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DOLLARAMA REPORTS FISCAL 2024 THIRD QUARTER RESULTS

- 11.1% increase in comparable store sales⁽¹⁾
- 24.0% growth in EBITDA⁽¹⁾ to \$478.8 million, or 32.4% of sales
- Diluted net earnings per common share up 31.4% to \$0.92
- Fiscal 2024 guidance for comparable store sales growth increased to between 11.0% to 12.0%

MONTREAL, Quebec, December 13, 2023 – Dollarama Inc. (TSX: DOL) (“Dollarama” or the “Corporation”) today reported its financial results for the third quarter ended October 29, 2023.

Fiscal 2024 Third Quarter Highlights Compared to Fiscal 2023 Third Quarter Results

- Sales increased by 14.6% to \$1,477.7 million
- Comparable store sales grew 11.1%, over and above 10.8% growth the previous year
- EBITDA increased by 24.0% to \$478.8 million, or 32.4% of sales, compared to 29.9% of sales
- Operating income increased by 27.8% to \$386.7 million, or 26.2% of sales, compared to 23.5% of sales
- Diluted net earnings per common share increased by 31.4% to \$0.92, from \$0.70
- 16 net new stores opened, compared to 18 net new stores
- 1,740,514 common shares repurchased for cancellation for a total consideration of \$166.0 million

“Sustained consumer demand for our broad range of affordable everyday products and strong execution in the third quarter of Fiscal 2024 drove double-digit same store sales growth for a sixth consecutive quarter as well as over 31% earnings per share growth. Our financial and operational performance year-to-date reflects the strength and relevance of our value proposition and business model in a challenging macro-economic context,” said Neil Rossy, President and CEO.

Explanatory Notes

All comparative figures that follow are for the third quarter ended October 29, 2023, compared to the third quarter ended October 30, 2022. 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 to provide a better understanding of the Corporation’s financial results. For a full explanation of the Corporation’s use of non-GAAP and other financial measures, please refer to the section entitled “Non-GAAP and Other Financial Measures” of this press release. All references to “Fiscal 2023” are to the Corporation’s fiscal year ended January 29, 2023, and to “Fiscal 2024” are to the Corporation’s fiscal year ending January 28, 2024.

⁽¹⁾ We refer the reader to the notes in the section entitled “Non-GAAP and Other Financial Measures” of this press release for the definition of these items and, where applicable, their reconciliation with the most directly comparable GAAP measure.

Fiscal 2024 Third Quarter Financial Results

Sales for the third quarter of Fiscal 2024 increased by 14.6% to \$1,477.7 million, compared to \$1,289.6 million in the corresponding period of the prior fiscal year. This increase was driven by growth in the total number of stores over the past 12 months (from 1,462 stores on October 30, 2022, to 1,541 stores on October 29, 2023) and increased comparable store sales.

Comparable store sales for the third quarter of Fiscal 2024 increased by 11.1%, consisting of a 10.4% increase in the number of transactions and a 0.6% increase in average transaction size, over and above comparable store sales growth of 10.8% in the corresponding period of the prior fiscal year. The increase in comparable store sales is primarily attributable to higher sales across all product categories, including continued higher than historical demand for consumables.

EBITDA totalled \$478.8 million, or 32.4% of sales, for the third quarter of Fiscal 2024, compared to \$386.2 million, or 29.9% of sales, in the third quarter of Fiscal 2023.

Gross margin⁽¹⁾ was 45.4% of sales in the third quarter of Fiscal 2024, compared to 43.3% of sales in the third quarter of Fiscal 2023. Gross margin as a percentage of sales was higher primarily as a result of lower inbound shipping costs and lower logistics costs.

General, administrative and store operating expenses (“SG&A”) for the third quarter of Fiscal 2024 increased by 17.6% to \$213.8 million, compared to \$181.8 million for the third quarter of Fiscal 2023. SG&A represented 14.5% of sales for the third quarter of Fiscal 2024, compared to 14.1% of sales for the third quarter of Fiscal 2023. This variance reflects higher store labour costs and the timing of other operating costs.

The Corporation’s 50.1% share of Dollarcity’s net earnings for the period from July 1, 2023 to September 30, 2023 was \$18.0 million, compared to \$9.2 million for the same period last year. The Corporation’s investment in Dollarcity is accounted for as a joint arrangement using the equity method.

Net financing costs increased by \$6.3 million, from \$30.4 million for the third quarter of Fiscal 2023 to \$36.7 million for the third quarter of Fiscal 2024. The increase is mainly due to a higher average borrowing rate, as well as higher average debt levels from Fixed Rate Notes (defined hereinafter) and lease liabilities.

