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DOLLARAMA REPORTS FISCAL 2022 FIRST QUARTER RESULTS

MONTREAL, Quebec, June 9, 2021 – Dollarama Inc. (TSX: DOL) ("Dollarama" or the "Corporation") today reported its financial results for the first quarter ended May 2, 2021.

Fiscal 2022 First Quarter Results Highlights (Compared to Fiscal 2021 First Quarter Results)

- Sales increased by 13.0% to $954.2 million;
- Comparable store sales[(1)] (excluding temporarily closed stores) increased by 5.8%;
- Gross margin[(1)] was 42.3% of sales, compared to 41.3% of sales;
- EBITDA[(1)] increased by 16.1% to $248.2 million, or 26.0% of sales, compared to 25.3% of sales;
- Operating income increased by 18.1% to $176.8 million, or 18.5% of sales, compared to 17.7% of sales;
- Incremental direct costs related to COVID-19 measures amounted to $18.3 million, compared to $15.0 million;
- Diluted net earnings per common share increased by 32.1%, to $0.37 from $0.28;
- The Corporation opened 12 net new stores compared to 10 net new stores;
- The Corporation released its 2021 ESG Report in alignment with SASB standards, now available at www.dollarama.com/en-CA/corp/investor-relations.

"The Dollarama team continues to demonstrate its ability to adapt in order to serve Canadians safely and with purpose. Dollarama delivered another solid quarter, with a double-digit increase in sales, strong comparable store sales growth and industry-leading margins. This is despite additional COVID-19 restrictions implemented in early April, including measures directly impacting retailers across Ontario," stated Neil Rossy, President and Chief Executive Officer. "Despite the near-term impact of COVID-19 restrictions which remain in place, our solid momentum in the first two months of the first quarter reflects the relevance of our unique business model and compelling product offering to Canadian consumers from all walks of life," Neil Rossy added.

"I am also pleased with the progress we have made integrating sustainability initiatives company-wide over the last two years and amidst the pandemic, as outlined in our latest ESG report published this morning. We are proud of our achievements, committed to our goals, and motivated as a team to continue integrating ESG across our business and to meet the expectations of our stakeholders," concluded Neil Rossy.

Fiscal 2022 First Quarter Financial Results

All comparative figures that follow are for the first quarter ended May 2, 2021 compared to the first quarter ended May 3, 2020. All financial information presented in this press release has been prepared in accordance with generally accepted accounting principles in Canada ("GAAP") as set out in the CPA Canada Handbook – Accounting under Part I, which incorporates International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). EBITDA, EBITDA margin, total debt, net debt and adjusted net-debt-to-EBITDA ratio, which are referred to as "non-GAAP measures", are used throughout this press release to provide a better understanding of the Corporation's financial results. For a full explanation of the Corporation's use of non-GAAP measures, please refer to footnote 1 of the "Selected Consolidated Financial Information" section of this press release. All references to "Fiscal 2021" are to the Corporation's fiscal year ended January 31, 2021, and to "Fiscal 2022" are to the Corporation's fiscal year ending January 30, 2022.

[(1)] We refer the reader to the notes in the section entitled "Selected Consolidated Financial Information" of this press release for the definition of these items and, when applicable, their reconciliation with the most directly comparable GAAP measure.

The ongoing COVID-19 pandemic and various measures taken by provincial governments in response to its third wave continued to impact consumer shopping patterns and Dollarama's results in the first quarter of Fiscal 2022. Also, the comparable period in the prior year was marked by the onset of the pandemic, when the Corporation experienced a surge in transactions in early March of 2020 as customers purchased higher volumes of consumables than historically, followed by a sharp decline in transactions as a result of increasingly strict measures imposed by public health authorities across Canada.

Against this backdrop, sales for the first quarter of Fiscal 2022 increased by 13.0% to $954.2 million, compared to $844.8 million in the corresponding period of the prior fiscal year. The increase in sales is attributable to the growth in the total number of stores over the past twelve months, from 1,301 stores on May 3, 2020 to 1,368 stores on May 2, 2021, and an increase in comparable store sales driven by higher sales of seasonal items, including Easter holiday and spring-summer products. This is compared to higher sales of consumable products and lower sales of seasonal items in the first quarter of Fiscal 2021 at the onset of the pandemic.

