

Dollarama To Acquire 50.1% of Dollarcity, Establishing Second Growth Platform

July 2, 2019



Cautionary statement



Forward-Looking Statements

Certain statements in this presentation, and in any discussion during or following this presentation, about current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. The words “may”, “will”, “would”, “should”, “could”, “expects”, “plans”, “intends”, “trends”, “indications”, “anticipates”, “believes”, “estimates”, “predicts”, “likely” or “potential” or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements. Forward-looking statements include, without limitation, statements relating to the following: (i) the financial performance of Dollarcity, (ii) the accretive impact of the Dollarcity transaction on the Corporation’s earnings, (iii) the estimated purchase price to be paid by the Corporation for a 50.1% interest in Dollarcity, (iv) the operational integration of Dollarcity, (v) the count and geographic distribution of Dollarcity’s new store openings, (vi) demographic and market trends in Latin America, and (vii) growth opportunities derived from the Dollarcity transaction. Forward-looking statements are based on information currently available to us and on estimates and assumptions made by us regarding, among other things, general economic conditions and the competitive environment within the retail industry in Canada and in Latin America, in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate and reasonable in the circumstances, but there can be no assurance that such estimates and assumptions will prove to be correct. Many factors could cause 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 factors similar to those discussed in greater detail in the “Risks and Uncertainties” section of the Corporation’s management’s discussion and analysis and in the “Risk Factors” section of the Corporation’s annual information form for the Corporation’s fiscal year ended February 3, 2019, both available on SEDAR at www.sedar.com, including the following: future increases in operating costs, future increases in merchandise costs, inability to sustain assortment and replenishment of merchandise, increase in the cost or a disruption in the flow of imported goods, failure to maintain brand image and reputation, disruption of distribution infrastructure, inventory shrinkage, inability to increase warehouse and distribution centre capacity in a timely manner, market acceptance of private brands, failure to protect trademarks and other proprietary rights, foreign exchange rate fluctuations, interest rate risk associated with variable rate indebtedness, competition in the retail industry, 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, natural disasters, climate change and geopolitical events, unexpected costs associated with current insurance programs, product liability claims and product recalls, litigation, regulatory and environmental compliance. These factors are not intended to represent a complete list of the factors that could affect the Corporation or Dollarcity; 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 and Dollarcity’s financial performance and to assist the reader in understanding certain key elements of the Corporation’s and Dollarcity’s current objectives, strategic priorities, expectations and plans and may not be appropriate for other purposes; readers should not place undue reliance on forward-looking statements made herein. Furthermore, unless otherwise stated, the forward-looking statements contained in this presentation are made as at the date of those statements and we have no intention and undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. The financial outlook for Dollarcity’s calendar year 2019 and the financial outlook for the Corporation’s fiscal years ending February 2, 2020 and January 31, 2021 referred to in this presentation are forward-looking statements and are based on financial projections provided by Dollarcity’s management and are subject to the risks and uncertainties identified above. The purpose of such financial outlook is to provide an estimated purchase price range for the Dollarcity transaction and an estimate of the accretive impact of the Dollarcity transaction on the Corporation’s earnings, and may not be appropriate for other purposes. All of the forward-looking statements contained in this presentation are expressly qualified by this cautionary statement.

Cautionary statement (cont'd)



Non-GAAP Financial Measures

The Corporation reports its financial results in accordance with generally accepted accounting principles in Canada (GAAP) as set out in the CPA Canada Handbook - Accounting under Part I, which incorporates International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Dollarcity reports its financial results in accordance with International Financial Reporting Standards for Small Medium Enterprises (IFRS for SEMs), which do not include IFRS 16, Leases. However, this presentation also refers to EBITDA, a non-GAAP measure which represents operating income plus depreciation and amortization. EBITDA does not have a standardized meaning prescribed by GAAP and is therefore unlikely to be comparable to similar measures presented by other companies. Non-GAAP measures, including EBITDA, provide investors with a supplemental measure of operating performance and financial position and thus highlight trends in the core business that may not otherwise be apparent when relying solely on GAAP measures. These measures are used to bridge differences between external reporting under GAAP and external reporting that is tailored to the retail industry and should not be considered in isolation or as a substitute for financial performance measures calculated in accordance with GAAP. Management uses non-GAAP measures in order to facilitate operating and financial performance comparisons from period to period, to prepare annual budgets, to assess the Corporation's ability to meet future debt service, capital expenditure and working capital requirements, and to evaluate senior management's performance. We believe that securities analysts, investors and other interested parties frequently use non-GAAP measures in the evaluation of issuers. Refer to the appropriate footnote of this presentation for a reconciliation of EBITDA, the non-GAAP measure used and presented in this presentation, to operating income, the most directly comparable GAAP measure.

