DOLLARAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Third Quarter Ended October 31, 2021

December 8, 2021

The following management's discussion and analysis ("MD&A") dated December 8, 2021 is intended to assist readers in understanding the business environment, strategies, performance and risk factors of Dollarama Inc. (together with its consolidated subsidiaries, referred to as "Dollarama", the "Corporation", "we", "us" or "our"). This MD&A provides the reader with a view and analysis, from the perspective of management, of the Corporation's financial results for the third quarter ended October 31, 2021. This MD&A should be read in conjunction with the Corporation's unaudited condensed interim consolidated financial statements for the third quarter ended October 31, 2021 and the audited annual consolidated financial statements and notes for Fiscal 2021 (as hereinafter defined).

Unless otherwise indicated and as hereinafter provided, all financial information in this MD&A as well as the Corporation's unaudited condensed interim consolidated financial statements for the third quarter ended October 31, 2021 have 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").

The Corporation manages its business on the basis of one reportable segment. The functional and reporting currency of the Corporation is the Canadian dollar.

Accounting Periods

All references to "Fiscal 2020" are to the Corporation's fiscal year ended February 2, 2020; 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 Corporation's fiscal year ends on the Sunday closest to January 31 of each year and usually has 52 weeks.

Forward-Looking Statements

This MD&A contains certain forward-looking statements about our 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. Specific forward-looking statements in this MD&A include, but are not limited to, statements with respect to:

- the duration of the COVID-19 pandemic and its impact on the business, operations and financial condition of Dollarama and Dollarcity, as well as on consumer behaviour and the economy in general;
- the entering into of new commercial agreements between Dollarama International Inc. ("Dollarama International") and Dollarcity upon expiry of the LSA (as hereinafter defined);
- the liquidity position of the Corporation;
- the potential accretive effect of the normal course issuer bid and the Corporation's intention to actively repurchase shares thereunder; and
- global supply chain challenges, including container shipping rates and lead times.

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 "Risks and Uncertainties" section of the Corporation's annual MD&A and annual information form for Fiscal 2021, both available on SEDAR at www.sedar.com and on the Corporation's website at www.dollarama.com: 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 rising raw material costs and 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 COVID-19 pandemic), failure to maintain brand image and reputation, disruption of distribution infrastructure, inventory shrinkage, inability to enter into or renew, as applicable, store, warehouse and head office leases on favourable and competitive 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 in this MD&A are made as at December 8, 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.

All of the forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

GAAP and Non-GAAP Measures

This MD&A as well as the Corporation's unaudited condensed interim consolidated financial statements and notes for the third quarter ended October 31, 2021 have been prepared in accordance with GAAP. However, this MD&A also refers to certain non-GAAP measures. The non-GAAP measures used by the Corporation are as follows:

EBITDA	Represents operating income plus depreciation and amortization and includes share of net earnings of equity-accounted investment.
EBITDA margin	Represents EBITDA divided by sales.
Total debt	Represents the sum of long-term debt (including accrued interest, unamortized debt issue costs as current portion and fair value hedge – basis adjustment), short-term borrowings under the US Commercial Paper Program (as hereinafter defined) and other bank indebtedness (if any).
Net debt	Represents total debt minus cash.
Adjusted retained earnings	Represents deficit plus the excess of (i) the price paid for all common shares repurchased under the Corporation's normal course issuer bids from inception in June 2012 through October 31, 2021 over (ii) the book value of those common shares.

The above-described non-GAAP measures do not have a standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. Non-GAAP measures provide investors with a supplemental measure of our operating performance and financial position and thus highlight trends in our core business that may not otherwise be apparent when relying solely on GAAP measures. With the exception of adjusted retained earnings, 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. Management uses total debt and net debt to calculate the Corporation's indebtedness level, cash position, future cash needs and financial leverage ratios. Adjusted retained earnings is a non-GAAP measure that shows retained earnings without the effect of the excess of (i) the price paid for all common shares repurchased under the Corporation's normal course issuer bids from inception in June 2012 through October 31, 2021 over (ii) the book value of those common shares. The Corporation believes that securities analysts, investors and other interested parties frequently use non-GAAP measures in the evaluation of issuers. Refer to the section entitled "Selected Consolidated Financial Information" of this MD&A for a reconciliation of the non-GAAP measures used and presented by the Corporation to the most directly comparable GAAP measures.

Recent Events

Quarterly Cash Dividend

On December 8, 2021, the Corporation announced that its board of directors (the "Board of Directors") approved a quarterly cash dividend for holders of common shares of $0.0503 per common share. This dividend is payable on February 4, 2022 to shareholders of record at the close of business on January 7, 2022. The dividend is designated as an "eligible dividend" for Canadian tax purposes.

COVID-19 Update

The ongoing COVID-19 pandemic and various measures taken by provincial governments to curb its spread have impacted Dollarama's business and results in Fiscal 2022, especially in the first and second quarters. No stores were closed during the third quarter of Fiscal 2022, and the Corporation could offer its full assortment for sale in all provinces.

Overview

Our Business

As at October 31, 2021, the Corporation had 1,397 stores in Canada, including 16 net new stores opened during the third quarter of Fiscal 2022, and continues to expand its network across the country.

Stores average 10,346 square feet and offer a broad assortment of consumable products, general merchandise and seasonal items, including private label and nationally branded products, all at compelling values. 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.

The Corporation has an online store to provide additional convenience to its Canadian customers – individuals and businesses alike – who wish to buy products in large quantities that may not be available in-store. A selection of products from the broader consumable, general merchandise and seasonal offering are available for purchase through the online store by the full case only.

The Corporation's strategy is to grow sales, operating income, net earnings, earnings per share and cash flows by expanding its Canadian store network and by offering a compelling value proposition on a wide variety of merchandise to a broad base of customers. The Corporation continually strives to maintain and improve the efficiency of its operations.

The Corporation also has operations in Latin America through its 50.1% equity interest in Dollarcity, a Latin American value retailer headquartered in Panama. Dollarcity offers a broad assortment of consumable products, general merchandise and seasonal items at select, fixed price points up to US$4.00 (or the equivalent in local currency) in El Salvador, Guatemala, Colombia and Peru. As at September 30, 2021, Dollarcity had a total of 312 stores with 180 locations in Colombia, 57 in El Salvador, 72 in Guatemala and 3 in Peru.

Key Items in the Third Quarter of Fiscal 2022

Compared to the third quarter of Fiscal 2021:

- Sales increased by 5.5% to $1,122.3 million;
- Comparable store sales[(1)] increased by 0.8%, over and above 7.1% growth in the prior year, and averaged 3.9% per year over a two-year period;
- Gross margin[(1)] was 44.4% of sales, compared to 44.0% of sales;
- EBITDA[(1)] increased by 11.2% to $347.0 million, or 30.9% of sales, compared to 29.3% of sales;
- Operating income increased by 11.4% to $271.6 million, or 24.2% of sales, compared to 22.9% of sales; and
- Diluted net earnings per common share increased by 17.3%, to $0.61 from $0.52.