For the nine-week period ended April 4, 2021, the Corporation recorded comparable store sales growth of 15.2% compared to the corresponding period of the previous fiscal year. However, various provinces across Canada subsequently imposed new or more stringent measures due to the sharp rise in COVID-19 case counts. This included a stay-at-home order and a ban on the sale of non-essential goods in Ontario, where approximately 40% of the Corporation's stores are located, effective April 8, 2021, which had an immediate and sustained impact on sales for the remainder of the quarter. As a result, comparable store sales growth receded to 5.8% for the full first quarter of Fiscal 2022. Comparable store sales growth, which excludes a limited number of temporarily closed stores, consisted of a 9.3% increase in average transaction size and a 3.2% decrease in the number of transactions. This is compared to comparable store sales growth of 0.7% (excluding temporarily closed stores) in the first quarter of Fiscal 2021.

Subsequent to quarter end, the Government of Ontario announced that the ban on the sale of non-essential goods will be lifted on June 11, 2021. As a result, the ban will have been in place for the first five and a half weeks of the Corporation's second quarter ending August 1, 2021.

Gross margin for the first quarter of Fiscal 2022 was 42.3% of sales, compared to 41.3% of sales for the first quarter of Fiscal 2021. Gross margin was higher due to changes in the sales mix, including higher sales of higher margin items, such as seasonal products.

SG&A for the first quarter of Fiscal 2022 increased by 15.3% to $158.7 million, compared to $137.7 million for the first quarter of Fiscal 2021. SG&A for the first quarter of Fiscal 2022 represented 16.6% of sales, compared to 16.3% of sales for the first quarter of Fiscal 2021. This 0.3% variance mainly reflects COVID-19 costs recorded in SG&A and incurred in the first quarter of Fiscal 2022 for the execution of COVID-19 protocols in stores, which amounted to $18.3 million, representing a 190 basis-point impact. This is compared to $14.0 million in COVID-related costs recorded in SG&A in the first quarter of Fiscal 2021, representing a 165 basis-point impact, for the implementation of COVID-19 protocols as well as temporary wage increases.

For the first quarter of Fiscal 2022, the Corporation's 50.1% share of Dollarcity's net earnings for the period from January 1, 2021 to March 31, 2021, was $3.4 million, compared to $2.4 million in the same period of the prior year. The Corporation's investment in Dollarcity is accounted for as a joint arrangement using the equity method.

Financing costs decreased by $5.1 million, from $27.2 million for the first quarter of Fiscal 2021 to $22.1 million for the first quarter of Fiscal 2022. The decrease is mainly due to lower average debt levels as well as lower average interest rates on debt.

Net earnings increased to $113.6 million, or $0.37 per diluted common share, in the first quarter of Fiscal 2022, compared to $86.1 million, or $0.28 per diluted common share, in the first quarter of Fiscal 2021. This increase in net earnings is mainly the result of stronger sales and gross margin partially offset by higher SG&A expenses, primarily due to COVID-19 direct costs.

Dollarcity Update

During its first quarter ended March 31, 2021, Dollarcity opened 15 net new stores, bringing its total store count to 279, with 156 locations in Colombia, 54 in El Salvador and 69 in Guatemala. Subsequent to its quarter end, Dollarcity opened its first store in Peru.

Normal Course Issuer Bid

During the first quarter of Fiscal 2022, 4,935,573 common shares were repurchased for cancellation under the 2020-2021 normal course issuer bid for a total cash consideration of $283.4 million, at a weighted average price of $57.41 per share.

As at May 2, 2021, the Corporation's adjusted net-debt-to-EBITDA ratio[1] was 2.82 times. Barring factors outside of its control due to the COVID-19 pandemic, the Corporation intends to continue share repurchases under its normal course issuer bid in Fiscal 2022 while maintaining the adjusted net-debt-to-EBITDA ratio within the 2.75 to 3.00 times range.

Dividend

On June 9, 2021, the Corporation announced that its board of directors had approved a quarterly cash dividend for holders of common shares of $0.0503 per common share. This dividend is payable on August 6, 2021, to shareholders of record at the close of business on July 9, 2021. The dividend is designated as an "eligible dividend" for Canadian tax purposes.

Outlook and COVID-19 Impact

The ongoing COVID-19 pandemic and various measures taken by provincial governments are expected to continue impacting Dollarama's results in the second quarter of Fiscal 2022 ending August 1, 2021.

Due to the continued uncertainty related to COVID-19, the Corporation is limiting guidance for Fiscal 2022 to the following key metrics:

	Fiscal 2022 Guidance
Net new store openings	60 to 70
Capital expenditures[i]	$160.0 million to $170.0 million

[i] Includes additions to property, plant and equipment, computer hardware and software.