Net earnings were \$261.1 million, or \$0.92 per diluted common share, in the third quarter of Fiscal 2024, compared to \$201.6 million, or \$0.70 per diluted common share, in the third quarter of Fiscal 2023.

Dollarcity Store Growth

During its third quarter ended September 30, 2023, Dollarcity opened 22 net new stores, compared to 18 net new stores in the same period last year. As at September 30, 2023, Dollarcity had 480 stores with 287 locations in Colombia, 96 in Guatemala, 68 in El Salvador and 29 in Peru. This compares to 440 stores as at December 31, 2022.

Normal Course Issuer Bid (“NCIB”)

During the third quarter of Fiscal 2024, 1,740,514 common shares were repurchased for cancellation under the Corporation’s NCIB for a total cash consideration of \$166.0 million, at a weighted average price of \$95.40 per share.

⁽¹⁾ We refer the reader to the notes in the section entitled “Non-GAAP and Other Financial Measures” of this press release for the definition of these items and, where applicable, their reconciliation with the most directly comparable GAAP measure.

Dividend

On December 13, 2023, the Corporation announced that its board of directors approved a quarterly cash dividend for holders of common shares of \$0.0708 per common share. This dividend is payable on February 2, 2024 to shareholders of record at the close of business on January 5, 2024. The dividend is designated as an “eligible dividend” for Canadian tax purposes.

Outlook⁽²⁾

Based on our performance fiscal year-to-date and assuming continued positive customer response to our product offering, value proposition and in-store merchandising in the fourth quarter of Fiscal 2024, the Corporation has increased its full-year comparable store sales guidance to a range of 11.0% to 12.0%. All other guidance ranges and underlying assumptions remain unchanged.

(as a percentage of sales except net new store openings in units and capital expenditures in millions of dollars)

	Fiscal 2024	
	Guidance as provided on September 13, 2023	Revised Guidance as at December 13, 2023
Net new store openings	60 to 70	No change
Comparable store sales	10.0% to 11.0%	11.0% to 12.0%
Gross margin	43.5% to 44.5%	No change
SG&A	14.7% to 15.2%	No change
Capital expenditures	\$190.0 to \$200.0 ⁽ⁱ⁾	No change

⁽ⁱ⁾ Excludes the cost of the previously announced property acquisition, which closed on August 16, 2023 for a total capital cost of \$88.1 million.

These guidance ranges are based on several assumptions, including the following:

- The number of signed offers to lease and the store pipeline for the next three months and the absence of delays outside of our control on construction activities
- No material increases in occupancy costs in the short- to medium-term
- Continued positive customer response to Dollarama’s product offering, value proposition and in-store merchandising
- Approximately three months of visibility on open orders and product margins
- The active management of product margins, including through pricing strategies and refreshing some of the product offering
- The continued stabilization of our supply chain and logistics environment
- The inclusion of the Corporation’s share of net earnings of its equity-accounted investment
- The entering into of foreign exchange forward contracts to hedge the majority of forecasted purchases of merchandise in U.S. dollars against fluctuations of the Canadian dollar against the U.S. dollar
- The continued execution of in-store productivity initiatives and the realization of cost savings and benefits aimed at improving operating expense
- The absence of a significant shift in labour, economic and geopolitical conditions or material changes in the retail competitive environment
- No significant changes in the capital budget for Fiscal 2024 for new store openings, maintenance capital expenditures, and transformational capital expenditures, the latter being mainly related to information technology projects and which budget excludes the purchase price for the previously announced property acquisition which closed on August 16, 2023
- The successful execution of our business strategy
- The absence of pandemic-related restrictions impacting consumer shopping patterns or incremental direct costs related to health and safety measures
- The absence of unusually adverse weather, especially in peak seasons around major holidays and celebrations

⁽²⁾ To be read in conjunction with the “Forward-Looking Statements” section of this press release.

The Corporation has generated six consecutive quarters of double-digit comparable store sales and expects that comparable store sales growth will eventually normalize.

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 foregoing forward-looking statements, including the Fiscal 2024 guidance and the underlying assumptions. These statements, including the various underlying assumptions, are 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 and geopolitical 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 outlined in the management’s discussion and analysis for the third quarter of Fiscal 2024 and discussed in greater detail in the “Risks and Uncertainties” section of the Corporation’s annual management’s discussion and analysis for Fiscal 2023, both available on SEDAR+ at www.sedarplus.com and on the Corporation’s website at www.dollarama.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 December 13, 2023 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 2024 third quarter results today, December 13, 2023 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 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 1,541 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 \$5.00.

