



DOREL JUVENILE

Maxi-Cosi
Quinny
Tiny Love
Safety 1st
Bébé Confort
Cosco
Infanti

DOREL SPORTS

Cannondale
Schwinn
Caloi
GT
Mongoose
KidTrax

DOREL HOME

Dorel Home Products
Cosco Home & Office
Ameriwood
Dorel Living
Signature Sleep
Little Seeds

EXCHANGES

TSX: DII.B, DII.A

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C O M M U N I Q U É

Dorel Announces Increase in Purchase Price for Going-Private Transaction

- Purchase price increased to C\$16.00 in cash per share

Montréal, February 1, 2021 – Dorel Industries Inc. (TSX: DII.B, DII.A) (“**Dorel**”) announces that it has entered into an amendment (the “**Amending Agreement**”) to the arrangement agreement dated November 12, 2020 (the “**Arrangement Agreement**”) under which a buyer group (the “**Buyer Group**”) led by an affiliate of funds managed by Cerberus Capital Management, L.P. (“**Cerberus**”) has agreed to acquire, for an increased purchase price of C\$16.00 in cash per share, all of Dorel’s issued and outstanding Class A Multiple Voting Shares and Class B Subordinate Voting Shares, except for an aggregate of 4,009,410 Class A Multiple Voting Shares and 2,573,503 Class B Subordinate Voting Shares owned by Martin Schwartz, Alan Schwartz, Jeffrey Schwartz, Jeff Segel and certain members of their respective immediate families (collectively, the “**Family Shareholders**”), by way of a statutory plan of arrangement under the *Business Corporations Act* (Québec) (the “**Arrangement**”).

The increase in the purchase price follows exchanges and discussions with shareholders holding more than 50% of Dorel’s Class B Subordinate Voting Shares. The revised terms for the Arrangement and the Amending Agreement have been unanimously approved by Dorel’s Board of Directors (with Martin Schwartz, Alan Schwartz, Jeffrey Schwartz and Jeff Segel having recused themselves), acting on the unanimous recommendation of the Special Committee comprised of Dorel’s six independent directors.

The increased purchase price of C\$16.00 per share represents a 10.3% increase to the initial purchase price of C\$14.50 per share. It also represents a premium of:

- 267.8% to the C\$4.35 closing price of Dorel’s Class B Subordinate Voting Shares on the Toronto Stock Exchange (“**TSX**”) on February 20, 2020, the date which preceded a five-day market correction related to the COVID-19 pandemic;
- 45.2% to the C\$11.02 closing price of the Class B Subordinate Voting Shares on the TSX on September 4, 2020, the date on which the Buyer Group was granted exclusivity; and
- 30.9% and 18.5% to the 60-day and 30-day volume weighted average trading price, respectively, of the Class B Subordinate Voting Shares on the TSX for the period ended October 30, 2020.

The increased purchase price of C\$16.00 per share is above the mid-point of the range for the fair market value of the shares of C\$14.00 to C\$17.00 per share as of November 12, 2020, as set out in the formal valuation of TD Securities Inc. (the “**TD Securities Valuation**”) completed under the supervision of the Special Committee, subject to the scope of review, assumptions and limitations contained therein.

The conclusions and recommendations of the Special Committee and the Board of Directors are based on a number of factors. In addition to the premiums and TD Securities Valuation referred to above, the Arrangement provides Dorel’s public shareholders with certainty of value and immediate liquidity, contains procedural safeguards for the public shareholders, and is an attractive transaction relative to the *status quo*, particularly in light of Dorel’s continuing operational challenges.

Based on an aggregate purchase price of approximately US\$1.012 billion (including assumed debt plus fees and expenses of approximately US\$65 million) and Dorel’s adjusted last twelve months (“**LTM**”) EBITDA as of September 30, 2020 of US\$119.6 million, as set out in the TD Securities Valuation, the Buyer Group will acquire Dorel for approximately 8.5 x adjusted LTM EBITDA.

