ANNUAL INFORMATION FORM

FISCAL YEAR ENDED JANUARY 31, 2021

April 20, 2021

TABLE OF CONTENTS

1 Explanatory Notes 1
2 Corporate Structure 2
3 General Development of the Business 3
4 Business of the Corporation 8
5 Risk Factors 20
6 Description of Capital Structure 33
7 Dividends 34
8 Description of Material Indebtedness 35
9 Ratings 37
10 Market for Securities 40
11 Directors and Officers 40
12 Audit Committee Information 44
13 Legal Proceedings and Regulatory Actions 46
14 Interest of Management and Others in Material Transactions 46
15 Transfer Agent and Registrar 46
16 Material Contracts 46
17 Interests of Experts 46
18 Additional Information 47
APPENDIX A – Charter of the Audit Committee A-1

1 EXPLANATORY NOTES

Unless otherwise indicated, the information in this annual information form (the "Annual Information Form") is stated as at January 31, 2021, the last day of the Corporation's most recently completed fiscal year, and all dollar amounts are expressed in Canadian dollars.

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

1.1 Forward-Looking Statements

This Annual Information Form contains certain forward-looking statements about current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or other future events or developments. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "predicts", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements. Forward-looking statements are based on information currently available to management and on estimates and assumptions made by management regarding, among other things, general economic conditions and the competitive environment within the retail industry in Canada and in Latin America, in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. Many factors could cause actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including the following factors which are discussed in greater detail in the "Risk Factors" section of this Annual Information Form: future increases in operating costs (including increases in statutory minimum wages and incremental costs associated with COVID-19 measures), future increases in merchandise costs (including as a result of tariff disputes), future increases in shipping and transportation costs, inability to sustain assortment and replenishment of merchandise, increase in the cost or a disruption in the flow of imported goods (including as a result of the global outbreak of COVID-19), failure to maintain brand image and reputation, disruption of distribution infrastructure, inventory shrinkage, inability to renew store, warehouse and head office leases on favourable terms, inability to increase warehouse and distribution centre capacity in a timely manner, seasonality, market acceptance of private brands, failure to protect trademarks and other proprietary rights, foreign exchange rate fluctuations, potential losses associated with using derivative financial instruments, level of indebtedness and inability to generate sufficient cash to service debt, changes in creditworthiness and credit rating and the potential increase in the cost of capital, interest rate risk associated with variable rate indebtedness, competition in the retail industry, disruptive technologies, general economic conditions, departure of senior executives, failure to attract and retain quality employees, disruption in information technology systems, inability to protect systems against cyber attacks, unsuccessful execution of the growth strategy, holding company structure, adverse weather, pandemic or epidemic outbreaks, earthquakes and other natural disasters, climate change, geopolitical events and political unrest in foreign countries, unexpected costs associated with current insurance programs, product liability claims and product recalls, litigation, regulatory and environmental compliance and shareholder activism.

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

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

1.2 Accounting Principles, GAAP and Non-GAAP Measures

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

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

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

1.3 Market and Industry Data

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

2 CORPORATE STRUCTURE

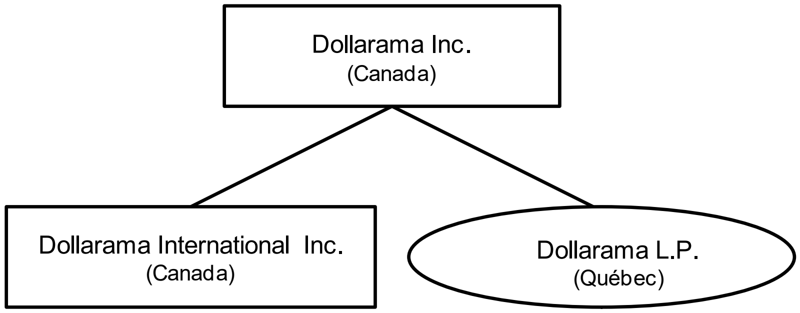
2.1 Name, Address and Incorporation

The Corporation was incorporated under the *Canada Business Corporations Act* ("CBCA") by articles of incorporation dated October 20, 2004 under the name 4258401 Canada Inc. The Corporation's name was thereafter changed to Dollarama Capital Corporation pursuant to articles of amendment dated November 16, 2004. The Corporation's articles were further amended on December 20, 2006 to, among other things, create classes of common and preferred shares, and on September 8, 2009 to change its name to Dollarama Inc. Immediately preceding the closing of its initial public offering on October 16, 2009, the Corporation amalgamated with 4513631 Canada Inc., one of its holding corporations, under the CBCA pursuant to articles of amalgamation dated October 16, 2009. On June 19, 2018, the Corporation's articles were amended to subdivide the number of common shares of the Corporation on a three-for-one basis. See "Description of Capital Structure – Share Splits".

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

2.2 Intercorporate Relationships

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



As at January 31, 2021, the Corporation owned all of the equity interests in Dollarama L.P., a limited partnership formed under the laws of the Province of Québec which operates the chain of Dollarama stores in Canada and performs related logistical and administrative support activities.

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

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

With the exception of Dollarama L.P., the total assets or revenue of each of the subsidiaries of the Corporation (whether or not mentioned herein) did not constitute more than 10%, individually, of the consolidated assets or revenue of the Corporation as at January 31, 2021, nor did they constitute more than 20%, in the aggregate, of the consolidated assets or revenue of the Corporation as at January 31, 2021.

3 GENERAL DEVELOPMENT OF THE BUSINESS

As at January 31, 2021, Dollarama operated 1,356 stores across Canada, and generated sales of \$4.026 billion and EBITDA of \$1.131 billion during the fiscal year ended January 31, 2021.

Over the three most recently completed fiscal years, Dollarama opened a total of 196 net new stores, expanded a total of 27 stores and relocated a total of 20 stores, representing in the aggregate an addition of 2,261,626 square feet to its retail network in Canada, or an increase of 19.3% since January 29, 2018. Since August 14, 2019, Dollarama also owns a 50.1% equity interest in Dollarcity, a Latin American value retailer that, as at December 31, 2020, operated a total of 264 stores across El Salvador, Guatemala and Colombia and generated sales of US\$351.1 million (\$470.9 million) during its fiscal year ended December 31, 2020.

Highlights relating to the development of the Dollarama business over the three most recently completed fiscal years and for the current fiscal year are described below. References to "Fiscal 2022" are to the Corporation's fiscal year ending January 30, 2022, to "Fiscal 2021" are to the Corporation's fiscal year ended January 31, 2021, to "Fiscal 2020" are to the Corporation's fiscal year ended February 2, 2020 and to "Fiscal 2019" are to the Corporation's fiscal year ended February 3, 2019.

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

3.1 Fiscal 2022 Developments

COVID-19 Situation Update
Dollarama continues to maintain wide-ranging measures to promote the health and safety of its employees across its operations and of its customers in-store. In addition to various cleaning, sanitization and physical distancing measures, strict protocols remain in place to minimize risk to employees and customers in any proven or probable case of COVID-19.

Amid a recent surge in COVID-19 cases fueled by more transmissible COVID-19 variants, special emergency measures and stay-at-home orders, including temporary bans on the sale of non-essential items, were put in place in certain regions of Québec as of April 2, 2021 and in the province of Ontario as of April 8, 2021. We continue to adhere to guidelines provided by provincial governments and public health agencies.

New long-term store target
On March 31, 2021, following a careful evaluation of the market potential for Dollarama stores across Canada and the continued relevance of Dollarama's business model, management announced that it believes the Corporation can profitably grow its Canadian store network to approximately 2,000 stores over the next 10 years, or by 2031, with an average new store capital payback period of approximately two years. This is an increase from Dollarama's previously disclosed long-term store target of 1,700 stores in Canada by 2027.

Factors taken into consideration in the evaluation, among others, included census and household income data, the current competitive retail landscape, the real estate landscape, rates of per capita store penetration, historical performance of comparable and new stores, and the current real estate pipeline.

Dividend Increase
On March 31, 2021, the Corporation announced that its board of directors (the "Board of Directors") had approved a 7.0% increase of the quarterly dividend for holders of its common shares, to $0.0503 per common share.

Amendments to the Credit Agreement
On March 9, 2021, the Corporation and the lenders entered into a third amending agreement to the Third Amended and Restated Credit Agreement pursuant to which, among other things, the term for Facility B and Facility C was extended by one year so that the term of such facilities was set to expire on September 29, 2023. See "Description of Material Indebtedness – Credit Facility".

Appointment of New Chief Financial Officer
Effective March 1, 2021, Jean-Philippe (J.P.) Towner succeeded Michael Ross as Chief Financial Officer of the Corporation, as previously announced on November 4, 2020. Michael Ross agreed to stay on in an advisory capacity until his retirement to ensure a seamless transition. See "Directors and Officers".

3.2 Fiscal 2021 Developments

Dividend Increase
On December 9, 2020, the Corporation announced that the Board of Directors had approved a 6.8% increase of the quarterly dividend for holders of its common shares, to $0.047 per common share.

Private Offering of $300 Million Senior Unsecured Notes
On September 18, 2020, the Corporation issued fixed rate senior unsecured notes due September 20, 2027 (the "1.505% Fixed Rate Notes") by way of private placement in Canada in reliance upon exemptions from the prospectus requirements under applicable securities legislation. The 1.505% Fixed Rate Notes were issued at par for aggregate gross proceeds of $300.0 million. The Corporation used the net proceeds of this offering to repay the $300.0 million aggregate principal amount of outstanding Series 3 Floating Rate Notes (as hereinafter defined) due February 1, 2021 and for general corporate purposes. The 1.505% Fixed Rate Notes were assigned a rating of BBB, with a stable trend, by DBRS Morningstar ("DBRS"). See "Description of Material Indebtedness – Senior Unsecured Notes" and "Ratings".

Payment of Balance of Purchase Price for 50.1% Interest in Dollarcity
On September 10, 2020, the balance of purchase price of US$52.7 million ($69.3 million) for the Corporation's 50.1% equity interest in Dollarcity was paid. This is following a cash payment of US$40.0 million ($52.8 million) made on August 14, 2019, when the Corporation closed the acquisition.

The final purchase price of US$92.7 million ($122.1 million) was calculated using 50.1% of a five times multiple of Dollarcity's EBITDA for the 12-month period ended June 30, 2020, minus net debt and subject to other adjustments, following completion of the audit of Dollarcity's financial statements for the reference period, in accordance with the terms of the share purchase agreement entered into on August 14, 2019.

2020-2021 Normal Course Issuer Bid
On July 3, 2020, the Corporation renewed its normal course issuer bid to purchase for cancellation up to 15,548,326 common shares (representing 5.0% of the common shares issued and outstanding as at June 30, 2020) during the 12-month period from July 7, 2020 to July 6, 2021 (the "2020-2021 NCIB").