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Transaction overview



Dollarama (DOL) to acquire 50.1% interest in Dollarcity

- 2018¹ sales of US\$236M, EBITDA² of US\$36.6M (16% EBITDA margin)
- Estimated 2019 sales of ~US\$333M and EBITDA of ~US\$50M³
- Closing expected in August 2019

Estimated total purchase price of US\$85-95M

- Equity value to be calculated as 5x EBITDA of audited financial statements for the 12 months ending June 30, 2020, minus net debt +/- other customary adjustments⁴
- Payment of US\$40M upon closing; balance to be paid in Q3 F2021 as a result of acceleration of call option
- Purchase to be funded by available free cash flows
- Investment to be reported based on equity method

Immediately accretive to DOL EPS

- +CA\$0.02-0.03 per share in F2020⁵
- +CA\$0.05-0.07 per share in F2021

(1) Dollarcity full-year financial results are for the 12-month period ended December 31, 2018.

(2) EBITDA is a non-GAAP measure. A reconciliation of EBITDA to the most directly comparable GAAP measure, operating income, is included below.

(dollars in millions)

	Dec. 31, 2018	Dec. 31, 2019
	\$	\$
		Estimated ⁽³⁾
Operating income	30.7	39.6
Add: Depreciation and amortization	5.9	10.4
EBITDA	36.6	50.0

(3) Based on financial projections provided by Dollarcity management. This forward-looking financial information is disclosed for the purposes of providing an estimated purchase price range.

(4) Purchase price formula reflects financial terms agreed upon in 2013.

(5) F2020 EPS will include approximately 5 months of Dollarcity earnings.

Transaction rationale



Second growth platform

- Favourable demographics and economic fundamentals in Latin America (LATAM)
- Attractive retail markets with growing presence of global retailers and brands
- Significant growth opportunity in value retail segment
- Target of 600 Dollarcity stores in El Salvador, Guatemala and Colombia by 2029

Proven business model

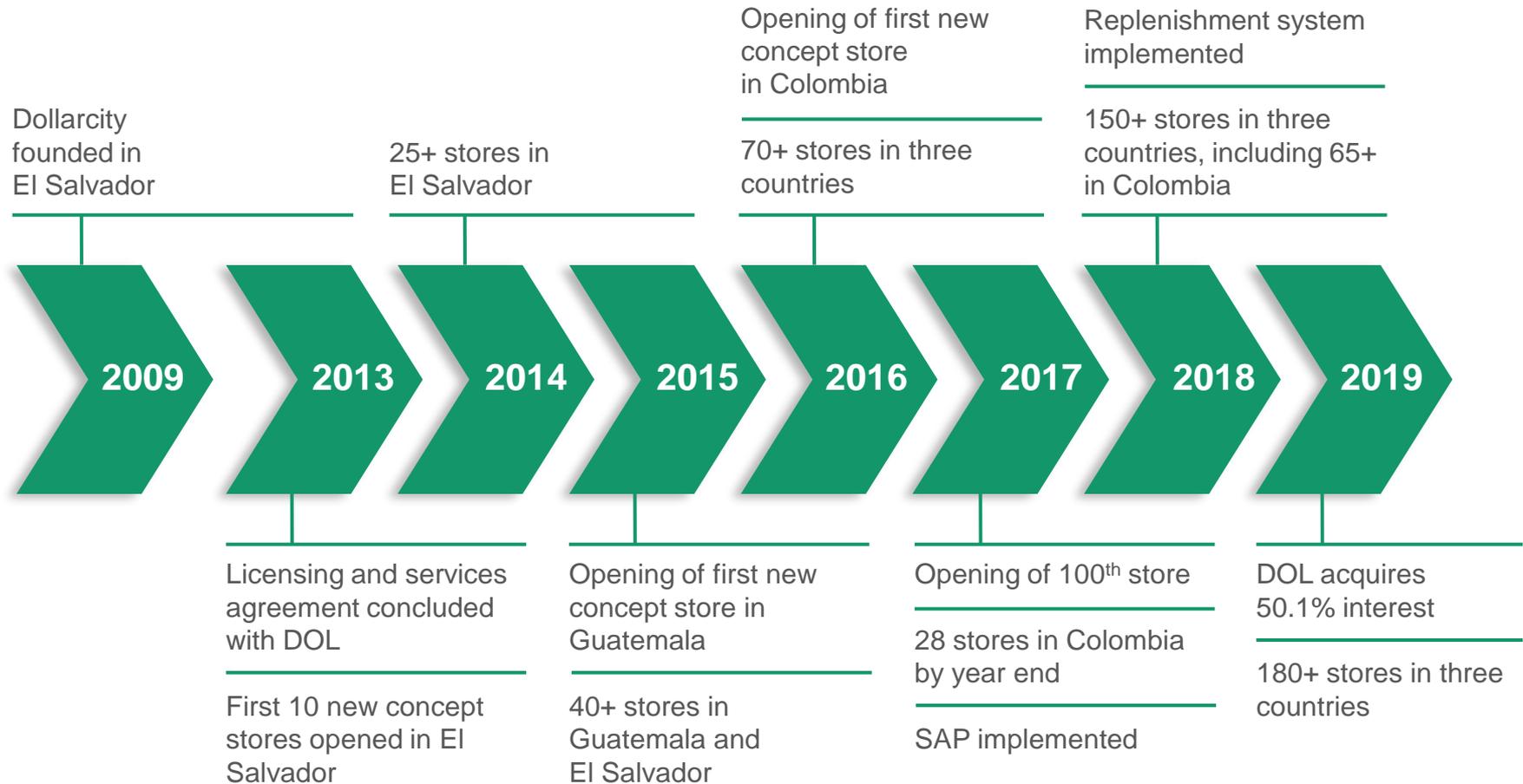
- Commercial relationship between DOL and Dollarcity since 2013
- Success in creating 'localized' DOL to deliver compelling value to LATAM consumers
- Dollarcity has surpassed all contractual KPIs to date: new store openings, sales, gross margin and EBITDA
- No integration required; business as usual following transaction

