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DOLLARAMA REPORTS FISCAL 2022 SECOND QUARTER RESULTS

MONTREAL, Quebec, September 9, 2021 – Dollarama Inc. (TSX: DOL) ("Dollarama" or the "Corporation") today reported its financial results for the second quarter ended August 1, 2021.

Fiscal 2022 Second Quarter Highlights Compared to Fiscal 2021 Second Quarter Results

- Sales increased by 1.6% to $1,029.3 million;
- Comparable store sales(1)(2) decreased by 5.1%, driven by the ban on the sale of non-essential products in Ontario in place for the first 5.5 weeks of the quarter (May 3 to June 10, 2021, inclusively);
    - For the 7.5-week period following the lifting of the Ontario ban (June 11 to August 1, 2021, inclusively), comparable store sales increased by 5.1% year over year
- Gross margin(1) was 43.4% of sales, compared to 43.9% of sales;
- EBITDA(1) increased by 5.7% to $293.7 million, or 28.5% of sales, compared to 27.4% of sales;
- Operating income increased by 4.3% to $220.5 million, or 21.4% of sales, compared to 20.9% of sales;
- Direct COVID-19 costs amounted to $11.7 million, compared to $34.3 million;
- Diluted net earnings per common share increased by 4.3% to $0.48 from $0.46;
- The Corporation opened 13 net new stores, same as in prior year comparable period, bringing its total store count to 1,381 from 1,314 a year ago;
- The Corporation was active on its normal course issuer bid, with 2,884,381 common shares repurchased for cancellation during the quarter for $163.6 million.

"Our top-line performance in the second quarter of Fiscal 2022 reflects the impact of COVID-19 restrictions in place throughout the quarter, most notably a 5.5-week ban on the sale of non-essential products in our largest Canadian market during peak spring sales season," said President and CEO Neil Rossy.

"We nonetheless delivered positive EPS growth in a challenging landscape for value retailers, and we were pleased to see a notable uptick in customer traffic in our stores, a trend we continue to see today. Over 18 months into the pandemic, our fundamentals and value proposition are strong, and we are well-positioned to continue serving Canadians from all walks of life as the economy reopens."

(1) We refer the reader to the notes in the section entitled "Selected Consolidated Financial Information" of this press release for the definition of these items and, when applicable, their reconciliation with the most directly comparable GAAP measure.
(2) Excludes temporarily closed stores.

Fiscal 2022 Second Quarter Financial Results

All comparative figures that follow are for the second quarter ended August 1, 2021 compared to the second quarter ended August 2, 2020. All financial information presented in this press release has been prepared 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"). EBITDA, EBITDA margin, total debt, net debt and adjusted net-debt-to-EBITDA ratio, which are referred to as "non-GAAP measures", are used throughout this press release to provide a better understanding of the Corporation's financial results. For a full explanation of the Corporation's use of non-GAAP measures, please refer to footnote 1 of the "Selected Consolidated Financial Information" section of this press release. All references to "Fiscal 2021" are to the Corporation's fiscal year ended January 31, 2021, and to "Fiscal 2022" are to the Corporation's fiscal year ending January 30, 2022.

The ongoing COVID-19 pandemic and various measures taken by provincial governments to curb its spread impacted Dollarama's results during the second quarter of Fiscal 2022. Specifically, the Ontario ban on the sale of non-essential products limited Dollarama's ability to sell a large proportion of its seasonal and all-year product offering for a meaningful period of time, while stay-at-home measures and in-store capacity limits in many provinces also impacted consumer shopping patterns throughout the quarter.

Sales for the second quarter of Fiscal 2022 increased by 1.6% to $1,029.3 million, compared to $1,013.6 million in the corresponding period of the prior fiscal year.

Comparable store sales (excluding temporarily closed stores) decreased 5.1% year over year. The decrease is primarily attributable to the length and timing of the ban on the sale of non-essential products in Ontario, Dollarama's largest market where approximately 40% of stores are located. The ban was in place from April 8, 2021 to June 10, 2021, inclusively, or for 5.5 weeks of the quarter, during a period historically representing a significant proportion of spring and garden seasonal sales. Comparable store sales for the quarter consisted of an 8.7% decrease in average transaction size and a 3.9% increase in the number of transactions, reflecting a gradual reversal in consumer shopping patterns compared to the prior year comparable period.

