

# **Dollarama Inc.**

Condensed Interim Consolidated Financial  
Statements

**For the 13-week periods ended May 3, 2015 and  
May 4, 2014**

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

# Dollarama Inc.

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

	Note	May 3, 2015 \$	Feb. 1, 2015 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		64,010	40,203
Accounts receivable		8,012	10,004
Deposits and prepaid expenses		26,644	5,213
Merchandise inventories		449,714	408,919
Derivative financial instruments	6	43,674	84,009
		<u>592,054</u>	<u>548,348</u>
<b>Non-current assets</b>			
Property and equipment		299,191	290,632
Intangible assets		133,903	134,076
Goodwill		727,782	727,782
		<u>1,752,930</u>	<u>1,700,838</u>
<b>Total assets</b>			
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		131,647	175,739
Dividend payable		11,649	10,480
Income taxes payable		3,343	25,427
Derivative financial instruments	6	4,819	-
Current portion of long-term debt	7	7,317	3,846
		<u>158,775</u>	<u>215,492</u>
<b>Non-current liabilities</b>			
Long-term debt	7	675,378	560,641
Deferred income tax		117,858	122,184
Finance lease obligations		1,325	1,566
Deferred rent and tenant inducements		63,635	60,475
		<u>1,016,971</u>	<u>960,358</u>
<b>Total liabilities</b>			
<b>Commitments</b>			
	11		
<b>Shareholders' equity</b>			
Share capital		463,122	462,734
Contributed surplus		16,176	15,338
Retained earnings		215,642	196,112
Accumulated other comprehensive income		41,019	66,296
		<u>735,959</u>	<u>740,480</u>
<b>Total shareholders' equity</b>			
<b>Total liabilities and shareholders' equity</b>			
		<u>1,752,930</u>	<u>1,700,838</u>

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

# Dollarama Inc.

## Consolidated Interim Statement 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 <sup>(1)</sup>	Share capital \$	Contributed surplus \$	Retained earnings \$	Accumulated other comprehensive income \$	Total \$
<b>Balance – February 2, 2014</b>		138,957,738	493,602	10,884	346,478	13,202	864,166
Net earnings for the period		-	-	-	53,224	-	53,224
Other comprehensive loss							
Unrealized loss on derivative financial instruments, net of reclassification adjustment and income tax of \$2,513		-	-	-	-	(6,890)	(6,890)
Dividends declared		-	-	-	(10,857)	-	(10,857)
Repurchase and cancellation of shares	8	(3,580,460)	(12,717)	-	(141,089)	-	(153,806)
Share-based compensation	8	-	-	1,317	-	-	1,317
Issuance of common shares		78,954	943	-	-	-	943
Reclassification related to exercise of share options		-	508	(508)	-	-	-
<b>Balance – May 4, 2014</b>		<b>135,456,232</b>	<b>482,336</b>	<b>11,693</b>	<b>247,756</b>	<b>6,312</b>	<b>748,097</b>
<b>Balance – February 1, 2015</b>		129,790,354	462,734	15,338	196,112	66,296	740,480
Net earnings for the period		-	-	-	64,780	-	64,780
Other comprehensive loss							
Unrealized loss on derivative financial instruments, net of reclassification adjustment and income tax of \$9,219		-	-	-	-	(25,277)	(25,277)
Dividends declared		-	-	-	(11,649)	-	(11,649)
Repurchase and cancellation of shares	8	(537,222)	(1,908)	-	(33,601)	-	(35,509)
Share-based compensation	8	-	-	1,565	-	-	1,565
Issuance of common shares		102,681	1,569	-	-	-	1,569
Reclassification related to exercise of share options		-	727	(727)	-	-	-
<b>Balance – May 3, 2015</b>		<b>129,355,813</b>	<b>463,122</b>	<b>16,176</b>	<b>215,642</b>	<b>41,019</b>	<b>735,959</b>

(1) Numbers of common shares as at February 2, 2014 and May 4, 2014, including changes in the share capital between these two dates, reflect the retrospective application of the Share Split (refer to Note 8).