As at January 31, 2021, the Corporation had purchased for cancellation a total of 1,621,708 common shares under the 2020-2021 NCIB, at a weighted average price of $53.67 per common share, for a total cash consideration of $87.0 million. See "Description of Capital Structure – Normal Course Issuer Bid".

Investment in Real Estate Assets of Dollarcity
On May 8, 2020, the Corporation, through Dollarama International, and Dollarcity's founding stockholders, each made a capital contribution to Dollarcity to cover their pro rata share of the costs associated with a series of transactions aimed at bringing real estate assets into the Dollarcity group, eliminating related-party transactions and insourcing some logistics activities (the "Real Estate Transaction"). The Corporation's capital contribution amounted to US$20.04 million ($28.0 million) and was added to the equity-accounted investment of the Corporation in Dollarcity. See "Business of the Corporation – Dollarcity".

Recognition as Essential Business amid COVID-19 Pandemic
From the outset of the COVID-19 pandemic in March 2020, Dollarama was recognized as an essential business across Canada, allowing its stores to remain open during government-mandated closures of non-essential services and businesses. Dollarcity received the same recognition in El Salvador, Guatemala and Colombia. See "Business of the Corporation – Industry Overview".

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

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

The Third Amended and Restated Credit Agreement was amended twice during Fiscal 2021, first on March 13, 2020 and then again on September 21, 2020. The main purpose of the March 13, 2020 amendment was to extend the term of Facility B and Facility C from September 29, 2021 to September 29, 2022, whereas the main purpose of the September 21, 2020 amendment was to extend the term of Facility D from February 12, 2021 to September 20, 2021. See "Description of Material Indebtedness – Credit Facility".

3.3 Fiscal 2020 Developments

Distribution Centre Expansion
The expansion of the Corporation's Montreal-area distribution centre, announced in March 2018, was completed on time and on budget at the end of the calendar year 2019. Following this expansion, the distribution centre now has approximately 500,000 square feet. See "Business of the Corporation - Warehousing and Distribution".

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

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

The Corporation purchased for cancellation a total of 7,089,040 common shares under the 2019-2020 NCIB, at a weighted average price of $46.15 per common share, for a total cash consideration of $327.2 million. See "Description of Capital Structure – Normal Course Issuer Bid".

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

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

Adoption of IFRS 16
On February 4, 2019, the Corporation adopted the lease accounting standard IFRS 16, "Leases", in replacement of IAS 17, "Leases". The new standard requires lessees to recognize a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts, and record it on the statement of financial position, except with respect to lease contracts that meet limited exception criteria. Given that the Corporation had significant contractual obligations in the form of operating leases under IAS 17, the adoption of IFRS 16 resulted in a material increase to both assets and liabilities, and changes to the timing of

recognition of expenses associated with lease arrangements. IFRS 16 was applied to the consolidated financial statements for Fiscal 2020 using the full retrospective approach and the Corporation therefore restated comparative information for Fiscal 2019 and its opening balance sheet dated January 29, 2018, as if IFRS 16 had always been in effect.

3.4 Fiscal 2019 Developments

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

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

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

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

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

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

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

Board Appointment
On March 29, 2018, the Corporation announced the appointment of Kristin Williams Mugford as independent director. See “Directors and Officers”.

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

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

4 BUSINESS OF THE CORPORATION

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

4.1 Industry Overview

Value retail is a well-established and growing segment of the overall Canadian retail industry. Canadian consumer demand for value-oriented merchandise has grown substantially over the last decades, as evidenced by the increase in the number of mass merchants, smaller value-priced chains, warehouse/club stores, discount food stores, close-out retailers and dollar stores. Management believes that the value retail segment, as an essential business, will remain strong throughout the COVID-19 pandemic and in a post-pandemic world, as consumers look for convenience, proximity and affordable, everyday goods.

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

Merchandise offered generally includes essential items in the following categories – home cleaning products, personal care products, cosmetics, over-the-counter pharmaceutical products, food, beverages, snacks, confectionery, pet food and pet accessories – as well as household wares, kitchenware, glassware, tableware, linens and towels, storage containers and accessories, home decor products and seasonal ornaments, books, stationery, greeting cards, giftware, party supplies, toys and games, arts and crafts materials, electronics, souvenirs, novelties, jewelry, clothing, footwear, headwear, costumes, hardware, garden tools, artificial flowers and other general merchandise.

Management believes that the Canadian dollar store industry remains underpenetrated relative to the U.S. dollar store industry. Based on the number of stores operated by the top five U.S. dollar store chains, there were approximately 10,000 people per store in the U.S. as at January 31, 2021. By contrast, based on the number of stores operated by the top five Canadian dollar store chains, management estimates that there were approximately 20,000 people per store in Canada as at January 31, 2021. See “Business of the Corporation – Competition”. Despite significant differences between the business models of U.S. and Canadian dollar stores, including that U.S. dollar stores typically rely more heavily on the sale of consumable products such as refrigerated goods, management believes that there remains an opportunity for growth in the Canadian market.

Industry-Wide Factors Affecting the Corporation
On March 11, 2020, the World Health Organization declared the rapidly spreading coronavirus disease (COVID-19) outbreak a pandemic. Subsequently, all of the jurisdictions in which Dollarama operates imposed strict measures in an attempt to slow down the transmission of the virus in its first wave in the spring of 2020, again starting in December 2020 as Canada experienced a resurgence in COVID-19 infections brought on by a second wave and once more in April 2021 as variants are spreading quickly and as Canada faces a serious third wave. These measures include travel restrictions, self-isolation and stay-at-home measures, temporary closures of non-essential services and businesses, temporary bans on the sale of non-essential items, curfews, in-store capacity limits and other physical distancing requirements. Similar measures have been taken in the countries of operation of Dollarcity. Traffic in Dollarama and Dollarcity stores continues to this date to be adversely impacted by these measures.

Dollarama has been recognized as an essential business in Canada, and Dollarcity received the same recognition in El Salvador, Guatemala and Colombia. The Corporation remains committed to maintaining stores open and well-stocked with affordable everyday products and offering the same compelling value proposition to customers, all while ensuring appropriate measures are in place to protect the health and safety of its employees and customers.

From the outset of the COVID-19 outbreak, the Corporation implemented mitigation strategies, contingency plans and several preventive measures to protect the health and safety of its employees and customers. Also, the Corporation is continuously monitoring the impact of the pandemic on its local and global supply chains and its operations in Canada and Latin America. Measures adopted by the Corporation in response to COVID-19 as well as measures implemented by different levels of governments, which continue to evolve to this date, and their impact on operations, operating costs, customer traffic and labour productivity and availability could materially adversely affect the Corporation's financial results for so long as such measures remain in place. Also, the deterioration of economic conditions may lead to a deterioration in consumer balance sheets, which may impact consumers' spending behaviour and could adversely affect the Corporation's financial performance.

It remains difficult to reliably estimate the duration, severity and extent of public health and economic impacts of the COVID-19 pandemic on the operations and financial results of the Corporation, both in the short term and in the long term. Another resurgence of COVID-19 infections across Canada, as we are currently experiencing in several provinces, could force governments to continue to delay, or in certain cases, reverse reopening plans. See "Risk Factors – Risks Related to Business Operations – COVID-19 Pandemic ".

4.2 Business Overview

The Dollarama business was founded in 1992 by Larry Rossy, a third generation retailer. Over the years, the management team introduced a number of key initiatives that have defined the Dollarama business model. These include (i) adopting a fixed price point retail concept; (ii) pursuing the store network expansion strategy across Canada, leading to stronger brand awareness and increased sales; and (iii) implementing a program to directly source merchandise from overseas vendors, thereby reducing merchandise costs and diversifying and enhancing the product offering. Though the core principles of the model which has enabled Dollarama to become a major Canadian value retailer – i.e. offering a broad assortment of general merchandise, consumable products and seasonal items, including private label and nationally branded products, at compelling values – remain unchanged to this day, the Corporation continues to explore new initiatives to better serve its customers and to pursue its growth, in Canada and internationally.

Retail Operations in Canada
The Corporation operated 1,356 stores in Canada as at January 31, 2021, including 65 net new stores opened during the most recently completed fiscal year, and continues to expand its network across the country. Stores average 10,325 square feet. At store level, merchandise is sold in individual or multiple units at select fixed price points up to $4.00. All stores are corporately operated, providing a consistent shopping experience, and many are located in high-traffic areas, in metropolitan areas, mid-sized cities and small towns.

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

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

- the number, location and penetration of stores in new and existing markets, which increase brand recognition, generate word-of-mouth advertising and drive customer traffic;
- the core offering of consistently available products at compelling value, including a broad assortment of everyday necessities which underpinned Dollarama's status as an essential business throughout the COVID-19 pandemic;
- the multi-price point strategy, which allows the Corporation to provide customers with a broad assortment of products at compelling value and to selectively adjust the selling price on certain items to address cost increases;
- the store size and consistent store format, which allows for an effective display of the broad assortment of merchandise and an efficient shopping experience for customers;
- the strong and long-standing vendor network, which enables the Corporation to update and diversify its product selection and rapidly respond to customers' changing needs, and to weather major disruptions like the one experienced in early 2020 in the initial stages of the COVID-19 pandemic;
- the volume of goods directly sourced from low-cost foreign vendors, which allows the Corporation to deliver a strong customer value proposition at attractive margins;
- the in-house product development expertise;
- the size, scale and efficiencies of warehousing and distribution operations;
- key technology-driven initiatives which enable the Corporation to be in a better in-stock position, to optimize in-store labour productivity, warehousing capacity and logistics efficiencies, and to generally maintain a streamlined cost structure as the business continues to grow; and
- the online offering of select products, which provides customers with the opportunity to purchase certain items in large quantities and have them delivered across Canada, an option that attracted a broader customer base in the last 12 months.

The Corporation is focused on expanding its retail operations within the Canadian market towards a new long-term store target. Following a careful evaluation of the market potential for Dollarama stores across Canada and the continued relevance of Dollarama's business model, management believes that the Corporation can profitably grow its Canadian store network to approximately 2,000 stores over the next 10 years, or by 2031, with an average new store capital payback period of approximately two years. This is an increase from Dollarama's previously disclosed long-term store target of 1,700 stores in Canada by 2027. Factors taken into consideration in the evaluation, among others, included census and household income data, the current competitive retail landscape, real estate landscape, rates of per capita store penetration, historical performance of comparable and new stores, and the current real estate pipeline.

Direct Sourcing for Canada and Latin America

Dollarama is as much an importer as it is a retailer: the business is based on growing the network of stores but also on further developing the low-cost direct sourcing platform which enables it to source a majority of its product offering directly from foreign vendors. See "Merchandise - Merchandise Sourcing".

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

4.3 Stores

Store Locations and Site Selection

As at January 31, 2021, the Corporation operated 1,356 stores across Canada as detailed below.