Following the lifting of the ban in Ontario on June 11, 2021, comparable store sales growth for the remaining 7.5 weeks of the second quarter of Fiscal 2022 rebounded to 5.1%, over and above 4.3% growth recorded during the same portion of the second quarter last year. Over a two-year period, comparable store sales growth for the last 7.5 weeks of the second quarter averages at 4.7%.

Gross margin was 43.4% of sales in the second quarter of Fiscal 2022, compared to 43.9% of sales in the second quarter of Fiscal 2021. Gross margin was lower year over year primarily due to lower sales of higher-margin spring and garden products.

General, administrative and store operating expenses ("SG&A") for the second quarter of Fiscal 2022 decreased by 7.2% to $157.1 million, compared to $169.3 million for the second quarter of Fiscal 2021. SG&A for the second quarter of Fiscal 2022 represented 15.3% of sales, compared to 16.7% of sales for the second quarter of Fiscal 2021. This 1.4% variance mainly reflects lower COVID-19 related costs recorded in the second quarter of Fiscal 2022 compared to the prior year.

Incremental direct costs related to COVID-19 measures for the second quarter of Fiscal 2022, all recorded in SG&A, totalled $11.7 million, representing a 115 basis-point impact. This is compared to $32.4 million, representing a 320 basis-point impact, recorded in SG&A in the same period last year.

The Corporation's 50.1% share of Dollarcity's net earnings for the period from April 1, 2021 to June 30, 2021 was $4.1 million, compared to $2.5 million for the same period last year. The Corporation's investment in Dollarcity is accounted for as a joint arrangement using the equity method.

Financing costs increased by $0.3 million, from $22.6 million for the second quarter of Fiscal 2021 to $22.9 million for the second quarter of Fiscal 2022. The increase is mainly due to higher average borrowings.

Net earnings were $146.2 million, or $0.48 per diluted common share, in the second quarter of Fiscal 2022, compared to $142.5 million, or $0.46 per diluted common share, in the second quarter of Fiscal 2021.

Dollarcity Store Growth

During its second quarter ended June 30, 2021, Dollarcity opened 15 net new stores, bringing its total store count to 294 stores with 167 locations in Colombia, 55 in El Salvador, 70 in Guatemala and 2 in Peru. This compares to a total of 264 stores as at December 31, 2020.

Dividend

On September 9, 2021, the Corporation announced that its Board of Directors approved a quarterly cash dividend for holders of common shares of $0.0503 per common share. This dividend is payable on November 5, 2021 to shareholders of record at the close of business on October 8, 2021. The dividend is designated as an "eligible dividend" for Canadian tax purposes.

Normal Course Issuer Bid

On July 5, 2021, the Corporation announced the renewal of its normal course issuer bid and the approval from the Toronto Stock Exchange to repurchase for cancellation up to 19,376,824 common shares, representing 7.5% of the public float as at the close of markets on June 30, 2021, during the 12-month period from July 7, 2021 to July 6, 2022 (the "2021-2022 NCIB").

During the second quarter of Fiscal 2022, 2,884,381 common shares were repurchased for cancellation under the 2021-2022 NCIB and the normal course issuer bid previously in effect, for a total cash consideration of $163.6 million, at a weighted average price of $56.71 per share.

As at August 1, 2021, the Corporation's adjusted net-debt-to-EBITDA ratio(1) was 2.80 times. Barring factors outside of its control due to the ongoing COVID-19 pandemic, the Corporation intends to continue share repurchases under its normal course issuer bid in Fiscal 2022 while maintaining its adjusted net-debt-to-EBITDA ratio within the 2.75 to 3.00 times range.

Outlook and COVID-19 Impact

The future impact of the ongoing COVID-19 pandemic on consumer shopping patterns and the Corporation's results, including potential additional measures that may be taken by provincial governments in response to a fourth wave as well as the pandemic's disruptive effect on international freight among other external factors, remain difficult to quantify or forecast. As a result, guidance for Fiscal 2022 remains limited to the following key metrics:

	Fiscal 2022 Guidance
Net new store openings	60 to 70
Capital expenditures(i)	$160.0 million to $170.0 million

(i) Includes additions to property, plant and equipment, computer hardware and software.

These guidance ranges for Fiscal 2022 are based on a number of assumptions, including the following:

- the number of signed offers to lease and store pipeline for the next 6 months;
- the absence of COVID-related restrictions on construction activities in the provinces where new store openings are planned; and
- the capital budget for Fiscal 2022 for new store openings, maintenance capital expenditures, and transformational capital expenditures (the latter being mainly related to information technology projects).

