

Dollarama Inc.

Condensed Interim Consolidated Financial
Statements

**For the 13-week periods ended
April 28, 2024 and April 30, 2023**

(Unaudited, expressed in thousands of
Canadian dollars, unless otherwise noted)

Dollarama Inc.

Interim Consolidated Statements of Financial Position as at
(Unaudited, expressed in thousands of Canadian dollars)

	Note	April 28, 2024	January 28, 2024
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		292,602	313,915
Accounts receivable		28,759	32,474
Distributions receivable from equity-accounted investment		-	26,906
Prepaid expenses		13,668	13,668
Prepaid income taxes		9,896	-
Inventories		888,022	916,812
Derivative financial instruments	10	9,638	5,318
		<u>1,242,585</u>	<u>1,309,093</u>
Non-current assets			
Right-of-use assets	5	2,043,791	1,788,550
Property, plant and equipment		963,673	950,994
Intangible assets		168,299	167,835
Goodwill		727,782	727,782
Equity-accounted investment		342,903	319,353
		<u>5,489,033</u>	<u>5,263,607</u>
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		319,511	334,357
Dividend payable		25,640	19,827
Derivative financial instruments	10	1,360	3,681
Income taxes payable		-	63,998
Current portion of long-term debt	6	14,378	21,460
Current portion of lease liabilities	5	232,525	234,523
		<u>593,414</u>	<u>677,846</u>
Non-current liabilities			
Non-current portion of long-term debt	6	2,240,914	2,242,934
Non-current portion of lease liabilities	5	2,098,816	1,834,706
Deferred income taxes		128,363	127,273
		<u>5,061,507</u>	<u>4,882,759</u>
Shareholders' equity			
Share capital	7	531,784	523,125
Contributed surplus	8	40,404	49,539
Deficit		(186,646)	(226,547)
Accumulated other comprehensive income		41,984	34,731
		<u>427,526</u>	<u>380,848</u>
Total shareholders' equity		<u>427,526</u>	<u>380,848</u>
Total liabilities and shareholders' equity		<u>5,489,033</u>	<u>5,263,607</u>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Dollarama Inc.

Interim Consolidated Statements of Changes in Shareholders' Equity

For the 13-week periods ended

(Unaudited, expressed in thousands of Canadian dollars, except share amounts)

	Note	Number of common shares	Share capital \$	Contributed surplus \$	Deficit \$	Accumulated other comprehensive income \$	Total \$
Balance – January 28, 2024		278,760,573	523,125	49,539	(226,547)	34,731	380,848
Net earnings		-	-	-	215,843	-	215,843
Other comprehensive income		-	-	-	-	8,679	8,679
Total comprehensive income		-	-	-	215,843	8,679	224,522
Transfer of realized cash flow hedge gains to inventory, net of taxes		-	-	-	-	(1,426)	(1,426)
Dividends declared		-	-	-	(25,640)	-	(25,640)
Repurchase and cancellation of common shares	7	(1,281,166)	(2,404)	-	(143,140)	-	(145,544)
Share-based compensation, net of taxes	8	-	-	2,894	-	-	2,894
Issuance of common shares	8	241,368	8,961	-	-	-	8,961
Reclassification for the exercise of share options	8	-	2,102	(2,102)	-	-	-
Performance share units settlement, net of taxes	8	-	-	(9,927)	(7,162)	-	(17,089)
Balance – April 28, 2024		277,720,775	531,784	40,404	(186,646)	41,984	427,526
Balance – January 29, 2023		284,505,648	488,074	42,678	(514,078)	11,736	28,410
Net earnings		-	-	-	179,873	-	179,873
Other comprehensive income		-	-	-	-	14,025	14,025
Total comprehensive income		-	-	-	179,873	14,025	193,898
Transfer of realized cash flow hedge gains to inventory, net of taxes		-	-	-	-	(9,913)	(9,913)
Dividends declared		-	-	-	(20,206)	-	(20,206)
Share-based compensation, net of taxes	8	-	-	3,650	-	-	3,650
Issuance of common shares	8	900,770	22,397	-	-	-	22,397
Reclassification for the exercise of share options	8	-	4,984	(4,984)	-	-	-
Balance – April 30, 2023		285,406,418	515,455	41,344	(354,411)	15,848	218,236

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Dollarama Inc.

