DOLLARAMA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
First Quarter Ended May 4, 2025

June 11, 2025

The following management's discussion and analysis ("MD&A") dated June 11, 2025 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 first quarter ended May 4, 2025. This MD&A should be read in conjunction with the Corporation's unaudited condensed interim consolidated financial statements and notes for the first quarter ended May 4, 2025 and the audited annual consolidated financial statements and notes for Fiscal 2025 (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 first quarter ended May 4, 2025 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 as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

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 2024" are to the Corporation's fiscal year ended January 28, 2024; to "Fiscal 2025" are to the Corporation's fiscal year ended February 2, 2025 and to "Fiscal 2026" are to the Corporation's fiscal year ending February 1, 2026.

The Corporation's fiscal year ends on the Sunday closest to January 31 of each year and usually has 52 weeks. However, as is traditional with the retail calendar, every five or six years, a week is added to the fiscal year. Fiscal 2025 was comprised of 53 weeks whereas Fiscal 2026 is comprised of 52 weeks.

Forward-Looking Statements

Certain statements in this MD&A about our current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or 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. Specific forward-looking statements in this MD&A include, but are not limited to, statements with respect to: the intended development of a logistics hub in Western Canada; the Corporation's shareholder capital return strategy; global supply chain challenges; the liquidity position of the Corporation; the refinancing of the 5.084% Fixed Rate Notes (defined hereinafter) maturing October 27, 2025; the potential accretive effect of the normal course issuer bid; the impact of minimum wage increases on administrative and store operating expenses; Dollarcity and certain terms and conditions of the Stockholders Agreement (as such terms are hereinafter defined); the expected timing for the opening by Dollarcity of its first stores in Mexico; the declaration and payment of dividends by Dollarcity; the proposed acquisition by the Corporation of TRS (defined hereinafter), including regarding the anticipated timing of the completion of the acquisition and certain anticipated benefits of the proposed acquisition.

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 following factors which are discussed in greater detail in the "Risks and Uncertainties" section of the Corporation's annual MD&A for Fiscal 2025, available on SEDAR+ at www.sedarplus.ca and on the Corporation's website at www.dollarama.com: future increases in operating costs (including increases in statutory minimum wages), future increases in merchandise costs (including as a result of rising raw material costs and tariff disputes), future increases in shipping, transportation and other logistics costs (including as a result of freight costs, fuel price increases and detention costs), increase in the cost or a disruption in the flow of imported goods (including as a result of global supply chain disruptions and the geopolitical instability triggered by the increased tensions between China and the Western countries), failure to maintain brand image and reputation, inability to sustain assortment and replenishment of merchandise, disruption of distribution infrastructure, inability to increase warehouse and distribution centre capacity in a timely manner, inability to enter into or renew, as applicable, store and warehouse leases on favourable and competitive terms, inventory shrinkage, seasonality, market acceptance of private brands, failure to protect trademarks and other proprietary rights, foreign operations, foreign exchange rate fluctuations, potential losses associated with using derivative financial instruments, interest rate risk associated with variable rate indebtedness, level of indebtedness and inability to generate sufficient cash to service debt, any exercise by Dollarcity's founding stockholders of their put right, changes in creditworthiness and credit rating and the potential increase in the cost of capital, increases in taxes and changes in applicable tax laws or the interpretation thereof, competition in the retail industry (including from online retailers), 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 (including failure to identify and develop new growth opportunities), any failure to satisfy the necessary closing conditions regarding the proposed acquisition of TRS in a timely manner, or at all, and any delay or failure to close the TRS Acquisition, the Corporation's inability to successfully integrate TRS' business upon completion of the proposed acquisition of TRS, any failure to realize anticipated benefits from the acquisition of TRS, holding company structure, adverse weather, earthquakes and other natural disasters, geopolitical events and political unrest in foreign countries, pandemic or epidemic outbreaks, unexpected costs associated with current insurance programs, product liability claims and product recalls, regulatory environment, class action lawsuits and other litigation, environmental compliance, climate change, 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 June 11, 2025 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.

Recent Events

Quarterly Cash Dividend

On June 11, 2025, the Corporation announced that its board of directors approved a quarterly cash dividend for holders of common shares of $0.1058 per common share. This dividend is payable on August 8, 2025 to shareholders of record at the close of business on July 11, 2025. The dividend is designated as an "eligible dividend" for Canadian tax purposes.

Proposed Acquisition of TRS and Expansion in Australia

On March 26, 2025, the Corporation announced that it entered into a definitive agreement to acquire all the issued and outstanding ordinary shares of The Reject Shop Limited ("TRS"), a discount retailer in Australia, for an all cash consideration of A$6.68 per ordinary share, which values TRS's ordinary share capital at approximately A$259.0 million ($233.0 million) (the "TRS Acquisition"). Headquartered in Melbourne, TRS has a store network of more than 390 locations across Australia. Its offering includes private-label and national brand products. The TRS Acquisition aims to establish a new and complementary growth platform in support of the Corporation's long-term growth strategy. Completion of the TRS Acquisition is subject to customary closing conditions, including TRS shareholders' approval and the receipt of necessary court approval. Closing of the TRS Acquisition is expected by the end of July. The results of the acquired business will be consolidated from the date of closing.