These guidance ranges for Fiscal 2022 are based on a number of assumptions, including the following:

- the number of signed offers to lease and store pipeline for the next 9 months;
- the absence of COVID-related restrictions on construction activities in the provinces where new store openings are planned; and
- the capital budget for Fiscal 2022 for new store openings, maintenance capital expenditures, and transformational capital expenditures (the latter being mainly related to information technology projects).

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, but not limited to, risks related to the ongoing COVID-19 pandemic, which may slow down store openings or which may prompt the Corporation to hold off on planned capital expenditures in order to preserve liquidity. This guidance, including the various underlying assumptions, is forward-looking and should be read in conjunction with the cautionary statement on forward-looking statements.

[1] We refer the reader to the notes in the section entitled "Selected Consolidated Financial Information" of this press release for the definition of these items and, when applicable, their reconciliation with the most directly comparable GAAP measure.

Publication of 2021 ESG Report

In its 2021 ESG Report, Dollarama provides a comprehensive overview of its ESG framework and the priority issues relevant to its business and stakeholders. It provides an update on its progress since its last issued report in 2019, outlining ongoing and new, measurable ESG-related goals and initiatives. The report was prepared in alignment with the Sustainability Accounting Standards Board (SASB) standards for its industry sector and areas of activity.

Intended for all stakeholders and to be read in conjunction with its regulatory filings, Dollarama's 2021 ESG Report is available for download on its corporate website at www.dollarama.com/en-CA/corp/investor-relations.

Forward-Looking Statements

Certain statements in this press release about our current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "predicts", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements.

Forward-looking statements are based on information currently available to management and on estimates and assumptions made by management regarding, among other things, general economic conditions and the competitive environment within the retail industry in Canada and in Latin America, in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. Many factors could cause actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including the factors which are discussed in greater detail in the "Risks and Uncertainties" section of the Corporation's annual management's discussion and analysis for Fiscal 2021 available on SEDAR at www.sedar.com.

These factors are not intended to represent a complete list of the factors that could affect the Corporation or Dollarcity; however, they should be considered carefully. The purpose of the forward-looking statements is to provide the reader with a description of management's expectations regarding the Corporation's and Dollarcity's financial performance and may not be appropriate for other purposes. Readers should not place undue reliance on forward-looking statements made herein. Furthermore, unless otherwise stated, the forward-looking statements contained in this press release are made as at June 9, 2021 and management has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. The forward-looking statements contained in this press release are expressly qualified by this cautionary statement.

Conference Call

Dollarama will hold a conference call to discuss its Fiscal 2022 first quarter results today, June 9, 2021, at 11:00 a.m. (ET). Financial analysts are invited to ask questions during the call. Other interested parties may participate in the call on a listen-only basis. The live audio webcast is accessible through Dollarama's website at https://www.dollarama.com/en-CA/corp/events-presentations.

About Dollarama

Dollarama is a recognized Canadian value retailer offering a broad assortment of consumable products, general merchandise and seasonal items both in-store and online. Our 1,368 locations across Canada provide customers with compelling value in convenient locations, including metropolitan areas, mid-sized cities and small towns. Select products are also available, by the full case only, through our online store at www.dollarama.com. Our quality merchandise is sold at select fixed price points up to $4.00.

Dollarama also owns a 50.1% interest in Dollarcity, a growing Latin American value retailer. Dollarcity offers a broad assortment of consumable products, general merchandise and seasonal items at select fixed price points up to US$3.00 (or the equivalent in local currency) in El Salvador and Guatemala and up to the equivalent of US$4.00 in local currency in Colombia through its 279 conveniently located stores.

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Selected Consolidated Financial Information

(dollars and shares in thousands, except per share amounts)	13-Week Periods Ended May 2, 2021 $	13-Week Periods Ended May 3, 2020 $
Earnings Data		
Sales	954,246	844,798
Cost of sales	550,806	495,747
Gross profit	403,440	349,051
SG&A	158,672	137,738
Depreciation and amortization	71,402	63,975
Share of net earnings of equity-accounted investment	(3,403)	(2,374)
Operating income	176,769	149,712
Financing costs	22,146	27,202
Earnings before income taxes	154,623	122,510
Income taxes	41,049	36,431
Net earnings	113,574	86,079
Basic net earnings per common share	$0.37	$0.28
Diluted net earnings per common share	$0.37	$0.28
Weighted average number of common shares outstanding:		
Basic	309,400	310,281
Diluted	310,742	312,074
Other Data		
Year-over-year sales growth	13.0%	2.0%
Comparable store sales growth (2)	5.8%	0.7%
Gross margin (3)	42.3%	41.3%
SG&A as a % of sales (3)	16.6%	16.3%
EBITDA (1)	248,171	213,687
Operating margin (3)	18.5%	17.7%
Capital expenditures	30,370	47,998
Number of stores (4)	1,368	1,301
Average store size (gross square feet) (4)	10,336	10,276
Declared dividends per common share	$0.0503	$0.044

