 Common Shares, at a weighted average price of $41.48 per Common Share, for a total cash consideration of $552.9 million.

Private Offering of $400 Million Senior Unsecured Notes

On November 5, 2013, the Corporation issued $400.0 million aggregate principal amount of 3.095% senior unsecured notes due November 5, 2018 (the "Fixed Rate Notes") by way of private placement in reliance upon exemptions from the prospectus requirements under applicable securities legislation (the "2013 Offering"). The Corporation used the net proceeds of the 2013 Offering to repay indebtedness outstanding under its Credit Facility and other bank indebtedness outstanding at the time and for general corporate purposes. The Fixed Rate Notes were assigned a rating of BBB, with a stable trend, by DBRS. See "Description of Material Indebtedness - Senior Unsecured Notes".

Amendment and Restatement of Credit Agreement

On October 25, 2013, the Corporation entered into a second amended and restated credit agreement (the "SAR Credit Agreement") relating to its Credit Facility in order to, among other things, release all security that had been granted in connection with the Credit Facility, include an option to request annual extensions and extend the maturity date by one year. See "Description of Material Indebtedness - Credit Facility".

Senior Executive Departure

On August 12, 2013, the Corporation announced that Stéphane Gonthier, who was Chief Operating Officer since September 2007, was leaving the Corporation to become President and Chief Executive Officer of 99¢ Only Stores®, a U.S. retailer headquartered in California.

NCIB Facility

On July 12, 2013, the Corporation entered into an agreement (the "NCIB Credit Agreement") providing for a $100.0 million unsecured committed revolving credit facility maturing on January 10, 2014 (the "NCIB Facility"), subject to possible extensions for additional six-month periods thereafter. On September 25, 2013, the NCIB Credit Agreement was amended in order to, among other things, increase the maximum amount available thereunder to $170.0 million. The purpose of the NCIB Facility was to provide short-term financing for the Corporation's purchase of Common Shares under the 2013-2014 NCIB. The NCIB Facility was cancelled on November 26, 2013 upon repayment by the Corporation of all indebtedness thereunder using the proceeds of the 2013 Offering.

Dividend Increase

On April 12, 2013, the Corporation announced that the Board of Directors had approved a 27% increase of the quarterly dividend for holders of Common Shares, from $0.11 per Common Share to $0.14 per Common Share or, taking into account the Share Split, from $0.055 per Common Share to $0.07 per Common Share.

Business Venture in Central America

On February 5, 2013, the Corporation announced that it had, through Dollarama International Inc., entered into an agreement (the "Dollar City Agreement") to share its business expertise and provide sourcing services to Dollar City, a dollar store chain based in El Salvador and looking to expand its activities in other countries of Central America as well as in Colombia, Peru and Ecuador.

Fiscal 2013 Developments

Changes to the Board of Directors

On October 11, 2012, the Corporation announced the appointment of Richard Roy as independent director to fill the vacancy created among the Board of Directors by the resignation of Matthew Levin. The resignation of Mr. Levin and the appointment of Mr. Roy were both effective as at October 11, 2012.

Introduction of Additional Price Points

In July 2012, Dollarama started to gradually add non-grocery items at the $2.50 and $3.00 price points to its existing seasonal and general merchandise product selection, thereby bringing the number of price points to seven.

2012-2013 Normal Course Issuer Bid

On June 13, 2012, the Corporation announced that it received approval from the TSX to launch its first normal course issuer bid (the "2012-2013 NCIB"). Under the 2012-2013 NCIB, the Corporation was entitled to repurchase for cancellation up to 2,583,264 Common Shares (representing 3.5% of the Corporation's total issued and outstanding Common Shares as at June 1, 2012) or, taking into account the Share Split, the equivalent of 5,166,528 Common Shares, over the 12-month period from June 15, 2012 to June 14, 2013.

On June 14, 2013, the Corporation had repurchased for cancellation the maximum number of Common Shares authorized under the 2012-2013 NCIB, at a weighted average price of $30.18 per Common Share, for a total cash consideration of $155.9 million.

Dividend Increase

On April 11, 2012, the Corporation announced that the Board of Directors had approved a 22% increase of the quarterly dividend for holders of Common Shares, from $0.09 per Common Share to $0.11 per Common Share or, taking into account the Share Split, from $0.045 per Common Share to $0.055 per Common Share.

BUSINESS OF THE CORPORATION

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

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

Merchandise offered by dollar stores generally includes items in the following categories: housewares, cleaning supplies, kitchenware, glassware, clothing, linen, candles, giftware, stationery and greeting cards, non-edible and edible consumables, hardware and electronics, toiletries, health and beauty aids, office supplies, school supplies, party supplies, arts and crafts supplies, artificial flowers, toys, pet food and supplies, confectionery, nuts and snacks, souvenirs, novelties and sundries, decorative ornaments, seasonal items and other general merchandise. One of the key differentiating factors between the Canadian dollar store industry and the U.S. dollar store industry resides in the merchandise mix: consumable products, including refrigerated goods, represent a higher proportion of the product offering in U.S. dollar stores than in Canadian dollar stores, including Dollarama.

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

The Canadian dollar store industry remains underpenetrated relative to the U.S. dollar store industry. For the top five U.S. dollar store chains by number of stores, on a per capita basis, there were approximately 12,000 people per dollar store as at February 1, 2015. By contrast, for the top five Canadian dollar store chains by number of stores, management estimates that, on a per capita basis, there were approximately 25,000 people per dollar store as at February 1, 2015. Based on such comparison, management believes that there remains an opportunity for growth in the Canadian dollar store market.

During the fiscal year ended February 1, 2015, we conducted a review of new store opportunities across Canada, and the results support our confidence in our ability to continue to expand Dollarama's store network beyond the previously disclosed threshold of 1,200 stores, up to approximately 1,400 stores over the next six to seven years. This estimate, which constitutes a forward-looking statement, is based on an update of our market analysis, which takes into account the retail competitive landscape, the rates of per capita store penetration and the performance of comparable and new stores. Also, it assumes a consistent store format and the same quality of real estate locations. As we get closer to 1,400 stores, the cannibalization is expected to increase which, in turn, will likely have an impact on new store payback periods. The average capital payback period, now of approximately two years, could range between two and three years as we get closer to 1,400 stores.

Business Overview

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

Operation of Dollar Stores in Canada

We are the leading operator of dollar stores in Canada, with 955 Dollarama stores in operation as at February 1, 2015, more than four times the number of stores as our next largest dollar store competitor in Canada. We are the only dollar store operator with a significant national presence and are continuing to expand across Canada.

Our stores average 9,913 square feet and offer a targeted mix of merchandise at compelling values, including private label and nationally branded products. We offer a broad range of quality consumer products and general merchandise for everyday use, in addition to seasonal products. Our merchandise is sold in individual or multiple units at seven select fixed price points ranging from $0.77 to $3.00. All of our stores are corporately owned and operated, providing a consistent shopping experience, and nearly all 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.

Our strategy is to grow sales, net earnings and cash flows by building upon our position as the leading Canadian operator of dollar stores and by offering a compelling value proposition on a wide variety of everyday merchandise to a broad base of customers. We continually strive to maintain and improve the efficiency of our operations.

We believe that the leadership position we have achieved in the Canadian dollar store industry is attributable to a number of operational advantages that will further contribute to our future growth, including:

- the number, location and penetration of our stores in our markets, which increase our brand recognition, generate word-of-mouth advertising and drive customer traffic;
- our core offering of consistently available everyday products, which offers compelling value and makes our stores a destination shopping experience, in contrast to the "treasure hunt" type offering of certain other dollar stores;
- our multi-price point strategy, which allows us to provide customers with a broad assortment of products at compelling value and to selectively adjust our selling price on certain items to address cost increases;
- our store size and consistent store format, which allows for an effective display of our broad assortment of merchandise;
- our strong and long-standing supplier network, which enables us to update and diversify our product selection and rapidly respond to our customers' changing needs;
- the volume of goods that we directly source from low-cost foreign suppliers, which allows us to deliver a strong customer value proposition at attractive margins;

- our in-house product development expertise, which enables us to provide high-quality and consistent products;
- the size, scale and efficiencies of our warehouse and distribution operations; and
- key technology-driven initiatives, which enable us to be in a better in-stock position and to optimize in-store labour productivity, warehousing capacity and logistics efficiencies.

Direct Sourcing for Canada and Other Markets

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

Under the terms of the Dollar City Agreement entered into on February 5, 2013, Dollarama acts as Dollar City's primary product supplier and leverages its direct sourcing and import platform in order to provide Dollar City's growing network of stores with a compelling product offering, selected from a subset of Dollarama's all year and seasonal product offering in Canada. As Dollar City expands its store network in Central America, Dollarama expects to continue to increase its buying power and further develop its direct sourcing capabilities.

Stores

Store Locations and Site Selection

We carefully manage our real estate portfolio with the goal of maximizing chain-wide store profitability and maintaining a disciplined, cost-sensitive approach to store site selection. We evaluate potential store locations 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. Nearly all of our stores are located in high-traffic areas such as strip malls and shopping centers, where our management believes customers are likely to do their household shopping. We open stores in various locations, including metropolitan areas, mid-sized cities and small towns. We believe that our stores attract customers from a relatively small shopping radius, which allows us to profitably operate multiple stores in all markets across Canada. We also believe that our close proximity to customers drive customer loyalty and trip frequency, and that we can continue to profitably open stores in markets across Canada, including in areas where our store density is the highest, such as in Ontario and Québec. Our ability to open new stores is dependent upon, among other factors, locating suitable sites and negotiating favourable lease terms.