Province	# Stores	Province	# Stores
Alberta	134	Nova Scotia	40
British Columbia	111	Ontario	539
Manitoba	41	Prince Edward Island	5
New Brunswick	42	Québec	379
Newfoundland and Labrador	25	Saskatchewan	40

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

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

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

All of the Corporation's stores are leased from unaffiliated third parties, except for one store that is owned by the Corporation and 19 stores that are leased from entities controlled by the Rossy family (see "Interest of Management and Others in Material Transactions"). Management expects to continue to lease locations as the store network expands.

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

It is still too early to determine the lasting impacts of the COVID-19 pandemic on the availability of retail premises, on lease negotiations and on prevailing rates.

Store Relocations, Expansions and Closures

Stores are relocated from time to time, often within the same mall or complex, or are expanded. Stores are relocated or expanded based on availability of real estate, to improve store performance or to capture other opportunities. An average of approximately $9.6 million was spent annually on the relocation or expansion of stores over the last five fiscal years. Store relocations decided by management are not considered store closures. Store closures are generally attributable to mall renovations, property redevelopment, natural disasters or expiry of the lease.

During Fiscal 2021, one store was closed upon expiry of the lease, the landlord opting to redevelop the property and, on an exceptional basis, approximately 100 stores were temporarily closed due to COVID-related government-mandated closures, primarily in Québec malls. On the other hand, a total of 8,576 square feet were added to the store network as a result of expansion projects completed in 3 stores in the province of Québec.

Store Size and Condition
Dollarama offers a well-designed, convenient and consistent store format, which makes it an attractive alternative to large discount and other large-box retail stores. The average store size has increased over the years from 5,272 square feet in 1998 to 10,325 square feet as at January 31, 2021 (of which between 80% and 85% is available selling square footage). Stores are clean and well stocked with a broad assortment of consumable products, general merchandise and seasonal items.

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

A new Dollarama store requires a minimal initial investment, typically $0.8 million, including $0.55 million for capital expenditures and $0.25 million for inventory. Stores generally reach over $2.4 million in annual sales within the first two years of operation and achieve an average capital payback period of approximately two years. The model has been effective in both rural and small communities as well as in more densely populated and metropolitan areas that typically include a larger number of competitors.

Beyond new store openings and store expansions, which represent growth capital expenditures, the Corporation's capital expenditure intensity ratio for Fiscal 2021 was 2.9% of revenue. This ratio represents the Corporation's total capital expenditures in a given period as a percentage of the Corporation's total revenue for the same period and takes into account transformation and maintenance capital expenditures. The ratio was higher for Fiscal 2021 in comparison to the previous fiscal year as a result of the inclusion of capital expenditures related to the roll-out of self-checkout terminals in 200 additional stores.

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

Management believes that the current store network is in good condition and does not require material maintenance capital expenditures beyond the current capital expenditure intensity ratio. An average of approximately $14.6 million was spent annually on the maintenance of the Corporation's stores over the last five fiscal years.

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

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

From the outset of the COVID-19 pandemic, Dollarama was included on provincial lists of essential businesses across Canada, allowing for mostly uninterrupted store operations albeit under challenging conditions. In response to the pandemic, the Corporation implemented wide-ranging measures to sustain store operations, with a focus on supporting employees and promoting the health and safety of employees and customers. Specific in-store measures included, among others, continued compliance with recommended hygiene, respiratory and self-isolation practices; strict cleaning and sanitization protocols;

continued distribution of personal protective equipment such as gloves, masks and face shields to all employees; installation of plexiglass shields at all cash counters, distancing markers in queue lines and directional arrows in aisles; limiting the number of customers in a store at one time; in-store signage and broadcasting of safety and physical distancing measures applicable to customers and employees.

4.4 Digital Initiatives

Even though Dollarama's model remains firmly rooted in brick and mortar operations, the Corporation is experimenting with e-commerce on two fronts.

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

While the Corporation is developing a niche in the online shopping market, this is not expected to become a new business segment in the short or medium term. The objective of the online store is to service the needs of a specific category of customers looking to buy products in large quantities, a previously unmet customer need. Despite the acceleration of online sales experienced by the Corporation during the COVID-19 pandemic, which allowed it to further develop its e-commerce capabilities, those sales – which are by the case only – remain non-material to the Corporation's overall sales.

Mobile Application
On November 16, 2020, the Corporation launched a mobile application, allowing customers to pay in-store, to purchase or redeem e-gift cards, to scan products to verify pricing and online availability, and to search for store locations and operating hours.

4.5 Merchandise

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

- General merchandise, which represented approximately 42% of the product offering in Fiscal 2021 (based on retail value, compared to 43% in the previous fiscal year), including party supplies, office supplies, arts and craft supplies, greeting cards and stationery, giftware, household wares, kitchenware, glassware, hardware, electronics, toys and apparel;
- Consumable products, which represented approximately 44% of the product offering in Fiscal 2021 (based on retail value, compared to 41% in the previous fiscal year), including household consumables such as paper, plastics, foils, cleaning supplies, basic health and beauty care products, pet food, confectionery, drinks, snacks and other food products; and
- Seasonal items, which represented approximately 14% of the product offering in Fiscal 2021 (based on retail value, compared to 16% in the previous fiscal year), including Valentine's day, St. Patrick's day, Easter, Halloween and the winter holidays merchandise, along with seasonal summer and winter merchandise.

The change in merchandise mix observed in Fiscal 2021 was driven by the high demand for essential goods, including household and cleaning products, health and hygiene essentials and food products, in the context of the COVID-19 pandemic.

Stores carry a broad assortment of actively-managed stock keeping units ("SKUs", each a unique number used to identify a specific product). In Fiscal 2021, the assortment was comprised of approximately 5,000 active year-round SKUs and a number of active seasonal SKUs at any one time. The selection of items offered in stores at any one time varies, and Dollarama consistently refreshes its product offering by updating 25% to 30% of SKUs on an annual basis, with slower selling items being discontinued or replaced as warranted. Dollarama constantly adjusts the merchandise mix to offer a compelling value and a wide selection of products to its customers, as well as to optimize sales and maintain gross margins. See “Risk Factors – Risks Related to Business Operations – Merchandise Selection and Replenishment”.

Merchandise Sourcing
The Corporation’s sourcing strategy blends directly imported merchandise from overseas, mainly from China but overall from over 25 different countries, and products sourced from North American vendors. Those two categories accounted for 53% and 47%, respectively, of total volume (based on retail value) in Fiscal 2021, a breakdown that remains generally similar year over year.

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

The Corporation’s vendor base is well diversified, with the largest vendor accounting for only approximately 3% of total purchases in Fiscal 2021. For the same period, the top ten vendors represented approximately 25% of total purchases and the top 25 vendors represented approximately 41% of total purchases.

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

Over the years, Dollarama has built a network of preferred and trusted vendors that meet high quality standards. The Corporation only engages with reputable vendors holding the required certifications and meeting all Canadian federal and, where applicable, provincial consumer product regulations and guidelines for any given product as well as Dollarama’s own specifications, which may exceed regulatory requirements. While all products must meet Canadian regulations and Dollarama’s specifications and standards, certain product categories carry higher risks in the event of non-compliance, as they may present health or safety-related hazards. In line with Dollarama’s risk-based approach to managing product compliance, compliance programs and monitoring procedures have been tailored for specific categories such as toys and other children’s products, batteries and electronics, certain health and beauty products and accessories, food, medical devices, over-the-counter drugs and natural health products. All product categories are reviewed on a continual basis and in line with evolving product regulations and frameworks to build or enhance existing tailored compliance programs where relevant.

When they become Dollarama vendors, vendors must also undertake to adhere to Dollarama’s Vendor Code of Conduct, which was adopted by the Board of Directors in 2014 to formalize Dollarama’s expectations in terms of business standards and which was recently amended and restated to align with market trends and stakeholder expectations. No purchase order may be placed with a vendor before Dollarama has a signed engagement form on file. Vendors are required to certify compliance with the Vendor Code of Conduct annually. Any person who believes that a violation to the Vendor Code of Conduct has occurred is encouraged to report the relevant information confidentially to Dollarama for investigation.

The Vendor Code of Conduct is a key component of Dollarama’s environmental, social and governance (ESG) strategy. Vendors are expected to meet the standards of their industry, including the OECD Guidelines for Multinational Enterprises, and comply with all laws and regulations that govern their activities in the country in which they operate. This includes an obligation on vendors’ part to evaluate and uphold the integrity of their respective supply chains, and to ensure that their contractors, authorized subcontractors, service providers, and any other entity that directly or indirectly provides goods or services that are used in the production of products sold to Dollarama likewise operate in accordance with the standards articulated in the Vendor Code of Conduct.

Standards of engagement include specific expectations regarding (i) the quality and safety of the products sold to Dollarama, (ii) vendor workplace standards, as well as (iii) vendor business and environmental practices. These expectations are consistent with Dollarama's values, principles and policies regarding ethical business conduct and are used to assess new and existing suppliers and their facilities. Dollarama will not knowingly work with vendors who do not meet the standards outlined in the Vendor Code of Conduct, or who partner with other entities who fail to act in compliance with all applicable laws.

In order to monitor compliance with the Vendor Code of Conduct, Dollarama has developed a vendor compliance survey. The survey is aimed at collecting data on vendor social practices. It is designed to allow the Corporation to better understand some key risks in its supply chain and to improve visibility and direct engagement with vendors on ethical, social responsibility and environmental issues. This program is overseen by a dedicated Dollarama compliance manager, responsible for increasing engagement with vendors on safety, environmental and social risks. Issues identified in the review of answers provided by vendors, if any, will be discussed with the vendors and may be further investigated by way of on-site inspections, third party audits or otherwise.

With the goal of addressing social risks even more effectively, the Corporation implemented a third party social audit program for "Tier 1 vendors", meaning the manufacturers with whom the Corporation deals directly. The audit program is primarily focused on monitoring social practices of vendors and reviewing compliance with the Vendor Code of Conduct. It also complements activities related to the vendor compliance survey. The selection of vendors required to submit to this audit is based on a number of factors, including the nature of the product sourced, the country of origin, the annual volume of purchases by the Corporation as well as information gathered by Dollarama through the vendor compliance survey.

If Dollarama determines that a vendor has violated the Vendor Code of Conduct, or works with a commercial partner that operates in violation of the Vendor Code of Conduct, the vendor 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 vendor 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, including violations of standards that are subject to a zero tolerance policy as per the terms and conditions of the Vendor Code of Conduct, such as the prohibition against forced labour and underage labour as well as import, sanctions and anti-corruption and anti-bribery compliance.

4.6 Warehousing and Distribution

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

The tables below describe warehousing and distribution facilities, which consisted of six warehouses and one distribution centre, as at January 31, 2021.