Overview

Our Business

As at May 4, 2025, the Corporation had 1,638 stores in Canada, including 22 net new stores opened during the first quarter of Fiscal 2026, and continues to expand its network across the country. Stores average 10,444 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 $5.00. 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 partnerships with third-party online delivery platforms offering same-day delivery to customer homes to provide additional convenience to Canadian customers. A selection of products from the broader consumable, general merchandise and seasonal offering are available for purchase by the unit.

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 is also focused on supporting the growth of its operations in Latin America through its 60.1% equity accounted investment in Central American Retail Sourcing, Inc. ("CARS"), a corporation organized under the laws of Panama and the parent company of entities which operate stores located in El Salvador, Guatemala, Colombia and Peru by offering 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). The Corporation also has a 80.05% equity accounted investment in Inversiones Comerciales Mexicanas S.A ("ICM", and together with CARS and their respective subsidiaries, the "Dollarcity Group" or "Dollarcity"), a corporation organized under the laws of Panama and the parent company of entities established for the future expansion of the operations of Dollarcity in Mexico, planned for the summer of 2025. As at March 31, 2025, Dollarcity had a total of 644 stores (compared to 547 as at March 31, 2024) with 377 locations in Colombia, 109 in Guatemala, 77 in El Salvador, and 81 in Peru. Refer to the sections entitled "Factors Affecting Results of Operations – Sales" and "Dollarcity".

Fiscal 2026 First Quarter Results Highlights Compared to Fiscal 2025 First Quarter

- Sales increased by 8.2% to $1,521.2 million, compared to $1,405.8 million
- Comparable store sales(1) increased by 4.9%, over and above 5.6% growth in the corresponding period of the previous year
- EBITDA(1) increased by 18.8% to $496.2 million, representing an EBITDA margin(1) of 32.6%, compared to 29.7%
- Operating income increased by 20.7% to $388.8 million, representing an operating margin(1) of 25.6%, compared to 22.9%
- Net earnings increased by 26.9% to $273.8 million, resulting in a 27.3% increase in diluted net earnings per common share to $0.98, compared to $0.77
- Unrealized gain of $10.4 million relating to the derivative on our equity-accounted investment, positively impacting EBITDA margin by 70 basis points and diluted net earnings per common shares by $0.03
- 22 net new stores opened, compared to 18 net new stores

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

Fiscal 2026 Outlook

A discussion of management's expectations as to the Corporation's outlook for Fiscal 2026 is contained in the Corporation's press release dated June 11, 2025 under the heading "Fiscal 2026 Outlook". The press release is available on SEDAR+ at www.sedarplus.ca and on the Corporation's website at https://www.dollarama.com/

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 from 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.

Under the sourcing agreement and the services agreement entered into by Dollarama International Inc. ("Dollarama International"), the wholly-owned subsidiary through which the Corporation holds its equity interests in CARS and ICM, the Corporation recognizes revenue based on the amounts billed to Dollarcity when the Corporation acts as the principal. Otherwise, the Corporation recognizes the net amount that it retains as revenue. Refer to section entitled "Dollarcity" for additional details.

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 sales fluctuations and expect this trend to continue. That said, the occurrence of unusually adverse weather 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. Refer to the section of this MD&A entitled "Risks and Uncertainties" for a discussion on 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, shipping 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 can reasonably be estimated. 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, including raw material costs, can negatively affect our business, our multiple price point product offering provides some flexibility to react to and offset, at least partially, those cost increases.

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 mainly purchase 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 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 are also a significant component of our cost of sales.

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. 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, aimed at achieving 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, product mix and/or fluctuations in logistics and transportation costs, among other factors. Our current target is to refresh approximately 25% to 30% of our offering on an annual basis.

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, transaction costs (such as those from the planned TRS Acquisition), 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.

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, grocery, health and beauty 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 and retention of qualified 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 May 4, 2025 and April 28, 2024 has been derived from the Corporation's unaudited condensed interim consolidated financial statements and related notes.

(dollars and shares in thousands, except per share amounts)	13-week periods ended	
	May 4, 2025	April 28, 2024
	$	$
Earnings Data		
Sales	1,521,210	1,405,772
Cost of sales	848,900	798,496
Gross profit	672,310	607,276
SG&A	233,457	217,166
Depreciation and amortization	90,381	90,162
Share of net earnings of equity-accounted investment	(40,312)	(22,090)
Operating income	388,784	322,038
Unrealized gain from derivative on equity-accounted investment	(10,348)	-
Net financing costs	43,960	36,523
Earnings before income taxes	355,172	285,515
Income taxes	81,416	69,672
Net earnings	273,756	215,843
Basic net earnings per common share	$0.99	$0.77
Diluted net earnings per common share	$0.98	$0.77
Weighted average number of common shares outstanding:		
Basic	277,045	278,707
Diluted	278,211	279,686
Other Data		
Year-over-year sales growth	8.2%	8.6%
Comparable store sales growth (1)	4.9%	5.6%
Gross margin (1)	44.2%	43.2%
SG&A as a % of sales (1)	15.3%	15.4%
EBITDA (1)	496,171	417,743
Operating margin (1)	25.6%	22.9%
Capital expenditures	46,193	46,267
Number of stores (2)	1,638	1,569
Average store size (gross square feet) (2)	10,444	10,430
Declared dividends per common share	$0.1058	$0.0920