Interim Consolidated Statements of Net Earnings and Comprehensive Income

For the 13-week periods ended

(Unaudited, expressed in thousands of Canadian dollars, except share and per share amounts)

	Note	13-week periods ended	
		April 28, 2024	April 30, 2023
		\$	\$
Sales		1,405,772	1,294,549
Cost of sales	13	798,496	748,807
Gross profit		607,276	545,742
General, administrative and store operating expenses		217,166	195,598
Depreciation and amortization	13	90,162	85,638
Share of net earnings of equity-accounted investment		(22,090)	(13,125)
Operating income		322,038	277,631
Net financing costs		36,523	36,685
Earnings before income taxes		285,515	240,946
Income taxes	9	69,672	61,073
Net earnings		215,843	179,873
Other comprehensive income			
<i>Items that may be reclassified subsequently to net earnings</i>			
Reclassification of amortization of net gains on financial instruments not subject to basis adjustments		(1,184)	(600)
Foreign currency translation adjustments		5,598	5,795
Share of other comprehensive income (loss) of equity-accounted investment		(4,222)	221
Income tax recovery relating to these items		313	159
<i>Items that will not be reclassified subsequently to net earnings</i>			
Unrealized gains on derivative financial instruments subject to basis adjustments		11,507	12,174
Income tax expense relating to these items		(3,333)	(3,724)
Total other comprehensive income, net of income taxes		8,679	14,025
Total comprehensive income		224,522	193,898
Earnings per common share			
Basic net earnings per common share		\$0.77	\$0.63
Diluted net earnings per common share	11	\$0.77	\$0.63
Weighted average number of common shares outstanding (thousands)	11	278,707	284,811
Weighted average number of diluted common shares outstanding (thousands)	11	279,686	286,179

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Dollarama Inc.

Interim Consolidated Statements of Cash Flows For the 13-week periods ended (Unaudited, expressed in thousands of Canadian dollars)

	Note	13-week periods ended	
		April 28, 2024	April 30, 2023
		\$	\$
Operating activities			
Net earnings		215,843	179,873
Adjustments to reconcile net earnings to net cash generated from operating activities:			
Depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets	13	95,705	88,638
Share-based compensation	8	3,978	3,650
Net financing costs		36,523	36,685
Deferred income taxes		(2,527)	-
Share of net earnings of equity-accounted investment		(22,090)	(13,125)
Interest received		8,782	7,489
Other		299	953
		<u>336,513</u>	<u>304,163</u>
Changes in non-cash working capital components	14	<u>(54,549)</u>	<u>(21,083)</u>
Net cash generated from operating activities		<u>281,964</u>	<u>283,080</u>
Investing activities			
Distributions from equity-accounted investment		27,397	-
Additions to property, plant and equipment		(40,250)	(41,630)
Additions to intangible assets		(6,017)	(5,453)
Proceeds from disposal of property, plant and equipment		229	157
Net cash used in investing activities		<u>(18,641)</u>	<u>(46,926)</u>
Financing activities			
Interest paid on long-term debt and short-term borrowings	6	(33,918)	(26,122)
Net payment of lease liabilities	5	(74,641)	(65,799)
Issuance of common shares	8	8,961	22,397
Dividends paid		(19,827)	(15,828)
Repurchase and cancellation of common shares	7	(145,544)	-
Performance share units settlement	8	(19,667)	-
Net cash used in financing activities		<u>(284,636)</u>	<u>(85,352)</u>
Change in cash and cash equivalents		<u>(21,313)</u>	<u>150,802</u>
Cash and cash equivalents – beginning of period		<u>313,915</u>	<u>101,261</u>
Cash and cash equivalents – end of period		<u>292,602</u>	<u>252,063</u>
Supplemental information:			
Interest paid on lease liabilities	5	18,968	15,621

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Dollarama Inc.