The purchaser has advised Dorel that it intends to fund the aggregate purchase price (including fees and expenses) of approximately US\$1.012 billion plus a contingent tax liability of approximately US\$57 million from the following sources:

- US\$500 million of funded debt from third-party financing parties;
- US\$314 million of preferred and common equity from Cerberus and Koch Equity Development LLC;
- US\$83 million of common equity which the Family Shareholders will roll over in the transaction at a deemed price of C\$16.00 per share; and
- Committed revolving credit lines to fund (i) the required cash investment in net working capital to support Dorel’s business at current revenue expectations, and (ii) a contingent tax liability in Luxembourg of up to approximately US\$57 million plus applicable interest with respect to the transfer of certain assets in connection with an internal corporate reorganization that took place in 2015, as referred to in Dorel’s press release of January 26, 2021.

Pursuant to the Amending Agreement, the termination fee payable by Dorel to the purchaser in certain circumstances, including if the purchaser fails to exercise its right to match in the context of a superior proposal supported by Dorel, has been increased to approximately C\$15.6 million from approximately C\$14.1 million and the termination fee payable by the purchaser if the Arrangement is not completed in certain circumstances has been increased to approximately C\$26.0 million from approximately C\$23.6 million. Both increases are proportionate to the 10.3% increase in the purchase price.

As previously announced, Dorel will hold a special meeting of shareholders in virtual-only format at 10 a.m. (eastern time) on February 16, 2021 (the “**Special Meeting**”) to vote on a resolution to approve the Arrangement (the “**Arrangement Resolution**”). **The Board of Directors of Dorel, acting on the unanimous recommendation of the Special Committee, unanimously recommends** (with Martin Schwartz, Alan Schwartz, Jeffrey Schwartz and Jeff Segel having recused themselves) **that shareholders vote FOR the Arrangement Resolution**. Shareholders are encouraged to vote well before the deadline of 5:00 p.m. (eastern time) on Friday, February 12, 2021.

The Arrangement Resolution must be approved by at least (i) 66 ^{2/3}% of the votes cast by Dorel shareholders present in person or represented by proxy at the Special Meeting and entitled to vote, voting as a single class, and (ii) a majority (50% + 1) of the votes cast by holders of Class B Subordinate Voting Shares present in person or represented by proxy at the Special Meeting and entitled to vote, other than the Family Shareholders and their respective affiliates. Full details regarding the Special Meeting are contained in Dorel’s management information circular dated December 3, 2020 (the “**Circular**”) and the supplement thereto dated January 7, 2021 (the “**Supplement**”), both of which are available under Dorel’s profile on SEDAR at www.sedar.com and on Dorel’s website at www.dorel.com. The Arrangement is also subject to final approval by the Québec Superior Court.

Dorel shareholders are urged to read the Circular, including the Valuation annexed thereto at Appendix F, and the Supplement in their entirety. Information on the Arrangement, including updated FAQs and important documents, is also available at www.dorel.com.

How to VOTE on the Revised Arrangement or CHANGE YOUR VOTE

As set out in Dorel's press release of January 7, 2021, the Supplement and related proxy materials, including a new proxy form or voting instruction form, as applicable, have been distributed to shareholders holding shares as of the close of business on January 7, 2021, the new record date for the Special Meeting. **Shareholders who previously voted using the original proxy form or voting instruction form are required to vote again, using the new proxy form or voting instruction form, in order for their votes to be counted. Shareholders are asked to follow the instructions for voting by internet, telephone or mail set out in the new proxy form or voting instruction form.**

If you have already voted using the new proxy form or voting instruction form and wish to change your vote, you can submit your new vote in accordance with the instructions in the section of the Circular entitled "Voting Information – Appointment and Revocation of Proxies", prior to the deadline of 5:00 p.m. (eastern time) on Friday, February 12, 2021, and your new vote will supersede and replace any previously submitted vote.