As at February 1, 2015, we operated 955 stores in all Canadian provinces as detailed below:

Alberta	84	Nova Scotia	28
British Columbia	78	Ontario	399
Manitoba	28	Prince Edward Island	3
New Brunswick	31	Québec	266
Newfoundland and Labrador	13	Saskatchewan	25

With the exception of 19 of our stores which we lease at market rates from entities controlled by Larry Rossy, the Corporation's CEO, or certain of his immediate family members (see "Interest of Management and Others in Material Transactions"), our remaining store locations are leased from a wide variety of third parties. We expect to continue to lease store locations as we expand.

We typically enter 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 our leases is approximately four years. As current leases expire, we believe that we 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, we have not experienced difficulty in either renewing leases for existing locations or securing suitable leases for new stores. We believe that this leasing strategy enhances our flexibility to pursue various expansion and relocation opportunities resulting from changing market conditions.

Store Size and Condition

We offer a well-designed, convenient and consistent store format, which makes us an attractive alternative to large discount and other large-box retail stores. Our average store size has increased over the years from 5,272 square feet in 1998 to 9,913 square feet as at February 1, 2015 (of which between 80% and 85% is available selling square footage), with new stores opened in the fiscal year ended February 1, 2015 averaging 9,730 square feet. Stores are clean and well stocked with a broad assortment of everyday consumer products, general merchandise and seasonal items.

We have spent an average of approximately $4.5 million annually on store expansions, renovations or relocations over the last five fiscal years. We believe that our current store network is in good condition and does not require material maintenance capital expenditures.

New Store Payback

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

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

Customer Payment Methods

We currently accept cash and PIN-based debit cards in all of our stores. The debit card penetration rate in our stores has continually increased since the full implementation of this payment method in the third quarter of the fiscal year ended February 1, 2009, with debit card transactions representing approximately 44.0% of sales in the fiscal year ended February 1, 2015. The average transaction size for debit card sales in our stores is more than two times greater than the average transaction size for cash sales.

Merchandise

Merchandise Mix

We offer a well-balanced targeted mix of merchandise at compelling values, including private label and nationally branded products. For the fiscal year ended February 1, 2015, our merchandise mix consisted of:

- General merchandise, which represented approximately 48% of our product offering (based on retail value), including party supplies, office supplies, arts and craft supplies, greeting cards and stationery, giftware, durable housewares, kitchenware, glassware, hardware and electronics, toys, apparel and other items;

- Consumable products, which represented approximately 38% of our product offering (based on retail value), including household consumables such as paper, plastics, foils and household products and cleaning supplies, basic health and beauty care, pet food, confectionery, drinks, snacks and other food products; and

- Seasonal products, which represented approximately 14% of our product offering (based on retail value), including Valentine's day, St. Patrick's day, Easter, Halloween and the winter holidays merchandise, along with seasonal summer and winter merchandise.

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

Merchandise Sourcing

Our 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, which accounted for 52% and 48%, respectively, of our total volume (based on retail value) in the fiscal year ended February 1, 2015.

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

Our supplier base is well diversified, with our largest supplier accounting for only 3% of our total purchases in the fiscal year ended February 1, 2015. For the same period, our top ten suppliers represented approximately 26% of our total purchases and our top 25 suppliers represented approximately 40% of our total purchases. We generally buy products on an order-by-order basis and do not enter into long-term purchase contracts or other assurances of continued product supply or guaranteed product cost. We benefit from strong and long-standing relationships with our suppliers, including relationships with eight of our top ten suppliers which have existed for more than ten years. The strength and duration of these relationships as well as our purchasing scale and direct sourcing capabilities contribute to our competitive cost position and ability to offer a wide selection of products at attractive, low-entry price points. See “Risk Factors – Risks Related to Our Business Operations - Imports and Supply Chain”.

Over the years, Dollarama has built a network of preferred and trusted suppliers that meet high quality standards. When the Corporation begins a commercial relationship with a new supplier, various measures are taken to assess the supplier’s reputation and reliability. In addition, suppliers are now required to adhere to the Dollarama Vendor Code of Conduct adopted by the Board of Directors in December 2014 in order to formalize Dollarama’s expectations in terms of business standards. Existing suppliers have received the Vendor Code of Conduct following its adoption, were asked to confirm their adherence to its terms by returning a signed engagement form to Dollarama, and will be required to certify compliance with the Vendor Code of Conduct every two years. New suppliers receive the Vendor Code of Conduct as part of the supplier enrolment process and must sign the engagement form: no purchase order is issued until this requirement is satisfied.

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

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

For more information on the Corporation’s compliance program, see “Business of the Corporation - Regulatory Matters - Commercial Activity Laws and Regulations”.

Customers

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

Marketing

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

Advertising is employed almost exclusively for new store openings. We promote new store openings using a selection of media, which may include radio, local newspapers and circulars.

Warehouse and Distribution Facilities

Our warehouse and distribution facilities consist of five warehouses and one distribution center, all of which are owned by entities controlled by Larry Rossy, the Corporation's CEO, and are subject to long-term lease agreements. See "Interest of Management and Others in Material Transactions". The table below describes our warehouse and distribution facilities.

Location	Type	Size	Lease Expiration
Dorval, Québec	Warehouse	269,950 square feet	November 30, 2024
Lachine, Québec	Warehouse	356,675 square feet	November 30, 2024
Town of Mount Royal, Québec	Warehouse	128,838 square feet	November 30, 2024
Town of Mount Royal, Québec	Warehouse	325,000 square feet	November 30, 2024
Town of Mount Royal, Québec	Warehouse	88,059 square feet	November 30, 2024
Town of Mount Royal, Québec	Distribution Center	320,819 square feet	November 30, 2024

Our warehouses are primarily used to store goods directly imported from overseas, while most domestic goods sourced from North American suppliers are delivered directly to the distribution center (excluding products delivered directly to the stores). We warehouse approximately 61% of our merchandise in our warehouses and distribute approximately 91% of our merchandise through the distribution center. The merchandise is then transported to our stores by contract carriers. See "Business of the Corporation ─ Transportation". The remaining 9% of our merchandise is shipped by the suppliers directly to the stores. Some examples of items shipped directly to our stores by suppliers include greeting cards, chips and soft drinks. Certain suppliers that ship directly to our stores also work together with our store managers to manage inventory.

Store replenishment is managed using customized replenishment and inventory planning methods, and requirements are determined based on actual store sales. We continuously strive to enhance our forecasting, inventory planning, safety stock and lead time management processes and tools.

During the fiscal year ended February 3, 2013, we successfully implemented a warehouse management system aimed at improving warehouse labour productivity, space planning and inventory visibility, and we completed the second phase of our distribution center automation.

During the fiscal year ended February 2, 2014, we expanded our distribution center, increasing the square footage by approximately 10%. In addition to allowing us to service a greater number of stores, the expanded premises provide enhanced shipping capabilities, with new loading dock gates, and the reconfiguration of truck traffic contributed to reduce congestion around the facilities.

During the fiscal year ended February 1, 2015, we improved our visibility and control over seasonal merchandise inventory sent to third party warehousing facilities at the end of each season, allowing for better accuracy and flow of delivery to stores the following year.

Taking into account the initiatives completed in the last three fiscal years to optimize warehousing capacity and logistics efficiencies, we believe our existing warehousing and distribution network currently has the capacity to cost-effectively service approximately 300 additional stores.

Transportation

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

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

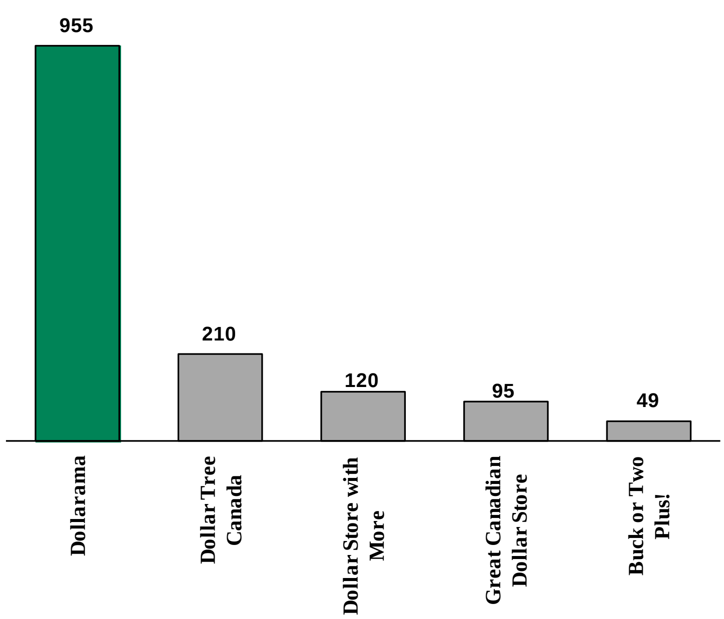
Our transportation costs are subject to fuel cost increases or surcharges and therefore fluctuate over time. See "Risk Factors – Risks Related to Our Business Operations - Distribution Network".

Competition

The Canadian dollar store industry is highly fragmented with many privately-owned multi-outlet chains as well as independently-operated dollar stores. In addition to Dollarama, the largest multi-outlet dollar store chains include Dollar Tree Canada, Dollar Store With More, Great Canadian Dollar Store and Buck or Two Plus!. This group, including Dollarama, operates more than 1,400 stores across Canada on a combined basis. Other than Dollar Tree Canada, our multi-outlet competitors are franchise operations, and all have significantly lower store counts than Dollarama.

The following chart illustrates our current store count compared to the store count of our main dollar store competitors in Canada as at February 1, 2015:

Store Count
Dollarama and Next Four Dollar Store Competitors



(1) The information presented in this graph has been obtained from third party reports and websites. We have no assurance that information featured in such reports and websites is accurate and up-to-date.