Notes to Condensed Interim Consolidated Financial Statements

April 28, 2024

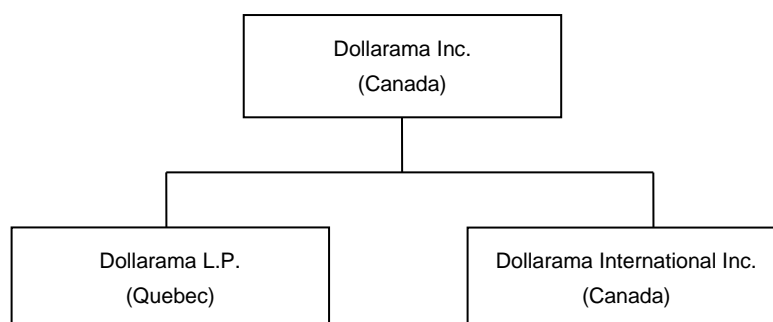
(Unaudited, expressed in thousands of Canadian dollars, unless otherwise noted)

1 General information

Dollarama Inc. (the “Corporation”) was formed on October 20, 2004 under the Canada Business Corporations Act. The Corporation offers a broad assortment of general merchandise, consumable products and seasonal items at select, fixed price points up to \$5.00 in-store and online in Canada. As at April 28, 2024, the Corporation maintains retail operations in every Canadian province as well as in the Yukon and Northwest Territories.

The Corporation’s head and registered office is located at 5805 Royalmount Avenue, Town of Mount Royal, Quebec, H4P 0A1. The Corporation’s warehousing and distribution operations are also located in the Montreal area. The Corporation is listed on the Toronto Stock Exchange (“TSX”) under the symbol “DOL”.

As at April 28, 2024, the significant entities within the legal structure of the Corporation are as follows:



Dollarama L.P. operates the chain of stores in Canada and performs related logistical and administrative support activities.

Dollarama International Inc. (“Dollarama International”) has retail operations in Latin America through its equity accounted investment in Central American Retail Sourcing, Inc. (“CARS”), the parent company of the Dollarcity group (“Dollarcity”). Dollarcity is a value retailer headquartered in Panama which offers a broad assortment of general merchandise, consumable products and seasonal items at select, fixed price points up to US\$4.00 (or the equivalent in local currency) in stores located in El Salvador, Guatemala, Colombia and Peru.

Dollarama Inc.

Notes to Condensed Interim Consolidated Financial Statements

April 28, 2024

(Unaudited, expressed in thousands of Canadian dollars, unless otherwise noted)

2 Basis of preparation

The Corporation prepares its condensed interim consolidated financial statements 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 as issued by the International Accounting Standards Board (“IFRS”).

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, “Interim Financial Reporting”. In accordance with GAAP, these financial statements do not include all of the financial statement disclosures required for annual financial statements and should be read in conjunction with the Corporation’s audited annual consolidated financial statements for the year ended January 28, 2024 (“Fiscal 2024”), which have been prepared in accordance with IFRS. In management’s opinion, the unaudited condensed interim consolidated financial statements reflect all the adjustments that are necessary for a fair presentation of the results for the interim period presented.

These unaudited condensed interim consolidated financial statements were approved by the board of directors of the Corporation (the “Board of Directors”) for issue on June 12, 2024.

Seasonality of operations

The Corporation’s sales generally increase ahead of major holidays, with December representing the highest proportion of sales, but otherwise experience limited seasonal fluctuations. However, the occurrence of certain events that are beyond the Corporation’s control, such as unusually adverse weather or an epidemic or pandemic outbreak, and that cause disruption in its operations could materially adversely affect the business and financial results of the Corporation. Consequently, results for the 13-week period ended April 28, 2024 may not be representative of results for subsequent quarters or for the full fiscal year.

3 Summary of material accounting policy information

These unaudited condensed interim consolidated financial statements have been prepared using the accounting policies as outlined in Note 3 to the Fiscal 2024 audited consolidated financial statements.

A number of new standards and amendments to standards and interpretations were effective during the current period or after. None of these new standards or amendments have or are expected to have a material impact on the condensed interim consolidated financial statements of the Corporation.

4 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.

These unaudited condensed interim consolidated financial statements have been prepared using the critical accounting estimates and judgments as outlined in Note 5 to the Fiscal 2024 audited consolidated financial statements.

Dollarama Inc.

Notes to Condensed Interim Consolidated Financial Statements

April 28, 2024

(Unaudited, expressed in thousands of Canadian dollars, unless otherwise noted)

5 Leases

As at April 28, 2024, the Corporation owned one store, one distribution centre, one warehouse and leased 1,568 stores, its head office and six warehouses.