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

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

Warehousing
The Corporation's approximately 500,000-square foot warehouse in Lachine, Québec, built in 2016, is owned by the Corporation. The other five warehouses used by the Corporation are leased from entities controlled by the Rossy family pursuant to long-term lease agreements entered into before the initial public offering and expiring on November 30, 2024. See "Interest of Management and Others in Material Transactions".

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

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

In connection with these acquisitions, the Corporation announced on March 29, 2018 its plan to increase the size of its distribution centre by 50%, to approximately 500,000 square feet, thereby leveraging its existing centralized warehousing, distribution and logistics operations. The project was completed in December 2019, the whole on time and on budget.

In the context of the COVID-19 pandemic, specific measures were implemented in the distribution centre and warehouses to protect the health and safety of workers and to ensure the continuity of operations, including: continued compliance with recommended hygiene, respiratory and self-isolation practices; temperature and health checks at the entrance of each facility; continued distribution of personal protective equipment such as face shields, masks and gloves to all workers; use of disinfectant stations installed throughout the premises; reduced capacity and shift sizes to allow physical distancing, among other onsite physical distancing measures throughout the premises; strict cleaning and sanitization protocols, including sanitization of equipment used by workers before the start of each shift; and staggered lunch breaks and staggered shift start and end times.

4.7 Transportation

The Corporation must constantly replenish depleted inventory through deliveries of merchandise to the distribution centre, and from the distribution centre to stores. Such process includes various means of transportation, including shipments by sea, mainly from Asia to the port of Vancouver, by train, from Vancouver to Montreal and back, and by truck, to stores located in all ten provinces.

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

Transportation costs are subject to fuel cost increases or surcharges and therefore fluctuate over time. Inbound shipping costs are also impacted by changing dynamics in the ocean shipping industry, most notably by the wave of market consolidation observed in container shipping in recent years, which continues to have an impact on shipping capacity and prevailing rates, especially in the context of the COVID-19 pandemic. See "Risk Factors – Risks Related to Business Operations – Distribution and Warehousing Network".

4.8 Employees

Following Fiscal 2021, Dollarama's store employee count was over 23,300. Of these store employees, approximately 39% are full-time employees and 61% are part-time or occasional employees. Dollarama hires seasonal employees during busy seasons such as the winter holidays to better address peak periods.

Dollarama also employs over 630 head office and field management employees and over 220 warehouse and distribution centre employees. The majority of warehouse and distribution centre staffing needs are outsourced to well-established third party agencies. As employers, the agencies are responsible, among other things, to hire and to train workers.

None of Dollarama's employees is a party to a collective bargaining agreement or represented by a labour union. See "Risk Factors – Human Resources Risks – Recruitment, Retention and Management of Quality Employees".

4.9 Customers

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

4.10 Marketing

The Corporation has generated rapid growth without significant expenditures on marketing and promotions. Management believes that this is primarily due to the strong brand name and success at selecting store locations with high traffic and ease of accessibility. Given the everyday fixed low price points model, there are generally no sales or markdowns to advertise. Advertising is employed almost exclusively for new store openings, using a selection of media which may include radio, local newspapers and circulars.

4.11 Competition

The Canadian dollar store industry remains highly fragmented with many privately-owned multi-outlet chains as well as independently-operated dollar stores. In addition to Dollarama, the largest multi-outlet dollar store chains include Dollar Tree Canada, Dollar Store With More, Great Canadian Dollar Store and Buck or Two Plus!, all of which are franchise operations except Dollar Tree Canada. These four pure play competitors operated a total of 514 stores as at January 31, 2021.

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

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

Management monitors competition from all sources, including online, to ensure that the Corporation's product offering, in terms of variety, quality and pricing, remains compelling for consumers. Although the Corporation faces increased competition from the use of mobile and web-based technology that facilitates online shopping and real-time product and price comparisons, the current online competition has not posed a significant threat to the Corporation's business to date, as the business model is premised on proximity and convenience. The Corporation continues to monitor this evolving retail trend and to explore new initiatives to address consumers' changing needs and preferences, especially in light of the exponential surge in e-commerce worldwide triggered by the COVID-19 pandemic. The Corporation's online store, offering select products by the full case, is one example of these initiatives. Launched in January 2019, it provides additional convenience to the Corporation's Canadian customers – individuals and businesses alike – who wish to buy products in large quantities that may not be available in-store, a previously unmet customer need. E-commerce capabilities were further developed in 2020 as the demand for products offered online by Dollarama increased significantly.

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

4.12 Seasonality

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

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

The following table reflects the seasonality of sales and gross margin for each quarter of Fiscal 2021.

Fiscal 2021 *(in % of total)*	**1st Quarter**	**2nd Quarter**	**3rd Quarter**	**4th Quarter**
Sales	21.0%	25.2%	26.4%	27.4%
Gross Margin	19.8%	25.2%	26.6%	28.5%

4.13 Intellectual Property

The Corporation relies on a portfolio of trademarks, the vast majority of which are registered trademarks, to protect certain aspects of its business. Trademarks are divided into two main categories: the corporate trademarks under which the Corporation conducts its retail operations and the product trademarks under which private label lines of products are presented. See “Risk Factors – Risks Related to Business Operations – Intellectual Property”.

4.14 Regulatory Matters

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

The Corporation works closely with Health Canada, the Canadian Food Inspection Agency, Environment and Climate Change Canada and other federal and provincial regulatory authorities to monitor the compliance of its products and operations with all prescribed standards and regulations.

The Corporation strives to use best practices for the storage, physical safety and distribution of products and, when required, for the disposal of recalled products, and has adopted corresponding safety guidelines and recall procedures. In addition, the Corporation carries liability insurance to mitigate potential product liability claims. See “Risk Factors – Legal and Regulatory Risks”.

4.15 Corporate Social Responsibility and the Environment

In June 2019, the Corporation published its first ESG report to provide shareholders and stakeholders with increased visibility on the Corporation's present and future ESG-related initiatives, challenges and priorities.

This report is available for information purposes only on the Corporation's website at www.dollarama.com. The Corporation's next ESG report will be published in June 2021.

4.16 Dollarcity

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

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

Over the period from February 2013, date of inception of the commercial relationship between the parties, to August 2019, date of closing of the acquisition, the management team of Dollarcity was successful in adapting locally the value retail concept developed by Dollarama in Canada and was able to grow its store network in El Salvador, Guatemala and Colombia. As at December 31, 2020, the end date of Dollarcity's fiscal year, Dollarcity operated a total of 264 stores, including 52 in El Salvador, 67 in Guatemala and 145 in Colombia. This represents an increase to the total of 228 stores which were operated by Dollarcity as at December 31, 2019. New store development slowed down in 2020 as a result of travel and other restrictions imposed by governments in the context of the COVID-19 pandemic. Dollarcity is expected to enter a fourth market in 2021 with the opening of stores in Peru. Dollarcity's management is focused on expanding its retail operations towards a long-term potential of 600 Dollarcity stores by 2029, a target that does not yet take into consideration the Peruvian market potential. Dollarcity stores average 7,039 square feet and all are leased. A new Dollarcity store requires a minimal initial investment of approximately US$0.55 million ($0.73 million).

For Dollarcity's fiscal year ended December 31, 2020, the merchandise mix consisted of: (i) general merchandise, which represented approximately 52% of the product offering; (ii) consumable products, which represented approximately 38% of the product offering; and (iii) seasonal items, which represented approximately 10% of the product offering. Merchandise is sold in individual or multiple units at select, fixed price points up to US$3.00 (or the equivalent in local currency) in El Salvador and Guatemala and up to the equivalent of US$4.00 in local currency in Colombia. Dollarcity generated sales of US$351.1 million ($470.9 million) during its most recently completed fiscal year ended December 31, 2020, and stores which had been opened for at least 13 fiscal months reached an average of US$1.52 million in annual sales, down from US$1.63 million in annual sales in the previous fiscal year, in the context of the COVID-19 pandemic. The Corporation's 50.1% share of Dollarcity's net earnings for the period from January 1, 2020 to December 31, 2020, was US$14.4 million ($19.7 million).

On May 8, 2020, the Corporation (through Dollarama International) and Dollarcity's founding stockholders each made a capital contribution to Dollarcity to cover their pro rata share of the costs associated with the Real Estate Transaction. The Corporation's capital contribution amounted to US$20.04 million ($28.0 million) and has been added to the equity-accounted investment of the Corporation in Dollarcity. The Real Estate Transaction included the purchase of a newly built warehouse in Guatemala and the purchase of a land parcel for the construction of a warehouse in Colombia. The balance of the capital contribution is used to finance in part the construction of the warehouse in Colombia, which is currently underway.

Dollarcity's logistics network relies on six warehouses to store goods: three national warehouses in Colombia, one in Guatemala and another one in El Salvador, in addition to an international warehouse located in a free trade zone in El Salvador. All facilities are leased from third parties except for the Guatemala warehouse which is now owned by Dollarcity as a result of the Real Estate Transaction.

As at December 31, 2020, Dollarcity's corporate employee count was approximately 390, its store employee count approximately 2,800, and its warehousing and distribution employee count approximately 165.

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

During the outbreak of the COVID-19 pandemic, Dollarcity was recognized as an essential business in El Salvador, Guatemala and Colombia, allowing stores to remain open during the government-mandated closures of non-essential services and businesses and the company to gain more brand recognition in all three countries of operation.

5 RISK FACTORS

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

5.1 Risks Related to Business Operations

COVID-19 Pandemic
The COVID-19 pandemic has had a significant impact on global economic activity since March 2020 and remains ongoing.

The Corporation was recognized as an essential business in its Canadian markets at the outset of the pandemic. However, measures taken by Canadian public authorities to curb the spread of the virus have resulted in the temporary closure of a number of stores, most notably in shopping malls, strict in-store capacity limits and the temporary prohibition on the sale of non-essential items in Québec, Manitoba and, more recently, Ontario. If additional mitigation measures were implemented by public authorities, there is no assurance that the Corporation will be able to retain its status as an essential business and maintain its operations. The loss of such status in Québec could lead to the closure of the Corporation's distribution centre and significantly hinder its ability to re-stock its stores across Canada. Furthermore, the COVID-19 emergency has caused a significant disruption in everyday life and in consumer habits in the Corporation's principal markets, and there is no assurance that the end of the pandemic will restore business as usual.

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

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

Labour costs are largely outside of the Corporation's control, driven by minimum wage legislation in each jurisdiction in which the Corporation has operations. Certain Canadian provinces implemented notable increases in the statutory minimum wage in Fiscal 2021, and a few more adjustments are scheduled for Fiscal 2022. Minimum wage adjustments that deviate from the formula based on the year-over-year change in the consumer price index (CPI) create unpredictability, resulting in additional challenges for retailers. Productivity improvements from various operational initiatives may not be sufficient to offset those costs.