During the third quarter of Fiscal 2022, the Corporation opened 16 net new stores, compared to 19 net new stores during the corresponding period of the previous fiscal year, bringing the total store count to 1,397, compared to 1,333 stores at the end of the third quarter last year.

Key Items in the First Nine Months of Fiscal 2022

Compared to the first nine months of Fiscal 2021:

- Sales increased by 6.3% to $3,105.9 million;
- Comparable store sales[(1)(2)] grew 0.2%, over and above 4.6%[(2)] growth in the same period a year ago;
- Gross margin[(1)] was 43.4% of sales, compared to 43.2% of sales;
- EBITDA[(1)] grew 10.6% to $888.9 million, or 28.6% of sales, compared to 27.5% of sales;
- Operating income grew 10.6% to $668.9 million, or 21.5% of sales, compared to 20.7% of sales; and
- Diluted net earnings per common share increased by 16.0%, to $1.45 from $1.25.

During the first nine months of Fiscal 2022, the Corporation opened 41 net new stores, compared to 42 net new stores during the corresponding period of the previous fiscal year.

Outlook

Due to the continued uncertainty related to the COVID-19 pandemic, the Corporation only provided limited guidance for Fiscal 2022. Management's expectations as to net new store openings and capital expenditures for Fiscal 2022 are set out in the Corporation's press release dated December 8, 2021, under the heading "Outlook and COVID-19 Impact". The press release is available on SEDAR at www.sedar.com and on the Corporation's website at www.dollarama.com.

[(1)] We refer the reader to the notes in the section entitled "Selected Consolidated Financial Information" of this MD&A for the definition of these items and, when applicable, their reconciliation with the most directly comparable GAAP measure.
[(2)] Excludes stores that were temporarily closed during the first and second quarters of Fiscal 2021 and Fiscal 2022.

Factors Affecting Results of Operations

Sales

The Corporation recognizes revenue from the sale of products or the rendering of services as the performance obligations are fulfilled.

All sales are final. Revenue is shown net of sales tax and discounts. Gift cards sold are recorded as a liability, and revenue is recognized when gift cards are redeemed.

Sales consist of comparable store sales and new store sales as well as sales to third parties.

Comparable store sales represent sales of Dollarama stores, including relocated and expanded stores, open for at least 13 complete fiscal months relative to the same period in the prior fiscal year. The primary drivers of comparable store sales performance are changes in the number of transactions and the average transaction size. To increase comparable store sales, the Corporation focuses on offering a wide selection of quality merchandise at attractive values in well-designed, consistent and convenient store formats.

The Corporation's wholly-owned subsidiary, Dollarama International Inc. ("Dollarama International"), may enter into arrangements with customers for the sale of products to consumers located outside of Canada. When the Corporation acts as the principal in these arrangements, it recognizes revenue based on the amounts billed to customers. Otherwise, the Corporation recognizes the net amount that it retains as revenue.

Sales by Dollarama International to customers represent sales of merchandise to Dollarcity. Following the acquisition by Dollarama International of a 50.1% interest in Dollarcity on August 14, 2019, the Corporation continues, through Dollarama International, to share its business expertise, to provide various services and to act as Dollarcity's primary supplier of products, either as principal or as intermediary, pursuant to a licensing and services agreement (the "LSA") entered into between the parties in February 2013. The LSA is set to expire on February 4, 2022 but is expected to be replaced upon expiry by a sourcing agreement and a master services agreement pursuant to which Dollarama International will continue to sell products and offer services to Dollarcity.

Historically, the Corporation's highest sales results have occurred in the fourth quarter, with December representing the highest proportion of sales. Sales also generally increase ahead of other holidays and celebrations, such as Easter, St. Patrick's Day, Valentine's Day and Halloween, but the Corporation otherwise experiences limited seasonal fluctuations in sales in the normal course of business. Refer to the section of the annual MD&A dated March 31, 2021 entitled "Risks and Uncertainties" for a discussion about the risks associated with seasonality and business continuity.

Cost of Sales

Our cost of sales consists mainly of inventory purchased, the variable and non-indexed portion of store occupancy costs that are excluded from the lease liability under IFRS 16, and transportation costs (which are largely variable and proportional to our sales volume) as well as warehouse and distribution centre occupancy costs. We record vendor rebates, consisting of volume purchase rebates, when it is probable that they will be received and the amounts are reasonably estimable. The rebates are recorded as a reduction of inventory purchases or, if the related inventory has been sold, as a reduction of the cost of sales.

Although cost increases can negatively affect our business, our multiple price point product offering provides some flexibility to react to cost increases on a timely basis. We have historically reduced our cost of sales by shifting most of our sourcing to low-cost foreign suppliers. For Fiscal 2021, direct overseas sourcing accounted for 53% of purchases. While we still source a majority of overseas products from China, we currently purchase products from over 25 different countries around the world.

Since the Corporation purchases goods in currencies other than the Canadian dollar, our cost of sales is affected by fluctuations in foreign currencies against the Canadian dollar. In particular, we purchase a vast majority of our imported merchandise from suppliers in China with U.S. dollars. Therefore, our cost of sales is impacted indirectly by the fluctuation of the Chinese renminbi against the U.S. dollar and directly by the fluctuation of the U.S. dollar against the Canadian dollar.

While we enter into foreign exchange forward contracts and zero cost collar contracts to hedge a significant portion of our exposure to fluctuations in the value of the U.S. dollar against the Canadian dollar (generally nine to twelve months in advance), we do not hedge our exposure to fluctuations in the value of the Chinese renminbi against the U.S. dollar.

Shipping and transportation costs, including surcharges on transportation costs, are also a significant component of our cost of sales. Firstly, inbound shipping costs are impacted by changing dynamics in the ocean shipping industry, most notably by the disruption resulting from the COVID-19 pandemic, which continues to have a significant impact on shipping capacity and prevailing rates. Container shipping rates are mostly contracted to the end of Fiscal 2022. The Corporation expects the pressure on container shipping costs to be more acute in Fiscal 2023 as we renew contracts and renegotiate rates. Also, when fuel costs fluctuate, shipping and transportation costs increase or decrease, as applicable, because the carriers generally pass on these cost changes to us. Due to the high volatility of fuel costs, it is difficult to forecast the fuel surcharges we may incur from our carriers.

The occupancy costs included in our cost of sales are mainly comprised of variable and non-indexed rental expenses for our stores that are excluded from the lease liability under IFRS 16. Fixed and indexed rental payments are recognized as a lease liability under IFRS 16. Occupancy costs have generally increased over the years. Management believes that it is generally able to negotiate leases at competitive market rates and does not anticipate material rate increases in the short to medium term. To date, we have not seen any significant impact on commercial real estate rates as a result of the COVID-19 pandemic. Typically, store leases are signed with base terms of ten years and one or more renewal options of five years each.