As at April 28, 2024, changes in right-of-use assets were as follows:

	April 28, 2024	April 30, 2023
	\$	\$
Balance, beginning of period	1,788,550	1,699,755
Additions	318,579	85,154
Terminations and other adjustments	(661)	151
Depreciation	(62,677)	(58,036)
Balance, end of period	2,043,791	1,727,024

As at April 28, 2024, changes in lease liabilities were as follows:

	April 28, 2024	April 30, 2023
	\$	\$
Balance, beginning of period	2,069,229	1,960,743
Additions	318,579	85,154
Interest expense on lease liabilities	18,968	15,621
Disposals and other adjustments	(794)	(10)
Net payment of lease liabilities	(74,641)	(65,799)
Balance, end of period	2,331,341	1,995,709
Current portion	232,525	227,429
Non-current portion	2,098,816	1,768,280

During the 13-week period ended April 28, 2024, the Corporation expensed \$34,143 (13-week period ended April 30, 2023 – \$30,194) of variable lease payments, which are not included in the lease liabilities. During the 13-week period ended April 28, 2024, the Corporation also expensed \$2,193 (13-week period ended April 30, 2023 – \$2,793) of lease payments relating to short-term leases or leases with underlying low-value asset for which the payments were not included in the lease liabilities.

Dollarama Inc.

Notes to Condensed Interim Consolidated Financial Statements

April 28, 2024

(Unaudited, expressed in thousands of Canadian dollars, unless otherwise noted)

6 Debt

	April 28, 2024	January 28, 2024
	\$	\$
Long-term debt outstanding consists of the following as at:		
Senior unsecured fixed rate notes (the "Fixed Rate Notes") bearing interest at:		
Fixed annual rate of 5.165% payable in equal semi-annual instalments, maturing April 26, 2030 (the "5.165% Fixed Rate Notes")	450,000	450,000
Fixed annual rate of 2.443% payable in equal semi-annual instalments, maturing July 9, 2029 (the "2.443% Fixed Rate Notes")	375,000	375,000
Fixed annual rate of 5.533% payable in equal semi-annual instalments, maturing September 26, 2028 (the "5.533% Fixed Rate Notes")	500,000	500,000
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	375,000
Fixed annual rate of 5.084% payable in equal semi-annual instalments, maturing October 27, 2025 (the "5.084% Fixed Rate Notes")	250,000	250,000
Unamortized debt issue costs, including \$1,176 (January 28, 2024 – \$1,320) for the Credit Facility (as defined herein)	(8,467)	(9,049)
Accrued interest on the Fixed Rate Notes	14,704	21,460
Fair value hedge – basis adjustment on interest rate swap	(945)	1,983
	<u>2,255,292</u>	<u>2,264,394</u>
Current portion (includes unamortized debt issue costs, accrued interest on the Fixed Rate Notes, and the Fixed Rate Notes with a maturity date falling within the next 53-week period, when applicable)	<u>(14,378)</u>	<u>(21,460)</u>
	<u>2,240,914</u>	<u>2,242,934</u>

The table below provides the carrying values and fair values of the Fixed Rate Notes as at April 28, 2024 and January 28, 2024. The fair values of the Fixed Rate Notes were determined as a level 2 in the fair value hierarchy.

	April 28, 2024		January 28, 2024	
	Carrying value	Fair value	Carrying value	Fair value
	\$	\$	\$	\$
Fixed Rate Notes				
5.165% Fixed Rate Notes	448,527	455,175	454,198	459,567
2.443% Fixed Rate Notes	376,561	334,830	374,184	335,561
5.533% Fixed Rate Notes	500,406	513,575	507,433	518,705
1.505% Fixed Rate Notes	299,642	270,000	300,714	270,105
1.871% Fixed Rate Notes	376,389	352,088	374,561	351,596
5.084% Fixed Rate Notes	255,888	250,090	252,641	250,798
	<u>2,257,413</u>	<u>2,175,758</u>	<u>2,263,731</u>	<u>2,186,332</u>

Dollarama Inc.