These multi-outlet chain competitors, as a group, (i) have a much less significant market share than ours in our core markets of Ontario and Québec, where we have our highest rates of per capita store penetration, (ii) maintain a strong market share in the Provinces of Alberta, British Columbia, Manitoba and Saskatchewan, a geographic area in which we continue to increase our presence, and (iii) have a similar market share to ours in the Provinces of New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland.

In addition to the competition from other dollar stores, we face competition from variety and discount stores and mass merchants in the acquisition of inventory, the sale of merchandise, the leasing of real estate and the recruitment of employees, among other areas. See “Risk Factors – Market Risks - Retail Competition”. The recent decision made by Target Corporation (“Target”) to exit the Canadian market is not expected to have a material impact on the Company’s business and operations. The liquidation sale may have had a modest adverse impact on sales and traffic in Dollarama stores located nearby Target stores but this impact, if any, was temporary and not material. Once the stores are closed, Canadian general merchandise retailers, including Dollarama, may benefit from diverted sales and traffic but the impact on Dollarama, if any, is expected to be modest.

Employees

As at February 1, 2015, the Corporation’s store employee count was over 18,000. Of these store employees, approximately 37% are full-time employees and 63% are part-time or occasional employees. We also employ approximately 400 head office and field management employees and over 100 warehouse and distribution center employees, with the vast majority of our warehouse and distribution center staffing needs being principally outsourced to third party agencies. We hire seasonal employees during busy seasons such as the winter holidays, which provides us with greater flexibility in our workforce and allows us to better address busier peak periods. None of our 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”.

Seasonality

Our 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, we generally purchase substantial amounts of inventory in the third quarter and incur higher shipping and payroll costs in anticipation of the increased sales activity during the fourth quarter. Also, we carry merchandise during our fourth quarter that we do 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.

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

The following table reflects the seasonality of sales and gross margin for each of the quarters in the fiscal year ended February 1, 2015.

(in % of total)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Fiscal Year Ended February 1, 2015				
Sales	21.5%	24.6%	25.2%	28.7%
Gross Margin	20.6%	24.0%	25.1%	30.2%

Intellectual Property

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

Delight®, Choco Duet®, Dollarama $1 Plus Polygon Design®, iPharma®, $1 Plus Polygon Design®, Koolraz®, Caramel Delight® and Pet Select®, and we have a number of applications pending to register other trademarks in Canada. We also rely on a combination of unregistered trademark rights to protect our position as a branded company with strong name recognition. See "Risk Factors – Risks Related to Our Business Operations – Intellectual Property".

Technology

We use our information technology systems to efficiently manage our business and operations, including accounting, data storage, payroll processing, purchasing and inventory management, replenishment, processing of customer transactions and store communications systems.

Over the last several years, the Corporation made significant investments in hardware, software, networks and personnel, including many employee training programs.

During the fiscal year ended February 3, 2013, we completed the roll-out of the Kronos biometric terminals in all stores, providing better tools to our field management team to manage the time and attendance of employees in stores. Since then, we successfully completed a pilot of the advanced scheduling functionalities of the Kronos system aimed at more accurately projecting labor needs and ensuring more effective labour allocation, thus reducing idle time at store level. Approximately 200 stores were piloted throughout the third and fourth quarters of the fiscal year ended February 2, 2014, and the functionality was rolled out to all stores at the beginning of the fiscal year ended February 1, 2015. We expect to continue to build on the system's functionalities, with the goal of further optimizing store labour productivity and better controlling labour costs.

During the fiscal year ended February 2, 2014, we also increased our reliance on scan data for replenishment purposes and started realizing benefits from this initiative, which include a reduction of in-store physical counts as well as a reduction of in-store inventory and a better fill rate. We also completed the chain-wide roll-out of 4,500 new point of sale (POS) terminals running on the SAP retail platform to replace legacy cash registers. In addition to being used for transaction processing, POS terminals are currently being leveraged to reduce non value-added tasks at store level and implement additional in-store productivity initiatives, including more efficient cash management procedures. Finally, we completed a major upgrade of our SAP system, which allowed us to implement a new module with enhanced capabilities, offering access to increased business intelligence data, further automating reporting and allowing us to better manage data growth.

During the fiscal year ended February 1, 2015, we improved the resilience of our store information technology architecture through a chain-wide roll-out of new electronic transaction terminals (known as pin pads), a transition to a new payment processing acquirer and a chain-wide roll-out of new routers and technological panels, which now allow us to efficiently support an increased volume of transactions. We also started leveraging our information technology systems and infrastructure to develop mobile applications to improve the monitoring and control of store operations by field management. Further mobile-driven projects are currently underway for the fiscal year ending January 31, 2016. Business processes at all levels are now more automated, and we are committed to further increasing automation, which in turn should improve efficiency and productivity.

For each of these initiatives, reliable and cost-effective information technology was selected through pilot projects and rigorous testing, resulting in efficient and modern company-wide infrastructure. In addition, before any new project is rolled into production, controls are designed, implemented and tested for operating effectiveness. The implementation of these systems has enabled management to more efficiently conduct operations and gather, analyze and assess information across all business functions and geographic locations. We believe that our existing information technology system infrastructure is sufficient to support our operational growth and provide us with the information we need to effectively run the business in the upcoming years. See "Risk Factors – Technology Risks – Information Technology Systems".

Regulatory Matters

Commercial Activity Laws and Regulations

Our commercial activities subject us to many laws and regulations, including product safety laws. Under our business arrangements with suppliers, they are responsible for the quality of their products and assume the risks related to any non-compliance with product safety laws. Among other things, we reserve the right to discontinue acceptance of products that are not in compliance with our standards, which are driven by regulatory requirements as well as our own product specifications.

Before agreeing to conduct business with a new supplier, we require the supplier to confirm in writing its adherence to the Dollarama Vendor Code of Conduct. We may also require a review of its existing audits and inspect the supplier's operations and production facilities in order to verify compliance with our standards. Existing suppliers may also be subject to random audits to verify product quality and compliance with our standards. Similarly, we have controls in place to monitor continued adherence to our strict standards for private label lines of products, which are manufactured by independent suppliers.

We work closely with Health Canada, the Canadian Food Inspection Agency and all other relevant federal and provincial regulatory authorities to ensure that our products and operations meet all prescribed standards and regulations. These governing bodies also help us to monitor compliance and manage any potential recalls in our stores. We have also adopted guidelines on the disposal of recalled products. Aware of the attention that has been given to consumer product safety by governments and government agencies, we strive to use best practices for the storage, physical safety and distribution of products and, when required, for the disposal of recalled products. To supplement existing product safety procedures, we carry liability insurance to mitigate potential product liability claims. See "Risk Factors – Legal and Regulatory Risks – Product Liability Claims and Product Recalls" and "Risk Factors – Legal and Regulatory Risks – Regulatory Environment".

Under the terms of the Dollar City Agreement entered into on February 5, 2013, Dollarama acts as Dollar City's primary product supplier. The products supplied to Dollar City constitute a subset of Dollarama's all year and seasonal product offering in Canada. Dollar City is responsible to ensure that products purchased from Dollarama comply with applicable local laws, including product safety laws, and Dollarama has no indemnification obligations towards Dollar City for product liability.

Environmental Laws and Regulations

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

In the ordinary course of our business, we sometimes use, store, handle or dispose of commonplace household products that are classified as hazardous materials under various environmental laws and regulations. However, none of our products require special disposal measures and all of our products are disposed of with regular trash, with the appropriate items being recycled. Although we expect to continue to incur ongoing capital and operating costs in the ordinary course of business to maintain compliance with existing and future applicable environmental laws and requirements, we do not anticipate that continuing compliance with such laws and requirements will have a material adverse effect upon our competitive or consolidated financial position. See "Risk Factors - Legal and Regulatory Risks - Environmental Compliance".

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 we face. Other risks of which we are not aware or which we currently deem to be immaterial may arise and have a material adverse impact on us, our business, results from operations and financial condition.

Risks Related to Our Business Operations

Merchandise and Operating Costs

Our ability to provide quality merchandise at low price points is subject to a number of factors that are beyond our 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 our profitability and have an adverse impact on our cash flows.

We believe that our fixed price points up to $3.00 give us some flexibility to address cost increases by adjusting our selling price on certain items. There is, however, no guarantee that we will continue to be successful in offsetting costs in a meaningful way given the limited range of prices that we offer. There can be no assurance that we will be able to continue to pass on any cost increases to our customers or that we will be able to maintain the compelling value of our product offering.

Foreign exchange rate fluctuations have a material impact on our merchandise costs. While all of our sales are in Canadian dollars, we purchase a majority of our merchandise from overseas suppliers using U.S. dollars. As an example, given that we import a significant portion of our merchandise from China, our cost of sales is impacted by the fluctuation of the Chinese renminbi against the U.S. dollar and, to a greater extent, the fluctuation of the U.S. dollar against the Canadian dollar. We enter into U.S. dollar currency hedging to reduce the risk associated with foreign exchange rate fluctuations but we do not hedge our exposure to fluctuations in the value of the Chinese renminbi against the U.S. dollar. Also, a significant change in the Chinese currency policy or other policies could materially adversely affect our merchandise costs.

Our labour costs are largely outside of our control, driven by the legislated minimum wage in each province. However, productivity improvements resulting from various operational initiatives partially offset the additional costs of wage rate increases.

Our rent expenses, while substantial, have multi-year visibility due to the long term nature of our leases. Historically, we have been able to negotiate leases on market terms and we therefore benefit from a reasonable lead time to prepare for potential rent increases.