We strive to maintain a sustainable gross margin, where we believe we can achieve a healthy balance between maximizing returns to shareholders and offering a compelling value to our customers. The gross margin varies on a quarterly basis as a result of fluctuations in product margins, as we refresh approximately 25% to 30% of our offering on an annual basis, and/or fluctuations in logistics and transportation costs, among other factors.

General, Administrative and Store Operating Expenses

General, administrative and store operating expenses ("SG&A") consist of store labour, which is primarily variable and proportional to our sales volume, as well as general store maintenance costs, salaries and related benefits of corporate and field management team members, administrative office expenses, professional fees, and other related expenses, all of which are primarily fixed. Although our average store hourly wage rate is higher than the statutory minimum wage, a significant increase in the statutory minimum wage would significantly increase our payroll costs unless we realize offsetting productivity improvements and other store cost reductions.

As part of the 2021 Fall Economic Statement, the Ontario government announced plans to introduce legislation that, if passed, would raise the general minimum wage from $14.35 to $15.00 per hour, effective January 1, 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.

Economic or Industry-Wide Factors Affecting the Corporation

The Corporation operates in the value retail industry, which is highly competitive with respect to price, store location, merchandise quality, assortment and presentation, in-stock consistency, and customer service. 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 operating in Canada, many of which operate stores in the areas where the Corporation operates, offer products substantially similar to those offered by Dollarama and engage in extensive advertising and marketing efforts. Moreover, as a result of the Corporation's broad offering of general merchandise, consumable products and seasonal items, it faces competition from various speciality retailers, including in the stationery, hardware, household ware, health and beauty, grocery, and arts and crafts categories, whose product offerings overlap with a subset of the Corporation's product offering. Additionally, the Corporation competes with a number of companies for prime retail site locations in Canada and for the recruitment of employees.

Selected Consolidated Financial Information

The following tables set out selected financial information for the periods indicated. The selected consolidated financial information set out below as at October 31, 2021 and November 1, 2020 has been derived from the Corporation's unaudited condensed interim consolidated financial statements and related notes.

	13-Week Periods Ended		39-Week Periods Ended	
(dollars and shares in thousands, except per share amounts)	**October 31, 2021 $**	**November 1, 2020 $**	**October 31, 2021 $**	**November 1, 2020 $**
Earnings Data				
Sales	1,122,267	1,064,201	3,105,861	2,922,591
Cost of sales	623,480	595,455	1,756,974	1,660,044
Gross profit	498,787	468,746	1,348,887	1,262,547
SG&A	159,076	160,904	474,841	467,979
Depreciation and amortization	75,375	68,291	219,962	198,773
Share of net earnings of equity-accounted investment	(7,311)	(4,259)	(14,814)	(9,136)
Operating income	271,647	243,810	668,898	604,931
Financing costs	23,054	23,048	68,056	72,854
Earnings before income taxes	248,593	220,762	600,842	532,077
Income taxes	65,192	58,891	157,639	141,631
Net earnings	183,401	161,871	443,203	390,446
Basic net earnings per common share	$0.61	$0.52	$1.45	$1.26
Diluted net earnings per common share	$0.61	$0.52	$1.45	$1.25
Weighted average number of common shares outstanding:				
Basic	301,135	311,146	305,105	310,725
Diluted	302,573	312,838	306,544	312,494
Other Data				
Year-over-year sales growth	5.5%	12.3%	6.3%	7.4%
Comparable store sales growth (1)	0.8%	7.1%	0.2%	4.6%
Gross margin (2)	44.4%	44.0%	43.4%	43.2%
SG&A as a % of sales (2)	14.2%	15.1%	15.3%	16.0%
EBITDA (3)	347,022	312,101	888,860	803,704
Operating margin (2)	24.2%	22.9%	21.5%	20.7%
Capital expenditures	35,228	33,602	110,279	116,102
Number of stores (4)	1,397	1,333	1,397	1,333
Average store size (gross square feet) (4)	10,346	10,313	10,346	10,313
Declared dividends per common share	$0.0503	$0.044	$0.1509	$0.132

(dollars in thousands)	13-Week Periods Ended		39-Week Periods Ended	
	October 31, 2021 $	**November 1, 2020 $**	**October 31, 2021 $**	**November 1, 2020 $**
A reconciliation of operating income to EBITDA is included below:				
Operating income	271,647	243,810	668,898	604,931
Add: Depreciation and amortization	75,375	68,291	219,962	198,773
EBITDA	**347,022**	**312,101**	**888,860**	**803,704**
EBITDA margin (3)	*30.9%*	*29.3%*	*28.6%*	*27.5%*
A reconciliation of EBITDA to cash flows from operating activities is included below:				
EBITDA	347,022	312,101	888,860	803,704
Financing costs (net of amortization of debt issue costs)	(14,087)	(13,037)	(57,302)	(62,234)
Recognition of net losses on bond lock and bond forward contracts	(133)	(87)	(302)	(276)
Current income taxes	(54,865)	(58,891)	(141,933)	(142,832)
Share-based compensation	2,078	1,812	6,462	4,310
Gain on lease remeasurements	(673)	(1,112)	(1,957)	(3,787)
Share of net earnings of equity-accounted investment	(7,311)	(4,259)	(14,814)	(9,136)
	272,031	236,527	679,015	589,749
Changes in non-cash working capital components	81,480	(35,571)	73,141	78,004
Net cash generated from operating activities	**353,511**	**200,956**	**752,155**	**667,753**

	As at	
	October 31, 2021 $	**January 31, 2021 $**
Statement of Financial Position Data		
Cash	96,999	439,144
Inventories	599,204	630,655
Total current assets	736,236	1,100,362
Property, plant and equipment	741,400	709,469
Right-of-use assets	1,443,260	1,344,639
Total assets	3,998,801	4,223,746
Total current liabilities	558,738	1,321,165
Total non-current liabilities	3,421,541	2,567,727
Total debt (5)	1,813,778	1,883,051
Net debt (6)	1,716,779	1,443,907
Shareholders' equity	18,522	334,854

