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DOLLARAMA REPORTS FISCAL 2022 THIRD QUARTER RESULTS

MONTREAL, Quebec, December 8, 2021 – Dollarama Inc. (TSX: DOL) ("Dollarama" or the "Corporation") today reported its financial results for the third quarter ended October 31, 2021.

Fiscal 2022 Third Quarter Highlights Compared to Fiscal 2021 Third Quarter Results

- Sales increased by 5.5% to $1,122.3 million
- Comparable store sales(1) increased by 0.8%, over and above 7.1% growth in the prior year, and averaged 3.9% per year over a two-year period
- Gross margin(1) was 44.4% of sales, compared to 44.0% of sales
- EBITDA(1) increased by 11.2% to $347.0 million, or 30.9% of sales, compared to 29.3% of sales
- Operating income increased by 11.4% to $271.6 million, or 24.2% of sales, compared to 22.9% of sales
- Diluted net earnings per common share increased by 17.3%, to $0.61 from $0.52
- 16 net new stores were opened, compared to 19 net new stores, bringing total store count to 1,397 from 1,333 a year ago
- 5,266,219 common shares were repurchased for cancellation for $294.5 million

"We delivered a solid performance across key metrics in the third quarter of Fiscal 2022. We are pleased with our comparable store sales growth, both year-over-year following exceptionally strong seasonal sales in the same quarter last year, and on a two-year average basis. We also generated strong EPS growth and an industry-leading gross margin despite the various headwinds impacting the retail sector," said President and CEO Neil Rossy.

"Our teams have worked nimbly to ensure that we entered the fourth quarter with well-stocked stores offering compelling value on everyday and seasonal goods to Canadians from all walks of life ahead of the holidays. Our ability to adapt in the second year of the pandemic in what continues to be a complex environment further reinforces the resilience of our unique business model, the relevance of our brand and strong value proposition to Canadian consumers," concluded Mr. Rossy.

Fiscal 2022 Third Quarter Financial Results

All comparative figures that follow are for the third quarter ended October 31, 2021 compared to the third quarter ended November 1, 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.

Sales for the third quarter of Fiscal 2022 increased by 5.5% to $1,122.3 million, compared to $1,064.2 million in the corresponding period of the prior fiscal year. This increase is attributable to the growth in the total number of stores over the past twelve months, from 1,333 on November 1, 2020 to 1,397 stores on October 31, 2021, and to an increase in comparable store sales driven by strong Halloween sales.

Comparable store sales for the third quarter of Fiscal 2022 increased by 0.8%, over and above 7.1% growth in the prior year. Comparable store sales consisted of a 2.8% decrease in average transaction size and a 3.7% increase in the number of transactions, reflecting a gradual reversal in consumer shopping patterns compared to the prior year. Over a two-year period, comparable store sales growth for the third quarter averages 3.9% per year.

Gross margin was 44.4% of sales in the third quarter of Fiscal 2022, compared to 44.0% of sales in the third quarter of Fiscal 2021. Gross margin was higher year over year primarily due to a higher proportion of sales of high-margin seasonal products.

General, administrative and store operating expenses (“SG&A”) for the third quarter of Fiscal 2022 decreased by 1.1% to $159.1 million, compared to $160.9 million for the third quarter of Fiscal 2021. SG&A for the third quarter of Fiscal 2022 represented 14.2% of sales, compared to 15.1% of sales for the third quarter of Fiscal 2021. This 0.9% variance primarily reflects lower COVID-19 related costs recorded in the third quarter of Fiscal 2022 compared to the prior year.

Incremental direct costs related to COVID-19 measures for the third quarter of Fiscal 2022, all recorded in SG&A, totalled $1.1 million, representing a 10 basis-point impact. This is compared to $10.9 million, representing a 100 basis-point impact, recorded in SG&A in the same period last year.

The Corporation’s 50.1% share of Dollarcity’s net earnings for the period from July 1, 2021 to September 30, 2021 was $7.3 million, compared to $4.3 million for the same period last year. The Corporation’s investment in Dollarcity is accounted for as a joint arrangement using the equity method.

Financing costs increased by $0.1 million, from $23.0 million for the third quarter of Fiscal 2021 to $23.1 million for the third quarter of Fiscal 2022.

Net earnings were $183.4 million, or $0.61 per diluted common share, in the third quarter of Fiscal 2022, compared to $161.9 million, or $0.52 per diluted common share, in the third quarter of Fiscal 2021.

Dollarcity Store Growth

During its third quarter ended September 30, 2021, Dollarcity opened 18 net new stores, bringing its total store count to 312 stores with 180 locations in Colombia, 57 in El Salvador, 72 in Guatemala and 3 in Peru. This compares to a total of 264 stores as at December 31, 2020.

Dividend

On December 8, 2021, the Corporation announced that its Board of Directors approved a quarterly cash dividend for holders of common shares of $0.0503 per share. This dividend is payable on February 4, 2022 to shareholders of record at the close of business on January 7, 2022. The dividend is designated as an “eligible dividend” for Canadian tax purposes.

Normal Course Issuer Bid

On July 5, 2021, the Corporation announced the renewal of its normal course issuer bid and the approval from the Toronto Stock Exchange to repurchase for cancellation up to 19,376,824 common shares, representing 7.5% of the public float as at the close of markets on June 30, 2021, during the 12-month period from July 7, 2021 to July 6, 2022.

During the third quarter of Fiscal 2022, 5,266,219 common shares were repurchased for cancellation under the normal course issuer bid, for a total cash consideration of $294.5 million, at a weighted average price of $55.92 per share.