In addition, fuel cost increases or surcharges could also increase our transportation costs and therefore impact our profitability. Inflation and adverse economic developments in Canada, where we both buy and sell merchandise, and in China and other parts of Asia, where we buy a large portion of our imported merchandise, can have a negative impact on our margins, profitability and cash flows. If we are unable to predict and respond promptly to these or other similar events that may increase our operating and merchandise costs, our business and financial results could be materially adversely affected.

Merchandise Selection and Replenishment

Our success depends in large part on our ability to continually find, select and purchase quality merchandise at attractive prices in order to expand our assortment of products and replace underperforming goods to timely respond to evolving trends in demographics and consumer preferences, expectations and needs. We typically do not enter into long-term contracts for the purchase or development of merchandise and must continually seek out buying opportunities from both our existing suppliers and new sources, for which we compete with other multi-price dollar stores, variety and discount stores and mass merchants. Although we believe that we have strong and long-standing relationships with most of our suppliers, we may not be successful in maintaining a continuing and increasing supply of quality merchandise at attractive prices. If we cannot find or purchase the necessary amount of competitively priced merchandise to maintain our compelling product offering or to replace goods that are outdated or unprofitable, our business and financial results could be materially adversely affected.

Imports and Supply Chain

Following one of our key business strategies of sourcing quality merchandise directly from the lowest cost suppliers, we rely heavily on imported goods. Imported goods are generally less expensive than domestic goods and contribute significantly to our favourable profit margins. Our imported merchandise could become more expensive or unavailable, or deliveries could be subject to longer lead times, for a number of reasons, including but not limited to: (a) disruptions in the flow of imported goods due to factors such as raw material shortages, work stoppages, factory closures, suppliers going out of business, inflation, strikes, and political unrest in foreign countries; (b) problems with shipping, including shipping container shortages or increases in shipping rates imposed by carriers; (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 we deal with; (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 our business and financial results.

If imported merchandise becomes more expensive, limited or unavailable, we 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 more expensive than those we currently import. A disruption in the flow of our imported merchandise or an increase in the cost of those goods due to these or other factors would significantly decrease our sales and profits and have a material adverse impact on our business and financial results.

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

Brand Image and Reputation

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

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

Distribution Network

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

In addition, we may need additional warehouse and distribution center capacity in the coming years to support future store openings. Although we believe our existing facilities currently have the capacity to cost-effectively service our expansion plan in the near future and that we should be able to efficiently plan for increased capacity, we may not be able to successfully execute our growth strategy if we are unable to locate sites for new warehouses and distribution centers or unable to launch new warehouses or distribution centers on a timely basis.

Inventory Shrinkage

We are subject to the risk of inventory loss and administrative or operator errors, including mislabelling, theft and fraud. We have experienced inventory shrinkage in the past, and we cannot ensure that incidences of inventory loss and theft will decrease in the future or that the measures we are taking or the initiatives we implement will effectively address inventory shrinkage. Although some level of inventory shrinkage is an unavoidable cost of doing business, if we were to experience higher rates of inventory shrinkage or incur increased security costs to combat inventory theft, our business and financial results could be materially adversely affected.

Real Estate

As at February 1, 2015, we leased all of our stores from unaffiliated third parties, except 19 of our stores which are leased from entities controlled by Larry Rossy or certain of his immediate family members. In addition, we leased all of our warehouses, our distribution center and our head office from entities controlled by Larry Rossy. Our warehouses, distribution center and head office leases will expire in fiscal year 2025.

Unless the terms of our leases are extended, the properties, together with any improvements that we have made, will revert to the property owners upon expiration of the lease terms. As the terms of our leases expire, we may not be able to renew these leases or find alternative store locations that meet our needs on favourable terms, or at all. If we are unable to renew a significant number of our expiring leases or to promptly find alternative store locations that meet our needs, our business and financial results could be materially adversely affected. Many leases also provide that the landlord may increase the rent over the term of the lease, as well as obligate us to pay a variety of costs such as cost of insurance, taxes, maintenance and utilities. Breaching the terms of a lease may result in the Corporation incurring substantial penalties, including, among others, paying all amounts due to the landlord for the balance of the lease term. In the event that a significant number of our leases are terminated on that basis, our business and financial results could be materially adversely affected.

Seasonality

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

Private Brands

We carry a substantial number of private brand items. We believe that our success in maintaining broad market acceptance of our private brands depends on many factors, including pricing, quality and customer perception. If we do not achieve or maintain our expected sales for our private brands, or if we fail to successfully protect our proprietary rights in those brands or to avoid claims related to the proprietary rights of third parties, our business and financial results could be materially adversely affected.

Intellectual Property

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

Financial Risks

Foreign Exchange Risk

Our results of operations are impacted by foreign exchange rate fluctuations. While all of our sales are in Canadian dollars, we purchase a majority of our 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 were to appreciate against the Canadian dollar, it would have a negative impact on our margins, profitability and cash flows.

We use foreign exchange forward contracts to manage the currency fluctuation risk associated with the majority of our forecasted U.S. dollar merchandise purchases.

Currency hedging entails a risk of illiquidity and, to the extent that the U.S. dollar depreciates against the Canadian dollar, the risk of using hedges could result in losses greater than if the hedging had not been used. Hedging arrangements may have the effect of limiting or reducing 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 1, 2015, the outstanding principal on our long-term debt amounted to $565.0 million. Our level of indebtedness could have important consequences, including the following:

- a portion of our cash flows from operations will be dedicated to the payment of interest on our indebtedness and other financial obligations and will not be available for other purposes, including funding our operations and capital expenditures and future business opportunities;
- our ability to obtain additional financing for working capital and general corporate or other purposes may be limited;
- our debt level may limit our flexibility to engage in specified types of transactions or in planning for, or reacting to, changes in our business and in our industry in general, placing us at a competitive disadvantage compared to our competitors that have less debt; and
- our leverage may make us vulnerable to a downturn in general economic conditions and adverse industry conditions.

Liquidity

A portion of our cash flows from operations is dedicated to the payment of interest on our indebtedness and other financial obligations. Our ability to service our debt and other financial obligations depends on our financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business, and other factors beyond our control, including fluctuations in interest rates, market liquidity conditions, increased operating costs, and trends in our industry. If our cash flows and capital resources are insufficient to meet our debt service obligations, we 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 our indebtedness.

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

The supplemental trust indentures governing the Fixed Rate Notes, the Floating Rate Notes and the Additional Floating Rate Notes, collectively referred to as the “Senior Unsecured Notes”, also require the Corporation to repurchase all or a portion of the notes upon the occurrence of a specified change of control event, 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. In the event of a specified change of control, the Corporation may not have sufficient funds to repurchase the Senior Unsecured Notes. In addition, the Corporation’s ability to repurchase the Senior Unsecured Notes for cash may be limited by applicable law or contract. If the Corporation is unable to repurchase the Senior Unsecured Notes upon the occurrence of a change of control event, cross-default provisions in the Corporation’s other debt instruments, including the agreement governing the Credit Facility, may be triggered, resulting in events of default thereunder.

Changes in Creditworthiness or Credit Rating

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

Interest Rates

Although our indebtedness under a tranche of $400.0 million of Senior Unsecured Notes is fixed at an annual interest rate of 3.095%, the Corporation is exposed from time to time to interest rate risk under another tranche of $275.0 million of Senior Unsecured Notes, which bears interest at a rate equal to the 3-month bankers’ acceptance rate (CDOR) plus 54 basis points (or 0.54%), and under the Credit Facility, which allows the Corporation to borrow at variable rates of interest. In such case, if interest rates were to increase, our debt service obligations on the variable rate indebtedness could increase even though the amount borrowed remained the same, and our net income and cash flows could decrease, which could materially adversely affect our business and financial results.

Market Risks

Retail Competition

We operate 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 our business and financial results due to the lower prices, and thus lower margins, required to maintain our competitive position. Companies operating in our industry have limited ability to increase prices in response to increased costs. This limitation may also affect our margins and financial performance.

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

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 we operate. If we fail to respond effectively to competitive pressures and changes in the retail markets, our business and financial results could be materially adversely affected.

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

Economic Conditions

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

Human Resources Risks

Reliance on Key Personnel

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

Recruitment, Retention and Management of Quality Employees

Our future growth and performance depends, among other things, on our ability to attract, retain and motivate quality employees, many of whom are in positions with historically high rates of turnover. Our ability to meet our labour needs, while controlling our 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 our employees to join a union) or other workplace regulation (including changes in entitlement programs such as health insurance and paid leave programs).

In addition, we must be able to successfully manage staff and management personnel throughout our vast, geographically dispersed network of stores, and to control losses resulting from inventory and cash shrinkage. The Corporation’s employees are not unionized. Should any portion of our 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 our business and financial results.

Technology Risks

Information Technology Systems

We depend on our information technology systems for the efficient functioning of our business, including financial reporting, accounting, data storage, purchasing and inventory management, processing of customer transactions, store communications systems and payroll processing. Our enterprise-wide software solutions enable management to better and more efficiently conduct our operations, and gather, analyze and assess information across all business segments 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 us to incur substantial costs to repair or replace it, could result in a loss of critical data and could disrupt our operations, including our ability to timely ship and track product orders, project inventory requirements, manage our supply chain, process customer transactions and otherwise adequately service our customers, which could have a material adverse effect on our business and financial results. Prolonged disruptions to our information technology systems may reduce the efficiency of our entire operation, which could materially adversely affect our business and financial results.

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

Data Security and Privacy Breaches

Cyber incidents can result from deliberate attacks or unintentional events. Cyber attacks could result in any person gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, including personally identifiable information, corrupting data, or causing operational disruption. Cyber attacks could also 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, which could materially adversely affect our business and financial results.

Even though the Corporation does not collect customer data, such as card numbers and other customer personally identifiable information, we do collect and maintain proprietary and confidential information related to the business and affairs of the Corporation, including our suppliers and our employees. We store and process such internal data both at onsite facilities and at third-party owned facilities.