Strong local partners

- A leading business group in Central America with experience in aviation, banking, telecom, food processing and agriculture, real estate and retail
- LATAM market knowledge, expertise and relationships
- Involvement as long-term investors and operators; will continue to lead the business

Dollarcity is expected to have an immediately accretive impact on DOL earnings

Track record of rapid growth



Dollarcity today



- Dollarcity initially tested the Dollarama concept in El Salvador and Guatemala, and has successfully built an established presence in these two markets
- Since 2017, network expansion has been mainly focused on Colombia, a compelling retail market with significant growth opportunities
- Dollarcity head office in Panama City, a recognized strategic hub for serving LATAM markets

Guatemala

- 54 Dollarcity stores
- Local warehouse

El Salvador

- 44 Dollarcity stores
- Administrative office in San Salvador
- International warehouse
- Local warehouse

Panama

- Head office in Panama City

Colombia

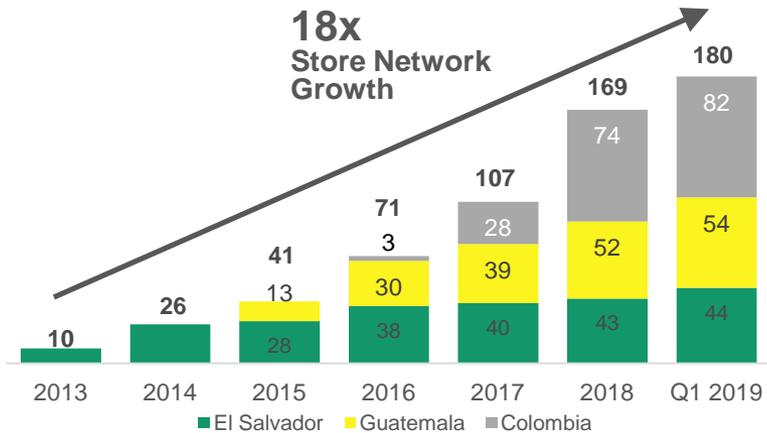
- 82 Dollarcity stores
- Local warehouse

**180
Dollarcity
stores**

Accelerated store network



DOLLARCITY STORE NETWORK GROWTH
(Number of stores)



	Dollarcity	DOLLARAMA
<i>(As at respective year ends)</i>	Dec. 31, 2018¹	Feb. 3, 2019
NUMBER OF STORES	169	1,225
SALES	CA\$309 million (US\$236 million)	CA\$3,549 million

- Strong execution in store network growth
- Dollarcity sales performance comparable to DOL

(1) US\$ amounts converted to CA\$ using a USD/CAD average exchange rate of 1.31 for the year ended December 31, 2018.