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

# Dollarama Inc.

## Consolidated Interim Statement 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	May 3, 2015 \$	May 4, 2014 \$
Sales		566,070	501,141
Cost of sales	13	<u>362,280</u>	<u>323,646</u>
<b>Gross profit</b>		203,790	177,495
General, administrative and store operating expenses		97,871	91,295
Depreciation and amortization	13	<u>11,151</u>	<u>8,785</u>
<b>Operating income</b>		94,768	77,415
Net financing costs		<u>5,562</u>	<u>4,485</u>
<b>Earnings before income taxes</b>		89,206	72,930
<b>Provision for income taxes</b>	9	<u>24,426</u>	<u>19,706</u>
<b>Net earnings for the period</b>		<u>64,780</u>	<u>53,224</u>
<b>Other comprehensive income (loss)</b>			
<i>Items to be reclassified subsequently to net earnings</i>			
Unrealized loss on derivative financial instruments, net of reclassification adjustment		(34,496)	(9,403)
Income taxes relating to component of other comprehensive loss		<u>9,219</u>	<u>2,513</u>
<b>Total other comprehensive loss, net of income taxes</b>		<u>(25,277)</u>	<u>(6,890)</u>
<b>Total comprehensive income for the period</b>		<u>39,503</u>	<u>46,334</u>
<b>Earnings per common share</b>			
Basic net earnings per common share (restated) <sup>(1)</sup>		\$0.50	\$0.39
Diluted net earnings per common share (restated) <sup>(1)</sup>	10	\$0.50	\$0.39
<b>Weighted average number of common shares outstanding during the period (thousands) (restated) <sup>(1)</sup></b>		129,569	136,720
<b>Weighted average number of diluted common shares outstanding during the period (thousands) (restated) <sup>(1)</sup></b>	10	130,581	137,224

<sup>(1)</sup> Numbers of common shares and amounts per common share as at May 4, 2014 reflect the retrospective application of the Share Split (refer to Note 8).

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

# Dollarama Inc.

## Consolidated Interim Statement of Cash Flows

For the 13-week periods ended

(Unaudited, expressed in thousands of Canadian dollars)

	Note	May 3, 2015	May 4, 2014
		\$	\$
<b>Cash flows from (used in)</b>			
<b>Operating activities</b>			
Net earnings for the period		64,780	53,224
Adjustments for:			
Depreciation and amortization	13	11,151	8,785
Amortization of deferred tenant allowances		(1,098)	(974)
Amortization of deferred leasing costs		151	153
Amortization of debt issue costs		345	231
Excess of receipts over amount recognized on derivative financial instruments		10,658	555
Deferred lease inducements		1,272	863
Deferred tenant allowances		2,986	2,122
Share-based compensation	8	1,565	1,317
Net financing costs on long-term debt		3,471	3,085
Deferred income taxes		4,893	1,101
Loss (gain) on disposal of assets		174	(72)
Cash generated before working capital components		100,348	70,390
Changes in non-cash working capital components	14	(56,681)	(20,713)
Cash generated before interest and taxes		43,667	49,677
Interest paid		(528)	(689)
Income taxes paid		(42,627)	(30,631)
Net cash generated from operating activities		512	18,357
<b>Investing activities</b>			
Additions to property and equipment		(18,325)	(17,146)
Additions to intangible assets		(1,699)	(2,175)
Proceeds on disposal of property and equipment		162	134
Net cash used in investing activities		(19,862)	(19,187)
<b>Financing activities</b>			
Proceeds from long-term debt (Additional Floating Rate Notes)	7	124,834	-
Net proceeds (repayments) from (of) Credit Facility	7	(10,000)	140,000
Payment of debt issue costs		(443)	-
Repayment of finance lease		(240)	(232)
Issuance of common shares		1,569	943
Dividends paid		(10,480)	(9,823)
Repurchase and cancellation of shares		(62,083)	(164,138)
Net cash generated from (used in) financing activities		43,157	(33,250)
<b>Increase (decrease) in cash and cash equivalents</b>		23,807	(34,080)
<b>Cash and cash equivalents – beginning of period</b>		40,203	71,470
<b>Cash and cash equivalents – end of period</b>		64,010	37,390

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

# Dollarama Inc.

## Notes to Condensed Interim Consolidated Financial Statements

May 3, 2015

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

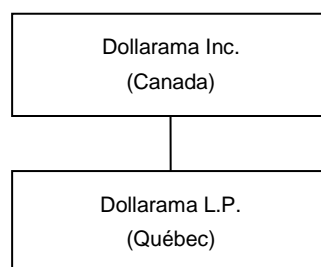
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### 1 General information

Dollarama Inc. (the “Corporation”) was formed on October 20, 2004 under the Canada Business Corporations Act. The Corporation operates dollar stores in Canada that sell all items for \$3.00 or less. As at May 3, 2015, the Corporation maintains retail operations in every Canadian province. The Corporation’s corporate headquarters, distribution centre and warehouses are located in the Montreal area. The Corporation is listed on the Toronto Stock Exchange (“TSX”) and is incorporated and domiciled in Canada.