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

Inflation and adverse economic developments in Canada, where the Corporation both buys and sells merchandise, in China and other parts of Asia, where it buys a large portion of its imported merchandise, and in Latin America, where Dollarcity carries operations, could have a negative impact on margins, profitability and cash flows.

Fuel cost increases or surcharges could also increase transportation costs and therefore impact profitability.

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

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

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

Imports and Supply Chain
Following one of its key business strategies of sourcing merchandise directly from low cost vendors, the Corporation relies heavily on imported goods, the majority of which are imported from China. Imported goods are generally less expensive than domestic goods and contribute significantly to favourable profit margins. Imported merchandise could become more expensive or unavailable, or deliveries could be subject to longer lead times, for a number of reasons, including: (a) disruptions in the flow of imported goods due to factors such as raw material shortages, work stoppages and strikes, vendors going out of business, factory closures resulting from changes in the economic or regulatory landscape of the country of origin, inflation, natural disasters, unusually adverse weather, pandemic or epidemic outbreaks (such as COVID-19) and political unrest in foreign countries; (b) further consolidation in the shipping industry, which could lead to decreasing shipping capacity and rate increases, especially in the context of the COVID-19 pandemic; (c) economic instability and international disputes; (d) increases in the cost of purchasing or shipping foreign merchandise resulting from Canada's failure to maintain normal trade relationships with foreign countries; (e) increases in tariffs or the elimination of existing preferential tariffs on goods originating from certain countries, including China, restrictive changes to import quotas, and other adverse protectionist trade measures; and (f) changes in currency exchange rates or policies and local economic conditions, including inflation in the country of origin. The development of one or more of these factors could materially adversely affect the Corporation's business and financial results.

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

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

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

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

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

Over the longer term, the Corporation will eventually need additional warehouse and distribution centre capacity. If the Corporation does not plan efficiently for increased capacity, or is unable to locate new sites, either for sale or for rent, on favorable terms, or is unable to commission new warehousing or distribution operations on a timely basis, the Corporation may not be able to successfully execute its growth strategy or may incur additional costs, which could materially adversely affect its business and financial results.

In the meantime, as the Corporation relies on a single distribution centre located in the Town of Mont-Royal (Québec), any disruption at that facility, for example as a result of a COVID-19 outbreak, would materially impact the flow of goods to stores and, in turn, could potentially impact sales and the Corporation's financial results.

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

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

Unless the terms of the Corporation's leases are extended, the properties, together with any improvements that were made, will revert to the property owners upon expiration of the lease terms. As the terms of those leases expire, the Corporation may not be able to renew leases or promptly find alternative locations that meet its needs on favourable terms, or at all. Also, breaching the terms of a lease may result in the Corporation incurring substantial penalties, including, among others, paying all amounts due to the landlord for the balance of the lease term. In the event that one or more of the foregoing risks materialize, the Corporation's business and financial results could be materially adversely affected.

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

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

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

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

- the adoption of laws, regulations and policies aimed at managing national economic conditions, such as increases in taxes, austerity measures that impact consumer spending, monetary policies that may impact inflation rates and currency fluctuations;
- the imposition of import restrictions or controls;
- the effects of legal and regulatory changes and the burdens and costs of compliance with a variety of foreign laws;
- changes in laws and policies that govern foreign investment and trade in the countries in which the Corporation operates;
- breaches or violations of Canadian and other foreign anti-corruption and anti-bribery laws, including by the Corporation's employees, vendors, contractors, agents or representatives;
- risks and costs associated with political and economic instability, corruption, and social and ethnic unrest in the countries in which the Corporation operates;
- risks of operating in developing or emerging markets in which there are significant uncertainties regarding the interpretation, application and enforceability of laws and regulations and the enforceability of contract rights and intellectual property rights; and
- risks arising from the significant and rapid fluctuations in currency exchange markets, and the impact of any decisions and positions taken to hedge such volatility.

These factors may increase in importance as Dollarcity expands its store network in Latin America and could adversely affect the growth strategy which, in turn, could adversely affect the Corporation's business and financial results.

5.2 Financial Risks

Foreign Exchange Risk
The Corporation's results of operations are impacted by foreign exchange rate fluctuations. While its sales are predominantly in Canadian dollars, the Corporation purchases a majority of its merchandise from overseas vendors using U.S. dollars. If the Chinese renminbi appreciates against the U.S. dollar, the cost of merchandise purchased in China is likely to increase. Similarly, and to an even greater extent, when the U.S. dollar appreciates against the Canadian dollar, it has a negative impact on margins, profitability and cash flows.

The Corporation uses foreign exchange forward contracts and zero cost collar contracts to mitigate the foreign currency risk associated with the vast majority of forecasted U.S. dollar merchandise purchases. However, hedging arrangements may have the effect of limiting the total returns to the Corporation if purchases at hedged rates result in lower margins than otherwise earned if purchases had been made at spot rates.

Indebtedness
As at January 31, 2021, the outstanding principal on the Corporation's long-term debt amounted to $1,875 million. The Corporation's indebtedness could have important consequences on its business and operations, including the following:

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

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

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

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

Interest Rates
Although a significant portion of the Corporation's indebtedness bears interest at fixed annual rates, the Corporation remains exposed from time to time to interest rate risk, notably under the Credit Facility as well as under the US Commercial Paper Program. If interest rates increase, debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and net income and cash flows would decrease, which could materially adversely affect the Corporation's business and financial results.

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

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

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

income tax assets and liabilities; such changes will impact net earnings in the period that such a determination is made.

5.3 Market Risks

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

The Corporation competes for customers, employees, store sites, products and services and in other important aspects of its business with many other local, regional and national retailers, including multi-price dollar stores, variety and discount stores and mass merchants. These retailers compete in a variety of ways, including aggressive promotional activities, merchandise selection and availability, services offered to customers, location, store hours, in-store amenities and price. Management expects that the Corporation's expansion plans will increasingly bring it into direct competition with those other retailers.

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

E-Commerce and Disruptive Technologies
While the Corporation has an online store offering select products by the full case, which drove increased traffic and generated higher sales since the beginning of the COVID-19 pandemic, the Corporation faces stronger than ever competition from online retailers, especially as the pandemic pushed more consumers to shop online. Aggressive growth of e-commerce competitors and changing consumer habits could have a material adverse impact on the Corporation's business and financial results. As part of the Corporation's e-commerce initiative, customers expect innovative concepts and a positive customer experience, including a user-friendly website, reliable data, safe and reliable processing of payments and a well-executed merchandise pick up or delivery process. If systems are damaged or cease to function properly, capital investment may be required. The Corporation is also vulnerable to various additional uncertainties associated with e-commerce including website downtime and other technical failures, changes in applicable federal and provincial regulations, security breaches, and consumer privacy concerns. If these technology-based systems do not function effectively, the Corporation's ability to maintain and potentially grow its e-commerce business could be adversely affected.

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

5.4 Human Resources Risks

Reliance on Key Personnel
The Corporation's senior executives have extensive experience in the industry and with the business, vendors, products and customers. The loss of management knowledge, expertise and technical proficiency as a result of the loss of one or more members of the core management team, could result in a diversion of management resources or a temporary executive gap, and negatively affect the Corporation's ability to develop and pursue other business strategies, which could materially adversely affect its business and financial results. In addition, the expertise pertaining to purchasing and import management, especially as it relates to the dollar store industry, is rare and the loss of key executives leading those functions could have a material adverse effect on the Corporation's ability to continue to offer a compelling product offering to its customers, which in turn could materially adversely affect its business and financial results.

As the Corporation's activities continue to grow, it must also continue to hire additional highly qualified individuals at corporate level, including key procurement, replenishment, project management, IT, finance, legal, and technical personnel. There can be no assurance that the Corporation will be able to attract or retain such qualified personnel in the future, which would adversely affect its business and financial results.

Recruitment, Retention and Management of Quality Employees
Future growth and performance depend, among other things, on the Corporation's ability to attract, retain and motivate quality employees, many of whom are in positions with historically high rates of turnover. The Corporation's ability to meet its labour needs, while controlling labour costs, is subject to many external factors, including the competition for and availability of quality personnel in a given market, unemployment levels within those markets, prevailing wage rates, minimum wage laws, health and other insurance costs and changes in employment and labour legislation (including changes in the process for employees to join a union) or other workplace regulation (including changes in entitlement programs such as health insurance and paid leave programs). More specifically, in the event of a labour shortage affecting the Corporation's warehouse and distribution centre staffing needs, the Corporation could experience difficulty delivering its products to stores in a timely manner and could be forced to increase wages and benefits in order to attract and retain workers, which would result in higher operating costs and reduced profitability.

In addition, the Corporation must be able to successfully manage personnel throughout its vast, geographically dispersed network of stores.

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

5.5 Technology Risks

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

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

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

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

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

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

At store level, the Corporation does not store customer data on its systems, such as card numbers and other customer personally identifiable information. However, since the launch of its online store, the Corporation now stores certain personally identifiable information of its online customers through its website, such as names and addresses, and through third party service providers, including cardholder data. Moreover, during the ordinary course of its business, the Corporation collects and maintains proprietary and confidential information related to its business and affairs, including its vendors and employees. The Corporation stores and processes such internal data both at onsite facilities and at third-party owned facilities. Any fraudulent, malicious or accidental breach of data security could result in unintentional disclosure of, or unauthorized access to, customers, vendors, employees or other confidential or sensitive data or information, which could potentially result in additional costs to the Corporation to enhance security or to respond to occurrences, violations of privacy or other laws or regulations, penalties or litigation. In addition, media or other reports of perceived security vulnerabilities of the Corporation's systems, even if no breach has been attempted or has occurred, could also adversely impact the Corporation's brand and reputation and materially impact its business and financial results.

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

5.6 Strategy and Corporate Structure Risks

Growth Strategy
The Corporation's ability to successfully execute its growth strategy will depend largely on its ability to successfully open and operate new stores, which, in turn, will depend on a number of operational, financial, and economic factors, including whether it can:

- locate, lease, build out, and open stores in suitable locations on a timely basis and on favourable economic terms;
- hire, train, and retain an increasing number of quality employees at competitive rates of compensation;
- supply an increasing number of stores with the proper mix and volume of merchandise;
- expand within the markets of Ontario and Québec, where it is already well established and where new stores may draw sales away from existing stores;
- expand into new geographic markets, including Latin America, where it has limited presence;
- procure efficient logistics and transportation services for those new markets;
- successfully compete against local competitors; and
- build, expand and upgrade warehousing and distribution facilities as well as store support systems in an efficient, timely and economical manner.

Any failure by the Corporation to achieve these goals could materially adversely affect its ability to continue to grow. In addition, if the expansion occurs as planned, the Corporation's store base will include a relatively high proportion of stores with a relatively short history of operations. If new stores on average fail to achieve results comparable to existing stores, the Corporation's business and financial results could be materially adversely affected.