San Salvador, El Salvador



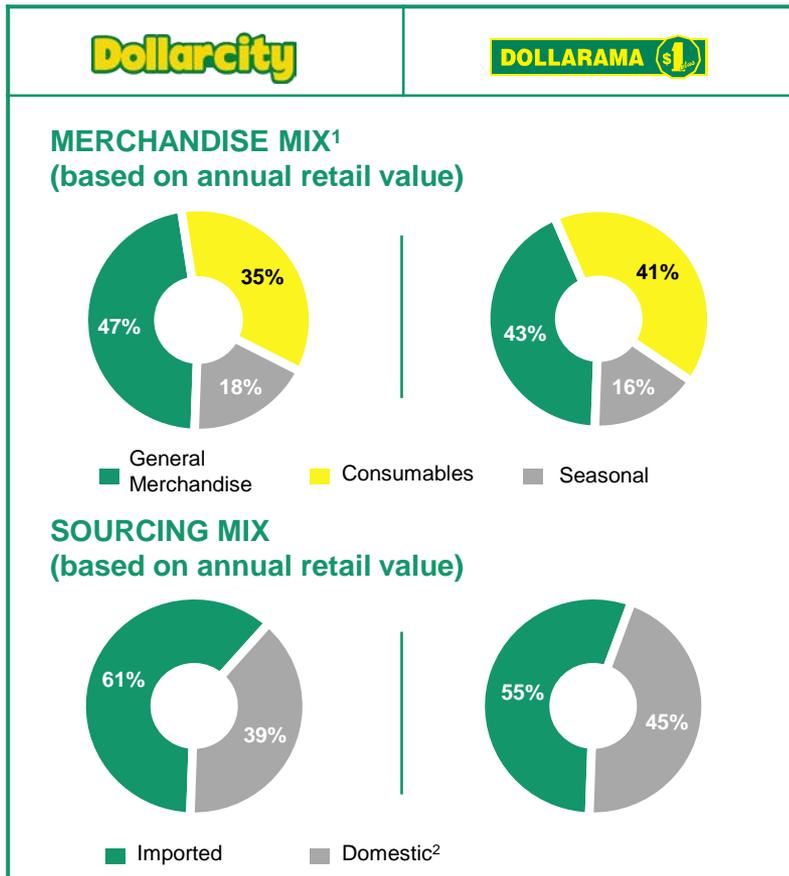
Guatemala City, Guatemala



Bogota, Colombia



A 'localized' Dollarama



	Dollarcity	DOLLARAMA
<i>(As at respective year ends)</i>	Dec. 31, 2018³	Feb. 3, 2019
PRICE POINT RANGE⁴	US\$0.69-\$3.00 or equivalents in local currencies	CA\$0.82-\$4.00
NEW STORE INVESTMENT	CA\$786,000 (US\$600,000)	CA\$700,000

- Successful in adapting DOL business model to LATAM markets and consumers
- Rapid new store payback period

(1) Merchandise mix categories may differ slightly between DOL and Dollarcity.

(2) For DOL, domestic refers to merchandise purchased in North America. For Dollarcity, domestic refers to merchandise purchased in the countries where the company operates stores.

(3) US\$ amounts converted to CA\$ using a USD/CAD average exchange rate of 1.31 for the year ended December 31, 2018.

(4) Dollarcity price points include value-added tax.

An attractive market with compelling growth potential



LATAM is second largest emerging market

- Dynamic growth rates compared to developed regions
- Young and increasingly urban population with similar spending habits as North America
- Showed resiliency through the 2008-2009 global financial crisis and 2016 slowdown

Attractive market for global retailers

- Strong presence and growth of global retailers and brands, with nearly $\frac{1}{3}$ of retail revenue in LATAM region coming from foreign operations
- Of the world's 250 top retailers, those in LATAM had the highest year-over-year revenue growth and profit margins in FY2017

Value retail, a rapidly growing segment

- Presence of discount retailers in LATAM continues to increase, outperforming other retail channels
- Segment has been widely accepted, increasing retail industry share over last five years

Dollarcity growth plan to 2029



- Colombia represents the largest growth opportunity within deal countries¹
- Target of 600 stores in three countries by 2029
 - Majority of store network growth will be focused in Colombia
 - Opportunistic growth in Guatemala and El Salvador
- Target of 40-50 net new stores in 2019, primarily in Colombia
 - 11 net new stores opened in Q1-19