The Corporation’s head and registered office is located at 5805 Royalmount Avenue, Montreal, Quebec, H4P 0A1.

As at May 3, 2015, the significant entities within the legal structure of the Corporation are as follows:



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

### 2 Basis of preparation

These unaudited condensed interim consolidated financial statements were approved by the Board of Directors for issue on June 10, 2015.

Information on numbers of common shares and outstanding and exercisable options to purchase common shares as well as earnings per common share for the 13-week period ended May 4, 2014 presented in these condensed interim consolidated financial statements has been retrospectively restated to reflect the Share Split (refer to Note 8).

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 (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). 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 February 1, 2015 (“Fiscal 2015”), which have been prepared in accordance with IFRS as issued by the IASB. 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.

# **Dollarama Inc.**

## Notes to Condensed Interim Consolidated Financial Statements

**May 3, 2015**

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

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### **3 Summary of significant accounting policies**

These condensed interim consolidated financial statements have been prepared using the accounting policies as outlined in note 3 of the Fiscal 2015 consolidated financial statements.

### **4 Significant standards and interpretations not yet adopted**

The following standards and amendments to existing standards were released by the IASB in May 2014 and July 2014. The Corporation is evaluating whether to early adopt these standards but does not expect any significant changes upon adoption.

- In May 2014, the IASB issued IFRS 15 - Revenue from Contracts with Customers. IFRS 15 replaces all previous revenue recognition standards, including IAS 18 – Revenue. The IASB has decided to propose to defer the effective date of IFRS 15 from its current effective date of January 1, 2017 to annual periods beginning on or after January 1, 2018, with earlier application permitted.
- In July 2014, the IASB issued the final version of IFRS 9, “Financial Instruments” concerning classification and measurement, impairment and hedge accounting, to supersede IAS 39, “Financial Instruments: Recognition and Measurement”. IFRS 9 will be effective for years beginning on or after January 1, 2018 with early adoption permitted.

### **5 Critical accounting estimates and judgments**

The preparation of condensed interim consolidated 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 expense 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.

In preparing these condensed interim consolidated financial statements, the significant estimates and judgments made by management in applying the Corporation’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for Fiscal 2015 (refer to note 5 of the Fiscal 2015 consolidated financial statements).

# Dollarama Inc.

## Notes to Condensed Interim Consolidated Financial Statements

May 3, 2015

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

### 6 Derivative financial instruments

#### Fair value of financial instruments

The three levels of fair value hierarchy under which the Corporation's financial instruments are valued are the following:

Level 1 – Quoted market prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3 – Inputs for the asset or liability that are not based on observable market data.

A summary of the aggregate contractual nominal value, statement of financial position location and estimated fair values of derivative financial instruments as at May 3, 2015 and February 1, 2015 is as follows:

	Contractual nominal value US\$	Average Contract rate	Statement of financial position Location	Fair value - Asset (Liability) Significant other observable inputs (Level 2)	Nature of hedging relationship Recurring
<b>As at May 3, 2015</b>					
<b>Hedging instruments</b>					
Foreign exchange forward contracts	395,000	1.11	Current assets	43,674	Cash flow hedge
Foreign exchange forward contracts	<u>195,283</u>	1.24	Current liabilities	<u>(4,819)</u>	Cash flow hedge
	<u>590,283</u>	1.15		<u>38,855</u>	
<b>As at February 1, 2015</b>					
<b>Hedging instruments</b>					
Foreign exchange forward contracts	<u>469,828</u>	1.09	Current assets	<u>84,009</u>	Cash flow hedge
	<u>469,828</u>	1.09		<u>84,009</u>	

The Corporation is exposed to certain risks relating to its ongoing business operations. The primary risk managed by using derivative financial instruments is currency risk. Foreign exchange forward contracts are entered into in order to manage the currency fluctuation risk associated with forecasted US dollar merchandise purchases sold in stores.

For foreign exchange forward contracts, the Corporation formally documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking hedging transactions.

Foreign exchange forward contracts are designated as hedging instruments and recorded at fair value, determined using market prices and other observable inputs. The Corporation designates its foreign exchange forward contracts as hedges of the variability in highly probable future cash flows attributable to a recognized forecasted transaction (cash flow hedges). The fair value of the foreign exchange forward contracts is determined using the forward exchange rates at the measurement date, with the resulting value discounted back to present values.