(dollars in thousands)	As at May 4, 2025 $	As at February 2, 2025 $
Statement of Financial Position Data		
Cash and cash equivalents	229,008	122,685
Inventories	939,120	921,095
Total current assets	1,249,132	1,201,280
Property, plant and equipment	1,064,116	1,046,390
Right-of-use assets	2,132,909	2,109,445
Total assets	6,568,184	6,482,592
Total current liabilities	952,452	1,014,306
Total non-current liabilities	4,295,659	4,280,028
Total debt (1)	2,269,831	2,282,679
Net debt (1)	2,040,823	2,159,994
Shareholders' equity	1,320,073	1,188,258

(1) Refer to the section entitled "Non-GAAP and Other Financial Measures" of this MD&A for the definition of these items and, where applicable, their reconciliation with the most directly comparable GAAP measure.
(2) At the end of the period.

Results of Operations

Analysis of Results for the First Quarter of Fiscal 2026

The following section provides an overview of the Corporation's financial performance during the first quarter of Fiscal 2026 compared to the first quarter of Fiscal 2025.

Sales

Sales for the first quarter of Fiscal 2026 increased by 8.2% to $1,521.2 million, compared to $1,405.8 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 1,569 on April 28, 2024 to 1,638 on May 4, 2025) and comparable store sales growth.

Comparable store sales for the first quarter of Fiscal 2026 increased by 4.9%, consisting of a 3.7% increase in the number of transactions and a 1.2% increase in average transaction size, over and above comparable store sales growth of 5.6% for the first quarter of Fiscal 2025. The increase in comparable store sales was primarily driven by strong demand for consumables, while also benefitting from a positive performance of our seasonal offering.

New stores, which are not yet comparable stores, reach annual sales of approximately $3.2 million within their first two years of operation, and achieve an average capital payback period of approximately two years.

Gross Margin

Gross margin was 44.2% of sales in the first quarter of Fiscal 2026, compared to 43.2% of sales in the first quarter of Fiscal 2025. Gross margin as a percentage of sales was higher primarily as a result of lower logistics costs.

SG&A

SG&A for the first quarter of Fiscal 2026 increased by 7.5% to $233.5 million, compared to $217.2 million for the first quarter of Fiscal 2025. SG&A represented 15.3% of sales for the first quarter of Fiscal 2026, compared to 15.4% of sales for the first quarter of Fiscal 2025, reflecting lower labour costs, partially offset by higher store expenses and transaction costs from the proposed acquisition of TRS.

EBITDA

EBITDA was $496.2 million, representing an EBITDA margin of 32.6% for the first quarter of Fiscal 2026, compared to $417.7 million, or an EBITDA margin of 29.7% in the first quarter of Fiscal 2025. EBITDA for the first quarter of Fiscal 2026 includes an unrealized gain of $10.4 million relating to the derivative on equity-accounted investment, reflecting the fair value adjustment of the Call Option (as hereinafter defined). Excluding the impact of the unrealized gain from the derivative on equity-accounted investment ($10.4 million), EBITDA and EBITDA margin would have been $485.8 million and 31.9%, respectively.

Depreciation and Amortization

The depreciation and amortization expense increased by $0.2 million, from $90.2 million for the first quarter of Fiscal 2025 to $90.4 million for the first quarter of Fiscal 2026. The slight increase is mainly attributable to additions to right-of-use assets and leasehold improvements on the opening of new stores, partially offset by the change in useful life of certain property, plant and equipment to reflect the Corporation's utilization period of the underlying assets.

Share of Net Earnings of Equity-Accounted Investment

The Corporation's 60.1% share of Dollarcity's net earnings for the period from January 1, 2025 to March 31, 2025 amounted to $40.3 million, compared to $22.1 million for the Corporation's 50.1% share during the same period last year. This 82.4% increase is primarily attributable to continued strong operational performance during the three month period ended March 31, 2025, compared to the same period last year, and the acquisition of an additional 10% equity interest in Dollarcity on June 11, 2024 (the "Dollarcity Transaction"). Dollarcity's first quarter performance was mainly driven by a 12.6% increase in sales, supported by an increase in the total number of stores (from 547 on March 31, 2024, to 644 on March 31, 2025), as well as an increase in gross margin as a percentage of sales from lower inbound shipping and logistics costs. Dollarcity's SG&A as a percentage of sales remains stable, further improving the strong performance of the first quarter. The Corporation's investment in Dollarcity is accounted for as a joint arrangement using the equity method.

Net Financing Costs

Net financing costs increased by $7.5 million, from $36.5 million for the first quarter of Fiscal 2025 to $44.0 million for the first quarter of Fiscal 2026.The increase is mainly due to a higher interest expense on lease liabilities and a decrease in interest income due to lower invested capital.