Shareholders with questions on how to vote should contact Kingsdale Advisors, Dorel's strategic shareholder advisor and proxy solicitation agent, at 1-888-823-4343 (toll-free within North America) or at 1-416-867-2272 (outside of North America) or by email at contactus@kingsdaleadvisors.com.

Strategic Shareholder and Communications Advisor

Kingsdale Advisors is acting as strategic shareholder and communications advisor to Dorel.

About Dorel Industries Inc.

Dorel Industries Inc. (TSX: DII.B, DII.A) is a global organization, operating three distinct businesses in juvenile products, bicycles and home products. Dorel's strength lies in the diversity, innovation and quality of its products as well as the superiority of its brands. Dorel Juvenile's powerfully branded products include global brands Maxi-Cosi, Quinny and Tiny Love, complemented by regional brands such as Safety 1st, Béb  Confort, Cosco and Infanti. Dorel Sports brands include Cannondale, Schwinn, GT, Mongoose, Caloi and IronHorse. Dorel Home, with its comprehensive e-commerce platform, markets a wide assortment of domestically produced and imported furniture. Dorel has annual sales of US \$2.6 billion and employs approximately 8,000 people in facilities located in 25 countries worldwide.

Caution Regarding Forward-Looking Statements

Certain statements included in this press release may constitute "forward-looking statements" within the meaning of applicable Canadian securities legislation. More particularly and without limitation, this press release contains forward-looking statements and information regarding the completion of the Arrangement. Except as may be required by Canadian securities laws, Dorel does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Forward-looking statements, by their very nature, are subject to numerous risks and uncertainties and are based on several assumptions which give rise to the possibility that actual results could differ materially from Dorel's expectations expressed in or implied by such forward-looking statements. As a result, Dorel cannot guarantee that any forward-looking statements will materialize, or if any of them do, what benefits Dorel will derive from them.

Although Dorel believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct, that the Arrangement will be completed or that it will be completed on the terms and conditions contemplated in this press release. Accordingly, investors and others are cautioned that undue reliance should not be placed on any forward-looking statements.

Risks and uncertainties inherent in the nature of the Arrangement include, without limitation, the failure of the parties to obtain the necessary shareholder, regulatory and court approvals or to otherwise satisfy the conditions for the completion of the

Arrangement; failure of the parties to obtain such approvals or satisfy such conditions in a timely manner; significant transaction costs or unknown liabilities; the ability of the Board of Directors to consider and approve, subject to compliance by Dorel with its obligations under the Arrangement Agreement, as amended by the Amending Agreement, a superior proposal for Dorel; the failure to realize the expected benefits of the Arrangement; and general economic conditions. Failure to obtain the necessary shareholder, regulatory and court approvals, or the failure of the parties to otherwise satisfy the conditions for the completion of the Arrangement or to complete the Arrangement, may result in the Arrangement not being completed on the proposed terms or at all. In addition, if the Arrangement is not completed, and Dorel continues as an independent entity, there are risks that the announcement of the proposed Arrangement and the dedication of substantial resources by Dorel to the completion of the Arrangement could have an impact on its business and strategic relationships, including with future and prospective employees, customers, suppliers and partners, operating results and activities in general, and could have a material adverse effect on its current and future operations, financial condition and prospects. Furthermore, the failure by Dorel to comply with the terms of the Arrangement Agreement, as amended by the Amending Agreement, may, in certain circumstances, result in it being required to pay a fee to the Buyer Group, the result of which could have a material adverse effect on its financial position and results of operations and its ability to fund growth prospects and current operations. Consequently, Dorel cautions readers not to place undue reliance on the forward-looking statements and information contained in this press release.

No Offer or Solicitation

This announcement is for informational purposes only and does not constitute an offer to purchase or a solicitation of an offer to sell Dorel shares.