On August 14, 2019, the Corporation acquired a 50.1% interest in Dollarcity and established a second growth platform in Latin America. The Corporation's ability to develop this new growth platform depends largely on the ability of Dollarcity to successfully expand its store network within the territory mutually agreed upon between the parties (comprised of El Salvador, Guatemala, Honduras, Costa Rica, Nicaragua, Panama, Colombia, Peru and Ecuador), which, in turn, depends on a number of operational and financial factors similar to those that the Corporation has to contend with in Canada, in addition to economic, social and geopolitical factors arising specifically in the countries where Dollarcity operates and the legal environment governing its Latin American operations.

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

Corporate Structure
Dollarama Inc. is a holding company and a substantial portion of its assets are the equity interests in its subsidiaries. As a result, the Corporation is subject to the risks attributable to Dollarama Inc.'s subsidiaries. As a holding company, Dollarama Inc. conducts substantially all of its business through its subsidiaries, which generate substantially all of Dollarama Inc.'s revenues. Consequently, Dollarama Inc.'s cash flows, and its ability to meet financial obligations and to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to Dollarama Inc. The ability of these entities to pay dividends and other distributions will depend on their operating results and may potentially be constrained by various contractual restrictions. Dollarama Inc.'s subsidiaries are distinct legal

entities and have no obligation to make funds available to Dollarama Inc. or any of its creditors, except in certain circumstances and subject to certain terms and conditions in the case of a subsidiary that is a guarantor of Dollarama Inc.'s obligations. In the event of a bankruptcy liquidation of any of its subsidiaries, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to Dollarama Inc.

5.7 Business Continuity Risks

Adverse Weather, Natural Disasters, Climate Change, Geopolitical Events, Pandemic and Epidemic Outbreaks

The occurrence of one or more natural disasters, such as earthquakes and hurricanes, unusually adverse weather exacerbated by global climate change or otherwise, pandemic or epidemic outbreaks (including new outbreaks of COVID-19), boycotts and geopolitical events, such as civil unrest in countries in which vendors are located or in which the Corporation, including through Dollarcity, operates, and acts of terrorism, or similar disruptions could materially adversely affect the Corporation's business and financial results. Furthermore, the impact of any such events on its business and financial results could be exacerbated if they occur during a period of the year when sales generally increase, such as the winter holidays season or any other major holidays and celebrations.

These events could result in physical damage to one or more of the Corporation's or Dollarcity's properties, increases in fuel or other energy prices, disruption to information systems, the temporary or long-term disruption in the supply of products from some local and overseas vendors, the temporary disruption in the transportation of goods from overseas, delays in the delivery of goods to warehouses, distribution centres or stores, the temporary or permanent closure of one or more warehouses or distribution centre or of one or more stores, the temporary reduction in the availability of products in stores, delays in opening new stores, a temporary workforce unavailability in a market or a surge in unemployment, the temporary reduction of store traffic, significant disruption in everyday life and consumer spending habits in the markets in which the Corporation operates and/or the loss of sales. These factors could materially adversely affect the Corporation's business and financial results, for a short or long period, and there is no assurance that business will resume and reach historical levels after any such event.

Insurance

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

5.8 Legal and Regulatory Risks

Product Liability Claims and Product Recalls

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

Litigation

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

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

Regulatory Environment

The Corporation is subject to many laws and regulations, including laws and regulations related to, among other things, permits and licences, product safety, labour practices, health and safety, merchandise quality, labelling, intellectual property, data privacy, environmental levies, trade and customs, bribery and corruption.

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

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

In addition, the Corporation and its representatives are subject to anti-corruption and anti-bribery laws that prohibit improper payments directly or indirectly to government officials, authorities, or persons defined in those anti-corruption and anti-bribery laws, in order to obtain business or other improper advantages in the conduct of business. Failure by the Corporation or any of its employees, subcontractors, vendors, agents, and/or representatives to comply with anti-corruption and anti-bribery laws could result in criminal, civil and administrative legal sanctions and negative publicity, and could materially adversely affect the Corporation's business and financial results as well as its brand image and reputation.

Environmental Compliance

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

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

In the ordinary course of business, the Corporation sometimes uses, stores, handles or disposes of household products and cleaning supplies that are classified as hazardous materials under various environmental laws and regulations. Also, products sold by the Corporation may be subject to environmental regulations prohibiting or restricting the use of certain toxic substances in the manufacturing process.

The Corporation cannot predict the environmental laws or regulations that may be enacted in the future or how existing or future laws and regulations will be administered or interpreted. Compliance with more stringent laws or regulations, as well as more vigorous enforcement policies of the regulatory agencies or stricter interpretations of existing laws and regulations, may require additional expenditures or impose fines or penalties, which could vary substantially from those currently anticipated and could materially adversely affect the Corporation’s business and financial results.

Climate Change

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

The Canadian government has established a number of policy measures in response to concerns relating to climate change. While the impact of these measures cannot be quantified at this time, the likely effect will be to increase costs for fuels, electricity and transportation; restrict industrial emission levels; impose added costs for emissions in excess of permitted levels; and increase costs for monitoring and reporting. Compliance with these initiatives could require the Corporation to make significant system or operating changes or require it to make significant expenditures or incur substantial costs, all of which could materially adversely affect its business and financial results.

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

Shareholder Activism

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

6 DESCRIPTION OF CAPITAL STRUCTURE

The authorized capital of the Corporation consists of an unlimited number of common shares and an unlimited number of preferred shares issuable in series. As at January 31, 2021, there were 310,266,429 common shares issued and outstanding and no preferred shares were issued and outstanding.

The summary below of the rights, privileges, restrictions and conditions attaching to the shares of the Corporation is subject to, and qualified by reference to, the Corporation's articles and by-laws, available on the Corporation's website at www.dollarama.com.

6.1 Common Shares

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

6.2 Preferred Shares

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

6.3 Share Splits

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

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

6.4 Normal Course Issuer Bid

On July 3, 2020, the Corporation renewed its normal course issuer bid and launched the 2020-2021 NCIB to repurchase for cancellation up to 15,548,326 common shares, representing 5.0% of the common shares issued and outstanding as at June 30, 2020, during the 12-month period from July 7, 2020 to July 6, 2021.

As at January 31, 2021, the Corporation had repurchased for cancellation a total of 1,621,708 common shares under the 2020-2021 NCIB, at a weighted average price of $53.67 per common share, for a total cash consideration of $87.0 million.

Since the launch of the Corporation's inaugural normal course issuer bid in June 2012 up until March 31, 2021, the Corporation repurchased for cancellation a total of 151,903,503 common shares, at a weighted average price of $26.17 per common share, for a total cash consideration of $4.0 billion.

NCIB	Period of Coverage	Number of Common Shares Repurchased for Cancellation	Weighted Average Price per Common Share	Value of Common Shares Repurchased for Cancellation
2012-2013	June 15, 2012 to June 14, 2013	15,499,584	$10.06	$155.9 million
2013-2014(1)	June 17, 2013 to June 16, 2014	39,988,128	$13.83	$552.8 million
2014-2015	June 17, 2014 to June 16, 2015	14,051,574	$18.91	$265.7 million
2015-2016(2)	June 17, 2015 to June 16, 2016	28,685,733	$28.58	$820.0 million
2016-2017	June 17, 2016 to June 16, 2017	17,925,486	$33.59	$602.2 million
2017-2018	June 19, 2017 to June 18, 2018	14,061,366	$47.89	$673.4 million
2018-2019(3)	June 20, 2018 to June 19, 2019	12,980,884	$37.88	$491.7 million
2019-2020	July 5, 2019 to July 4, 2020	7,089,040	$46.15	$327.2 million
2020-2021	July 7, 2020 to March 31, 2021(4)	1,621,708	$53.67	$87.0 million
		151,903,503	**$26.17**	**$3,975.9 million**

(1) As amended on January 22, 2014.
(2) As amended successively on December 9, 2015 and March 30, 2016.
(3) As amended on December 5, 2018.
(4) The 2020-2021 NCIB is ongoing and is set to expire on July 6, 2021. Pursuant to the 2020-2021 NCIB, the Corporation is entitled to repurchase for cancellation up to 15,548,326 common shares.

7 DIVIDENDS

On June 9, 2011, the Corporation announced that the Board of Directors had declared the first quarterly dividend in Dollarama's history as a public corporation. The initial quarterly dividend was set at $0.015 per common share and was designated as an "eligible dividend" for Canadian tax purposes. Since 2011, the Board of Directors announced the approval of ten successive increases of the quarterly dividend. The most recent increase, to $0.0503 per common share, was approved on March 30, 2021.

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

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

The following table sets out the cash dividends declared and paid during Fiscal 2019, Fiscal 2020 and Fiscal 2021.

Date of Declaration	Date of Payment	Amount of Dividend per Common Share
December 5, 2017	January 31, 2018	$0.037[(1)]
March 28, 2018	May 2, 2018	$0.040[(1)]
June 6, 2018	August 1, 2018	$0.040[(1)]
September 12, 2018	October 31, 2018	$0.040
December 5, 2018	February 8, 2019	$0.040
March 27, 2019	May 10, 2019	$0.044
June 12, 2019	August 9, 2019	$0.044
September 11, 2019	November 8, 2019	$0.044
December 3, 2019	February 7, 2020	$0.044
March 31, 2020	May 8, 2020	$0.044
June 9, 2020	August 7, 2020	$0.044
September 1, 2020	November 6, 2020	$0.044
December 8, 2020	February 5, 2021[(2)]	$0.047

(1) Retrospectively restated to reflect the 3-for-1 Share Split.
(2) Dividends are usually paid at the beginning of the quarter following the declaration date. Consequently, the dividend declared in the fourth quarter of Fiscal 2021 was paid at the beginning of the first quarter of Fiscal 2022.

8 DESCRIPTION OF MATERIAL INDEBTEDNESS

The table below summarizes the principal amounts outstanding as at January 31, 2021 under the Credit Facility, the Senior Unsecured Notes and the US Commercial Paper Program, which are described in greater details hereunder.

Type	Maturity	Principal Amount Outstanding
Credit Facility – Facility A	2024-09-27	nil
Credit Facility – Facility B	2023-09-29	
Credit Facility – Facility C	2023-09-29	
Credit Facility – Facility D	2021-09-20	
Series 3 Floating Rate Notes	2021-02-01	$300.0 million[(1)]
1.505% Fixed Rate Notes	2027-09-20	$300.0 million
3.55% Fixed Rate Notes	2023-11-06	$500.0 million
2.203% Fixed Rate Notes	2022-11-10	$250.0 million
2.337% Fixed Rate Notes	2021-07-22	$525.0 million
USCP Notes	Maturities may range from overnight to 397 days from the date of issue	nil
Total		**$1,875.0 million**

(1) The Series 3 Floating Rate Notes were repaid in full on February 1, 2021.