Income Taxes

Income taxes increased by $11.7 million, from $69.7 million for the first quarter of Fiscal 2025 to $81.4 million for the first quarter of Fiscal 2026. The statutory income tax rate for the first quarter of Fiscal 2026 was 26.5%, unchanged from the corresponding quarter of Fiscal 2025. The Corporation's effective tax rates for the first quarters of Fiscal 2026 and Fiscal 2025 were 22.9% and 24.4%, respectively. The decrease in the effective tax rate for the first quarter of Fiscal 2026 is mainly due to the Corporation's share of net earnings of its equity-accounted investment in Dollarcity (which was higher for the first quarter of Fiscal 2026 than for the same period in Fiscal 2025, respectively at $40.3 million and $22.1 million) which is computed net of taxes, already accounted for by Dollarcity.

Net Earnings

Net earnings increased by 26.9% to $273.8 million, compared to $215.8 million in the first quarter of Fiscal 2025, resulting in an increase in diluted net earnings per common share of 27.3% to $0.98 per diluted common share, in the first quarter of Fiscal 2026. Excluding the impact of the unrealized gain from the derivative on equity-accounted investment ($0.03 per diluted common share), diluted net earnings per common share would have been $0.95 per diluted common share.

Summary of Consolidated Quarterly Results

	Fiscal 2026	Fiscal 2025				Fiscal 2024		
(*dollars in thousands, except per share amounts*)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Statement of Net Earnings Data	$	$	$	$	$	$	$	$
Sales	1,521,210	1,881,345	1,562,644	1,563,384	1,405,772	1,639,171	1,477,692	1,455,936
Net earnings	273,756	390,954	275,806	285,942	215,843	323,770	261,055	245,762
Net earnings per common share								
Basic	$0.99	$1.40	$0.98	$1.02	$0.77	$1.15	$0.92	$0.86
Diluted	$0.98	$1.40	$0.98	$1.02	$0.77	$1.15	$0.92	$0.86

Liquidity and Capital Resources

Cash Flows for the First Quarter of Fiscal 2026

	13-week periods ended		
(dollars in thousands)	May 4, 2025	April 28, 2024	Change
	$	$	$
Cash flows generated from operating activities	315,616	281,964	33,652
Cash flows generated (used) in investing activities	4,701	(18,641)	23,342
Cash flows used in financing activities	(213,994)	(284,636)	70,642
Net change in cash and cash equivalents	106,323	(21,313)	127,636

Cash Flows - Operating Activities

For the first quarter of Fiscal 2026, cash flows generated from operating activities totalled $315.6 million, compared to $282.0 million for the first quarter of Fiscal 2025. This increase is attributable to higher net earnings compared to the first quarter of Fiscal 2025, partially offset by a decrease in non-cash items, mainly related to higher share of net earnings of equity-accounted investment and higher use of working capital related to higher inventory purchases in the first quarter of Fiscal 2026 compared to the first quarter of Fiscal 2025.

Cash Flows - Investing Activities

For the first quarter of Fiscal 2026, cash flows generated from investing activities totalled $4.7 million, compared to $18.6 million of cash flows used in investing activities for the first quarter of Fiscal 2025. This variance is primarily attributable to distributions received of $54.6 million in the first quarter of Fiscal 2026 from the Corporation's equity-accounted investment in Dollarcity, compared to distributions received of $27.4 million in the first quarter of Fiscal 2025.

Cash Flows - Financing Activities

For the first quarter of Fiscal 2026, cash flows used in financing activities totalled $214.0 million, compared to $284.6 million for the first quarter of Fiscal 2025. This variance is mainly due to lower cash consideration paid for the repurchase of common shares under the normal course issuer bid, partially offset by an increase in net payment of lease liabilities due to timing of lease payments.

Capital Expenditures

Capital expenditures include additions to property, plant and equipment as well as intangible assets, which mainly relate to investments in information technology projects, transformation projects and new stores.

For the first quarter of Fiscal 2026, capital expenditures remained stable at $46.2 million, compared to $46.3 million for the first quarter of Fiscal 2025.

Capital Resources

As at May 4, 2025, the Corporation had $229.0 million of cash on hand and $1,048.6 million available under its Credit Facility (as hereinafter defined).

The Corporation expects that its cash flows from operating activities, together with its available liquidity, will be sufficient to meet its projected cash requirements in Fiscal 2026, including to fund its planned growth and capital expenditures, service its debt, pay its contractual obligations (including the purchase price of the TRS Acquisition, assuming the completion thereof which remains subject to customary closing conditions), repurchase common shares and make dividend payments to shareholders.

The Corporation's ability to pay the principal and interest on any portion of its debt, which consist mainly of Fixed Rate Notes as of the date hereof, to refinance or repay at maturity all or any portion thereof, or to generate sufficient funds to meet its future cash requirements will largely 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. As further described below, any exercise of the put right by Dollarcity's founding stockholders or any exercise by the Corporation of its Call Option secured in connection with the Dollarcity Transaction could also impact the foregoing and the Corporation's capital allocation strategy. Refer to the section entitled "Dollarcity" for additional details on the Dollarcity Transaction.