During the period ended May 3, 2015, \$8,910 (May 4, 2014 - \$5,842) was reclassified from accumulated other comprehensive income (AOCI) to net earnings. The Corporation has a master netting agreement but no amounts have been netted as at May 3, 2015 or May 4, 2014.



# Dollarama Inc.

## Notes to Condensed Interim Consolidated Financial Statements

May 3, 2015

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

### 7 Long-term debt

Long-term debt outstanding consists of the following as at:

	May 3, 2015	Feb. 1, 2015
	\$	\$
Senior unsecured notes bearing interest at a variable rate equal to 3-month bankers' acceptance rate (CDOR) plus 54 basis points payable quarterly, maturing May 16, 2017 (the "Floating Rate Notes")	274,834	150,000
Senior unsecured notes bearing interest at a fixed annual rate of 3.095% payable in equal semi-annual instalments, maturing November 5, 2018 (the "Fixed Rate Notes")	400,000	400,000
Accrued interest on the Floating Rate Notes and Fixed Rate Notes	7,317	3,846
Unsecured revolving credit facility maturing December 13, 2019 (the "Credit Facility")	5,000	15,000
Less: Unamortized debt issue costs	(4,456)	(4,359)
	682,695	564,487
Current portion	(7,317)	(3,846)
	675,378	560,641

#### Floating Rate Notes

On April 8, 2015, the Corporation issued additional floating rate senior unsecured notes due May 16, 2017 in the aggregate principal amount of \$125,000 (the "Additional Floating Rate Notes") by way of private placement, in reliance upon exemptions from the prospectus requirements under applicable securities legislation. The Additional Floating Rate Notes constitute an increase to the \$150,000 aggregate principal amount of floating rate senior unsecured notes due May 16, 2017 issued by the Corporation on May 16, 2014 (the "Original Floating Rate Notes").

The Additional Floating Rate Notes were issued at a discount of 0.336% of the principal amount thereof, for aggregate gross proceeds of \$124,580. Proceeds were used by the Corporation to repay indebtedness outstanding under the Credit Facility and for general corporate purposes. As of the date of issuance, the effective spread over the 3-month bankers' acceptance rate (CDOR) for the Additional Floating Rate Notes was 70 basis points (or 0.70%). Once issued, the Additional Floating Rate Notes bear interest at the same rate as the Original Floating Rate Notes, such rate being equal to the applicable 3-month bankers' acceptance rate (CDOR) plus 54 basis points (or 0.54%), to be set quarterly on the 16<sup>th</sup> day of May, August, November and February of each year. Interest on the Additional Floating Rate Notes is payable in cash quarterly, in arrears, on the 16<sup>th</sup> day of May, August, November and February of each year until their maturity, concurrently with the payment of interest on the Original Floating Rate Notes. All other terms and conditions applicable to the Original Floating Rate Notes also apply to the Additional Floating Rate Notes. The Additional Floating Rate Notes are treated as a single series with the Original Floating Rate Notes (collectively, the "Floating Rate Notes"), and were assigned the same rating of BBB, with a stable trend, by DBRS Limited.

As at May 3, 2015, the carrying value of the Additional Floating Rate Notes was \$124,956 (February 1, 2015 – n/a). The fair value of the Additional Floating Rate Notes as at May 3, 2015 was determined to be \$125,020 valued as a level 2 in the fair value hierarchy (February 1, 2015 – n/a).

# **Dollarama Inc.**

## Notes to Condensed Interim Consolidated Financial Statements

**May 3, 2015**

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

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### **7 Long-term debt (cont'd)**

As at May 3, 2015, the carrying value of the Original Floating Rate Notes was \$150,215 (February 1, 2015 - \$149,541). The fair value of the Original Floating Rate Notes as at May 3, 2015 was determined to be \$149,595 valued as a level 2 in the fair value hierarchy (February 1, 2015 - \$149,566).

#### **Fixed Rate Notes**

As at May 3, 2015, the carrying value of the Fixed Rate Notes was \$404,325 (February 1, 2015 - \$401,119). The fair value of the Fixed Rate Notes as at May 3, 2015 was determined to be \$414,792 valued as a level 2 in the fair value hierarchy (February 1, 2015 - \$418,688).