Notes to Condensed Interim Consolidated Financial Statements

April 28, 2024

(Unaudited, expressed in thousands of Canadian dollars, unless otherwise noted)

6 Debt (cont'd)

Credit Agreement

On July 5, 2023, the Corporation and the lenders entered into a sixth amending agreement to the Third Amended and Restated Credit Agreement (the "TARCA") in order to, among other things, extend the terms of its revolving credit facilities (collectively, the "Credit Facility"). Specifically, (i) the term of Facility A, in the amount of \$250,000, was extended from July 5, 2027 to July 5, 2028, (ii) the term of Facility B, in the amount of \$450,000, was extended from July 5, 2025 to July 6, 2026, (iii) the term of Facility C, in the amount of \$50,000, was extended from July 5, 2025 to July 6, 2026, and (iv) the term of Facility D, in the amount of \$300,000, was extended from July 5, 2023 to July 3, 2024.

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 \$1,500,000.

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.

The Credit Facility is 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, in certain circumstances, 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.

As at April 28, 2024 and January 28, 2024, no amount was outstanding under the TARCA. As at April 28, 2024, \$1,049,172 was available under the Credit Facility (January 28, 2024 – \$1,049,048) and there were letters of credit issued for the purchase of inventories which amounted to \$828 (January 28, 2024 – \$952). As at April 28, 2024, the Corporation was in compliance with all of its financial covenants under the TARCA.

Short-term borrowings

Under the terms of its US commercial paper program, the Corporation may issue, from time to time, on a private placement basis in reliance upon exemptions from registration and prospectus requirements under applicable securities legislation, 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, as amended, may not exceed US\$700,000. 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 and *pari passu* 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. The Corporation's Credit Facility serves as a liquidity backstop for the repayment of the USCP Notes. As at April 28, 2024, no amount was outstanding under the US commercial paper program (January 28, 2024 – nil).

Dollarama Inc.

Notes to Condensed Interim Consolidated Financial Statements

April 28, 2024

(Unaudited, expressed in thousands of Canadian dollars, unless otherwise noted)

7 Shareholders' equity

Share capital

Normal course issuer bid ("NCIB")

On July 5, 2023, the Corporation announced the renewal of its NCIB and the approval from the TSX to repurchase for cancellation up to 13,695,242 common shares, representing approximately 4.8% of the 283,376,026 common shares issued and outstanding as at June 30, 2023, during the 12-month period from July 7, 2023 to July 6, 2024. On April 3, 2024, the Corporation amended its NCIB in connection with the establishment of an employee benefit plan trust such that, going forward, common shares repurchased under the NCIB will either be cancelled or placed in trust to facilitate the holding and administering of common shares that may be purchased from time to time to hedge the Corporation's exposure in respect of grants made under its performance share unit plan, including to settle the Corporation's obligations under such plan.

Activities under the Corporation's NCIB during the 13-week periods ended on the dates indicated below were as follows:

	13-week periods ended	
	April 28, 2024	April 30, 2023
Number of common shares repurchased under the NCIB program	1,281,166	-
Cash consideration paid, allocated to:		
Share capital	\$2,404	-
Deficit	\$143,140	-
Total	\$145,544	-

8 Share-based compensation

a) Performance share units ("PSUs")

During the 13-week period ended April 28, 2024, the Corporation recognized a share-based compensation expense for PSUs of \$2,549 (13-week period ended April 30, 2023 – \$2,221).

Outstanding PSUs for the 13-week periods ended on the dates indicated below are as follows:

	April 28, 2024	April 30, 2023
Outstanding – beginning of period	222,229	171,295
Granted	54,657	73,984
Vested	(87,847)	-
Forfeited	-	(1,655)
Outstanding – end of period	189,039	243,624

Dollarama Inc.

Notes to Condensed Interim Consolidated Financial Statements

April 28, 2024

(Unaudited, expressed in thousands of Canadian dollars, unless otherwise noted)

8 Share-based compensation (cont'd)

b) Share options

During the 13-week period ended April 28, 2024, the Corporation recognized a share-based compensation expense for share options of \$1,429 (13-week period ended April 30, 2023 – \$1,429).