The Corporation expects to refinance the 5.084% Fixed Rate Notes due October 27, 2025 through the issuance of new long-term notes before the maturity date. The Corporation is in good standing with rating agencies. The Corporation's assumptions with respect to future liquidity needs and refinancing opportunities may not be correct. Refer to the section entitled "Risks and Uncertainties" for a discussion on the risks associated with indebtedness, liquidity and changes in creditworthiness or credit rating.

The Corporation had a positive working capital of $296.7 million as at May 4, 2025, compared to a positive working capital of $649.2 million as at April 28, 2024 as a result of a lower cash and cash equivalents balance and the inclusion in current liabilities of Fixed Rate Notes maturing in the next 12 months as at May 4, 2025.

Senior Unsecured Notes

(dollars in thousands) Long-term debt outstanding consists of the following as at:	**May 4, 2025** **$**	**February 2, 2025** **$**
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 $1,077 (February 2, 2025 – $1,219) for the Credit Facility (as defined herein)	(6,494)	(7,092)
Accrued interest on the Fixed Rate Notes	9,106	22,330
Long-term financing arrangement	5,142	5,080
Fair value hedge – basis adjustment on interest rate swap	12,077	12,361
	2,269,831	2,282,679
Current portion (includes unamortized debt issue costs, accrued interest on the Fixed Rate Notes, long-term financing arrangements and the Fixed Rate Notes with a maturity date falling within the next 52-week period, when applicable)	(260,810)	(273,771)
	2,009,021	2,008,908

The table below provides the carrying values and fair values of the Fixed Rate Notes as at May 4, 2025 and February 2, 2025. The fair values of the Fixed Rate Notes were determined as a level 2 in the fair value hierarchy.

	May 4, 2025		**February 2, 2025**	
(dollars in thousands)	**Carrying value** **$**	**Fair value** **$**	**Carrying value** **$**	**Fair value** **$**
Fixed Rate Notes				
5.165% Fixed Rate Notes	449,030	476,910	454,771	480,443
2.443% Fixed Rate Notes	376,863	358,399	374,646	359,258
5.533% Fixed Rate Notes	500,924	531,230	507,822	534,915
1.505% Fixed Rate Notes	299,958	289,191	301,029	287,922
1.871% Fixed Rate Notes	376,848	369,926	375,018	368,996
5.084% Fixed Rate Notes	250,066	252,138	253,171	253,220
	2,253,689	2,277,794	2,266,457	2,284,754

Credit Agreement

On June 28, 2024, the Corporation and the lenders entered into a seventh amending agreement to the Third Amended and Restated Credit Agreement (the "TARCA") in order to, among other things, (i) transition from the Canadian Dollar Offered Rate (CDOR) to the Canadian Overnight Repo Rate Average (CORRA), and (ii) extend the terms of its revolving credit facilities (collectively, the "Credit Facility"). Specifically, (i) the term of Facility A in the amount of $250.0 million, was extended from July 5, 2028 to June 28, 2029, (ii) the term of Facility B, in the amount of $450.0 million, was extended from July 6, 2026 to June 28, 2027, (iii) the term of Facility C, in the amount of $50.0 million, was extended from July 6, 2026 to June 28, 2027, and (iv) the term of Facility D, in the amount of $300.0 million, was extended from July 3, 2024 to June 27, 2025.

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 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 May 4, 2025 and February 2, 2025, no amount was outstanding under the TARCA. As at May 4, 2025, the Corporation had $1,048.6 million available under its Credit Facility (February 2, 2025 – $1,048.6 million). As at May 4, 2025, there were letters of credit issued for the purchase of inventories which amounted to $1.4 million (February 2, 2025 – $1.4 million) and 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 may not exceed US$700.0 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 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 May 4, 2025, no amount was outstanding under the US commercial paper program (February 2, 2025 – nil).

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 May 4, 2025. 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	311,452	-	-	-	311,452
Dividend payable	29,330	-	-	-	29,330
Lease liabilities [1]	77,635	264,307	1,203,661	1,445,144	2,990,747
Long-term financing arrangements	-	1,864	3,727	-	5,591
Principal repayment on:					
5.165% Fixed Rate Notes	-	-	450,000	-	450,000
2.443% Fixed Rate Notes	-	-	375,000	-	375,000
5.533% Fixed Rate Notes	-	-	500,000	-	500,000
1.505% Fixed Rate Notes	-	-	300,000	-	300,000
1.871% Fixed Rate Notes	-	-	375,000	-	375,000
5.084% Fixed Rate Notes	-	250,000	-	-	250,000
Interest payments on:					
5.165% Fixed Rate Notes	-	23,243	92,970	-	116,213
2.443% Fixed Rate Notes	4,581	4,581	32,064	-	41,226
5.533% Fixed Rate Notes	-	27,665	69,162	-	96,827
1.505% Fixed Rate Notes	-	4,515	6,772	-	11,287
1.871% Fixed Rate Notes	3,508	3,508	3,508	-	10,524
5.084% Fixed Rate Notes	-	6,355	-	-	6,355
	426,506	586,038	3,411,864	1,445,144	5,869,552

[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 May 4, 2025.

