



January 7, 2021

Dear Fellow Shareholder:

As announced by Dorel Industries Inc. ("**Dorel**") on December 24, 2020, Dorel's Board of Directors (the "**Board**") has postponed to Tuesday, February 16, 2021 the special meeting (the "**Meeting**") of the holders of Class A Multiple Voting Shares and Class B Subordinate Voting Shares previously scheduled for January 12, 2021. The Meeting will be held virtually at 10:00 a.m. (eastern time). As well, the Board has set January 7, 2021 as the new record date for the Meeting.

The Board postponed the Meeting in order to give Dorel shareholders additional time to consider the terms and conditions of the statutory plan of arrangement (the "**Arrangement**") described below, and for Dorel to engage with its shareholders. The Board believes that the additional time will also allow Dorel shareholders to consider the significant effects of the second wave of the COVID-19 pandemic, which is impacting global economies and which may adversely affect Dorel's operations and financial results.

The Meeting has been called to consider a special resolution approving a statutory plan of arrangement under which a buyer group (the "**Buyer Group**") led by an affiliate (the "**Purchaser**") of funds managed by Cerberus Capital Management, L.P. will acquire all of Dorel's issued and outstanding shares at a price of \$14.50 in cash per share (the "**Consideration**"), 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 and Jeff Segel and certain members of their respective immediate families (the "**Family Shareholders**"), which will be acquired by an affiliate of the Purchaser in exchange for an indirect equity interest in the Purchaser, as provided for in the Arrangement Agreement dated November 12, 2020 between Dorel and the Purchaser.

The Consideration to be received by Dorel shareholders, other than the Family Shareholders (the "**Public Shareholders**"), is all cash – providing certainty and immediate liquidity – and represents a premium of:

- 233% to Dorel's share price (\$4.35) on February 20, 2020, the date which preceded a five-day market correction related to the COVID-19 pandemic;
- 32% to the \$11.02 closing price of Dorel's Class B Subordinate Voting Shares on the Toronto Stock Exchange ("**TSX**") on September 4, 2020, the date on which the Buyer Group was granted exclusivity; and
- 19% to the 60-day volume weighted average trading price of Dorel's Class B Subordinate Voting Shares on the TSX for the period ended October 30, 2020.

Public Shareholders should also consider the following elements of the Arrangement as well as the global factors impacting Dorel's business operations, as previously disclosed in detail in our press release of December 21, 2020:

- The intent to privatize Dorel and the formation of a Special Committee to oversee the privatization process began before the COVID-19 pandemic. While Dorel's business has benefited from tailwinds related to the COVID-19 pandemic in recent quarters, the environment ahead remains uncertain. The recent share price recovery and improved cash flow profile resulted in materially higher offers to purchase the shares of Dorel than were received at the outset of the privatization process in the spring of 2020 and to a significant premium compared to the trading price of Dorel's shares prior to the COVID-19 pandemic.
- All three of our segments are continuing to deal with known and increasing challenges, creating delays and incremental costs across the supply chain which we expect will extend into 2021:
 - A scarcity of container availability out of Asia is disrupting our supply chain and impacting our ability to satisfy customer demand, which remains strong for the Sports and Home segments. Critical shipments are being made at very high shipping rates while others are delayed, resulting in a material increase in container costs and negatively impacting our costs and profitability;
 - The Chinese Yuan (RMB) has risen in value against the U.S. dollar by approximately 7% since July 1, 2020. With most of our supply being sourced from China and invoiced in U.S. dollars, this has resulted in price increases by our suppliers; and
 - Bicycle and furniture factories in Asia, as well as their suppliers, are running at full capacity, further limiting our ability to negotiate pricing on our purchases.
- The Consideration to be received by Public Shareholders (\$14.50 in cash per share) is fair, supported by an independent formal valuation from TD Securities Inc. and fairness opinions from TD Securities and BMO Nesbitt Burns Inc. TD Securities concluded that the fair market value of the shares ranged from \$14.00 to \$17.00 per share, and not the fair market value range quoted by certain shareholders.
- The shares held by the Family Shareholders, representing 20.25% of Dorel's outstanding shares, will be exchanged for an indirect equity interest in the Purchaser based on an implied per share value of \$14.50, the same as the Consideration to be received by Public Shareholders. After taking into account the incremental leverage associated with the Purchaser's preferred equity financing and debt financing, the interest of the Family Shareholders in the common equity of the Purchaser will be approximately 26.7% on a *pro forma* basis. Contrary to public statements made by certain shareholders, the *pro forma* increase in the Family Shareholders' economic ownership is solely a function of the additional debt and preferred shares being issued by the Purchaser to fund the Arrangement. The opportunity for the Family Shareholders to share in a limited portion of the future profits at a maximum rate of approximately 31.5% is available only in the event certain performance conditions are satisfied. There is no certainty this will occur.

As a new record date has been set for the Meeting, annexed you will find a supplement to Dorel's management information circular dated December 3, 2020, as filed on SEDAR on December 4, 2020, as well as a new proxy form or voting instruction form, as applicable, and, for registered shareholders, a letter of transmittal. **Please discard the proxy form or voting instruction form you previously received from Dorel.**

IF YOU HAVE ALREADY VOTED, YOU MUST VOTE AGAIN IN ORDER FOR YOUR VOTES TO BE COUNTED. PLEASE FOLLOW THE INSTRUCTIONS FOR VOTING BY INTERNET, TELEPHONE OR MAIL SET OUT IN THE ENCLOSED PROXY FORM OR VOTING INSTRUCTION FORM IN ORDER TO VOTE YOUR SHARES.

The new date for the Meeting and record date as well as the mailing of the supplement were approved by the Québec Superior Court on January 7, 2021. A copy of the Order Amending the Interim Order issued by the Court is annexed to the supplement as Appendix A. Dorel urges all Public Shareholders to carefully consider all of the information contained in the management information circular and the supplement.

Your vote is important regardless of the number of shares you own, and we recommend that you vote FOR the Arrangement.

You are encouraged to vote well before the deadline of 5:00 p.m. (eastern time) on Friday, February 12, 2021.

If you have any questions or need help voting, please contact:

Kingsdale Advisors

Toll-free within North America: 1-888-823-4343

Collect outside of North America: 416-867-2272

Email: contactus@kingsdaleadvisors.com

Special Meeting of Shareholders – Virtual

February 16, 2021 – 10:00 a.m. (eastern time)

<https://calse.voxco.com/SE/?st=imZLd8veiGiZ8xvHNirHIYa8e2xnoeWymyTlgrcW9r8%3D>

For the health and safety of all, the Meeting will be held exclusively online.

On behalf of Dorel and the Board, I would like to thank all shareholders for their support of Dorel and wish you all continued health and safety.

Yours very truly,

(signed) Norman M. Steinberg

Chair of the Special Committee of the Board of Directors
Dorel Industries Inc.