(dollars in thousands)	As at	
A reconciliation of long-term debt to total debt is included below:	**October 31, 2021**	**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 (the "2.443% Fixed Rate Notes")	375,000	-
Fixed annual rate of 1.505% payable in equal semi-annual instalments, maturing September 20, 2027 (the "1.505% Fixed Rate Notes")	300,000	300,000
Fixed annual rate of 1.871% payable in equal semi-annual instalments, maturing July 8, 2026 (the "1.871% Fixed Rate Notes")	375,000	-
Fixed annual rate of 3.55% payable in equal semi-annual instalments, maturing November 6, 2023 (the "3.55% Fixed Rate Notes")	500,000	500,000
Fixed annual rate of 2.203% payable in equal semi-annual instalments, maturing November 10, 2022 (the "2.203% Fixed Rate Notes")	250,000	250,000
Fixed annual rate of 2.337% payable in equal semi-annual instalments, repaid on July 22, 2021 (the "2.337% Fixed Rate Notes", and collectively with the 2.443% Fixed Rate Notes, the 1.505% Fixed Rate Notes, the 1.871% Fixed Rate Notes, the 3.55% Fixed Rate Notes and the 2.203% Fixed Rate Notes, the "Fixed Rate Notes")	-	525,000
Variable rate equal to 3-month bankers' acceptance rate (CDOR) plus 27 basis points payable quarterly, repaid on February 1, 2021 (the "Series 3 Floating Rate Notes")	-	300,000
Accrued interest on the Series 3 Floating Rate Notes and the Fixed Rate Notes (collectively, the "Senior Unsecured Notes")	16,522	8,051
Fair value hedge – basis adjustment on interest rate swap	(2,744)	-
Total debt	**1,813,778**	**1,883,051**

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

Total debt	1,813,778	1,883,051
Cash	(96,999)	(439,144)
Net debt (6)	**1,716,779**	**1,443,907**

A reconciliation of deficit to adjusted retained earnings is included below:

Deficit	(473,091)	(149,983)
Price paid in excess of book value of common shares repurchased under the NCIB	4,513,008	3,792,578
Adjusted retained earnings (7)	**4,039,917**	**3,642,595**

The deficit as at October 31, 2021 or January 31, 2021 is not a reflection of poor operating performance. It results from the fact that a significant portion of the cash consideration for the repurchase of shares under the Corporation's normal course issuer bid is accounted for as a reduction of retained earnings and that the market price at which shares are repurchased significantly exceeds the book value of those shares. As a result, the Corporation's shareholders' equity for accounting purposes was $18.5 million as at October 31, 2021. Management believes that buying back shares remains an effective strategy to drive shareholder value and constitutes an appropriate use of the Corporation's funds.

(1) 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 stores that were temporarily closed in the context of the COVID-19 pandemic.
(2) 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.
(3) EBITDA, a non-GAAP measure, represents operating income plus depreciation and amortization. EBITDA margin represents EBITDA divided by sales.
(4) At the end of the period.
(5) Total debt, a non-GAAP measure, represents the sum of long-term debt (including accrued interest, unamortized debt issue costs as current portion and fair value hedge – basis adjustment), short-term borrowings under the US Commercial Paper Program (if any) and other bank indebtedness (if any).
(6) Net debt, a non-GAAP measure, represents total debt minus cash.
(7) Adjusted retained earnings, a non-GAAP measure, represents deficit plus the excess of (i) the price paid for all common shares repurchased under the Corporation's normal course issuer bids from inception in June 2012 through October 31, 2021 over (ii) the book value of those common shares.

Results of Operations

Analysis of Results for the Third Quarter of Fiscal 2022

The following section provides an overview of the Corporation's financial performance during the third quarter of Fiscal 2022 compared to the third quarter of Fiscal 2021.

Sales

Sales for the third quarter of Fiscal 2022 increased by 5.5% to $1,122.3 million, compared to $1,064.2 million in the corresponding period of the prior fiscal year. This increase is attributable to the growth in the total number of stores over the past twelve months, from 1,333 on November 1, 2020 to 1,397 stores on October 31, 2021, and to an increase in comparable store sales driven by strong Halloween sales.

Comparable store sales for the third quarter of Fiscal 2022 increased by 0.8%, over and above 7.1% growth in the prior year. Comparable store sales consisted of a 2.8% decrease in average transaction size and a 3.7% increase in the number of transactions, reflecting a gradual reversal in consumer shopping patterns compared to the prior year. Over a two-year period, comparable store sales growth for the third quarter averages 3.9% per year.

Gross Margin

Gross margin was 44.4% of sales in the third quarter of Fiscal 2022, compared to 44.0% of sales in the third quarter of Fiscal 2021. Gross margin was higher year over year primarily due to a higher proportion of sales of high-margin seasonal products.

Gross margin includes sales made by the Corporation to Dollarcity, as principal, which represent approximately 1% of the Corporation's total sales, and a nominal markup margin. Consequently, these sales had minimal impact on overall gross margin in either the current or prior year quarter.

SG&A

General, administrative and store operating expenses ("SG&A") for the third quarter of Fiscal 2022 decreased by 1.1% to $159.1 million, compared to $160.9 million for the third quarter of Fiscal 2021. SG&A for the third quarter of Fiscal 2022 represented 14.2% of sales, compared to 15.1% of sales for the third quarter of Fiscal 2021. This 0.9% variance primarily reflects lower COVID-19 related costs recorded in the third quarter of Fiscal 2022 compared to the prior year.

Incremental direct costs related to COVID-19 measures for the third quarter of Fiscal 2022, all recorded in SG&A, totalled $1.1 million, representing a 10 basis-point impact. This is compared to $10.9 million, representing a 100 basis-point impact, recorded in SG&A in the same period last year. The decrease is explained by a reduction in labour hours allocated to the management of in-store capacity limits and customer traffic following the lifting of some pandemic-related government restrictions.

Depreciation and Amortization

The depreciation and amortization expense increased by $7.1 million, from $68.3 million for the third quarter of Fiscal 2021 to $75.4 million for the third quarter of Fiscal 2022. The increase is mainly explained by the opening of new stores, as well as additions to right-of-use assets and investments in store transformation projects.

Share of Net Earnings of Equity-Accounted Investment

The Corporation's 50.1% share of Dollarcity's net earnings for the period from July 1, 2021 to September 30, 2021 was $7.3 million, compared to $4.3 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

Financing costs increased by $0.1 million, from $23.0 million for the third quarter of Fiscal 2021 to $23.1 million for the third quarter of Fiscal 2022.

Income Taxes

Income taxes increased by $6.3 million, from $58.9 million for the third quarter of Fiscal 2021 to $65.2 million for the third quarter of Fiscal 2022. The statutory income tax rates for the third quarter of Fiscal 2022 and Fiscal 2021 were 26.5% and 26.6%, respectively. The Corporation's effective tax rates for the third quarters of Fiscal 2022 and Fiscal 2021 were 26.2% and 26.7%, respectively. The decrease in the effective tax rate for the third quarter of Fiscal 2022 is the result of a lower statutory income tax rate, as well as of the fact that the Corporation's share of net earnings of its equity-accounted investment in Dollarcity (which was higher for the third quarter of Fiscal 2022 than for the same period in Fiscal 2021, respectively at $7.3 million and at $4.3 million) is computed net of taxes, already accounted for by Dollarcity.

Net Earnings

Net earnings were $183.4 million, or $0.61 per diluted common share, in the third quarter of Fiscal 2022, compared to $161.9 million, or $0.52 per diluted common share, in the third quarter of Fiscal 2021.