8.1 Credit Facility

The Credit Facility currently consists of four separate unsecured revolving credit facilities totalling $800.0 million, made available under the Third Amended and Restated Credit Agreement entered into between the Corporation and the lenders on February 14, 2020, as amended on March 13, 2020, September 21, 2020 and March 9, 2021 (the "Credit Agreement").

Under the Credit Agreement, the Corporation may, under certain circumstances and subject to receipt of additional commitments from existing lenders or other eligible institutions, request increases to the Credit Facility up to an aggregate amount, together with all then-existing commitments, of $1.5 billion.

The applicable margin, ranging from 0% to 1.70% per annum, is calculated based on a leverage ratio reported on a quarterly basis to the lenders. The Credit Agreement requires the Corporation to respect a minimum interest coverage ratio and a maximum leverage ratio, each tested quarterly on a consolidated basis. The Corporation has the option to borrow in Canadian or U.S. dollars.

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

8.2 Senior Unsecured Notes

The Corporation issues fixed rate senior unsecured notes (the “Fixed Rate Notes”) and floating rate senior unsecured notes (the “Floating Rate Notes”, and, together with the Fixed Rate Notes, the “Senior Unsecured Notes”) from time to time. Proceeds from offerings are generally used to reimburse outstanding indebtedness and/or for general corporate purposes.

All Senior Unsecured Notes outstanding, except the 1.505% Fixed Rate Notes, were issued under a trust indenture between the Corporation and Computershare Trust Company of Canada, as trustee, dated November 5, 2013 and supplemental indentures thereto. The 1.505% Fixed Rate Notes were issued under a new trust indenture between the Corporation and Computershare Trust Company of Canada, as trustee, dated September 18, 2020, which new indenture contains no material change as compared to the trust indenture governing all other Senior Unsecured Notes, other than certain changes made to the guarantee provisions, and to align the negative pledge provision and the cross default provision to those under the Credit Agreement.

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

The Senior Unsecured Notes are solidarily (jointly and severally) guaranteed, on a senior unsecured basis, as to the payment of principal, interest and premium, if any, and of certain other amounts specified in the trust indenture governing them (such indenture, together with the applicable supplemental indenture governing each series of Senior Unsecured Notes, the “Trust Indenture”) by certain subsidiaries of the Corporation representing combined EBITDA, when aggregated with the EBITDA of the Corporation (on a non-consolidated basis), of at least 80% of the consolidated EBITDA. As at the date hereof, Dollarama L.P. and Dollarama GP Inc. are the only guarantors. So long as any Senior Unsecured Notes remain outstanding and the Credit Facility is in full force and effect, all of the Corporation’s subsidiaries that are guarantors from time to time in respect of indebtedness under the Credit Facility will be guarantors in respect of the Senior Unsecured Notes. If at any time the Credit Agreement is no longer in force and effect, the Corporation’s subsidiaries that would have been required to be guarantors in respect of indebtedness under the Credit Agreement according to the applicable test, conditions or set of criteria will constitute guarantors in respect of the Senior Unsecured Notes.

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

The Corporation may also, at its option, redeem the Fixed Rate Notes, in whole or in part, at any time and from time to time, upon not less than 30 days’ and not more than 60 days’ notice to the holders of the Fixed

Rate Notes to be redeemed, at a redemption price equal to the greater of (a) the Canada Yield Price (as defined in the applicable Trust Indenture) and (b) par, together, in each case, with accrued and unpaid interest, if any, to the date fixed for redemption. The Corporation does not have any optional redemption right under the Trust Indentures governing the Floating Rate Notes.

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

8.3 US Commercial Paper Program

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

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

The USCP Notes are unconditionally guaranteed by Dollarama L.P. and Dollarama GP Inc., each a wholly-owned subsidiary of the Corporation. The Corporation’s Credit Facility serves as a liquidity backstop for the repayment of USCP Notes issued under the US Commercial Paper Program.

9 RATINGS

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

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

This section describes the Corporation’s credit ratings, as at March 31, 2021, for its issued and outstanding debt securities of the Corporation, as well as the Corporation’s long-term issuer ratings. These ratings provide investors with an independent measure of the credit quality of an issue of securities. However, there is no assurance that a rating will remain in effect for any given period of time or that a rating will not be lowered, withdrawn or revised by either rating agency if, in its judgment, circumstances so warrant. The rating of any debt securities is not a recommendation to buy, sell or hold such securities, inasmuch as such ratings do not comment as to market price or suitability for a particular investor. Each credit rating should be evaluated independently of any other credit rating.

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

9.1 General Explanation

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

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

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

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

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

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

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

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

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

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

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

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

9.2 Ratings Received by the Corporation

As at March 31, 2021, the Corporation's USCP Notes are rated by Moody's and S&P, and its Senior Unsecured Notes, by DBRS. In addition, the Corporation has long-term issuer ratings provided by DBRS, Moody's and S&P.

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

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

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

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

As at March 31, 2021, the Corporation's credit ratings have stable outlooks from DBRS, Moody's and S&P. The rating trend indicates the direction in which the rating agency considers the rating is headed should present tendencies continue.

10 MARKET FOR SECURITIES

10.1 Trading Price and Volume

The common shares are listed for trading on the TSX under the symbol "DOL". The following table shows the monthly range of high and low prices per common share at the close of market on the TSX, as well as total monthly volumes and average daily volumes traded on the TSX and alternative trading systems for Fiscal 2021.

Calendar Month	Monthly High $	Monthly Low $	Total Monthly Volume	Average Daily Volume
February 2020	$45.62	$36.97	49,804,727	2,621,301
March 2020	$42.90	$34.56	61,481,882	2,794,631
April 2020	$44.72	$37.20	31,440,538	1,497,168
May 2020	$46.82	$41.12	26,449,594	1,322,480
June 2020	$49.97	$44.44	45,186,592	2,053,936
July 2020	$50.10	$45.15	30,169,072	1,371,321
August 2020	$53.97	$48.25	23,748,756	1,187,438
September 2020	$52.75	$48.01	23,958,405	1,140,876
October 2020	$52.88	$45.44	22,447,425	1,068,925
November 2020	$53.16	$45.41	30,490,344	1,451,921
December 2020	$55.46	$51.77	32,161,915	1,531,520
January 2021	$54.13	$49.76	22,228,339	1,111,417

11 DIRECTORS AND OFFICERS

11.1 Directors

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

Name, Province or State and Country of Residence	Position(s) with the Corporation	Director Since	Principal Occupation	Previously Held Positions (Last Five Years)
Stephen Gunn Ontario, Canada	Independent Chairman of the Board of Directors	2009	Corporate Director	Lead Independent Director Dollarama Inc. (from Oct. 2009 to June 2018) Executive Co-Chair of the board of directors Sleep Country Canada Holdings Inc. (from Nov. 2014 to Jan. 2017)
Joshua Bekenstein Massachusetts, USA	Independent Director	2004	Managing Director Bain Capital Partners, LP	—
Gregory David Ontario, Canada	Director	2004	Chief Executive Officer GRI Capital Inc.	—
Elisa D. Garcia C. New York, USA	Independent Director	2015	Chief Legal Officer Macy's, Inc.	Executive Vice President and Chief Legal Officer Office Depot, Inc. (from Aug. 2013 to Jul. 2016)

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

Composition of the Committees of the Board of Directors

The following table sets out, as at the date hereof, the composition of the committees of the Board of Directors.

Human Resources and Compensation Committee	Audit Committee	Nominating and Governance Committee
Joshua Bekenstein	Kristin W. Mugford	Joshua Bekenstein
Stephen Gunn	Nicholas Nomicos	Elisa D. Garcia C.
Nicholas Nomicos (Chair)	Richard Roy, FCPA, FCA (Chair)	Stephen Gunn (Chair)
	Huw Thomas, FCPA, FCA	Huw Thomas, FCPA, FCA

11.2 Executive Officers

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

Name, Province or State and Country of Residence	Position(s) with the Corporation	Executive Officer Since	Previously Held Positions (Last Five Years)
Neil Rossy Québec, Canada	President and Chief Executive Officer	2016	Chief Merchandising Officer Dollarama Inc. (from 2010 to Apr. 2016)
Jean-Philippe Towner Québec, Canada	Chief Financial Officer	2021[(1)]	Executive Vice President and Chief Financial Officer Pomerleau Inc. (from 2016 to Feb. 2021)
Johanne Choinière Ontario, Canada	Chief Operating Officer	2014	—

Name, Province or State and Country of Residence	Position(s) with the Corporation	Executive Officer Since	Previously Held Positions (Last Five Years)
Nicolas Hien Québec, Canada	Chief Information Officer[(2)]	2021	Senior Vice-President, Project Management and Systems Dollarama Inc. (from 2017 to Feb. 2021) Vice President Project Management and Systems Dollarama Inc. (from 2016 to Sept. 2017)
Geoffrey Robillard Québec, Canada	Senior Vice-President, Import Division	2004	—
Josée Kouri Québec, Canada	Senior Vice-President, Legal Affairs and Corporate Secretary	2020	Vice-President, Legal Affairs and Corporate Secretary Dollarama Inc. (from 2015 to June 2020)
Michael Ross Québec, Canada	Special Advisor	2021[(1)]	Chief Financial Officer Dollarama Inc. (from 2010 to Feb. 2021)
John Assaly Québec, Canada	Vice-President, Global Procurement	2013	—

(1) Jean-Philippe Towner succeeded Michael Ross as Chief Financial Officer of the Corporation effective March 1, 2021. Michael Ross agreed to stay on in an advisory capacity until his retirement to ensure a seamless transition.
(2) Since August 14, 2019, Nicolas Hien is also Executive Vice-President of Dollarcity.

As a group, the directors and executive officers of the Corporation beneficially owned, or controlled or directed, directly or indirectly, a total of 16,730,439 common shares, representing approximately 5.39% of the common shares outstanding, on a non-diluted basis, as at March 31, 2021.

11.3 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

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

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

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

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

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

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

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

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

except for:

(i) Stephen Gunn, a director of the Corporation, who was previously a director of Golf Town Canada Inc., which, together with certain of its Canadian affiliates, sought and obtained protection under the *Companies' Creditors Arrangement Act* pursuant to an Initial Order of the Ontario Superior Court of Justice dated September 14, 2016; and

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

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

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

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

11.4 Conflicts of Interest

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

11.5 Indemnification and Insurance

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

12 AUDIT COMMITTEE INFORMATION

12.1 Charter of the Audit Committee

The Board of Directors has adopted a written charter (the "Charter of the Audit Committee") setting out the responsibilities of the Audit Committee, which include, among other things, (i) reviewing the financial statements of the Corporation and public disclosure documents containing financial information and reporting on such review to the Board of Directors, (ii) ensuring that adequate procedures are in place for the review of the Corporation's public disclosure documents that contain financial information, (iii) overseeing the work and reviewing the independence of the external auditor and (iv) reviewing, evaluating and approving the internal control procedures that are implemented and maintained by management.