Notwithstanding our ongoing efforts to develop and enhance controls to protect against the theft, loss, fraudulent or unlawful use of company data, cyber attacks are an increasing challenge and could result in substantial costs and damages, which could be in excess of any available insurance, and could materially adversely affect our business and financial results.

Strategy and Corporate Structure Risks

Growth Strategy

We have experienced substantial growth during the past several years and we plan to continue to open new stores in the coming years. Our ability to successfully execute our growth strategy will depend largely on our ability to successfully open and operate new stores, which, in turn, will depend on a number of operational, financial, and economic factors, including whether we can:

- locate, lease, build out, and open stores in suitable locations on a timely basis and on favourable economic terms;
- hire, train, and retain an increasing number of quality employees at affordable rates of compensation;
- supply an increasing number of stores with the proper mix and volume of merchandise;
- expand within the markets of Ontario and Québec, where we are already well established and where new stores may draw sales away from our existing stores;
- expand into new geographic markets, where we have limited or no presence;
- procure efficient logistics and transportation services for those new markets;
- successfully compete against local competitors; and
- build, expand and upgrade warehouses, distribution centers and internal store support systems in an efficient, timely and economical manner.

Any failure by us to achieve these goals could materially adversely affect our ability to continue to grow.

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

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

Corporate Structure

Dollarama Inc. is a holding company and a substantial portion of its assets are the equity interests in its subsidiaries. As a result, the Corporation is subject to the risks attributable to Dollarama Inc.'s subsidiaries. As a holding company, Dollarama Inc. conducts substantially all of its business through its subsidiaries, which generate substantially all of Dollarama Inc.'s revenues. Consequently, Dollarama Inc.'s cash flows, ability to meet financial obligations and ability 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. for the payment of its obligations, except in the case of a subsidiary that is a guarantor of Dollarama Inc.'s obligations. In the event of a bankruptcy liquidation of any of its subsidiaries, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to Dollarama Inc.

Business Continuity Risks

Adverse Weather, Natural Disasters and Geo-Political Events

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

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

Insurance

Our insurance coverage reflects deductibles, self-insured retentions, limits of liability and similar provisions that we believe are prudent based on the dispersion of our operations. However, there are types of losses we may incur but against which we cannot be insured or which we believe are not economically reasonable to insure, such as losses due to acts of war, employee and certain other crime and some natural disasters. If we incur these losses and they are material, our 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, we may elect to increase our level of self-insurance, accept higher deductibles or reduce the amount of coverage in response to these market changes. Although we continue to maintain property insurance for catastrophic events, we are effectively self-insured for property losses up to the amount of our deductibles. If we experience a greater number of these losses than we anticipate, our business and financial results could be materially adversely affected.

Legal and Regulatory Risks

Product Liability Claims and Product Recalls

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

Litigation

Our business is subject to the risk of litigation by employees, customers, consumers, suppliers, 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 us or settled by us, may result in liability material to our financial statements as a whole or may negatively affect our operating results if changes to our business operations are required. In addition, in connection with the Corporation's 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 our 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 our business, regardless of whether the allegations are valid or whether we are ultimately found liable. As a result, litigation could materially adversely affect our business and financial results.

Regulatory Environment

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

Compliance with such laws and regulations, or the adoption of new laws and regulations or any changes to existing laws and regulations or in the interpretation, implementation or enforcement of any laws and regulations, could harm our reputation, require us to make significant system or operating changes or require us to make significant expenditures or incur substantial costs, all of which could materially adversely affect our 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, which could materially adversely affect our business and financial results.

Furthermore, as our sourcing strategy relies heavily on directly imported merchandise from overseas, mainly from China, any violation of applicable local laws by one of our suppliers, including laws and regulations related to, among other things, labour practices and health and safety, could also materially adversely affect our 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 we occupy have been in operation for many years and, over such time, we 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 we have not been notified of, and are not aware of, any current environmental liability, claim, or non-compliance, we could incur costs in the future related to our properties in order to comply with, or address any violations under, environmental laws and regulations.

In the ordinary course of our business, we sometimes use, store, handle or dispose of household products and cleaning supplies that are classified as hazardous materials under various environmental laws and regulations. We 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 by us, which could vary substantially from those currently anticipated and could materially adversely affect our business and financial results.

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 (the "Preferred Shares"). As at February 1, 2015, there were 129,790,354 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.

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.

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 or 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.

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

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

Information on outstanding Common Shares and options as well as earnings per share were retrospectively restated in the Corporation's unaudited condensed interim consolidated financial statements for the third quarter ended November 2, 2014 to reflect the Share Split.

2014-2015 Normal Course Issuer Bid

On June 12, 2014, the Corporation renewed its normal course issuer bid and launched the 2014-2015 NCIB to repurchase for cancellation up to 2,341,929 Common Shares (representing 3.5% of the Common Shares issued and outstanding as at June 11, 2014) or, taking into account the Share Split, the equivalent of 4,683,858 Common Shares during the 12-month period from June 17, 2014 to June 16, 2015.

In connection with the 2014-2015 NCIB, the Corporation entered into an automatic purchase plan agreement which allows for the purchase of Common Shares under the 2014-2015 NCIB at times when the Corporation ordinarily would not be active in the market due to self-imposed trading blackout periods. Outside of these pre-determined blackout periods, Common Shares are purchased based on management's discretion, in compliance with TSX rules and applicable securities laws.

As at February 1, 2015, the Corporation had repurchased for cancellation under the 2014-2015 NCIB, taking into account the Share Split, a total of 3,384,132 Common Shares, at a weighted average price of $52.17 per Common Share, for a total cash consideration of $176.55 million.

Since the launch of the Corporation's inaugural normal course issuer bid in June 2012, the Corporation has repurchased for cancellation, on a post-Share Split basis, a total of 21,880,036 Common Shares, at a weighted average price of $40.46 per Common Share, for a total cash consideration of $885.3 million.

NCIB	Period of Coverage	Number of Common Shares Repurchased for Cancellation[1]	Weighted Average Price per Common Share[1]	Value of Common Shares Repurchased for Cancellation
2012-2013 NCIB	June 15, 2012 to June 14, 2013	5,166,528	$30.18	$155.9 million
2013-2014 NCIB[2]	June 17, 2013 to June 16, 2014	13,329,376	$41.48	$552.8 million
2014-2015 NCIB	June 17, 2014 to February 1, 2015[3]	3,384,132	$52.17	$176.6 million
		21,880,036	**$40.46**	**$885.3 million**

(1) Numbers of Common Shares and per Common Share prices have been retrospectively restated to reflect the Share Split.
(2) As amended on January 22, 2014.
(3) The 2014-2015 NCIB is ongoing and is set to expire on June 16, 2015.

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 $0.09 per Common Share (or, taking into account the Share Split, $0.045 per Common Share) and was designated as an "eligible dividend" for Canadian tax purposes.

Since 2011, the Board of Directors announced the approval of four successive increases of the quarterly dividend:

- a 22% increase on April 11, 2012, from $0.09 per Common Share to $0.11 per Common Share or, taking into account the Share Split, from $0.045 per Common Share to $0.055 per Common Share;
- a 27% increase on April 12, 2013, from $0.11 per Common Share to $0.14 per Common Share or, taking into account the Share Split, from $0.055 per Common Share to $0.07 per Common Share;
- a 14% increase on April 9, 2014, from $0.14 per Common Share to $0.16 per Common Share or, taking into account the Share Split, from $0.07 per Common Share to $0.08 per Common Share; and
- a 12.5% increase on March 25, 2015, from $0.08 per Common Share to $0.09 per Common Share.

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

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

The following table sets out the cash dividends declared and paid during the fiscal years ended February 3, 2013, February 2, 2014 and February 1, 2015.

Date of Announcement	Date of Payment	*Before Share Split* Amount of Dividend per Common Share	*After Share Split* (1) Amount of Dividend per Common Share
December 7, 2011	February 1, 2012	$0.09	$0.045
April 11, 2012	May 4, 2012	$0.11	$0.055
June 13, 2012	July 31, 2012	$0.11	$0.055
September 12, 2012	October 30, 2012	$0.11	$0.055
December 6, 2012	February 5, 2013	$0.11	$0.055
April 12, 2013	May 7, 2013	$0.14	$0.07
June 12, 2013	August 7, 2013	$0.14	$0.07
September 11, 2013	November 5, 2013	$0.14	$0.07
December 5, 2013	February 5, 2014	$0.14	$0.07
April 9, 2014	May 7, 2014	$0.16	$0.08
June 12, 2014	August 6, 2014	$0.16	$0.08
September 11, 2014	November 4, 2014	$0.16	$0.08
December 4, 2014	February 3, 2015(2)	-	$0.08

(1) Per Common Share amount after giving effect to the Share Split, as if it had already happened at the time of payment of the dividend.

(2) Dividends are usually paid at the beginning of the quarter following the declaration date. Consequently, the dividend declared in the fourth quarter of the fiscal year ended February 1, 2015 was paid at the beginning of the first quarter of the fiscal year ending January 31, 2016.

DESCRIPTION OF MATERIAL INDEBTEDNESS

Credit Facility

The Credit Facility currently consists of a $250.0 million unsecured revolving credit facility made available under the SAR Credit Agreement entered into between the Corporation and the lenders on October 25, 2013. The Corporation has the option to borrow in Canadian or U.S. dollars.

Concurrently with the 2014 Offering, effective May 16, 2014, the Corporation cancelled $100.0 million of the initial $350.0 million aggregate amount available under the Credit Facility, which portion was not drawn by the Corporation on that date, in order to reduce standby fees payable on the unutilized portion.