Barring factors outside of its control due to the ongoing COVID-19 pandemic, the Corporation intends to continue share repurchases under its normal course issuer bid in Fiscal 2022 while maintaining its adjusted net-debt-to-EBITDA ratio within the 2.75 to 3.00 times range. As at October 31, 2021, the Corporation's adjusted net-debt-to-EBITDA ratio(1) was 2.80 times.

Outlook and COVID-19 Impact

The future impact of the ongoing COVID-19 pandemic on consumer shopping patterns and the Corporation's results, including potential additional COVID-19 measures that may be taken by provincial governments, as well as the pandemic's disruptive effect on international freight among other external factors, remain difficult to quantify or forecast. As a result, guidance for Fiscal 2022 remains limited 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 three 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.

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 December 8, 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 third quarter results today, December 8, 2021 at 10:30 a.m. (ET). Financial analysts are invited to ask questions during the call. Other interested parties may participate in the call on a listen-only basis. The live audio webcast is accessible through Dollarama’s website at 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 1,397 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$4.00 (or the equivalent in local currency) in El Salvador, Guatemala, Colombia and Peru through its 312 conveniently located stores.

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Selected Consolidated Financial Information

(dollars and shares in thousands, except per share amounts)	13-Week Periods Ended October 31, 2021 $	13-Week Periods Ended November 1, 2020 $	39-Week Periods Ended October 31, 2021 $	39-Week Periods Ended November 1, 2020 $
Earnings Data				
Sales	1,122,267	1,064,201	3,105,861	2,922,591
Cost of sales	623,480	595,455	1,756,974	1,660,044
Gross profit	498,787	468,746	1,348,887	1,262,547
SG&A	159,076	160,904	474,841	467,979
Depreciation and amortization	75,375	68,291	219,962	198,773
Share of net earnings of equity-accounted investment	(7,311)	(4,259)	(14,814)	(9,136)
Operating income	271,647	243,810	668,898	604,931
Financing costs	23,054	23,048	68,056	72,854
Earnings before income taxes	248,593	220,762	600,842	532,077
Income taxes	65,192	58,891	157,639	141,631
Net earnings	183,401	161,871	443,203	390,446
Basic net earnings per common share	$0.61	$0.52	$1.45	$1.26
Diluted net earnings per common share	$0.61	$0.52	$1.45	$1.25
Weighted average number of common shares outstanding:				
Basic	301,135	311,146	305,105	310,725
Diluted	302,573	312,838	306,544	312,494
Other Data				
Year-over-year sales growth	5.5%	12.3%	6.3%	7.4%
Comparable store sales growth (2)	0.8%	7.1%	0.2%	4.6%
Gross margin (3)	44.4%	44.0%	43.4%	43.2%
SG&A as a % of sales (3)	14.2%	15.1%	15.3%	16.0%
EBITDA (1)	347,022	312,101	888,860	803,704
Operating margin (3)	24.2%	22.9%	21.5%	20.7%
Capital expenditures	35,228	33,602	110,279	116,102
Number of stores (4)	1,397	1,333	1,397	1,333
Average store size (gross square feet) (4)	10,346	10,313	10,346	10,313
Declared dividends per common share	$0.0503	$0.044	$0.1509	$0.132

	As at	
	October 31, 2021	January 31, 2021
	$	$
Statement of Financial Position Data		
Cash	96,999	439,144
Inventories	599,204	630,655
Total current assets	736,236	1,100,362
Property, plant and equipment	741,400	709,469
Right-of-use assets	1,443,260	1,344,639
Total assets	3,998,801	4,223,746
Total current liabilities	558,738	1,321,165
Total non-current liabilities	3,421,541	2,567,727
Total debt [1]	1,813,778	1,883,051
Net debt [1]	1,716,779	1,443,907
Shareholders' equity	18,522	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		39-Week Periods Ended	
(dollars in thousands)	October 31, 2021	November 1, 2020	October 31, 2021	November 1, 2020
	$	$	$	$
A reconciliation of operating income to EBITDA is included below:				
Operating income	271,647	243,810	668,898	604,931
Add: Depreciation and amortization	75,375	68,291	219,962	198,773
EBITDA	**347,022**	**312,101**	**888,860**	**803,704**
EBITDA margin [3]	*30.9%*	*29.3%*	*28.6%*	*27.5%*

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

(dollars in thousands)	As at October 31, 2021 $	As at January 31, 2021 $
Senior unsecured notes bearing interest at:		
Fixed annual rate of 2.443% payable in equal semi-annual instalments, maturing July 9, 2029	375,000	-
Fixed annual rate of 1.505% payable in equal semi-annual instalments, maturing September 20, 2027	300,000	300,000
Fixed annual rate of 1.871% payable in equal semi-annual instalments, maturing July 8, 2026	375,000	-
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, repaid on July 22, 2021	-	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
Accrued interest on senior unsecured notes	16,522	8,051
Fair value hedge – basis adjustment on interest rate swap	(2,744)	-
Total debt	**1,813,778**	**1,883,051**
Adjusted net-debt-to-EBITDA ratio (4)(5)	2.80x	2.68x

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

Total debt	1,813,778	1,883,051
Cash	(96,999)	(439,144)
Net debt	**1,716,779**	**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 and second quarters of Fiscal 2021 and Fiscal 2022, comparable store sales growth excludes temporarily closed stores in the context of the COVID-19 pandemic.

(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).