As part of its mandate, the Audit Committee has been delegated the primary risk oversight responsibility and reports periodically to the Board of Directors on its findings. More specifically, the Audit Committee is responsible to ensure that risks facing the Corporation, including risks related to ESG matters, with a focus on operations and supply chain management risks, are identified, assessed, monitored and appropriately managed and mitigated, to approve ESG strategies and opportunities driven by management, to review the Corporation's ESG disclosure, including its ESG report, and to report to the Board of Directors on priorities, challenges and progress.

The charter of the Audit Committee was amended on April 11, 2019 to expressly reflect the ESG risk oversight responsibility delegated by the Board of Directors to the Audit Committee, on April 29, 2020 to expressly reflect the committee's information technology risk and cybersecurity oversight responsibility, and on April 20, 2021 to further clarify the scope of the Audit Committee's responsibilities in the stewardship and governance of ESG risks and opportunities. A copy of the Charter of the Audit Committee, as amended, is attached to this Annual Information Form as Appendix A and is available on the Corporation's website at www.dollarama.com.

12.2 Composition of the Audit Committee

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

12.3 Relevant Education and Experience of the Audit Committee Members

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

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

Richard Roy, FCPA, FCA (Chair), sits on the board of directors of Uni-Select Inc. since May 2008 and is a member of its audit committee. He also sits on the board of directors of GDI Integrated Facility Services Inc. since May 2015 and on the board of directors of Toromont Industries Ltd. since November 2018, and is a member of their respective audit committees. Mr. Roy served as President and Chief Executive Officer of Uni-Select from January 1, 2008 to July 31, 2015. Prior to January 2008, he held various senior roles at Uni-Select, including the positions of Vice President, Chief Operating Officer from April 2007 to January 2008, and Vice President, Administration and Chief Financial Officer from January 1999 to April 2007. Mr. Roy received his Fellow Chartered Accountant (FCA) designation from the Ordre des comptables professionnels agréés du Québec in 2012. Mr. Roy is a graduate of HEC Montreal.

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

Nicholas Nomicos is a Managing Director of Nonantum Capital Partners, LLC, a middle market private equity firm that he founded with other executives in 2018. Mr. Nomicos is also a director of BRP Inc. and a member of its audit committee. Since 2020, Mr. Nomicos is a director and chair of the audit committee of Luxury Brand Holdings, dba Ross-Simons, a private multi-channel retailer based in the United States. Until December 2016, Mr. Nomicos was Managing Director at Bain Capital Credit, LP (formerly known as Sankaty Advisors, LP), the credit affiliate of Bain Capital Partners, LP. Prior to 2011, he was an Operating Partner at Bain Capital Partners, LP where he worked since 1999 in a variety of investments in the manufacturing and consumer product sectors. Prior to joining Bain Capital Partners, LP, Mr. Nomicos was a senior corporate development and manufacturing executive at Oak Industries Inc., and he spent several years at Bain & Company where he was a Manager. Mr. Nomicos received a Bachelor of Science in Engineering from Princeton University and a Master of Business Administration (MBA) from Harvard Business School.

Huw Thomas, FCPA, FCA, served as Chief Executive Officer of SmartCentres Real Estate Investment Trust ("SmartCentres REIT", formerly known as Smart Real Estate Investment Trust) from 2013 to June 2018 and also occupied the office of President of SmartCentres REIT from 2013 to August 2016. Prior to that, from 1996 to 2010, Mr. Thomas served in various senior financial roles at Canadian Tire Corporation, Limited, including nine years as Chief Financial Officer and, from November 2009 until December 2010, as Executive Vice-President, Financial Strategy and Performance. Mr. Thomas is a trustee of Chartwell Retirement Residences and the chair of its compensation, governance and nominating committee. He holds a Bachelor of Science degree in Economics from the University of London (U.K.), and is a Certified U.K. and Canadian Chartered Professional Accountant. He received his Fellowship designation (FCPA) from the Chartered Professional Accountants of Ontario in 2013.

12.4 Pre-Approval Policies and Procedures

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

12.5 External Auditor Service Fees

For Fiscal 2021 and Fiscal 2020, the Corporation was billed the following fees by its external auditor, PricewaterhouseCoopers LLP.

	Fiscal 2021	Fiscal 2020
Audit Fees(1)	$805,620	$830,150
Audit-Related Fees(2)	$85,680	$416,275
Tax Fees(3)	Nil	$45,233
All Other Fees(4)	$45,000	$42,000
Total Fees	**$936,300**	**$1,333,658**

(1) "Audit Fees" include fees necessary to perform the annual audit of the consolidated financial statements. This category also includes audit fees related to new accounting standards, business acquisitions and required procedures in connection with the offering of senior unsecured notes.

(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". This category includes fees related to accounting consultations, specified procedures on internal controls and due diligence pertaining to business acquisitions.

(3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax advice, tax planning as well as assistance in connection with provincial and federal tax audits conducted in the normal course of business.

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

13 LEGAL PROCEEDINGS AND REGULATORY ACTIONS

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

14 INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

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

As at January 31, 2021, the outstanding balance of lease liabilities owed to entities controlled by the Rossy family totalled $44.1 million. Rental expenses charged by entities controlled by the Rossy family but not included in lease liabilities totalled $6.4 million for Fiscal 2021.

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

15 TRANSFER AGENT AND REGISTRAR

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

16 MATERIAL CONTRACTS

Other than the contracts entered into in the ordinary course of business and the Trust Indentures entered into with Computershare Trust Company of Canada, as trustee, in connection with each offering of Senior Unsecured Notes (copies of which are available on SEDAR at www.sedar.com), there are no material contracts that were entered into by the Corporation during Fiscal 2021 or entered into prior to Fiscal 2021 but which are still in effect. See “Description of Material Indebtedness – Senior Unsecured Notes” for a description of the main terms and conditions of the Trust Indentures.

17 INTERESTS OF EXPERTS

The Corporation’s independent auditors are PricewaterhouseCoopers LLP, Chartered Professional Accountants, who have issued an independent auditor’s report dated March 31, 2021 in respect of the Corporation’s consolidated financial statements and the notes related thereto as at January 31, 2021 and February 2, 2020 and for each of Fiscal 2021 and Fiscal 2020. PricewaterhouseCoopers LLP, Chartered Professional Accountants, has advised that they are independent with respect to the Corporation within the meaning of the Code of Ethics of the *Ordre des comptables professionnels agréés du Québec.*

18 ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, is contained in the Corporation's management proxy circular, prepared in connection with the upcoming annual meeting of shareholders of the Corporation to be held on June 9, 2021, which will be available shortly on SEDAR at www.sedar.com and on the Corporation's website at www.dollarama.com. Information regarding corporate governance practices is also contained in the management proxy circular. Additional financial information is provided in the audited consolidated financial statements and management's discussion and analysis of the Corporation for Fiscal 2021, also available on SEDAR at www.sedar.com and on the Corporation's website at www.dollarama.com.

APPENDIX A

CHARTER OF THE AUDIT COMMITTEE
DOLLARAMA INC.

(the "Charter")

1 PURPOSE

The Audit Committee (the "**Committee**") is a committee of the Board of Directors (the "**Board**") of Dollarama Inc. The members of the Committee and the chair of the Committee (the "**Chair**") are appointed by the Board on an annual basis (or until their successors are duly appointed) for the purpose of:

(1) reviewing and approving financial disclosure documents;

(2) overseeing the Corporation's financial controls;

(3) monitoring whether the Corporation complies with financial covenants and legal and regulatory requirements governing financial disclosure matters;

(4) overseeing management of the Corporation's ("**Management**") responsibility for assessing and reporting on the effectiveness of internal controls;

(5) overseeing the independence, qualifications, appointment and performance of the Corporation's external auditor;

(6) overseeing the Corporation's financial risk management; and

(7) overseeing the management of environmental, social and governance (ESG) risks facing the Corporation, approving ESG strategies and opportunities driven by Management and reviewing the Corporation's ESG disclosure.

2 COMPOSITION

The Committee should be comprised of at least three (3) directors as determined by the Board.

(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 MEETING REQUIREMENTS

(1) The Committee should meet at least four (4) times annually or more frequently as the circumstances require. 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.

(2) 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. All decisions and recommendations made by the Committee shall be made by a majority vote of the members present at the meeting.

(3) Meetings of the Committee shall be held from time to time and at such place as any member of the Committee shall determine upon 48 hours' notice to each of its members. The members of the Committee may waive the requirement for notice. Each of the Chair of the Board, the Chief Executive Officer, the Chief Financial Officer, the Secretary or the external auditor shall be entitled to request that the Chair call a meeting.

(4) The Committee may meet by telephone conference call or by any other means permitted by law or the Corporation's by-laws.

(5) The Chair shall approve the agenda for the meetings and ensure that supporting materials are properly prepared and circulated to members with sufficient time for study by the Committee members prior to the meeting.

(6) The minutes of the Committee meetings shall accurately record the significant discussions of and decisions made by the Committee, including all recommendations to be made by the Committee to the Board and shall be distributed to the Committee members for approval.

(7) 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.

(8) 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.

(9) The Committee, through its Chair, shall report to the Board on all proceedings and deliberations of the Committee at the first subsequent meeting of the Board, and at such other times and in such manner as the Board may require or as the Committee in its discretion may consider advisable.

4 RESPONSIBILITIES AND DUTIES

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. **Financial Disclosure**

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

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

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

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

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

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

B. **Internal Control**

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

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

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

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

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

C. **Relationship with the External Auditor**

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

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

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

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

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

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

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

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

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

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

D. <u>Audit Process</u>

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

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

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

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

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

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

E. 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) Receive quarterly reports from Management on risks facing the Corporation, including risks related ESG matters, with a focus on operations and supply chain management risks, and assess the adequacy and effectiveness of Management's ability to monitor, manage and mitigate these risks.

(2) Receive quarterly reports from Management on ESG-related opportunities and other issues and assess the appropriateness, both in terms of relevance to the Corporation and timing, for Management to pursue such opportunities.

(3) Review the Corporation's ESG disclosure, including its ESG report, and make recommendations to the Board in that regard.

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

(5) Review, approve and recommend for Board approval all related-party transactions, including any renewal thereof.

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

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

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

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

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

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

(12) 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.

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

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

5 COMPLAINTS 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.

6 LIMITATIONS ON COMMITTEE'S DUTIES

(1) 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.

(2) 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 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.

(3) The Committee is a committee of the Board and is not and shall not be deemed to be an agent of the Corporation's securityholders for any purpose whatsoever. The Board may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively, and no provision contained herein is intended to give rise to civil liability to securityholders of the Corporation or other liability whatsoever.

Adopted on October 16, 2009, last amended on April 20, 2021