On November 3, 2014, the Corporation and the lenders entered into an amending agreement to the SAR Credit Agreement pursuant to which the term of the SAR Credit Agreement was extended by one additional year to December 13, 2019.

Under the SAR Credit Agreement, the Corporation may, under certain circumstances and subject to receipt of additional commitments from existing lenders or other eligible institutions, request increases to the Credit Facility up to an aggregate amount, together with all then-existing commitments, of $700.0 million.

The applicable margin, ranging from 0% to 2.50% per annum, is calculated based on the senior unsecured credit or debt rating issued to the Corporation by a rating agency. In the event that the Corporation is assigned unsecured credit or debt ratings by two or more rating agencies, then the margin shall be based on the highest senior unsecured credit or debt rating, provided that if the senior unsecured credit or debt ratings are two or more levels apart, the rating that is one level above the lower of the ratings shall be the applicable rating. If the Corporation fails to have a rating, there will not be an event of default but rather the highest margin shall apply until a rating is obtained.

The SAR Credit Agreement requires the Corporation to respect a minimum interest coverage ratio and a maximum lease-adjusted leverage ratio, each tested quarterly on a consolidated basis.

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

As at February 1, 2015, $15.0 million were outstanding under the Credit Facility (February 2, 2014 - nil). Letters of credit issued for the purchase of inventories amounted to $0.5 million (February 2, 2014 – $0.7 million). As at February 1, 2015, the Corporation was in compliance with all of its financial covenants.

Senior Unsecured Notes

On November 5, 2013, the Corporation launched the 2013 Offering and issued the Fixed Rate Notes due May 5, 2018 in the aggregate principal amount of $400.0 million, by way of private placement in reliance upon exemptions from the prospectus requirements under applicable securities legislation. The Corporation used the net proceeds of the 2013 Offering to repay indebtedness outstanding under its Credit Facility and other bank indebtedness outstanding at the time and for general corporate purposes. The Fixed Rate Notes were assigned a rating of BBB, with a stable trend, by DBRS. The Fixed Rate Notes bear interest at a rate of 3.095% per annum, payable in equal semi-annual instalments, in arrears, on May 5 and November 5 of each year until maturity. As at February 1, 2015, the carrying value of the Fixed Rate Notes was $401.1 million, and the fair value was $418.7 million.

On May 16, 2014, the Corporation launched the 2014 Offering and issued the Floating Rate Notes due May 16, 2017 in the aggregate principal amount of $150.0 million, by way of private placement in reliance upon exemptions from the prospectus requirements under applicable securities legislation. The Corporation used the net proceeds of the 2014 Offering to repay indebtedness outstanding under its Credit Facility and for general corporate purposes. The Floating Rate Notes were assigned a rating of BBB, with a stable trend, by DBRS. The Floating Rate Notes bear interest at a rate equal to the 3-month bankers' acceptance rate (CDOR) plus 54 basis points (or 0.54%), set quarterly on the 16th day of May, August, November and February of each year. Interest is payable in cash quarterly, in arrears, over the three-year term on the 16th day of May, August, November and February of each year. As at February 1, 2015, the carrying value of the Floating Rate Notes was $149.5 million, and the fair value was $149.6 million.

On April 8, 2015, the Corporation launched the 2015 Offering and issued the Additional Floating Rate Notes due May 16, 2017 in the aggregate principal amount of $125.0 million, by way of private placement in reliance upon exemptions from the prospectus requirements under applicable securities legislation. The Additional Floating Rate Notes constitute an increase to the $150 million aggregate principal amount of Floating Rate Notes due May 16, 2017 issued by the Corporation on May 16, 2014. The Additional Floating Rate Notes were issued at a discount of 0.336% of the principal amount thereof, for aggregate gross proceeds of $124.58 million. As at the date of issuance, the effective spread over the 3-month bankers' acceptance rate (CDOR) for the Additional Floating Rate Notes was 70 basis points (or 0.70%). Once issued, the Additional Floating Rate Notes bear interest at the same rate as the Floating Rate Notes, such rate being equal to the applicable 3-month bankers' acceptance rate (CDOR) plus 54 basis points (or 0.54%). All other terms and conditions applicable to the Floating Rate Notes also apply to the Additional Floating Rate Notes, and the Additional Floating Rate Notes are treated as a single series with the Floating Rate Notes. The Corporation used the net proceeds of the 2015 Offering to repay indebtedness outstanding under its Credit Facility and for general corporate purposes. The Additional Floating Rate Notes were assigned a rating of BBB, with a stable trend, by DBRS.

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

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

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

The Corporation may also, at its option, redeem the Fixed Rate Notes, in whole or in part, at any time and from time to time, upon not less than 30 days' and not more than 60 days' notice to the holders of the Fixed Rate Notes to be redeemed, at a redemption price equal to the greater of (a) the Canada Yield Price (as defined in the first supplemental trust indenture creating the Fixed Rate Notes) and (b) par, together, in each case, with accrued and unpaid interest, if any, to the date fixed for redemption.

Under the Trust Indenture, if specified change of control events occur, unless the Corporation has exercised its optional right to redeem all of the Senior Unsecured Notes (except to the extent that there is a default in the payment of the applicable redemption price), 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 the 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.

RATINGS

The Senior Unsecured Notes issued by the Corporation by way of the 2013 Offering, the 2014 Offering and the 2015 Offering were all assigned a rating of BBB, with a stable trend, by DBRS. The following information relating to credit ratings is based on information made available to the public by the rating agency.

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

The BBB rating assigned to the Senior Unsecured Notes is ranked fourth of ten rating categories. According to the DBRS rating scale, long-term obligations rated BBB have adequate credit quality. The capacity for the payment of financial obligations is considered acceptable. Entities rated BBB may be vulnerable to future events.

DBRS also uses "rating trends" for its ratings in the corporate sector. Rating trends provide guidance in respect of DBRS' opinion regarding the outlook for the rating in question, with rating trends falling into one of three categories - "positive", "stable" or "negative". The rating trend indicates the direction in which DBRS considers the rating is headed should present tendencies continue, or in some cases, unless challenges are addressed. In general, DBRS' view is based primarily on an evaluation of the issuing entity or guarantor itself, but may also include consideration of the outlook for the industry or industries in which the issuing entity operates.

A "positive" or a "negative" trend is not an indication that a rating change is imminent. Rather, a "positive" or "negative" trend represents an indication that there is a greater likelihood that the rating could change in the future than would be the case if a "stable" trend was assigned to the security. DBRS assigns a rating trend for each security of an issuing entity as opposed to specifying one rating trend for the issuing entity, and it is not unusual for securities of the same issuer to have different trends.

Credit ratings are intended to provide an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. The DBRS rating represents an evaluation that is based solely on credit related factors and not market risk factors. The credit rating assigned to the Senior Unsecured Notes may not reflect the potential impact of all risks on the value of the Senior Unsecured Notes (or the Fixed Rate Notes, the Floating Rate Notes or the Additional Floating Rate Notes, taken separately) and is not a recommendation to buy, sell or hold the Senior Unsecured Notes. There can be no assurance that the rating for the Senior Unsecured Notes (or the Fixed Rate Notes, the Floating Rate Notes or the Additional Floating Rate Notes, taken separately) will remain in effect for any given period of time or that the rating will not be revised or withdrawn entirely by DBRS at any time in the future if, in its judgment, circumstances so warrant.

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

MARKET FOR SECURITIES AND 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 (TSX), as well as total monthly volumes and average daily volumes of the Common Shares traded on the TSX (and other alternative platforms, including Alpha Trading Systems) for the fiscal year ended February 1, 2015.

Month	Price per Common Share ($) Monthly High	Price per Common Share ($) Monthly Low	Common Shares Total Monthly Volume	Common Shares Average Daily Volume
February 2014 (starting on Feb. 3) .	43.18	40.57	11,832,832	622,781
March 2014	44.10	41.96	9,165,126	436,435
April 2014	46.49	42.89	11,658,412	555,162
May 2014	46.23	45.08	6,880,228	327,630
June 2014	48.20	43.78	14,662,032	698,192
July 2014	45.91	44.42	11,977,602	544,436
August 2014	47.58	44.92	9,490,508	474,525
September 2014	47.50	46.15	11,822,438	562,973
October 2014	50.08	47.44	11,988,732	544,942
November 2014	53.99	50.38	9,285,109	464,255
December 2014	59.50	52.92	16,565,239	788,821
January 2015	61.01	57.13	13,588,668	647,079

DIRECTORS AND OFFICERS

Directors

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

Name, Province or State and Country of Residence	Position(s)	Since	Principal Occupation	Previously Held Positions (Last 5 Years)
Larry Rossy .... Québec, Canada	Chair of the Board of Directors and CEO	2004	Chair of the Board of Directors and CEO of the Corporation	—
Joshua Bekenstein[(1)(2)] .... Massachusetts, USA	Independent Director	2004	Managing Director, Bain Capital Partners, LLC	—
Gregory David................................ Ontario, Canada	Director	2004	Chief Executive Officer, GRI Capital Inc.	—
Elisa D. Garcia C.[(2)(3)] .... Florida, USA	Independent Director	2015	Executive Vice President and Chief Legal Officer, Office Depot, Inc.	Executive Vice President, General Counsel and Corporate Secretary, Office Depot, Inc. (from 2007 to December 2013)
Stephen Gunn[(4)(5)(6)(7)]..................... Ontario, Canada	Lead Director	2009	Co-Chair of the board of directors, Sleep Country Canada Inc.	Chair of the board of directors and Chief Executive Officer, Sleep Country Canada Inc. (until November 2014)
Nicholas Nomicos[(7)]........................ Massachusetts, USA	Independent Director	2004	Managing Director, Sankaty Advisors, LLC	Operating Partner, Bain Capital Partners, LLC (from 1999 to 2011)
Neil Rossy .... Québec, Canada	Director and Chief Merchandising Officer	2004	Chief Merchandising Officer of the Corporation	—
Richard Roy, FCPA, FCA[(6)]........... Québec, Canada	Independent Director	2012	President and Chief Executive Officer, Uni-Select Inc.	—
John J. Swidler, FCPA, FCA[(8)]........ Québec, Canada	Independent Director	2010	Consultant, Richter LLP	Senior Advisor, Richter LLP (from 2007 to 2013)
Huw Thomas, FCPA, FCA[(2)(6)] .... Ontario, Canada	Independent Director	2011	President and Chief Executive Officer, Calloway Real Estate Investment Trust	Interim Chief Executive Officer, Calloway Real Estate Investment Trust (from March 21, 2013 to July 29, 2013) Executive Vice-President, Financial Strategy and Performance, Canadian Tire Corporation, Limited (from November 2009 to December 2010)