Outstanding and exercisable share options for the 13-week periods ended on the dates indicated below are as follows:

	April 28, 2024		April 30, 2023	
	Number of share options	Weighted average exercise price (\$)	Number of share options	Weighted average exercise price (\$)
Outstanding – beginning of period	2,115,097	52.73	3,358,385	40.79
Granted	166,670	111.69	247,335	81.45
Exercised	(241,368)	37.13	(900,770)	24.86
Forfeited	-	-	(12,646)	53.94
Outstanding – end of period	2,040,399	59.39	2,692,304	49.79
Exercisable – end of period	1,163,986	49.35	1,519,639	41.78

c) Deferred share units (“DSUs”)

During the 13-week period ended April 28, 2024, the Corporation recognized a share-based compensation expense for DSUs of \$935 (13-week period ended April 30, 2023 – \$815), which includes the effect of equity derivatives. As at April 28, 2024, the DSU liability amounted to \$19,273 (January 28, 2024 – \$17,432) and the intrinsic value of the liability for vested benefits was \$18,412 (January 28, 2024 – \$16,579).

Outstanding DSUs for the 13-week periods ended on the dates indicated below are as follows:

	April 28, 2024	April 30, 2023
Outstanding – beginning of period	174,544	159,594
Granted	8,921	9,936
Outstanding – end of period	183,465	169,530

9 Income taxes

The income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full fiscal year. The statutory income tax rate for the 13-week period ended April 28, 2024 was 26.5% (13-week period ended April 30, 2023 – 26.5%). The Corporation's effective income tax rate for the 13-week period ended April 28, 2024 was 24.4% (13-week period ended April 30, 2023 – 25.3%).

Dollarama Inc.

Notes to Condensed Interim Consolidated Financial Statements

April 28, 2024

(Unaudited, expressed in thousands of Canadian dollars, unless otherwise noted)

10 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.

A summary of the aggregate contractual nominal value, weighted average contract rate or interest rate, as applicable, statement of financial position location and estimated fair values of derivative financial instruments as at April 28, 2024 and January 28, 2024 is as follows:

	Contractual nominal value	Weighted average contract rate	Statement of financial position	Fair value - Asset (Liability)	Nature of hedging relationship
	USD/CAD	USD/CAD/ Interest rate	Location	Significant other observable inputs (Level 2)	Recurring
	\$			\$	
As at April 28, 2024					
Hedging instruments for the forecasted U.S. dollar merchandise purchases					
USD Foreign exchange forward contracts	446,000	1.34	Current assets	9,593	Cash flow hedge
USD Foreign exchange forward contracts	45,000	1.37	Current liabilities	(370)	Cash flow hedge
	<u>491,000</u>			<u>9,223</u>	
Hedging instruments for the fixed to floating interest rate notes					
CAD interest rate swap contracts	50,000	CORRA	Current assets	45	Fair value hedge
CAD interest rate swap contracts	200,000	CORRA	Current liabilities	(990)	Fair value hedge
	<u>250,000</u>			<u>(945)</u>	
Total	<u>741,000</u>			<u>8,278</u>	
As at January 28, 2024					
Hedging instruments for the forecasted U.S. dollar merchandise purchases					
USD Foreign exchange forward contracts	265,000	1.33	Current assets	3,335	Cash flow hedge
USD Foreign exchange forward contracts	223,000	1.36	Current liabilities	(3,681)	Cash flow hedge
	<u>488,000</u>			<u>(346)</u>	
Hedging instruments for the fixed to floating interest rate notes					
CAD interest rate swap contracts	150,000	CORRA	Current assets	1,983	Fair value hedge
	<u>150,000</u>			<u>1,983</u>	
Total	<u>638,000</u>			<u>1,637</u>	

For the 13-week period ended April 28, 2024, accumulated fair value gains of \$4,615 (13-week period ended April 30, 2023 – accumulated fair value gains of \$13,629) on USD foreign exchange forward contracts recorded in the carrying value of inventory were reclassified from inventory to the cost of sales in the condensed interim consolidated statement of net earnings and comprehensive income.

Dollarama Inc.