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, but not limited to, risks related to the ongoing COVID-19 pandemic, which may slow down store openings or which may prompt the Corporation to hold off on planned capital expenditures in order to preserve liquidity. This guidance, including the various underlying assumptions, is forward-looking and should be read in conjunction with the cautionary statement on forward-looking statements.

Forward-Looking Statements

Certain statements in this press release about our current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. The words “may”, “will”, “would”, “should”, “could”, “expects”, “plans”, “intends”, “trends”, “indications”, “anticipates”, “believes”, “estimates”, “predicts”, “likely” or “potential” or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements.

Forward-looking statements are based on information currently available to 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 factors which are discussed in greater detail in the “Risks and Uncertainties” section of the Corporation’s annual management’s discussion and analysis for Fiscal 2021, available on SEDAR at www.sedar.com.

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 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 press release are made as at September 9, 2021 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. The forward-looking statements contained in this press release are expressly qualified by this cautionary statement.

Conference Call

Dollarama will hold a conference call to discuss its Fiscal 2022 second quarter results today, September 9, 2021 at 10:30 a.m. (ET). Financial analysts are invited to ask questions during the call. Other interested parties may participate in the call on a listen-only basis. The live audio webcast is accessible through Dollarama’s website at https://www.dollarama.com/en-CA/corp/events-presentations.

About Dollarama

Dollarama is a recognized Canadian value retailer offering a broad assortment of consumable products, general merchandise and seasonal items both in-store and online. Our 1,381 locations across Canada provide customers with compelling value in convenient locations, including metropolitan areas, mid-sized cities and small towns. Select products are also available, by the full case only, through our online store at www.dollarama.com. Our quality merchandise is sold at select fixed price points up to $4.00.

Dollarama also owns a 50.1% interest in Dollarcity, a growing Latin American value retailer. Dollarcity offers a broad assortment of consumable products, general merchandise and seasonal items 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 and Peru through its 294 conveniently located stores.

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Selected Consolidated Financial Information

(dollars and shares in thousands, except per share amounts)	13-Week Periods Ended		26-Week Periods Ended	
	August 1, 2021 $	August 2, 2020 $	August 1, 2021 $	August 2, 2020 $
Earnings Data				
Sales	1,029,348	1,013,592	1,983,594	1,858,390
Cost of sales	582,688	568,842	1,133,494	1,064,589
Gross profit	446,660	444,750	850,100	793,801
SG&A	157,093	169,337	315,765	307,075
Depreciation and amortization	73,185	66,507	144,587	130,482
Share of net earnings of equity-accounted investment	(4,100)	(2,503)	(7,503)	(4,877)
Operating income	220,482	211,409	397,251	361,121
Financing costs	22,856	22,604	45,002	49,806
Earnings before income taxes	197,626	188,805	352,249	311,315
Income taxes	51,398	46,309	92,447	82,740
Net earnings	146,228	142,496	259,802	228,575
Basic net earnings per common share	$0.48	$0.46	$0.85	$0.74
Diluted net earnings per common share	$0.48	$0.46	$0.84	$0.73
Weighted average number of common shares outstanding:				
Basic	304,779	310,748	307,090	310,515
Diluted	306,242	312,527	308,533	312,299
Other Data				
Year-over-year sales growth	1.6%	7.1%	6.7%	4.7%
Comparable store sales growth (2)	(5.1%)	5.4%	(0.1%)	3.2%
Gross margin (3)	43.4%	43.9%	42.9%	42.7%
SG&A as a % of sales (3)	15.3%	16.7%	15.9%	16.5%
EBITDA (1)	293,667	277,916	541,838	491,603
Operating margin (3)	21.4%	20.9%	20.0%	19.4%
Capital expenditures	44,681	34,502	75,051	82,500
Number of stores (4)	1,381	1,314	1,381	1,314
Average store size (gross square feet) (4)	10,330	10,289	10,330	10,289
Declared dividends per common share	$0.0503	$0.044	$0.1006	$0.088