(1) Chair of the Human Resources and Compensation Committee.
(2) Member of the Nominating and Governance Committee.
(3) Elisa D. Garcia C. was appointed as independent director and member of the Nominating and Governance Committee of the Corporation, effective February 18, 2015.
(4) Lead director.
(5) Chair of the Nominating and Governance Committee.
(6) Member of the Audit Committee.
(7) Member of the Human Resources and Compensation Committee.
(8) Chair of the Audit Committee.

Executive Officers

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

Name, Province or State and Country of Residence	Position(s)	Since	Previously Held Positions (Last 5 Years)
Larry Rossy Québec, Canada	Chair of the Board of Directors and CEO	2004	—
Michael Ross, FCPA, FCA Québec, Canada	Chief Financial Officer and Secretary	2010	—
Johanne Choinière Ontario, Canada	Chief Operating Officer	2014	Senior Vice President of Metro, Ontario Division (from 2008 to May 2014)
Neil Rossy Québec, Canada	Chief Merchandising Officer	2004	—
Geoffrey Robillard Québec, Canada	Senior Vice President, Import Division	2004	—

As a group, the directors and executive officers beneficially owned, or controlled or directed, directly or indirectly, a total of 10,616,098 Common Shares, representing 8.15% of the Common Shares outstanding, on a non-diluted basis, as at February 1, 2015.

Biographies

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

Directors

Larry Rossy is the Chairman of the Board of Directors and our CEO. He has been a retailer since 1965 and is the founder of Dollarama. In 1992, Mr. Rossy made the strategic decision to convert our company to the "dollar store" concept. Since that time, Mr. Rossy's principal focus has been on the expansion of the Dollarama retail network. In addition to overseeing the organization, Mr. Rossy is directly responsible for new store development and site selection. He received a Bachelor of Arts from McGill University.

Joshua Bekenstein is a member of the Board of Directors, the Chair of the Human Resources and Compensation Committee and a member of the Nominating and Governance Committee. Mr. Bekenstein is a Managing Director at Bain Capital Partners, LLC, a private asset management firm. Prior to joining Bain Capital Partners, LLC in 1984, Mr. Bekenstein spent several years at Bain & Company, where he was involved with companies in a variety of industries. Mr. Bekenstein is a member of the board of directors and the chair of the human resources, nomination and governance committee of BRP Inc. Mr. Bekenstein also serves as a director of several other corporations, including Bright Horizons Family Solutions Inc., Burlington Stores, Inc., The Gymboree Corporation, Michaels Stores, Inc., Toys "R" Us, Inc., Waters Corporation, Canada Goose, Bob's Discount Furniture and TOMS Shoes, LLC, and sits on the compensation committee of several of those corporations. Mr. Bekenstein received a Bachelor of Arts from Yale University and a Master of Business Administration (MBA) from Harvard Business School.

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

Elisa D. Garcia C. is a member of the Board of Directors and a member of the Nominating and Governance Committee since February 18, 2015. Ms. Garcia currently serves as Executive Vice President and Chief Legal Officer of Office Depot, Inc., a leading global provider of products, services, and solutions for the workplace headquartered in Boca Raton, Florida. Prior to joining Office Depot in 2007, she was Executive Vice President, General Counsel and Corporate Secretary for Domino's Pizza, Inc. Earlier in her career, she served as Latin American Regional Counsel for Philip Morris International and Corporate Counsel for GAF Corporation. She also serves on the boards of the American Arbitration Association, the Institute for Inclusion in the Legal Profession, the Boca Raton Chamber of Commerce and acts as an advisory board member for the Corporate Pro Bono Institute. Ms. Garcia is a graduate of the St. John's University School of Law, and also received a joint BA/MS in Political Science and Management and Policy Sciences from W. Averell Harriman College, State University of New York at Stony Brook.

Stephen Gunn is the lead director of the Board of Directors, the Chair of the Nominating and Governance Committee and a member of both the Audit Committee and the Human Resources and Compensation Committee. Mr. Gunn serves as co-chair of the board of directors of Sleep Country Canada Inc., a Canadian mattress retailer, and also assumed the role of Chief Executive Officer of Sleep Country Canada Inc. until November 2014. He is a director of Golfsmith International Holdings, Inc., Mastermind Toys and Cara Operations Limited, and chairs the audit committee of the latter. He received a Bachelor of Applied Science in Electrical Engineering from Queen's University and a Master of Business Administration from the University of Western Ontario.

Nicholas Nomicos is a member of the Board of Directors and a member of the Human Resources and Compensation Committee. Mr. Nomicos is a Managing Director at Sankaty Advisors, LLC, the credit affiliate of Bain Capital Partners, LLC. Prior to joining Sankaty in 2011, he was an Operating Partner at Bain Capital Partners, LLC where he worked since 1999 in a variety of investments in the manufacturing and consumer product sectors. He also served as Senior Vice President, Interim Chief Financial Officer and Secretary of the Corporation from September 2009 to April 2010. Prior to joining Bain Capital Partners, LLC, 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 serves as a director of several corporations, including BRP Inc. and Penn Foster College. Mr. Nomicos received a Master of Business Administration (MBA) from Harvard Business School and a Bachelor of Science in Engineering from Princeton University.

Neil Rossy is a member of the Board of Directors. Mr. Rossy joined Dollarama at its inception in 1992 and currently serves as Chief Merchandising Officer. He led the design and construction of the Dollarama warehouses, distribution center and head office. Mr. Rossy is responsible for store design, merchandising, product development and special projects. He has a Bachelor of Arts from Queen's University.

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

John J. Swidler, FCPA, FCA, is a member of the Board of Directors and the Chair of the Audit Committee. Mr. Swidler is the lead director and the chair of the audit committee of Reitmans (Canada) Limited, the chair of the board of trustees of the Noranda Operating Trust (which supervises the Noranda Income Fund) and he sits on the board of directors of Accord Financial Corp. He also acts as consultant for Richter LLP, an accounting, business advisory and consulting firm, after several years spent acting as senior advisor to the same firm. He was the Managing Partner of RSM Richter LLP (Richter LLP's predecessor) from 1996 to January 1, 2007 and was Chairman of the firm's executive committee from 1982 to 1996. Mr. Swidler graduated from McGill University with a Bachelor of Commerce degree and obtained his designation as a Chartered Accountant. He also received a Bachelor of Civil Law from McGill University. He received his Fellow Chartered Accountant (FCA) designation from the *Ordre des comptables professionnels agréés du Québec* in 1992.

Huw Thomas, FCPA, FCA, is a member of the Board of Directors and a member of the Audit Committee and the Nominating and Governance Committee. From 1996 to 2010, Mr. Thomas served in various senior financial roles at Canadian Tire Corporation, Limited, including nine years as Chief Financial Officer and, from November 2009 until December 2010, as Executive Vice-President, Financial Strategy and Performance. Mr. Thomas was appointed Interim Chief Executive Officer of Calloway Real Estate Investment Trust on March 21, 2013 and then President and Chief Executive Officer on July 29, 2013. He also serves as a trustee of Calloway Real Estate Investment Trust since April 2011. In addition, he is a member of the board of directors of Chartwell Master Care Corporation and a trustee of Chartwell Retirement Residences, and chairs the audit committee of the latter. 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.

Officers

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

Johanne Choinière was appointed Chief Operating Officer on April 11, 2014, effective May 12, 2014. Ms. Choinière is responsible for overseeing retail store operations as well as logistics, distribution, supply chain management and human resources. Prior to joining Dollarama, Ms. Choinière was with Metro inc. since 1999, where she held increasingly senior positions across the organization, including Senior Vice-President, Merchandising for Metro Ontario and, most recently, Senior Vice President of Metro's Ontario Division. She holds a Bachelor in Business Administration (B.B.A.) from Bishop's University.

Geoffrey Robillard has been Senior Vice President, Import Division since October 2006 and prior to that he was President of Aris Import Inc., a wholly-owned subsidiary of the Corporation since November 2004. From 1973 to November 2004, Mr. Robillard was the owner and President of 9148-7264 Québec Inc. (known as Aris Import Inc.), which was at that time a major distributor for imports from overseas. In 1992, Mr. Robillard, through Aris Import Inc., began working with Dollarama towards establishing Dollarama's direct overseas sourcing capabilities and this relationship became exclusive in 1996. The assets of Aris Import Inc. were acquired by Dollarama in November 2004. Mr. Robillard built Dollarama's import division and manages a team that sources product internationally, evaluates suppliers' offers and samples, and works with our buyers to choose merchandise. He supervises pricing negotiations, quality control issues with import suppliers and coordination of all import delivery logistics, duties, and customs.