Notes to Condensed Interim Consolidated Financial Statements

April 28, 2024

(Unaudited, expressed in thousands of Canadian dollars, unless otherwise noted)

11 Earnings per common share

Diluted net earnings per common share for the 13-week periods ended on the dates indicated below were calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares as follows:

	13-week periods ended	
	April 28, 2024	April 30, 2023
Net earnings attributable to shareholders of the Corporation and used to determine basic and diluted net earnings per common share	\$215,843	\$179,873
Weighted average number of common shares outstanding during the period (thousands)	278,707	284,811
Dilutive effect of share options (thousands)	979	1,368
Weighted average number of common shares for diluted net earnings per common share (thousands)	279,686	286,179
Diluted net earnings per common share	\$0.77	\$0.63

As at April 28, 2024, 184,220 share options (April 30, 2023 – 497,154) have an anti-dilutive effect since the average market price of the underlying shares was lower than the sum of the exercise price and the unearned share-based compensation of those share options under the treasury stock method.

12 Related party transactions

a) Rossy family

On April 3, 2024, the Corporation renewed its long-term lease agreements governing its head office and five of its warehouses, which are leased from entities controlled by the Rossy family. With respect to each lease, the Corporation negotiated a long-term extension and updated terms which are considered to be no less favorable to the Corporation than those that could have been obtained from third parties based on, among other factors, a review completed with the assistance of counsel as well as rental rate comparison studies prepared by an independent third party.

As at April 28, 2024, 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 April 28, 2024, the outstanding balance of lease liabilities owed to entities controlled by the Rossy family totalled \$255,051 (January 28, 2024 – \$14,891).

Rental expenses charged by entities controlled by the Rossy family totalled \$2,405 for the 13-week period ended April 28, 2024 (13-week period ended April 30, 2023 – \$2,383).

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(Unaudited, expressed in thousands of Canadian dollars, unless otherwise noted)

12 Related party transactions (cont'd)

b) Dollarcity

As at April 28, 2024, Dollarama International, a wholly-owned subsidiary of the Corporation, held a 50.1% interest in CARS. The Corporation accounts for its investment in Dollarcity as a joint arrangement using the equity method. Under the terms of the stockholders agreement (the "Stockholders Agreement") entered into among Dollarama International and Dollarcity's founding stockholders in 2019, as amended from time to time, 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. Since October 1, 2022, this right may be exercised in the ordinary course by Dollarcity's founding stockholders during specified periods, 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.

Dollarama International and Dollarcity's business relationship is governed by a sourcing agreement and a services agreement entered into between the parties on February 4, 2022, each having an initial term of five years, subject to automatic renewal for successive one-year periods, unless terminated by either party at least 60 days before the close of the then-current term.

Under the sourcing agreement, Dollarcity purchases from the Corporation goods to be sold to customers in the normal course of business. The sales to Dollarcity that were shipped directly from the Corporation's warehouses, as well as the net consideration received for sales in which the Corporation acts as an intermediary, are included in the Corporation's consolidated sales.

Under the services agreement and other agreements in place, Dollarcity and the Corporation provide services to each other, including, but not limited to, administrative and corporate services, as well as diverse information technology related matters. Dollarcity also purchases various items from the Corporation such as racking, hardware and software licenses.

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(Unaudited, expressed in thousands of Canadian dollars, unless otherwise noted)

12 Related party transactions (cont'd)

The following transactions have been entered into with Dollarcity in connection with the aforementioned agreements:

	April 28, 2024 \$	January 28, 2024 \$
Included in the Consolidated Statement of Financial Position		
Accounts receivable ⁽¹⁾	19,184	22,521
Distributions receivable from equity-accounted investment	-	26,906
Accounts payable and accrued liabilities	2,660	8,299
	13-week periods ended	
	April 28, 2024 \$	April 30, 2023 \$
Included in the Consolidated Statement of Net Earnings and Comprehensive Income		
Sales ⁽²⁾	5,406	9,683

⁽¹⁾ The accounts receivable from Dollarcity is guaranteed by a letter of credit up to US\$20,000 (\$27,342) (January 28, 2024 – US\$20,000 (\$26,906)) and includes amounts outstanding under the sourcing and services agreements, as well as other agreements in place.

⁽²⁾ Includes the net consideration received for sales in which the Corporation acts as an intermediary, as well as gross proceeds generated from sales shipped directly from the Corporation's warehouses.

Dollarama Inc.