	As at	
	August 1, 2021	January 31, 2021
	$	$
Statement of Financial Position Data		
Cash	131,480	439,144
Inventories	586,302	630,655
Total current assets	758,832	1,100,362
Property, plant and equipment	732,733	709,469
Right-of-use assets	1,384,362	1,344,639
Total assets	3,948,800	4,223,746
Total current liabilities	474,291	1,321,165
Total non-current liabilities	3,337,450	2,567,727
Total debt (1)	1,808,031	1,883,051
Net debt (1)	1,676,551	1,443,907
Shareholders' equity	137,059	334,854

(1) In this press release, EBITDA, EBITDA margin, total debt, net debt and adjusted net-debt-to-EBITDA ratio are referred to as "non-GAAP measures". Non-GAAP measures are not generally accepted measures under GAAP and do not have a standardized meaning under GAAP. EBITDA, EBITDA margin, total debt and net debt are reconciled below, and the formula for the calculation of the adjusted net-debt-to-EBITDA ratio is set out in note 5 below. The non-GAAP measures, as calculated by the Corporation, may not be comparable to those of other issuers and should be considered as a supplement to, not a substitute for, or superior to, the comparable measures calculated in accordance with GAAP.

We have included non-GAAP measures to provide investors with supplemental measures of our operating and financial performance. We believe that non-GAAP measures are important supplemental metrics of operating and financial performance because they eliminate items that have less bearing on our operating and financial performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on GAAP measures. We also believe that securities analysts, investors and other interested parties frequently use non-GAAP measures in the evaluation of issuers, many of which present non-GAAP measures when reporting their results. Our management also uses non-GAAP measures in order to facilitate operating and financial performance comparisons from period to period, to prepare annual budgets, and to assess our ability to meet our future debt service, capital expenditure and working capital requirements.

	13-Week Periods Ended		26-Week Periods Ended	
(dollars in thousands)	August 1, 2021	August 2, 2020	August 1, 2021	August 2, 2020
	$	$	$	$
A reconciliation of operating income to EBITDA is included below:				
Operating income	220,482	211,409	397,251	361,121
Add: Depreciation and amortization	73,185	66,507	144,587	130,482
EBITDA	**293,667**	**277,916**	**541,838**	**491,603**
EBITDA margin (3)	*28.5%*	*27.4%*	*27.3%*	*26.5%*

A reconciliation of long-term debt to total debt is included below:

(dollars in thousands)	As at August 1, 2021 $	As at January 31, 2021 $
Senior unsecured notes bearing interest at:		
Fixed annual rate of 2.443% payable in equal semi-annual instalments, maturing July 9, 2029	375,000	-
Fixed annual rate of 1.505% payable in equal semi-annual instalments, maturing September 20, 2027	300,000	300,000
Fixed annual rate of 1.871% payable in equal semi-annual instalments, maturing July 8, 2026	375,000	-
Fixed annual rate of 3.55% payable in equal semi-annual instalments, maturing November 6, 2023	500,000	500,000
Fixed annual rate of 2.203% payable in equal semi-annual instalments, maturing November 10, 2022	250,000	250,000
Fixed annual rate of 2.337% payable in equal semi-annual instalments, repaid on July 22, 2021	-	525,000
Variable rate equal to 3-month bankers' acceptance rate (CDOR) plus 27 basis points payable quarterly, repaid on February 1, 2021	-	300,000
Accrued interest on senior unsecured notes	8,021	8,051
Fair value hedge – basis adjustment on interest rate swap	10	-
Total debt	**1,808,031**	**1,883,051**
Adjusted net-debt-to-EBITDA ratio (4)(5)	2.80x	2.68x

A reconciliation of total debt to net debt is included below:

Total debt	1,808,031	1,883,051
Cash	(131,480)	(439,144)
Net debt	**1,676,551**	**1,443,907**

(2) Comparable store sales growth is a measure of the percentage increase or decrease, as applicable, of the sales of stores, including relocated and expanded stores, open for at least 13 complete fiscal months relative to the same period in the prior fiscal year. For the first and second quarters of Fiscal 2021 and Fiscal 2022, comparable store sales growth excludes temporarily closed stores in the context of the COVID-19 pandemic.

(3) Gross margin represents gross profit divided by sales. SG&A as a percentage of sales represents SG&A divided by sales. Operating margin represents operating income divided by sales. EBITDA margin represents EBITDA divided by sales.

(4) At the end of the period.

(5) This ratio is calculated as adjusted net debt (sum of total long-term debt, short-term borrowings and total lease liabilities, less cash) over last twelve months consolidated EBITDA (earnings before interest, taxes, depreciation, and amortization).