Analysis of Results for the First Nine Months of Fiscal 2022

The following section provides an overview of our financial performance during the first nine months of Fiscal 2022 compared to the first nine months of Fiscal 2021.

Sales

Sales for the first nine months of Fiscal 2022 increased by 6.3% to $3,105.9 million, compared to $2,922.6 million in the corresponding period of the prior fiscal year. The growth is primarily attributable to the growth in the total number of stores, from 1,333 stores on November 1, 2020 to 1,397 stores on October 31, 2021.

Comparable store sales (excluding temporarily closed stores) grew 0.2%, over and above 4.6% growth in the same period of the prior year. Comparable store sales in the first nine months of Fiscal 2022 were impacted by the stringent measures imposed by provincial governments earlier in the year due to the sharp rise in COVID-19 cases. This included a stay-at-home order and a ban on the sale of non-essential goods in Ontario, where 40% of the Corporation's stores are located, in effect from April 8 to June 11, 2021. Comparable store sales for the first nine months of Fiscal 2022 consisted of a 1.4% decrease in average transaction size and a 1.7% increase in the number of transactions.

In the first nine months of Fiscal 2022, 75.2% of sales originated from products priced higher than $1.25, compared to 73.6% in the corresponding period last year.

Gross Margin

Gross margin was $1,348.9 million or 43.4% of sales in the first nine months of Fiscal 2022, compared to $1,262.5 million or 43.2% of sales in the first nine months of Fiscal 2021. The increase in gross margin is due to a change in the sales mix, including higher sales of high-margin items, such as seasonal products.

Gross margin includes sales made by the Corporation to Dollarcity, as principal, which represent approximately 1% of the Corporation's total sales, and a nominal markup margin. Consequently, these sales had minimal impact on overall gross margin in either the current or prior year period.

SG&A

SG&A for the first nine months of Fiscal 2022 was $474.8 million, a 1.5% increase over $468.0 million for the first nine months of Fiscal 2021. SG&A for the first nine months of Fiscal 2022 represented 15.3% of sales, compared to 16.0% of sales for the first nine months of Fiscal 2021. This 0.7% variance reflects lower COVID-19 related costs recorded in the first nine months of Fiscal 2022 compared to the same period of the prior year.

Incremental direct costs related to COVID-19 measures recorded in SG&A in the first nine months of Fiscal 2022 totalled $31.1 million, representing a 100 basis-point impact. This is compared to $57.3 million recorded in SG&A in the first nine months of Fiscal 2021, representing a 196 basis-point impact.

Depreciation and Amortization

The depreciation and amortization expense increased by $21.2 million, from $198.8 million for the first nine months of Fiscal 2021 to $220.0 million for the first nine months of Fiscal 2022. The increase is mainly explained by the opening of new stores, as well as additions to right-of-use assets and investments in store transformation projects.

Share of Net Earnings of Equity-Accounted Investment

The Corporation's 50.1% share of Dollarcity's net earnings for the period from January 1, 2021 to September 30, 2021 was $14.8 million, compared to $9.1 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

Financing costs decreased by $4.8 million, from $72.9 million for the first nine months of Fiscal 2021 to $68.1 million for the first nine months of Fiscal 2022. The decrease is mainly due to a lower average debt level as well as lower average interest rate on debt.

Income Taxes

Income taxes increased by $16.0 million, from $141.6 million for the first nine months of Fiscal 2021 to $157.6 million for the first nine months of Fiscal 2022. The statutory income tax rates for the first nine months of Fiscal 2022 and Fiscal 2021 were 26.5% and 26.6%, respectively. The Corporation's effective tax rates for the first nine months of Fiscal 2022 and Fiscal 2021 were 26.2% and 26.6%, respectively. The decrease in the effective tax rate for the first nine months of Fiscal 2022 is the result of a lower statutory income tax rate, as well as of the fact that the Corporation's share of net earnings of its equity-accounted investment in Dollarcity (which was higher for the first nine months of Fiscal 2022 than for the same period in Fiscal 2021, respectively at $14.8 million and at $9.1 million) is computed net of taxes, already accounted for by Dollarcity.

Net Earnings

Net earnings increased to $443.2 million, or $1.45 per diluted common share, in the first nine months of Fiscal 2022, compared to $390.4 million, or $1.25 per diluted common share, in the first nine months of Fiscal 2021. Net earnings in the first nine months of Fiscal 2022 reflect higher sales and higher gross margin.

Summary of Consolidated Quarterly Results

(*dollars in thousands, except per share amounts*)	Fiscal 2022			Fiscal 2021				Fiscal 2020
	Q3	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
Statement of Net Earnings Data	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Sales	1,122,267	1,029,348	954,246	1,103,668	1,064,201	1,013,592	844,798	1,065,201
Net earnings	183,401	146,228	113,574	173,902	161,871	142,496	86,079	178,717
Net earnings per common share								
Basic	$0.61	$0.48	$0.37	$0.56	$0.52	$0.46	$0.28	$0.57
Diluted	$0.61	$0.48	$0.37	$0.56	$0.52	$0.46	$0.28	$0.57

Historically, our lowest sales results have occurred during the first quarter whereas our highest sales results have occurred during the fourth quarter, with December representing the highest proportion of sales. Our sales also generally increase ahead of other holidays and celebrations, such as Easter, St. Patrick's Day, Valentine's Day and Halloween, but we otherwise experience limited seasonal fluctuations and expect this trend to continue. The occurrence of unusually adverse weather or an outbreak like the COVID-19 pandemic causing disruption in our business activities or operations during a peak season such as the winter holidays or around other major holidays and celebrations or for a prolonged period of time could have an adverse effect on our distribution network and on store traffic, which could materially adversely affect our business and financial results. Results for the third quarter of Fiscal 2022 may not be representative of results for other quarters or for the full fiscal year.

Liquidity and Capital Resources

Cash Flows for the Third Quarter of Fiscal 2022

(dollars in thousands)	13-Week Periods Ended October 31, 2021 $	13-Week Periods Ended November 1, 2020 $	Change $
Cash flows from operating activities	353,511	200,956	152,555
Cash flows used in investing activities	(35,027)	(102,643)	67,616
Cash flows from (used in) financing activities	(352,965)	128,051	(481,016)
Net change in cash	(34,481)	226,364	(260,845)

Cash Flows - Operating Activities

For the third quarter of Fiscal 2022, cash flows generated from operating activities totalled $353.5 million, compared to $201.0 million for the third quarter of Fiscal 2021. This increase is mainly attributable to higher net earnings in the third quarter of Fiscal 2022 and higher cash flows from working capital. In the third quarter of Fiscal 2021, a portion of cash flows from operating activities were used to pay tax instalments from the first and second quarters, the deferral of which had been allowed by Canadian tax authorities in the context of the COVID-19 pandemic.