(dollars in thousands)	Less than 3 months $	3 months to 1 year $	1-5 years $	Over 5 years $	Total $
Letters of credit	1,132	100	155	-	1,387
Total	1,132	100	155	-	1,387

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 Note 11 of the Corporation's unaudited condensed interim consolidated financial statements for first quarter ended May 4, 2025 and Notes 3 and 15 of the Corporation's Fiscal 2025 annual audited consolidated financial statements.

Foreign Currency Exposure

The Corporation uses foreign exchange forward 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 are designated as hedging instruments and are recorded at fair value, determined using market prices and other observable inputs.

The purchase price for the TRS Acquisition is payable in Australian dollars. The Corporation has entered into a foreign exchange deal contingent contract in connection with its planned acquisition of TRS to mitigate the risk associated with fluctuations in the Australian dollar against the Canadian dollar, as described in note 11 of the Corporation's unaudited condensed interim consolidated financial statements. The transaction is structured in a manner that the forward transaction will be executed only if the TRS Acquisition becomes effective. If the TRS Acquisition does not become effective, subject to customary exceptions, then the contract would become null and void without any payments between the Corporation and the financial institution.

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 Risk

The Corporation uses interest rate swap contracts to mitigate the risk associated with changes in the fair value of its Fixed Rate Notes due to changes in interest rates. These derivative financial instruments are used for risk management purposes and are designated as fair value hedges. Through the use of 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.

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.

The Corporation reassessed the nature of the risks arising from derivative financial instruments and related risk management and concluded that there were no material changes.

Related Party Transactions

Property Leases

As at May 4, 2025, the Corporation leased 19 stores, five warehouses and its head office from entities related to the Corporation's Chief Executive Officer 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 May 4, 2025, the outstanding balance of lease liabilities owed to entities related to the Corporation's Chief Executive Officer totalled $267.0 million (February 2, 2025 – 271.8 million).

During the 13-week period ended May 4, 2025, the Corporation expensed $3.1 million (13-week period ended April 28, 2024 – $2.4 million), of lease payments charged from entities related to the Corporation's Chief Executive Officer.

Dollarcity

On June 11, 2024, the Corporation completed the Dollarcity Transaction, thereby increasing its equity ownership in CARS to 60.1%.

In connection with the Dollarcity Transaction, Dollarama International and the Dollarcity founding stockholders established a new vehicle as part of the Dollarcity Group, ICM, the parent company of the entities that will operate the Mexico portion of the business, in which the Corporation and the Dollarcity founding stockholders will indirectly have an 80.05% and 19.95% equity interest, respectively. In addition, the parties agreed on updated governance terms providing for the future expansion of the business into Mexico. Dollarcity expects to open its first stores in Mexico in the summer of 2025, faster than initially planned as a result of accelerated planning efforts.

The Corporation has also secured an option (the "Call 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 in connection with the Dollarcity Transaction. The Corporation continues to have joint control over Dollarcity (including CARS and ICM) and accounts for its investments as joint arrangements using the equity method.

Under the terms of the stockholders agreement entered into among Dollarama International and Dollarcity's founding stockholders in August 2019, as amended and restated in connection with the Dollarcity Transaction (the "Stockholders Agreement"), Dollarcity's founding stockholders have a put right pursuant to which they can require, in certain circumstances, that Dollarama International purchase shares of CARS held by them at fair market value. 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 and notice periods, among other conditions and restrictions. The put 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. Any exercise of the put right by the Dollarcity founding stockholders must include their corresponding proportionate interests in ICM. The Stockholders Agreement, also includes drag-along and tag-along rights in respect of CARS and ICM. The Corporation cannot predict whether the put right will be exercised or, if exercised, when and to what extent it will be exercised (provided that, subject to limited exceptions, the put right can, prior to February 4, 2027, be exercised for up to 14.9% of all shares of CARS outstanding). In the event that the put is exercised, the consideration payable by the Corporation may, depending on various factors, including those discussed above, be paid using cash on hand or financed in full or in part and, depending on the circumstances, may temporarily impact the Corporation's capital allocation strategy. Refer to the section entitled "Liquidity and Capital Resources."

The business relationship of Dollarama International and Dollarcity 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.

The carrying values of assets and liabilities resulting from transactions entered into with Dollarcity in connection with the aforementioned agreements are as follows:

(dollars in thousands)	As at	
	May 4, 2025 $	**February 2, 2025 $**
Included in the Consolidated Statement of Financial Position		
Accounts receivable [(1)]	33,687	39,251
Distributions receivable from equity-accounted investment	-	54,620
Accounts payable and accrued liabilities	2,574	8,316

(1) The accounts receivable from Dollarcity is guaranteed by a letter of credit up to US$20,000 ($27,624) (February 2, 2025 – US$20,000 ($29,082)) and includes amounts outstanding under the sourcing and services agreements, as well as other agreements in place.