Notes to Condensed Interim Consolidated Financial Statements

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(Unaudited, expressed in thousands of Canadian dollars, unless otherwise noted)

13 Expenses by nature included in the condensed interim consolidated statement of net earnings and comprehensive income

	13-week periods ended	
	April 28, 2024	April 30, 2023
	\$	\$
Cost of sales		
Cost of goods sold, labour, transport and other costs	746,276	703,047
Occupancy costs	46,677	42,760
Depreciation of property, plant and equipment and right-of-use assets relating to the warehouses and distribution centre	5,543	3,000
Total cost of sales	798,496	748,807
Depreciation and amortization		
Depreciation of property, plant and equipment and right-of-use assets	84,609	80,021
Amortization of intangible assets	5,553	5,617
Total depreciation and amortization	90,162	85,638
Employee benefits	165,048	149,249
Net financing cost		
Interest expense on long-term debt	21,500	21,249
Interest expense on lease liabilities	18,968	15,621
Interest expense on short-term borrowing	4,517	4,640
Banking fees and other interest expense	976	1,137
Interest revenue	(9,438)	(5,962)
Total net financing cost	36,523	36,685

14 Details of statement of cash flows

The changes in non-cash working capital components for the 13-week periods ended on the dates indicated below are as follows:

	13-week periods ended	
	April 28, 2024	April 30, 2023
	\$	\$
Accounts receivable	4,706	8,971
Prepaid expenses	-	7,103
Prepaid income taxes	(9,896)	-
Inventories	28,790	19,487
Accounts payable and accrued liabilities	(16,754)	(15,414)
Income taxes payable	(61,395)	(41,230)
	(54,549)	(21,083)
Net cash paid for income taxes	143,538	102,303

Cash paid and received for income taxes are cash flows used in operating activities.

Dollarama Inc.

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(Unaudited, expressed in thousands of Canadian dollars, unless otherwise noted)

15 Event after the reporting period

Quarterly cash dividend

On June 12, 2024, the Corporation announced that its Board of Directors approved a quarterly cash dividend for holders of common shares of \$0.0920 per common share. This dividend is payable on August 2, 2024 to shareholders of record at the close of business on July 5, 2024. The dividend is designated as an “eligible dividend” for Canadian tax purposes.

Acquisition of Additional Equity Interest and Expansion of Partnership in Latin America

On June 12, 2024, the Corporation announced that it acquired an additional 10.0% equity interest (the “Dollarcity Transaction”) in CARS, the parent company of the entities operating Dollarcity, thereby increasing its equity interest in CARS to 60.1%. The consideration for the acquisition was satisfied by the issuance of 6,060,478 common shares of the Corporation, representing an implied total value of approximately US\$554,000 (\$762,000) based on the closing price of Dollarama’s common shares on the TSX as of June 11, 2024. In connection with the Dollarcity Transaction, the Corporation also secured an option to acquire, at any time on or before December 31, 2027, an additional 9.89% equity interest in CARS and a corresponding 4.945% equity interest in ICM (as herein defined).

In connection with the Dollarcity Transaction, Dollarama International and the Dollarcity founding stockholders also established a new vehicle under the Dollarcity group, Inversiones Comerciales Mexicanas S.A (“ICM”), and agreed on updated governance terms providing for the future expansion of the business into a new territory (Mexico), which did not form part of the initial agreed upon countries (namely El Salvador, Guatemala, Honduras, Costa Rica, Nicaragua, Panama, Colombia, Peru and Ecuador) under the Stockholders Agreement entered into in August 2019. Under such terms, the Corporation and the Dollarcity founding stockholders will indirectly have an 80.05% and 19.95% equity interest, respectively, in the parent company of the entities that will operate the Mexico portion of the business.

The terms of the Stockholders Agreement, as amended and restated in connection with the Dollarcity Transaction, include the call option in favour of the Corporation and updated governance terms for the future expansion of the business in Mexico. Except for certain changes required to reflect the increased ownership interest of Dollarama International in ICM, the governance terms that will apply to ICM and the operation of the Mexico business, including with respect to certain specified strategic and operational decisions to be subject to the approval of all stockholders, will be substantially similar to those applicable to CARS.

The Corporation will continue to have a joint control over Dollarcity (including CARS and ICM) and account for its investment as a joint arrangement using the equity method.