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\$4.00 (or the equivalent in local currency) in 480 conveniently located stores in El Salvador, Guatemala, Colombia and Peru.

For further information:

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www.dollarama.com

Selected Consolidated Financial Information

	13-Week Periods Ended		39-Week Periods Ended	
	October 29, 2023	October 30, 2022	October 29, 2023	October 30, 2022
	\$	\$	\$	\$
<i>(dollars and shares in thousands, except per share amounts)</i>				
Earnings Data				
Sales	1,477,692	1,289,574	4,228,177	3,579,518
Cost of sales	807,462	730,812	2,373,350	2,038,832
Gross profit	670,230	558,762	1,854,827	1,540,686
SG&A	213,766	181,754	607,724	510,703
Depreciation and amortization	87,797	83,563	258,545	245,514
Share of net earnings of equity-accounted investment	(17,989)	(9,210)	(42,485)	(25,627)
Operating income	386,656	302,655	1,031,043	810,096
Net financing costs	36,705	30,357	109,458	81,380
Earnings before income taxes	349,951	272,298	921,585	728,716
Income taxes	88,896	70,704	234,895	188,141
Net earnings	261,055	201,594	686,690	540,575
Basic net earnings per common share	\$0.92	\$0.70	\$2.42	\$1.86
Diluted net earnings per common share	\$0.92	\$0.70	\$2.41	\$1.85
Weighted average number of common shares outstanding:				
Basic	282,587	287,837	283,921	290,347
Diluted	283,595	289,636	285,059	292,105
Other Data				
Year-over-year sales growth	14.6%	14.9%	18.1%	15.3%
Comparable store sales growth ⁽¹⁾	11.1%	10.8%	14.4%	10.5%
Gross margin ⁽¹⁾	45.4%	43.3%	43.9%	43.0%
SG&A as a % of sales ⁽¹⁾	14.5%	14.1%	14.4%	14.3%
EBITDA ⁽¹⁾	478,803	386,218	1,302,265	1,055,610
Operating margin ⁽¹⁾	26.2%	23.5%	24.4%	22.6%
Capital expenditures ⁽²⁾	129,894	35,847	218,789	104,269
Number of stores ⁽³⁾	1,541	1,462	1,541	1,462
Average store size (gross square feet) ⁽³⁾	10,469	10,443	10,469	10,443
Declared dividends per common share	\$0.0708	\$0.0553	\$0.2124	\$0.1659

(dollars in thousands)

	<u>As at</u>	
	<u>October 29, 2023</u>	<u>January 29, 2023</u>
	<u>\$</u>	<u>\$</u>
Statement of Financial Position Data		
Cash and cash equivalents	730,178	101,261
Inventories	940,313	957,172
Total current assets	1,734,547	1,156,947
Property, plant and equipment	926,646	802,750
Right-of-use assets	1,779,583	1,699,755
Total assets	5,674,945	4,819,656
Total current liabilities	1,151,616	1,162,874
Total non-current liabilities	4,197,358	3,628,372
Total debt ⁽¹⁾	2,760,827	2,251,903
Net debt ⁽¹⁾	2,030,649	2,150,642
Shareholders' equity	325,971	28,410

⁽¹⁾ Refer to the section below entitled "Non-GAAP and Other Financial Measures" for the definition of these items and, where applicable, their reconciliation with the most directly comparable GAAP measure.

⁽²⁾ Includes the previously announced property acquisition, which closed on August 16, 2023 for a total capital cost of \$88.1 million.

⁽³⁾ At the end of the period.

Non-GAAP and Other Financial Measures

The Corporation prepares its financial information in accordance with GAAP. Management has included non-GAAP and other financial measures to provide investors with supplemental measures of the Corporation's operating and financial performance. Management believes that those measures are important supplemental metrics of operating and financial performance because they eliminate items that have less bearing on the Corporation's operating and financial performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on GAAP measures. Management also believes that securities analysts, investors and other interested parties frequently use non-GAAP and other financial measures in the evaluation of issuers. Management also uses non-GAAP and other financial measures to facilitate operating and financial performance comparisons from period to period, to prepare annual budgets and to assess their ability to meet the Corporation's future debt service, capital expenditure and working capital requirements.

The below-described non-GAAP and other financial measures do not have a standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by 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.