#### **Credit Facility**

As at May 3, 2015, \$5,000 were outstanding under the Credit Facility (February 1, 2015 - \$15,000), and letters of credit issued for the purchase of inventories amounted to \$577 (February 1, 2015 - \$499). As at May 3, 2015, the Corporation was in compliance with all of its financial covenants.

### **8 Share capital**

#### **Share split by way of share dividend**

On November 17, 2014, the Corporation paid to shareholders of record at the close of business on November 10, 2014 a share dividend of one common share for each issued and outstanding common share of the Corporation, which had the same effect as a two-for-one share split of the Corporation's outstanding common shares (the "Share Split"). The common shares began trading on an ex-dividend basis (on a split basis) on November 18, 2014. Information on numbers of common shares, outstanding and exercisable options to purchase common shares as well as earnings per common share for the 13-week period ended May 4, 2014 has been retrospectively restated to reflect the Share Split.

#### **Normal course issuer bid ("NCIB")**

The total number of common shares repurchased for cancellation under the 2014-2015 NCIB during the 13-week period ended May 3, 2015 amounted to 537,222 common shares (May 4, 2014 - 3,580,460 common shares under the 2013-2014 NCIB, taking into account the Share Split) for a total cash consideration of \$35,509 (May 4, 2014 - \$153,806). For the 13-week period ended May 3, 2015, the Corporation's share capital was reduced by \$1,908 (May 4, 2014 - \$12,717) and the remaining \$33,601 (May 4, 2014 - \$141,089) was accounted for as a reduction of retained earnings.

# Dollarama Inc.

## Notes to Condensed Interim Consolidated Financial Statements

May 3, 2015

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

### 8 Share capital (cont'd)

#### Share-based compensation

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

	May 3, 2015		May 4, 2014	
	Number of share options	Weighted average exercise price (\$)	Number of share options <sup>(1)</sup>	Weighted average exercise price <sup>(1)</sup> (\$)
Outstanding – beginning of period	2,263,348	35.71	1,809,348	31.00
Granted	400,000	71.03	644,000	44.39
Exercised	(115,548)	21.67	(92,400)	16.74
Outstanding – end of period	2,547,800	41.89	2,360,948	35.21
Exercisable – end of period	670,600	32.82	348,176	28.20

<sup>(1)</sup> Retrospectively restated to reflect the Share Split.

During the 13-week period ended May 3, 2015, the Corporation recognized a share-based compensation expense of \$1,565 (May 4, 2014 - \$1,317).

Information relating to share options outstanding as at May 3, 2015 is as follows:

Range of exercise prices	Share options outstanding			Share options exercisable		
	Weighted average remaining life (in months)	Number of share options	Weighted average exercise price (\$)	Weighted average remaining life (in months)	Number of share options	Weighted average exercise price (\$)
\$6.00-\$8.75	45	17,000	7.29	45	17,000	7.29
\$8.76-\$13.25	56	4,000	11.21	56	4,000	11.21
\$13.26-\$18.89	71	40,400	15.27	71	24,800	15.15
\$18.90-\$27.01	81	300,800	22.07	81	151,200	22.02
\$27.02-\$40.97	95	1,095,200	36.39	95	357,600	36.31
\$40.98-\$56.17	108	690,400	44.97	107	116,000	44.39
\$56.18-\$71.03	119	400,000	71.03	-	-	-
	100	2,547,800	41.89	92	670,600	32.82

# Dollarama Inc.

## Notes to Condensed Interim Consolidated Financial Statements

May 3, 2015

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

### 8 Share capital (cont'd)

The weighted average fair value of the share options granted during the 13-week periods ended on the dates provided below was estimated at the grant date based on the Black-Scholes option pricing model using the following assumptions:

	<u>May 3, 2015</u>	<u>May 4, 2014</u>
Dividend yield	0.5%	0.7%
Risk-free interest rate	0.9%	1.9%
Expected life	6.3 years	6.4 years
Expected volatility	19.3%	20.3%
Weighted average fair value of share options estimated at the grant date	\$13.93	\$9.93 <sup>(1)</sup>

<sup>(1)</sup> Retrospectively restated to reflect the Share Split.

The expected life is estimated using the average of the vesting period and the contractual life of the share options. Expected volatility is estimated based on the Corporation's publicly traded share price.

### 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 May 3, 2015 was 26.7% (May 4, 2014 - 26.7%). The Corporation's effective income tax rate for the 13-week period ended May 3, 2015 was 27.4% (May 4, 2014 - 27.0%).