Cash Flows - Investing Activities

For the third quarter of Fiscal 2022, cash flows used in investing activities totalled $35.0 million, compared to $102.6 million for the third quarter of Fiscal 2021. The variation is mainly due to the payment of the balance of purchase price of US$52.7 million ($69.3 million) for the Corporation's 50.1% equity interest in Dollarcity made in the third quarter of Fiscal 2021.

Cash Flows - Financing Activities

For the third quarter of Fiscal 2022, cash flows used in financing activities totalled $353.0 million, compared to cash flows of $128.1 million generated from financing activities in the third quarter of Fiscal 2021. This variance is mainly due to the repurchase of shares, for a total of $294.5 million, under the normal course issuer bid in the third quarter of Fiscal 2022 whereas no shares were repurchased in the third quarter of Fiscal 2021. The variance is also explained by net proceeds of $183.7 million from the issuance of the 1.505% Fixed Rate Notes, net of the repayment of short-term borrowings, in the third quarter of Fiscal 2021.

Cash Flows for the First Nine Months of Fiscal 2022

(dollars in thousands)	39-Week Periods Ended October 31, 2021 $	39-Week Periods Ended November 1, 2020 $	Change $
Cash flows from operating activities	752,155	667,753	84,402
Cash flows used in investing activities	(109,707)	(212,919)	103,212
Cash flows used in financing activities	(984,593)	(100,577)	(884,016)
Net change in cash	(342,145)	354,257	(696,402)

Cash Flows - Operating Activities

For the first nine months of Fiscal 2022, cash flows generated from operating activities totalled $752.2 million, compared to $667.8 million for the first nine months of Fiscal 2021. This increase is mainly attributable to the increase in net earnings.

Cash Flows - Investing Activities

For the first nine months of Fiscal 2022, cash flows used in investing activities totalled $109.7 million, compared to $212.9 million for the first nine months of Fiscal 2021. This variance is mainly due to the payment of the balance of purchase price of US$52.7 million ($69.3 million) for the Corporation's 50.1% equity interest in Dollarcity made in the third quarter of Fiscal 2021 and a US$20.0 million ($28.0 million) additional equity investment in Dollarcity made in the first quarter of Fiscal 2021 to bring real estate assets into the Dollarcity group, eliminate related-party transactions and insource some logistics activities.

Cash Flows - Financing Activities

For the first nine months of Fiscal 2022, cash flows used in financing activities totalled $984.6 million, compared to $100.6 million for the first nine months of Fiscal 2021, mainly attributable to the repurchase of shares under the normal course issuer bid during the first nine months of Fiscal 2022 for an amount of $741.4 million, whereas no shares were repurchased in the first nine months of Fiscal 2021 as the Corporation chose to preserve liquidity in light of the uncertainty related to the COVID-19 pandemic. In addition, the net amount of payments and issuances of Fixed Rate Notes in the first nine months of Fiscal 2022 explains the increase in cash used for financing activities.

Capital Expenditures

Capital expenditures mainly relate to investments in information technology projects and new stores.

For the third quarter of Fiscal 2022, capital expenditures totalled $35.2 million, compared to $33.6 million for the third quarter of Fiscal 2021. This increase is mainly attributable to a slightly higher level of capital expenditures related to new stores and transformation projects in stores.

For the first nine months of Fiscal 2022, capital expenditures totalled $110.3 million, compared to $116.1 million for the first nine months of Fiscal 2021. This decrease is mainly attributable to slightly lower capital expenditures related to transformation projects in stores in Fiscal 2022.

Capital Resources

The Corporation generates sufficient cash flows from operating activities to fund its planned growth strategy, service its debt and make dividend payments to shareholders. As at October 31, 2021, the Corporation had $97.0 million of cash on hand and $799.2 million available under its Credit Facility.

The Corporation's ability to pay the principal and interest on its debt, to refinance it, or to generate sufficient funds to pay for planned capital expenditures and investments will depend on its future performance, which to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory, or other factors that are beyond its control.

The Corporation did not benefit from any federal or provincial government support programs made available in the context of the COVID-19 pandemic. In Canada, the Corporation paid rent due to landlords, in full and in a timely manner, for all stores (including those temporarily closed), warehouses and its head office.

Barring further extraordinary circumstances arising from the COVID-19 pandemic, based upon the current strength of earnings, management believes that cash flows from operating activities, together with cash on hand and credit available under the Credit Facility, will be adequate to meet future operating cash needs.

The Corporation's assumptions with respect to future liquidity needs and refinancing opportunities may not be correct, and funds available to it from the sources described herein may not be sufficient to enable it to service its indebtedness or cover any shortfall in funding for any unanticipated expenses.

Senior Unsecured Notes

Long-term debt outstanding consists of the following as at:	October 31, 2021 $	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 (the "2.443% Fixed Rate Notes")	375,000	-
Fixed annual rate of 1.505% payable in equal semi-annual instalments, maturing September 20, 2027 (the "1.505% Fixed Rate Notes")	300,000	300,000
Fixed annual rate of 1.871% payable in equal semi-annual instalments, maturing July 8, 2026 (the "1.871% Fixed Rate Notes")	375,000	-
Fixed annual rate of 3.55% payable in equal semi-annual instalments, maturing November 6, 2023 (the "3.55% Fixed Rate Notes")	500,000	500,000
Fixed annual rate of 2.203% payable in equal semi-annual instalments, maturing November 10, 2022 (the "2.203% Fixed Rate Notes")	250,000	250,000
Fixed annual rate of 2.337% payable in equal semi-annual instalments, repaid on July 22, 2021 (the "2.337% Fixed Rate Notes", and collectively with the 2.443% Fixed Rate Notes, the 1.505% Fixed Rate Notes, the 1.871% Fixed Rate Notes, the 3.55% Fixed Rate Notes and the 2.203% Fixed Rate Notes, the "Fixed Rate Notes")	-	525,000
Variable rate equal to 3-month bankers' acceptance rate (CDOR) plus 27 basis points payable quarterly, repaid on February 1, 2021 (the "Series 3 Floating Rate Notes")	-	300,000
Less: Unamortized debt issue costs	(8,580)	(6,151)
Accrued interest on the Series 3 Floating Rate Notes and the Fixed Rate Notes (collectively, the "Senior Unsecured Notes")	16,522	8,051
Fair value hedge – basis adjustment on interest rate swap	(2,744)	-
	1,805,198	1,876,900
Current portion (includes unamortized debt issue costs, accrued interest on the Senior Unsecured Notes, and the Senior Unsecured Notes with a maturity date falling within the next 52-week period, when applicable)	(16,522)	(832,821)
	1,788,676	1,044,079

The table below provides the carrying values and fair values of the Senior Unsecured Notes as at October 31, 2021 and January 31, 2021. The fair value of the Senior Unsecured Notes was determined as a level 2 in the fair value hierarchy.