Guatemala

- Opportunistic growth

El Salvador

- Opportunistic growth

Panama

- Head office in Panama City

Colombia

- Primary focus of store network growth

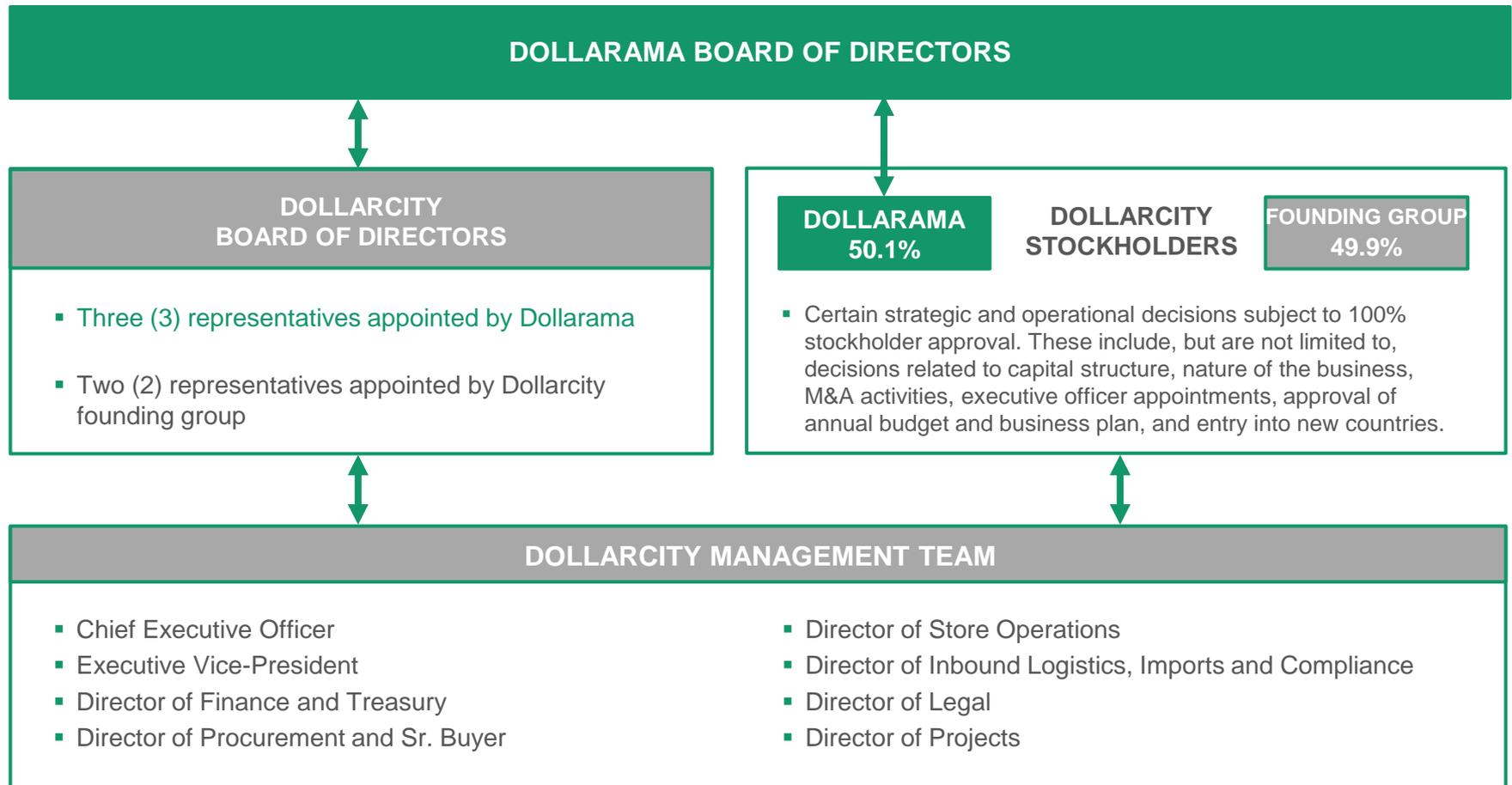
Target of 600 Dollarcity stores

(1) Dollarcity 2013 agreement covers the following territories or 'deal countries': Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama and Peru.

Operational Structure and Governance



Operational structure and governance



Stockholder options



DOL (50.1%)

- No remaining call options
- Ability to postpone the exercise of Dollarcity founding group put right in certain situations
- Ability to purchase all remaining shares not yet held by DOL if the exercise of the put results in Dollarcity founding group holding less than a specified ownership threshold

Dollarcity founding group (49.9%)

- Ordinary course put rights commencing in 2022, subject to transaction size thresholds, required ownership thresholds for designated person and freeze periods, among other conditions and restrictions
- Event-driven put rights in case of sale transaction, DOL change of control or a designated person event
- Exercise of any put right triggers fair market valuation to establish applicable share price

Key Dollarcity executives



MARCO BALDOCCHI

Chief Executive Officer, Dollarcity

Marco Baldocchi founded Dollarcity in 2009 and currently serves as its Chief Executive Officer. He previously served as an independent director at Avianca Holdings S.A. from 2010 to 2014. He was a founding member of Transactel Inc., a call-center operation in Central America serving the US market acquired by Telus International in 2012, as well as a Onelink BPO. Mr. Baldocchi served as a member of the board of directors of Banco Agricola, one

of the largest Central American banks, from 2003 to 2007. Additionally, he currently serves on the board of directors of other aviation-related companies such as Volaris in Mexico (Controladora Vuela Compañía de Aviación, S.A.B. de C.V.) and Aeromantenimiento (MRO Holdings, Inc.) as well as on various committees of the Gloria de Kriete family Foundation which focuses on health and education programs throughout Central America. Mr. Baldocchi holds a master's degree in business administration from the Kellogg School of Management and a degree in economics from Vanderbilt University.

NICOLAS HIEN

Executive Vice President, Dollarcity

Nicolas Hien joined DOL in 2012 and has been Senior Vice President of Project Management and Systems since 2017. In this capacity, Mr. Hien is responsible for overseeing major operational initiatives, including relating to IT, store operations, and distribution and logistics. Since 2013, Mr. Hien has been responsible for the commercial relationship between DOL and Dollarcity.