Transactions entered into with Dollarcity in connection with the aforementioned agreements during the 13-week periods ended on the dates indicated below are as follows:

(dollars in thousands)	13-week periods ended	
	May 4, 2025 $	**April 28, 2024 $**
Included in the Consolidated Statement of Net Earnings and Comprehensive Income		
Sales [(2)]	5,769	5,406

(1) 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.

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 2025 audited consolidated financial statements.

Significant Standards and Interpretations

IFRS 18, "Presentation and Disclosure in Financial Statements" ("IFRS 18")

In April 2024, the International Accounting Standards Board ("IASB") issued IFRS 18 to achieve comparability of the financial performance of similar entities. The standard, which replaces IAS 1, "Presentation of Financial Statements", impacts the presentation of primary financial statements and notes, mainly the income statement where companies will be required to present separate categories of income and expense for operating, investing, and financing activities with prescribed subtotals for each new category. IFRS 18 will require management-defined performance measures to be explained and included in a separate note within the consolidated financial statements. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements, and requires retrospective application. The Corporation is currently assessing the impact of the new standard on its consolidated financial statements.

Non-GAAP and Other Financial Measures

The Corporation's unaudited condensed interim consolidated financial statements and notes for the first quarter of Fiscal 2026 have been prepared in accordance with GAAP. However, this MD&A also refers to certain non-GAAP and other financial measures.

We have included certain non-GAAP and other financial measurements in our financial documents to provide a better understanding of the Corporation's financial results. The Corporation uses the following non-GAAP and other financial measures and ratios: EBITDA, total debt, net debt, adjusted retained earnings, adjusted net debt to EBITDA ratio, EBITDA margin, gross margin, operating margin, SG&A as a percentage of sales, comparable store sales and comparable store sales growth. We believe that such measures are important supplemental metrics of operating and financial performance because they eliminate items that have less bearing on our operating and financial performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on GAAP measures. We also believe that securities analysts, investors and other interested parties frequently use non-GAAP and other financial measures in the evaluation of issuers. Our management also uses non-GAAP and other financial measures in order to facilitate operating and financial performance comparisons from period to period, to prepare annual budgets, and to assess our ability to meet our future debt service, capital expenditure and working capital requirements.

The majority of 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.

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.

(A) Non-GAAP Financial Measures

EBITDA

EBITDA represents net earnings plus income taxes, net financing costs and depreciation and amortization and includes the Corporation's share of net earnings of its equity-accounted investment. Management believes EBITDA measure represent a supplemental metric to assess the operational profitability of the underlying core operations. The Corporation has revised its reconciliation approach for EBITDA by beginning with net earnings, rather than operating income as in prior periods. This change was implemented to consider the impact of the unrealized gain from derivative on equity-accounted investment and to improve comparability with industry peers. The change has no impact on the comparative period and EBITDA previously reported by the Company for the years ended February 2, 2025 and January 28, 2024. The Corporation also calculates EBITDA excluding unrealized gain from derivative on equity-accounted investment, in order to exclude the impact of the Call Option, given the Call Option does not reflect ongoing operations of the Corporation and should not, in management's view, be considered in a long-term assessment of the operational profitability of the underlying core operations of the Corporation. A reconciliation of net earnings to EBITDA is included below:

	13-week periods ended	
(dollars in thousands)	**May 4, 2025 $**	**April 28, 2024 $**
Net earnings	273,756	215,843
Add:		
Income taxes	81,416	69,672
Net financing costs	43,960	36,523
Depreciation and amortization	97,039	95,705
EBITDA	**496,171**	**417,743**
Unrealized gain from derivative on equity-accounted investment	(10,348)	-
EBITDA excluding unrealized gain from derivative on equity-accounted investment	**485,823**	**417,743**

A reconciliation of EBITDA to cash flows from operating activities is included below:

(dollars in thousands)	13-week periods ended May 4, 2025 $	13-week periods ended April 28, 2024 $
EBITDA	496,171	417,743
Add:		
Current income taxes	(73,807)	(72,199)
Share-based compensation	3,448	3,978
Unrealized gain from derivative on equity-accounted investment	(10,348)	-
Share of net earnings of equity-accounted investment	(40,312)	(22,090)
Interest received	4,187	8,782
Other	1,032	299
	380,371	336,513
Change in non-cash working capital	(64,755)	(54,549)
Cash flows generated from operating activities	**315,616**	**281,964**

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, long-term financing arrangements and other bank indebtedness (if any). Management believes Total debt is a measure that is useful to facilitate the understanding of the Corporation's corporate financial position in relation to its financing obligations. A reconciliation of long-term debt to total debt is included below:

(dollars in thousands)	As at May 4, 2025 $	As at February 2, 2025 $
Total long-term debt	2,269,831	2,282,679
USCP Notes issued under US commercial paper program	-	-
Total debt	**2,269,831**	**2,282,679**