	October 31, 2021		January 31, 2021	
	Carrying value $	Fair value $	Carrying value $	Fair value $
Fixed Rate Notes				
2.443% Fixed Rate Notes	376,071	368,813	-	-
1.505% Fixed Rate Notes	299,096	283,890	300,089	300,660
1.871% Fixed Rate Notes	375,623	367,950	-	-
3.55% Fixed Rate Notes	506,495	517,750	501,716	537,250
2.203% Fixed Rate Notes	252,381	252,700	250,856	257,000
2.337% Fixed Rate Notes	-	-	525,127	529,725
Floating Rate Notes				
Series 3 Floating Rate Notes	-	-	300,566	300,030
	1,809,666	1,791,103	1,878,354	1,924,665

Fixed Rate Notes

On July 8, 2021, the Corporation issued the 1.871% Fixed Rate Notes and the 2.443% Fixed Rate Notes, by way of private placement, in reliance upon exemptions from the prospectus requirements under applicable securities legislation. The 1.871% Fixed Rate Notes were issued at par for aggregate gross proceeds of $375.0 million and bear interest at a fixed rate of 1.871% per annum, payable in semi-annual instalments, in arrears, on January 8 and July 8 of each year until maturity on July 8, 2026. The 2.443% Fixed Rate Notes were issued at par for aggregate gross proceeds of $375.0 million and bear interest at a fixed rate of 2.443% per annum, payable in semi-annual instalments, in arrears, on January 9 and July 9 of each year until maturity on July 9, 2029. The 1.871% Fixed Rate Notes and the 2.443% Fixed Rate Notes were assigned a rating of BBB, with a stable trend, by DBRS Limited.

The Corporation used the net proceeds of these offerings to repay the $525.0 million aggregate principal amount of 2.337% Fixed Rate Notes on July 22, 2021, to repay outstanding USCP Notes and for general corporate purposes.

Credit Agreement

On February 14, 2020, the Corporation and the lenders entered into the Third Amended and Restated Credit Agreement (the "TARCA") 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 brought 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.

On July 6, 2021, the Corporation and the lenders entered into a fourth amending agreement to the TARCA in order to, among other things, extend (i) the term of Facility A, in the amount of $250.0 million, from September 27, 2024 to July 6, 2026, (ii) the term of Facility B, in the amount of $200.0 million, from September 29, 2023 to July 5, 2024, (iii) the term of Facility C, in the amount of $50.0 million, from September 29, 2023 to July 5, 2024, and (iv) the term of Facility D, in the amount of $300.0 million, from September 20, 2021 to July 6, 2022.

Under the TARCA, the Corporation may, under certain circumstances and subject to receipt of additional commitments from existing lenders or other eligible institutions, request increases to committed facilities up to an aggregate amount, together with all then-existing commitments, of $1,500.0 million.

The Credit Facility remains guaranteed by Dollarama L.P. and Dollarama GP Inc. (collectively, with the Corporation, the "Credit Parties"). The TARCA 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 TARCA also limits the ability of the Corporation to make loans, declare dividends and make payments on, or redeem or repurchase equity interests if there exists a default or an event of default thereunder.

The TARCA 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.

As at October 31, 2021 and January 31, 2021, no amount was outstanding under the Credit Facility, although there were letters of credit issued for the purchase of inventories which amounted to $0.8 million (January 31, 2021 – $1.1 million). As at October 31, 2021, the Corporation was in compliance with all of its financial covenants.

Short-Term Borrowings

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. The Corporation uses derivative financial 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 with all of its other unsecured and unsubordinated indebtedness. The USCP Notes are unconditionally guaranteed by Dollarama L.P. and Dollarama GP Inc., each a wholly-owned subsidiary of the Corporation.

As at October 31, 2021 and January 31, 2021, no amount was outstanding under the US Commercial Paper Program.

Contractual Obligations, Off-Balance Sheet Arrangements and Commitments

The table below analyzes the Corporation's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows as at October 31, 2021. Trade payable and accrued liabilities exclude liabilities that are not contractual (such as income tax liabilities created as a result of statutory requirements imposed by governments).

(dollars in thousands)	Less than 3 months $	3 months to 1 year $	1-5 years $	Over 5 years $	Total $
Trade payable and accrued liabilities	223,005	-	-	-	223,005
Dividend payable	15,069	-	-	-	15,069
Lease liabilities [(1)]	56,292	184,098	842,772	839,209	1,922,371
Principal repayment on:					
2.443% Fixed Rate Notes	-	-	-	375,000	375,000
1.505% Fixed Rate Notes	-	-	-	300,000	300,000
1.871% Fixed Rate Notes	-	-	375,000	-	375,000
3.55% Fixed Rate Notes	-	-	500,000	-	500,000
2.203% Fixed Rate Notes	-	-	250,000	-	250,000
Interest payments on:					
2.443% Fixed Rate Notes	4,606	4,581	36,645	27,484	73,316
1.505% Fixed Rate Notes	-	4,515	18,060	4,514	27,089
1.871% Fixed Rate Notes	3,508	3,508	28,065	-	35,081
3.55% Fixed Rate Notes	8,875	8,875	26,625	-	44,375
2.203% Fixed Rate Notes	2,754	2,754	2,753	-	8,261
	314,109	208,331	2,079,920	1,546,207	4,148,567

(1) Represent the basic annual rent and other charges paid to landlords that are fixed or that vary based on an index or a rate.

The following table summarizes the Corporation's off-balance sheet arrangements, letters of credit, and commitments as at October 31, 2021.

(dollars in thousands)	Less than 3 months $	3 months to 1 year $	1-5 years $	Over 5 years $	Total $
Letters of credit	437	216	139	-	792

Other than letters of credit, the Corporation has no other off-balance sheet arrangements or commitments.

Financial Instruments

The Corporation uses derivative financial instruments in the management of its foreign currency and interest rate exposure. The Corporation documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking hedge transactions. Derivative financial instruments designated as hedging instruments are recorded at fair value, determined using market prices and other observable inputs.

For a description of the derivative financial instruments of the Corporation, refer to Notes 3 and 10 of the Corporation's unaudited condensed interim consolidated financial statements for the third quarter ended October 31, 2021 and to Notes 3 and 14 of the Corporation's Fiscal 2021 annual audited consolidated financial statements.

Foreign Currency Exposure

The Corporation uses foreign exchange forward contracts and zero cost collar contracts to mitigate the risk associated with fluctuations in the U.S. dollar against the Canadian dollar. These derivative financial instruments are used for risk management purposes and are designated as hedges of future forecasted purchases of merchandise or hedges of U.S. dollar borrowings converted into Canadian dollar borrowings under the US Commercial Paper Program.

Foreign exchange forward contracts and zero cost collar contracts are designated as hedging instruments and are recorded at fair value, determined using market prices and other observable inputs.