In his capacity as Executive Vice President of Dollarcity, he will be responsible for direct sourcing, logistics, real estate, IT and other corporate functions. A member of DOL's management committee, Mr. Hien has held increasingly senior leadership roles since joining the company. Prior to that, he was a senior manager with KPMG LLP following its acquisition of the consulting firm where he was a partner since 2008.

He holds a Bachelor of Business Administration in operations management and a Master of Science in logistics from HEC Montréal.

Risk management



Six years of on-the-ground experience

- Good understanding of LATAM markets and retail landscape

Successful in adapting DOL business model in three countries

- Strong growth rate despite economic slowdown in 2016
- Solid execution and compelling growth ahead

Local partner with strong reputation and business acumen

- Successful track record in other industries
- Remains heavily invested in Dollarcity future

Thorough due diligence process throughout term of relationship

- Supported by comprehensive third-party analysis and perspectives

Political
and Social

Economic
and Financial

Legal and
Regulatory

Competitive
Landscape

Operational

Priorities: Disciplined execution of DOL growth plan



Execute Canadian platform growth plan

- Open 60-70 net new Dollarama stores in FY2020
- Target of 1,700 stores in Canada by 2027

Execute LATAM platform growth plan

- Open 40-50 net new Dollarcity stores in 2019, primarily in Colombia
- Target of 600 stores in three countries by 2029
- Continue implementation of various operational initiatives

Create value for all stakeholders



A growing market with strong fundamentals



LATAM is second largest emerging market

- GDP of US\$5.6 trillion, ~6% of world's global GDP
- Population of ~644M people
- Dynamic growth rates compared to developed regions

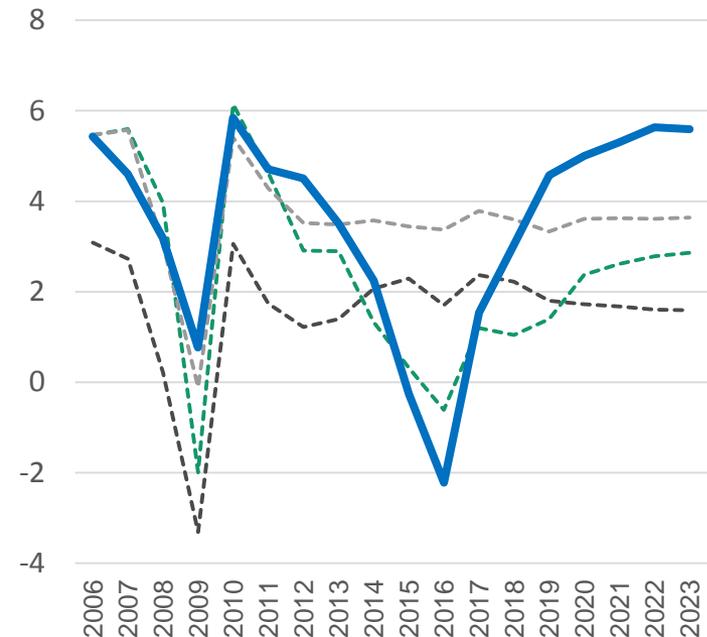
Young and increasingly urban population

- ~50% of population under age of 29 (~35.0% in Canada)
- Women increasingly joining the workforce
- Spending habits similar to North America

Increased economic growth and stability

- Showed resiliency through the 2008-2009 global financial crisis and 2016 slowdown
- Strong presence and growth of global retailers and brands

LATAM RETAIL GROWTH
vs. REAL GDP GROWTH 2006-2023
(Annual % change)