Net debt

Net debt represents total debt minus cash and cash equivalents. Management believes Net debt represents a useful additional measure to assess the financial position of the Corporation by showing all of the Corporation's financing obligations, net of cash and cash equivalents. A reconciliation of total debt to net debt is included below:

(dollars in thousands)	As at May 4, 2025 $	As at February 2, 2025 $
Total debt	2,269,831	2,282,679
Cash and cash equivalents	(229,008)	(122,685)
Net debt	**2,040,823**	**2,159,994**

Adjusted retained earnings

Adjusted retained earnings represents retained earnings (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 May 4, 2025 over (ii) the book value of those common shares. A reconciliation of retained earnings (deficit) to adjusted retained earnings is included below:

	As at	
(dollars in thousands)	**May 4, 2025 $**	**February 2, 2025 $**
Retained earnings (Deficit)	10,530	(225,301)
Price paid in excess of book value of common shares repurchased under the NCIB	7,196,988	7,196,988
Adjusted retained earnings	**7,207,518**	**6,971,687**

The retained earnings (deficit) as at May 4, 2025 and February 2, 2025 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. Management believes that buying back shares remains an effective strategy to drive shareholder value and constitutes an appropriate use of the Corporation's funds. Management also believes that adjusted retained earnings represents an additional metric that provides a better reflection of the Corporation's operating performance.

(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. A calculation of adjusted net debt to EBITDA ratio is included below:

	As at	
(dollars in thousands)	**May 4, 2025 $**	**February 2, 2025 $**
Net debt	2,040,823	2,159,994
Lease liabilities	2,427,038	2,426,977
Unamortized debt issue costs, including $1,077 (February 2, 2025 – $1,219) for the credit facility	6,494	7,092
Fair value hedge - basis adjustment on interest rate swap	(12,077)	(12,361)
Adjusted net debt	**4,462,278**	**4,581,702**
EBITDA for the last twelve-month period	2,200,257	2,121,829
Adjusted net debt to EBITDA ratio	**2.03x**	**2.16x**

EBITDA margin

EBITDA margin represents EBITDA divided by sales. Management believes that this measure is useful in assessing the performance of ongoing operations and efficiency of operations relative to its sales. The Corporation also calculates EBITDA margin excluding unrealized gain from derivative on equity-accounted investment, in order to exclude the impact of the Call Option, given the Call Option does not reflect ongoing operations of the Corporation and should not, in management's view, be considered in a long-term assessment of the operational profitability of the underlying core operations of the Corporation. A reconciliation of EBITDA to EBITDA margin is included below:

	13-week periods ended	
(dollars in thousands)	**May 4, 2025 $**	**April 28, 2024 $**
EBITDA	496,171	417,743
Sales	1,521,210	1,405,772
EBITDA margin	**32.6%**	**29.7%**
EBITDA excluding unrealized gain from derivative on equity-accounted investment	485,823	417,743
Sales	1,521,210	1,405,772
EBITDA margin, excluding unrealized gain from derivative on equity-accounted investment	**31.9%**	**29.7%**

(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.

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 key risks and uncertainties identified by the Corporation that could materially adversely affect its future business results are described in the Corporation's annual MD&A for Fiscal 2025 (which is available on SEDAR+ at www.sedarplus.ca and on the Corporation's website at www.dollarama.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 impact, and the Corporation maintains cost-effective, comprehensive insurance coverage against most insurable events. The Corporation also gathers and analyzes economic, competitive and other financial and operational 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.

Disclosure 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 February 3, 2025 and ended on May 4, 2025 that have materially affected, or are reasonably likely to materially affect internal control over financial reporting.

Dividend

On June 11, 2025, the Corporation announced that its board of directors approved a quarterly cash dividend for holders of common shares of $0.1058 per common share. This dividend is payable on August 8, 2025 to shareholders of record at the close of business on July 11, 2025. 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 4, 2024, the Corporation announced the renewal of its normal course issuer bid and the approval from the TSX to repurchase up to 16,549,476 common shares, representing 6.0% of the Corporation’s public float of 275,824,605 common shares as at June 28, 2024, during the 12-month period from July 7, 2024 to July 6, 2025 (the “2024-2025 NCIB”). All common shares purchased pursuant to the normal course issuer bid will either be cancelled or placed in trust to facilitate the holding and administering of common shares that may be purchased by the Corporation to hedge its exposure in respect of grants made under its performance share unit plan, including to settle the Corporation's obligations under such plan.

During the first quarter of Fiscal 2026, no common shares were repurchased for cancellation under the Corporation’s 2024-2025 normal course issuer bid.

Share Information

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

On June 10, 2025, there were 277,223,840 common shares issued and outstanding, including 143,699 shares repurchased and held in trust as treasury shares. In addition, there were 1,308,442 options, each exercisable for one common share, issued and outstanding as at June 10, 2025. Assuming exercise of all outstanding options, there would have been 278,532,282 common shares issued and outstanding on a fully diluted basis as at June 10, 2025.

Additional Information

Additional information relating to the Corporation, including the Corporation’s current annual information form, is available on SEDAR+ at www.sedarplus.ca. The Corporation is a publicly traded company listed on the TSX under the symbol “DOL”.