Currency hedging entails a risk of illiquidity and, to the extent that the U.S. dollar depreciates against the Canadian dollar, hedging arrangements may have the effect of limiting or reducing 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.

Interest Rate Exposure

The Corporation also uses interest rate swap contracts to mitigate the risk associated with changes in the fair value of the issued 3.55% Fixed Rates Notes maturing November 6, 2023 due to changes in interest rates. These derivative financial instruments are used for risk management purposes and are designated as fair value hedges. Under these interest rates swaps, the Corporation receives a fixed rate of interest and pays interest at a variable rate on the notional amount. These derivatives are designated as hedging instruments and are recorded on the consolidated statement of financial position at fair value.

Also bond forward contracts were used in the first half of Fiscal 2022 in advance of issuing the 1.871% Fixed Rate Notes and the 2.443% Fixed Rate Notes as hedges of interest rates thereof. Upon the pricing of the 1.871% Fixed Rate Notes and the 2.443% Fixed Rate Notes on June 23, 2021, these bond forward contracts were settled and were no longer outstanding as of October 31, 2021. These derivatives were designated as hedging instruments and were recorded on the consolidated statement of financial position at fair value. The gain or loss related to the effective portion of the change in fair value of the derivatives was recorded to other comprehensive income and is being reclassified to net earnings over the same period as the hedged interest payments are recorded in earnings. The hedged risk was defined as the variability in cash flows associated with coupons paid on the debt to be issued attributable to movements in the CAD benchmark rate. The CAD benchmark rate consisted of the interpolated yield of Government of Canada bond curve with a term corresponding to the expected debt. Cash flows related to the expected bond's credit spread over the CAD benchmark were not designated as part of the hedging relationship.

Interest rate hedging also entails a risk of illiquidity and, to the extent that interest rates fluctuate, hedging arrangements may have the effect of limiting or reducing the total returns to the Corporation if the issuance of notes at hedged rates results in lower profitability than otherwise earned if notes had been issued at spot rates.

Related Party Transactions

Property Leases

As at October 31, 2021, the Corporation leased 19 stores, five warehouses and its head office from entities controlled by the Rossy family pursuant to long-term lease agreements. Rental payments associated with these related-party leases are measured at cost, which equals fair value, being the amount of consideration established at market terms.

As at October 31, 2021, the outstanding balance of lease liabilities owed to entities controlled by the Rossy family totalled $37.3 million (January 31, 2021 – $44.1 million).

Rental expenses charged by entities controlled by the Rossy family but not included in lease liabilities totalled $1.4 million and $4.7 million for the 13-week and 39-week periods ended October 31, 2021, respectively (13-week and 39-week periods ended November 1, 2020 – $1.4 million and $4.6 million, respectively).

Dollarcity

In 2013, Dollarama International, the Corporation's wholly-owned subsidiary, entered into a licensing and services agreement with Dollarcity (the "LSA"). As at October 31, 2021, the account receivable from Dollarcity for the goods sold, assets licensed, and services provided under the LSA totalled $19.1 million (January 31, 2021 – $14.8 million), which amount is partly guaranteed by a letter of credit up to US$10.0 million ($12.4 million) (January 31, 2021 – US$10.0 million ($12.8 million)). For the 13-week and 39-week periods ended October 31, 2021, the goods sold to Dollarcity that are shipped directly from the Corporation's warehouses amounted to $10.7 million and $28.3 million, respectively (13-week and 39-week periods ended November 1, 2020 – $4.7 million and $10.5 million, respectively).

Under the Stockholders Agreement dated August 14, 2019, 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.

New accounting standards

New accounting standards announced and adopted

On March 31, 2021, the IASB extended by 12 months the availability of the practical expedient issued in May 2020 which relieves lessees from assessing whether a COVID-19-related rent concession is a lease modification. The 2021 amendments are effective for annual reporting periods beginning on or after April 1, 2021. Application of the practical expedient and its extension did not have an impact on the financial results of the Corporation.

Critical Accounting Estimates and Judgments

The preparation of financial statements requires management to make estimates and assumptions using judgment that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses during the reporting period. Estimates and other judgments are continually evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Actual results may differ from those estimates.

The Corporation's unaudited condensed interim consolidated financial statements have been prepared using the critical accounting estimates and judgments as outlined in Note 5 to the Fiscal 2021 audited consolidated financial statements.

Risks and Uncertainties

Monitoring and improving its operations are constant concerns of the Corporation. In view of this, understanding and managing risks are important parts of the Corporation's strategic planning process. The Board of Directors requires that the Corporation's senior management identify and properly manage the principal risks related to the Corporation's business operations.

The major risks and uncertainties that could materially affect the Corporation's future business results are described in the Corporation's annual MD&A and annual information form for Fiscal 2021 (which are both available on SEDAR at www.sedar.com) and are divided into the following categories:

- risks related to business operations;
- financial risks;
- market risks;
- human resources risks;
- technology risks;
- strategy and corporate structure risks;
- business continuity risks; and
- legal and regulatory risks.

The Corporation manages these risks on an ongoing basis and has put in place certain guidelines with the goal of mitigating these in order to lessen their financial impact, and the Corporation maintains cost-effective, comprehensive insurance coverage against most insurable events. The Corporation also gathers and analyzes economic and competitive data on a regular basis and senior management takes these findings into consideration when making strategic and operational decisions. Despite these guidelines and initiatives, the Corporation cannot provide assurances that any such efforts will be successful.

Controls and Procedures and Internal Controls over Financial Reporting

There were no changes in internal control over financial reporting that occurred during the period beginning on August 2, 2021 and ended on October 31, 2021 that have materially affected or are reasonably likely to materially affect internal control over financial reporting.

Dividend

On December 8, 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 February 4, 2022 to shareholders of record at the close of business on January 7, 2022. The dividend is designated as an "eligible dividend" for Canadian tax purposes.

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.

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 (the "TSX") 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 third quarter of Fiscal 2022, 5,266,219 common shares were repurchased for cancellation under the 2021-2022 NCIB, for a total cash consideration of $294.5 million, at a weighted average price of $55.92 per share.

During the first nine months of Fiscal 2022, 13,086,173 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 $741.5 million, at a weighted average price of $56.66 per share.

Share Information

The Corporation's outstanding share capital is comprised of common shares. An unlimited number of common shares are authorized.

As at December 7, 2021, there were 297,808,956 common shares issued and outstanding. In addition, there were 3,914,300 options, each exercisable for one common share, issued and outstanding as at December 7, 2021. Assuming exercise of all outstanding options, there would have been 301,723,256 common shares issued and outstanding on a fully diluted basis as at December 7, 2021.

Additional Information

Additional information relating to the Corporation, including the Corporation's current annual information form, is available on SEDAR at www.sedar.com. The Corporation is a publicly traded company listed on the TSX under the symbol "DOL".