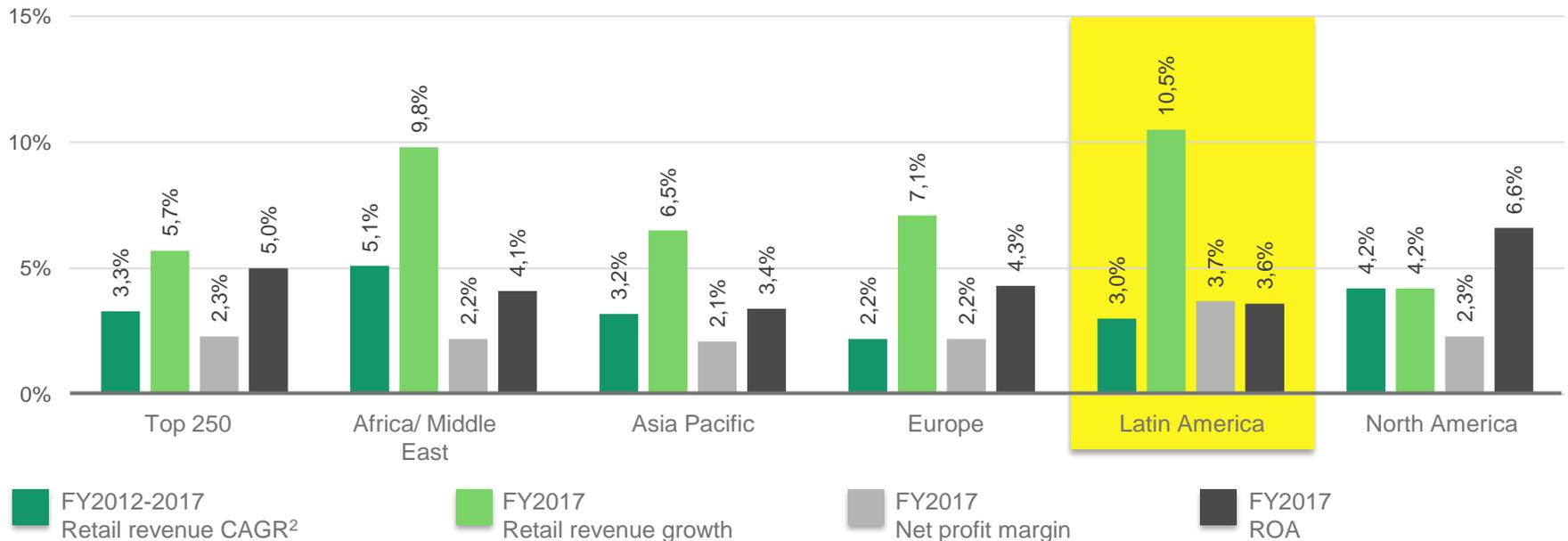
- Retail growth in LATAM
- GDP growth:
- Advanced economies
- - - - - LATAM and the Caribbean
- World

An attractive market for global retailers



- Strong presence of global retailers and brands in LATAM with 27.1% of retail revenue in the region coming from foreign operations
- Of the world's 250 top retailers, those in LATAM had the highest year-over-year revenue growth and profit margins

RETAIL REVENUE GROWTH AND PROFITABILITY BY REGION¹, FY2017



Source: Global Powers of Retailing 2019, Deloitte, Euromonitor
Results reflect Top 250 companies headquartered in each region/country

¹ Sales-weighted, currency-adjusted composites
² Compound annual growth rate

A healthy appetite for value retail



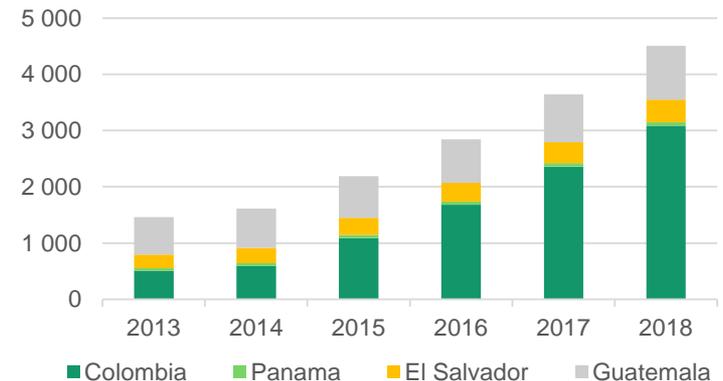
Value retail, a rapidly growing segment

- Discount retailers in countries of interest¹ showed a 25.2% CAGR from 2013-2018 in current US\$ terms
- Segment has been widely accepted in these countries, increasing retail industry share on average by ~105 bps from 2013-2018
- Growth driven by store openings

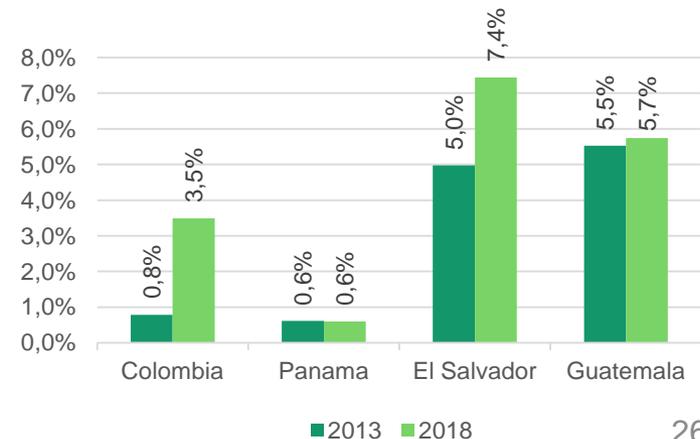
Appealing value proposition for customers

- Sound business model for both low- and high-income consumers
- Presence of discount retailers continues to increase, outperforming other retail channels

DISCOUNTERS MARKET SIZE IN SELECTED COUNTRIES (\$M, current values)



DISCOUNTERS MKT SIZE / TOTAL RETAIL MKT SIZE (%)