### 10 Earnings per common share

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

	<u>May 3, 2015</u>	<u>May 4, 2014</u> <sup>(1)</sup>
Net earnings attributable to shareholders of the Corporation and used to determine basic and diluted net earnings per common share	<u>\$64,780</u>	<u>\$53,224</u>
Weighted average number of common shares outstanding during the period ( <i>thousands</i> )	129,569	136,720
Assumed share options exercised ( <i>thousands</i> )	<u>1,012</u>	<u>504</u>
Weighted average number of common shares for diluted net earnings per common share ( <i>thousands</i> )	<u>130,581</u>	<u>137,224</u>
Diluted net earnings per common share	<u>\$0.50</u>	<u>\$0.39</u>

<sup>(1)</sup> Retrospectively restated to reflect the Share Split.

# Dollarama Inc.

## Notes to Condensed Interim Consolidated Financial Statements

May 3, 2015

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

### 11 Commitments

As at May 3, 2015, contractual obligations for operating leases amounted to approximately \$937,341 (May 4, 2014 – \$859,813). The leases extend over various periods up to the year 2039.

The basic rent and contingent rent expense of operating leases for stores, warehouses, distribution centre and corporate headquarters included in the interim consolidated statement of net earnings and comprehensive income for the 13-week periods ended on the dates provided below are as follows:

	<u>May 3, 2015</u> \$	<u>May 4, 2014</u> \$
Basic rent	37,896	34,023
Contingent rent	<u>1,058</u>	<u>951</u>
	<u>38,954</u>	<u>34,974</u>

### 12 Related party transactions

Expenses charged by entities controlled by a director, which comprise mainly rent, totalled \$5,635 for the 13-week period ended May 3, 2015 (May 4, 2014 - \$5,218).

These transactions were measured at cost, which equals fair value, being the amount of consideration established at market terms.

### 13 Expenses by nature included in the interim consolidated statement of net earnings

	<u>May 3, 2015</u> \$	<u>May 4, 2014</u> \$
<b>Sales:</b>	566,070	501,141
Merchandise, labour, transport and other costs	298,950	267,747
Occupancy costs	<u>63,330</u>	<u>55,899</u>
Total cost of sales	<u>362,280</u>	<u>323,646</u>
<b>Depreciation and amortization:</b>		
Depreciation of property and equipment	9,430	7,573
Amortization of intangible assets	<u>1,721</u>	<u>1,212</u>
Total depreciation and amortization	<u>11,151</u>	<u>8,785</u>
<b>Employee benefits</b>	<u>73,892</u>	<u>69,197</u>
<b>Net financing costs</b>	<u>5,562</u>	<u>4,485</u>

# Dollarama Inc.

## Notes to Condensed Interim Consolidated Financial Statements

May 3, 2015

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

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### 14 Interim consolidated statement of cash flows information

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

	May 3, 2015	May 4, 2014
	\$	\$
Accounts receivable	1,992	(699)
Deposits and prepaid expenses	(21,431)	(16,259)
Merchandise inventories	(40,795)	3,050
Accounts payable and accrued liabilities	(16,990)	(26,099)
Income taxes payable	20,543	19,294
	<u>(56,681)</u>	<u>(20,713)</u>

### 15 Events after the reporting period

#### Quarterly cash dividend

On June 10, 2015, the Corporation's Board of Directors announced that it had approved a quarterly cash dividend for holders of its common shares of \$0.09 per common share. The Corporation's quarterly cash dividend will be paid on August 5, 2015 to shareholders of record at the close of business on July 6, 2015 and is designated as an "eligible dividend" for Canadian tax purposes.

#### Renewal of normal course issuer bid

On June 10, 2015, the Corporation's Board of Directors announced that it had approved the renewal of the normal course issuer bid and that the Corporation had received approval from the TSX to purchase for cancellation up to 4,500,765 common shares, representing 3.5% of the 128,593,309 common shares issued and outstanding as at the close of markets on June 9, 2015 (the "2015-2016 NCIB"). Purchases may commence on June 17, 2015 and will terminate no later than June 16, 2016.

The Corporation also announced that it had entered into an automatic purchase plan agreement with a broker to allow for the purchase of its common shares under the 2015-2016 NCIB at times when the Corporation ordinarily would not be active in the market due to self-imposed trading blackout periods. Outside of these pre-determined blackout periods, common shares will be purchased based on management's discretion, in compliance with TSX rules and applicable securities laws.