(A) Non-GAAP Financial Measures

EBITDA

EBITDA represents operating income plus depreciation and amortization and includes the Corporation's share of net earnings of its equity-accounted investment. Management believes EBITDA represents a supplementary metric to assess profitability and measure the Corporation's underlying ability to generate liquidity through operating cash flows.

(dollars in thousands)	13-Week Periods Ended		39-Week Periods Ended	
	October 29, 2023	October 30, 2022	October 29, 2023	October 30, 2022
	\$	\$	\$	\$
A reconciliation of operating income to EBITDA is included below:				
Operating income	386,656	302,655	1,031,043	810,096
Add: Depreciation and amortization	92,147	83,563	271,222	245,514
EBITDA	478,803	386,218	1,302,265	1,055,610

Total debt

Total debt represents the sum of long-term debt (including unamortized debt issue costs, accrued interest and fair value hedge – basis adjustment), short-term borrowings under the US commercial paper program and other bank indebtedness (if any). Management believes Total debt is a measure that facilitates the understanding of the Corporation's corporate financial position in relation to its financing obligations.

(dollars in thousands)

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

Senior unsecured notes (the "Fixed Rate Notes") bearing interest at:

	As at	
	October 29, 2023	January 29, 2023
	\$	\$
Fixed annual rate of 5.165% payable in equal semi-annual instalments, maturing April 26, 2030	450,000	450,000
Fixed annual rate of 2.443% payable in equal semi-annual instalments, maturing July 9, 2029	375,000	375,000
Fixed annual rate of 5.533% payable in equal semi-annual instalments, maturing September 26, 2028	500,000	-
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	375,000
Fixed annual rate of 5.084% payable in equal semi-annual instalments, maturing October 27, 2025	250,000	250,000
Fixed annual rate of 3.550% payable in equal semi-annual instalments, matured on November 6, 2023	500,000	500,000
Unamortized debt issue costs, including \$1,465 (January 29, 2023 – \$1,609) for the credit facility	(9,668)	(9,107)
Accrued interest on the Fixed Rate Notes	20,767	17,177
Fair value hedge – basis adjustment on interest rate swap	(272)	(6,167)
Total debt	2,760,827	2,251,903

Net debt

Net debt represents total debt minus cash and cash equivalents. Management believes Net debt represents a measure to assess the financial position of the Corporation including all financing obligations, net of cash.

(dollars in thousands)

	As at	
	October 29, 2023	January 29, 2023
	\$	\$
A reconciliation of total debt to net debt is included below:		
Total debt	2,760,827	2,251,903
Cash and cash equivalents	(730,178)	(101,261)
Net debt	2,030,649	2,150,642

(B) Non-GAAP Ratios

Adjusted net debt to EBITDA ratio

Adjusted net debt to EBITDA ratio is a ratio calculated using adjusted net debt over consolidated EBITDA for the last twelve months. Management uses this ratio to partially assess the financial condition of the Corporation. An increasing ratio would indicate that the Corporation is utilizing more debt per dollar of EBITDA generated.

(dollars in thousands)

	As at	
	October 29, 2023	January 29, 2023
	\$	\$
A calculation of adjusted net debt to EBITDA ratio is included below:		
Net debt	2,030,649	2,150,642
Lease liabilities	2,055,790	1,960,743
Unamortized debt issue costs	9,668	9,107
Fair value hedge - basis adjustment on interest rate swap	272	6,167
Adjusted net debt	4,096,379	4,126,659
EBITDA for the last twelve-month period	1,769,948	1,523,293
Adjusted net debt to EBITDA ratio	2.31x	2.71x

EBITDA margin

EBITDA margin represents EBITDA divided by sales. Management believes that EBITDA margin is useful in assessing the performance of ongoing operations and efficiency of operations relative to its sales.

(dollars in thousands)

	13-Week Periods Ended		39-Week Periods Ended	
	October 29, 2023	October 30, 2022	October 29, 2023	October 30, 2022
	\$	\$	\$	\$
A reconciliation of EBITDA to EBITDA margin is included below:				
EBITDA	478,803	386,218	1,302,265	1,055,610
Sales	1,477,692	1,289,574	4,228,177	3,579,518
EBITDA margin	32.4%	29.9%	30.8%	29.5%

(C) Supplementary Financial Measures

Gross margin	Represents gross profit divided by sales, expressed as a percentage of sales.
Operating margin	Represents operating income divided by sales, expressed as a percentage of sales.
SG&A as a % of sales	Represents SG&A divided by sales.
Comparable store sales	Represents 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.
Comparable store sales growth	Represents the percentage increase or decrease, as applicable, of comparable store sales relative to the same period in the prior fiscal year.