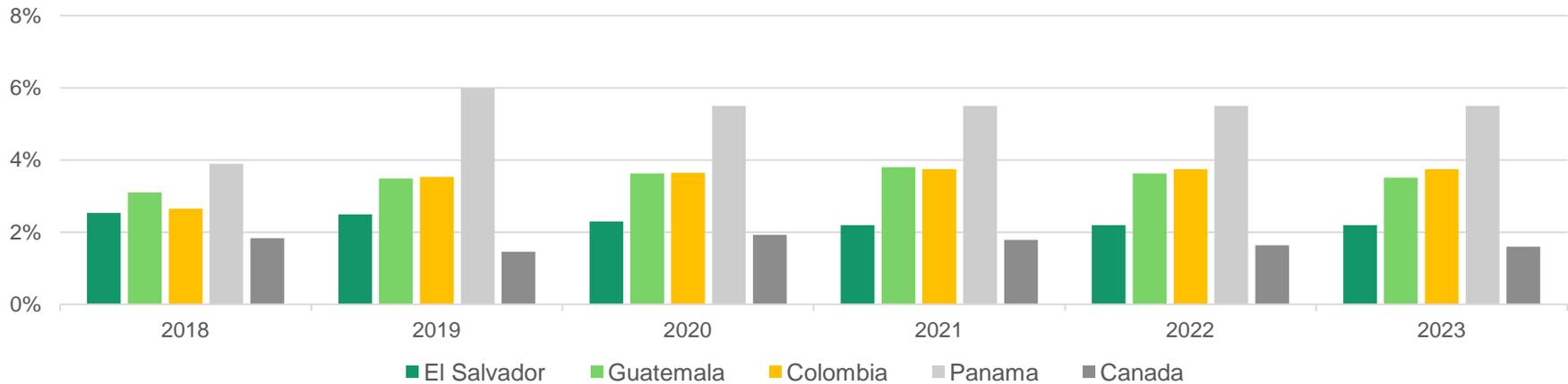


Source: Euromonitor; Deloitte
 (1) Colombia, Panama, Guatemala, El Salvador

Select LATAM country data vs. Canada



REAL GDP GROWTH 2018-2023



Country	Population 2018 (M)	Nominal GDP 2018 (US\$ B)	Average GDP Growth in Last 5 Years (%) ¹
El Salvador	6.6	26	2.4%
Guatemala	17.3	79	3.3%
Colombia	49.8	333	2.3%
Panama	4.2	65	5.0%
Total	77.9	503	2.7%
Canada	37.0	1,711	1.6%

Source: ©IMF

(1) Total GDP growth in last 5 years is CAGR of real GDP in national currency from 2014-2018.

Recap: DOL and Dollarcity Relationship



2013 TRANSACTION	2016 AGREEMENT AMENDMENT	2019 CALL OPTION ACCELERATION
<ul style="list-style-type: none"> In February 2013, DOL announced that it had entered into an agreement, through Dollarama International Inc., a wholly-owned subsidiary, to share its business expertise and provide sourcing services to Dollarcity, a Central American dollar store chain looking to expand its activities in Central America, Colombia, Peru, and Ecuador (the “Region”). At the time, Dollarcity operated 15 locations in the Region. As per the terms of the agreement, DOL agreed to share its business and operational expertise as well as leverage its direct sourcing and importing expertise to provide Dollarcity’s growing network of stores with a compelling product offering. The agreement had a term of 8 years, did not require DOL to make any capital commitments, and contained key financial performance indicators at specified milestones through the term. The agreement included an option for DOL to acquire a 50.1% interest in Dollarcity as of the beginning of the seventh year, based on an agreed upon purchase price formula. 	<ul style="list-style-type: none"> In 2016, the agreement was amended to postpone the original call option window from Feb. 2019-Feb. 2021 to Feb. 2020-Feb. 2022 and the relevant financial period for the purposes of the purchase price calculation. These amendments were made to provide the parties with more time to test the value retail concept in Colombia and to take into account the additional investments required to be made by Dollarcity to enter this market. One year after entry, Dollarcity’s performance in Colombia already exceeded expectations and KPIs. 	<ul style="list-style-type: none"> DOL negotiated with Dollarcity to advance the exercise of the call option to July 2, 2019. The purchase price calculation formula as per the 2013 agreement and the relevant financial period as per the 2016 amendment were maintained. The two-step payment process with an upfront payment at closing and a balance to be paid at later date is a direct result of the acceleration of the call option. Calculation of equity value and total purchase price based on 5x EBITDA of audited financial statements for the 12-month period ending June 30, 2020, minus net debt +/- other customary adjustments. <ul style="list-style-type: none"> US\$40M closing payment, and Balance to be paid in Q3 F2021. Purchase to be funded by available free cash flows. Acquisition subject to customary closing conditions, expected in August 2019

Thank you