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

Nicolas Hien is Vice-President, Project Management. He is responsible for overseeing all major projects implemented in stores and in distribution and warehousing facilities, including projects relating to IT, store operations, distribution and logistics. He is also responsible for managing the commercial relationship between Dollarama and Dollar City. Prior to joining Dollarama in September 2012, Mr. Hien was Senior Manager, Advisory Services with KPMG LLP after KPMG LLP acquired the consulting firm where he was Partner and Project Director since 2008. He holds a Bachelor of Business Administration (B.B.A.) in operations management and a Master of Science (M.Sc.) in logistics from HEC Montreal.

Cease Trade Orders or Bankruptcies

To the knowledge of the Corporation, none of our directors or executive officers:

(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, that was in effect for a period of more than 30 consecutive days.

To the knowledge of the Corporation, none of our directors or executive officers, or a 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.

Penalties or Sanctions

To the knowledge of the Corporation, none of our directors or executive officers, or a 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.

Conflicts of Interest

To the best of our knowledge, other than the real property leases with entities controlled by Larry Rossy or his immediate family members, there are no known existing or potential material conflicts of interest among us and our directors, officers or other members of management as a result of their outside business interests, except that certain of our 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 us 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".

Indemnification and Insurance

The Corporation currently has an $85.0 million directors and officers insurance program, as well as an additional $25.0 million difference in conditions (DIC) coverage. 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.

AUDIT COMMITTEE INFORMATION

Charter of the Audit Committee

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

Composition of the Audit Committee

As at the date hereof, the Audit Committee is composed of four members, namely John J. Swidler (Chair), Stephen Gunn, Huw Thomas and Richard Roy. Each member of the Audit Committee is independent and financially literate within the meaning of *National Instrument 52-110 – Audit Committees* ("NI 52-110").

Relevant Education and Experience of the Audit Committee Members

Each of the Audit Committee members has an understanding of the accounting principles used by the Corporation to prepare its financial statements and varied experience as to the general application of such accounting principles and 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), as well as 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 is relevant to the performance of his responsibilities as an Audit Committee member is as follows:

John J. Swidler, FCPA, FCA, (Chair) is the lead director and the chair of the audit committee of Reitmans (Canada) Limited, the chair and a member of the audit committee of the board of trustees of the Noranda Operating Trust (which supervises the Noranda Income Fund), and he sits on the board of directors of Accord Financial Corp. He also acts as consultant for Richter LLP, an accounting, business advisory and consulting firm, after several years spent acting as senior advisor to the same firm. He was the Managing Partner of RSM Richter LLP (Richter LLP's predecessor) from 1996 to January 1, 2007 and was Chairman of the firm's executive committee from 1982 to 1996. Mr. Swidler graduated from McGill University with a Bachelor of Commerce degree and obtained his designation as a Chartered Accountant. He also received a Bachelor of Civil Law from McGill University. He received his Fellow Chartered Accountant (FCA) designation from the *Ordre des comptables professionnels agréés du Québec* in 1992.

Stephen Gunn serves as co-chair of the board of directors of Sleep Country Canada Inc., a Canadian mattress retailer, and also assumed the role of Chief Executive Officer of Sleep Country Canada until November 2014. He is a director of Golfsmith International Holdings, Inc., Mastermind Toys and Cara Operations Limited, and chairs the audit committee of the latter. He received a Bachelor of Applied Science in Electrical Engineering from Queen's University and a Master of Business Administration from the University of Western Ontario.

Huw Thomas, FCPA, FCA, served in various senior financial roles at Canadian Tire Corporation, Limited from 1996 to 2010, including nine years as Chief Financial Officer and, from November 2009 until December 2010, as Executive Vice-President, Financial Strategy and Performance. Mr. Thomas was appointed Interim Chief Executive Officer of Calloway Real Estate Investment Trust on March 21, 2013 and then President and Chief Executive Officer on July 29, 2013. He also serves as a trustee of Calloway Real Estate Investment Trust since April 2011. In addition, he is a member of the board of directors of Chartwell Master Care Corporation and a trustee of Chartwell Retirement Residences, and he chairs the audit committee of the latter. 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.

Richard Roy, FCPA, FCA, serves as President and Chief Executive Officer of Uni-Select Inc. since January 1, 2008. He also served as Vice President, Administration and Chief Financial Officer of Uni-Select Inc. from January 1999 to April 2007. He received his Fellow Chartered Accountant (FCA) designation from the *Ordre des comptables professionnels agréés du Québec* in 2012.

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.

External Auditor Service Fees

For the fiscal years ended February 1, 2015 and February 2, 2014, the Corporation was billed the following fees by its external auditor, PricewaterhouseCoopers LLP:

	Fiscal year ended February 1, 2015	**Fiscal year ended February 2, 2014**
Audit Fees[(1)]	$450,000	$440,000
Audit-Related Fees[(2)]	$115,000	$160,000
Tax Fees[(3)]	$130,886	$168,915
All Other Fees[(4)]	$30,000	$30,000
Total Fees Paid	**$725,886**	**$798,915**

Notes

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

(2) "Audit-Related Fees" include fees for assurance and related services that are reasonably related to the performance of the audit or review of the financial statements and are not reported under "Audit Fees". For the fiscal year ended February 2, 2014, this category included fees related to the issuance of a comfort letter and the performance of required procedures in connection with the 2013 Offering as well as assistance with the Corporation's 52-109 compliance project. For the fiscal year ended February 1, 2015, this category included fees related to the issuance of an agreed-upon procedures report on the Corporation's continuous disclosure obligations and the performance of required procedures in connection with the 2014 Offering as well as assistance with the Corporation's 52-109 compliance project.

(3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax advice and tax planning.

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

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

We are from time to time involved in legal proceedings and regulatory actions of a nature considered normal to our business. We believe that none of the litigation in which we are currently involved, or have been involved since the beginning of the most recently completed fiscal year, individually or in the aggregate, is material to our consolidated financial condition or results of operations.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Corporation currently leases 19 stores, five warehouses, its distribution center and its head office from entities controlled by Larry Rossy or certain of his immediate family members pursuant to long-term lease agreements. Rental expenses associated with these related-party leases are established at market terms and represented an aggregate amount of approximately $16.9 million for the fiscal year ended February 1, 2015. See "Business of the Corporation – Stores – Store Locations and Site Selection" and "Business of the Corporation – Warehouse and Distribution Facilities".

The Board of Directors reviews and approves transactions between the Corporation on the one hand and a related party, such as our directors, officers, holders of more than ten percent of our 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 determined 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 are not interested in the transaction approve the transaction. We believe each of the transactions disclosed herein were made on terms no less favourable to us than could have been otherwise obtained from unaffiliated third parties.

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.

MATERIAL CONTRACTS

Other than the contracts entered into in the ordinary course of business, the Trust Indenture and First Supplemental Trust Indenture entered into on November 5, 2013 with Computershare Trust Company of Canada, as trustee, in connection with the 2013 Offering and the Second Supplemental Trust Indenture entered into with the same party as trustee on May 16, 2014 in connection with the 2014 Offering and which also served as a basis for the 2015 Offering (copies of which are available on SEDAR at www.sedar.com), there are no material contracts entered into by the Corporation during the fiscal year ended February 1, 2015 or entered into prior to the fiscal year ended February 1, 2015 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 Indenture and supplemental trust indentures.

INTERESTS OF EXPERTS

The Corporation's independent auditors are PricewaterhouseCoopers LLP, Chartered Professional Accountants, who have issued an independent auditors' report dated March 25, 2015 in respect of the Corporation's consolidated financial statements and the notes related thereto as at February 1, 2015 and February 2, 2014 and for each of the fiscal years ended February 1, 2015 and February 2, 2014. 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.*

ADDITIONAL INFORMATION

Additional information relating to Dollarama may be found on SEDAR at www.sedar.com.

Additional information, including, without limitation, directors' and officers' remuneration and indebtedness, principal holders of Dollarama's securities and securities authorized for issuance under equity compensation plans, is contained in Dollarama's Management Proxy Circular dated April 17, 2015, which is available on SEDAR at www.sedar.com. Information regarding corporate governance practices is also contained in the Management Proxy Circular.

Additional financial information is provided in the audited consolidated financial statements and management's discussion and analysis of Dollarama for the fiscal year ended February 1, 2015.

Dollarama will, upon request to the Secretary of Dollarama at 5805 Royalmount Ave., Montreal, Québec, H4P 0A1, provide to any person or company, the documents specified below:

(a) when Dollarama is in the course of a distribution of its securities under a short form prospectus, or has filed a preliminary short form prospectus in respect of a proposed distribution of its securities:

  i. one copy of the Corporation's latest annual information form, together with one copy of any document or the pertinent pages of any document, incorporated therein by reference;

  ii. one copy of the consolidated annual financial statements of the Corporation for the most recently completed fiscal year for which financial statements have been filed, together with the auditor's report thereon, and one copy of any interim consolidated financial statements of the Corporation for any period after its most recently completed fiscal year;

iii. one copy of the information circular of the Corporation in respect of its most recent annual meeting of shareholders that involved the election of directors, if available, or one copy of any annual filing prepared instead of that information circular, as appropriate; and

iv. one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under subparagraphs (i) to (iii); or

(b) at any other time, Dollarama shall provide to any person or company one copy of any of the documents referred to in items (i), (ii) and (iii) of paragraph (a) above, provided that the Corporation may require the payment of a reasonable charge if the request is made by a person or company who is not a holder of the Corporation's securities.

APPENDIX A

CHARTER OF THE AUDIT COMMITTEE OF 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. Audit Process

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

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

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

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

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

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

E. Financial Reporting Processes

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

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

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

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

F. General

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

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

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

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

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

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

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

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

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

6. COMPLAINT PROCEDURES

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

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

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

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