	As at	
	May 2, 2021 $	January 31, 2021 $
Statement of Financial Position Data		
Cash	49,100	439,144
Inventories	629,375	630,655
Total current assets	729,062	1,100,362
Property, plant and equipment	715,331	709,469
Right-of-use assets	1,367,441	1,344,639
Total assets	3,876,187	4,223,746
Total current liabilities	1,167,503	1,321,165
Total non-current liabilities	2,568,194	2,567,727
Total debt (1)	1,728,936	1,883,051
Net debt (1)	1,679,836	1,443,907
Shareholders' equity	140,490	334,854

(1) In this press release, EBITDA, EBITDA margin, total debt, net debt and adjusted net-debt-to-EBITDA ratio are referred to as "non-GAAP measures". Non-GAAP measures are not generally accepted measures under GAAP and do not have a standardized meaning under GAAP. EBITDA, EBITDA margin, total debt and net debt are reconciled below, and the formula for the calculation of the adjusted net-debt-to-EBITDA ratio is set out in note 5 below. The non-GAAP measures, as calculated by the Corporation, may not be comparable to those of other issuers and should be considered as a supplement to, not a substitute for, or superior to, the comparable measures calculated in accordance with GAAP.

We have included non-GAAP measures to provide investors with supplemental measures of our operating and financial performance. We believe that non-GAAP 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 measures in the evaluation of issuers, many of which present non-GAAP measures when reporting their results. Our management also uses non-GAAP 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.

	13-Week Periods Ended	
(dollars in thousands)	May 2, 2021 $	May 3, 2020 $
A reconciliation of operating income to EBITDA is included below:		
Operating income	176,769	149,712
Add: Depreciation and amortization	71,402	63,975
EBITDA	**248,171**	**213,687**
EBITDA margin (3)	*26.0%*	*25.3%*

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

(dollars in thousands)	As at May 2, 2021 $	As at January 31, 2021 $
Senior unsecured notes bearing interest at:		
Fixed annual rate of 1.505% payable in equal semi-annual instalments, maturing September 20, 2027	300,000	300,000
Fixed annual rate of 3.55% payable in equal semi-annual instalments, maturing November 6, 2023	500,000	500,000
Fixed annual rate of 2.203% payable in equal semi-annual instalments, maturing November 10, 2022	250,000	250,000
Fixed annual rate of 2.337% payable in equal semi-annual instalments, maturing July 22, 2021	525,000	525,000
Variable rate equal to 3-month bankers' acceptance rate (CDOR) plus 27 basis points payable quarterly, repaid on February 1, 2021	-	300,000
Unsecured revolving credit facilities	-	-
Accrued interest on senior unsecured notes	15,179	8,051
Total long-term debt	1,590,179	1,883,051
Notes issued under US commercial paper program	138,757	-
Total debt	**1,728,936**	**1,883,051**
Adjusted net-debt-to-EBITDA ratio (4)(5)	2.82x	2.68x

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

	May 2, 2021 $	January 31, 2021 $
Total debt	1,728,936	1,883,051
Cash	(49,100)	(439,144)
Net debt	**1,679,836**	**1,443,907**

(2) Comparable store sales growth is a measure of the percentage increase or decrease, as applicable, of the sales of stores, including relocated and expanded stores, open for at least 13 complete fiscal months relative to the same period in the prior fiscal year. For the first quarters of Fiscal 2022 and Fiscal 2021, comparable store sales growth excludes temporarily closed stores.

(3) Gross margin represents gross profit divided by sales. SG&A as a percentage of sales represents SG&A divided by sales. Operating margin represents operating income divided by sales. EBITDA margin represents EBITDA divided by sales.

(4) At the end of the period.

(5) This ratio is calculated as adjusted net debt (sum of total long-term debt, short-term borrowings and total lease liabilities, less cash) over last twelve months consolidated EBITDA (earnings before interest, taxes, depreciation, and amortization).