Dollarama Inc.

Condensed Interim Consolidated Financial Statements

For the 13-week periods ended April 30, 2023 and May 1, 2022

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

Dollarama Inc.

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

	Note	April 30, 2023 $	January 29, 2023 $
Assets			
Current assets			
Cash and cash equivalents		252,063	101,261
Accounts receivable		46,687	56,290
Prepaid expenses		16,359	23,462
Inventories		937,687	957,172
Derivative financial instruments	9	15,183	18,762
		1,267,979	1,156,947
Non-current assets			
Right-of-use assets	5	1,727,024	1,699,755
Property, plant and equipment		819,336	802,750
Intangible assets		164,490	164,654
Goodwill		727,782	727,782
Equity-accounted investment		287,241	267,768
Total assets		4,993,852	4,819,656
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		323,744	336,862
Dividend payable		20,206	15,828
Derivative financial instruments	9	4,376	8,490
Income taxes payable		34,720	72,572
Current portion of long-term debt	6	513,244	510,315
Current portion of lease liabilities	5	227,429	218,807
		1,123,719	1,162,874
Non-current liabilities			
Non-current portion of long-term debt	6	1,742,170	1,741,588
Non-current portion of lease liabilities	5	1,768,280	1,741,936
Deferred income taxes		141,447	144,848
Total liabilities		4,775,616	4,791,246
Shareholders' equity			
Share capital	7	515,455	488,074
Contributed surplus	7	41,344	42,678
Deficit		(354,411)	(514,078)
Accumulated other comprehensive income		15,848	11,736
Total shareholders' equity		218,236	28,410
Total liabilities and shareholders' equity		4,993,852	4,819,656

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

Dollarama Inc.

Interim Consolidated Statements of Changes in Shareholders' Equity (Deficit)
For the 13-week periods ended
(Unaudited, expressed in thousands of Canadian dollars, except share amounts)

	Note	Number of common shares	Share capital $	Contributed surplus $	Deficit $	Accumulated other comprehensive income $	Total $
Balance – January 29, 2023	7	284,505,648	488,074	42,678	(514,078)	11,736	28,410
Net earnings		-	-	-	179,873	-	179,873
Other comprehensive income		-	-	-	-	14,025	14,025
Total comprehensive income		-	-	-	179,873	14,025	193,898
Transfer of realized cash flow hedge gains to inventory, net of taxes		-	-	-	-	(9,913)	(9,913)
Dividends declared		-	-	-	(20,206)	-	(20,206)
Share-based compensation	7	-	-	3,650	-	-	3,650
Issuance of common shares	7	900,770	22,397	-	-	-	22,397
Reclassification for the exercise of share options	7	-	4,984	(4,984)	-	-	-
Balance – April 30, 2023		285,406,418	515,455	41,344	(354,411)	15,848	218,236
Balance – January 30, 2022	7	292,813,569	479,446	32,924	(578,079)	(325)	(66,034)
Net earnings		-	-	-	145,502	-	145,502
Other comprehensive income		-	-	-	-	12,001	12,001
Total comprehensive income		-	-	-	145,502	12,001	157,503
Transfer of realized cash flow hedge gains to inventory, net of taxes		-	-	-	-	(2,261)	(2,261)
Dividends declared		-	-	-	(16,206)	-	(16,206)
Repurchase and cancellation of common shares	7	(1,444,803)	(2,374)	-	(104,964)	-	(107,338)
Share-based compensation	7	-	-	3,202	-	-	3,202
Issuance of common shares	7	439,900	14,005	-	-	-	14,005
Reclassification for the exercise of share options	7	-	3,191	(3,191)	-	-	-
Balance – May 1, 2022		291,808,666	494,268	32,935	(553,747)	9,415	(17,129)

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

Dollarama Inc.

Interim Consolidated Statements of Net Earnings and Comprehensive Income
For the 13-week periods ended
(Unaudited, expressed in thousands of Canadian dollars, except share and per share amounts)

	Note	April 30, 2023	May 1, 2022
		$	$
Sales		1,294,549	1,072,884
Cost of sales	12	748,807	620,992
Gross profit		545,742	451,892
General, administrative and store operating expenses		195,598	160,625
Depreciation and amortization	12	85,638	79,972
Share of net earnings of equity-accounted investment		(13,125)	(8,737)
Operating income		277,631	220,032
Financing costs		36,685	24,355
Earnings before income taxes		240,946	195,677
Income taxes	8	61,073	50,175
Net earnings		179,873	145,502
Other comprehensive income			
Items that may be reclassified subsequently to net earnings			
Reclassification of amortization of net gains on financial instruments not subject to basis adjustments		(600)	(133)
Foreign currency translation adjustments		5,795	1,604
Share of other comprehensive income of equity-accounted investment		221	3,604
Income tax recovery relating to these items		159	35
Items that will not be reclassified subsequently to net earnings			
Unrealized gains on derivative financial instruments subject to basis adjustments		12,174	9,349
Income tax expense relating to these items		(3,724)	(2,458)
Total other comprehensive income, net of income taxes		14,025	12,001
Total comprehensive income		193,898	157,503
Earnings per common share			
Basic net earnings per common share	10	$0.63	$0.50
Diluted net earnings per common share	10	$0.63	$0.49
Weighted average number of common shares outstanding (*thousands*)	10	284,811	292,721
Weighted average number of diluted common shares outstanding (*thousands*)	10	286,179	294,477

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

Dollarama Inc.

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

	Note	April 30, 2023 $	May 1, 2022 $
Operating activities			
Net earnings		179,873	145,502
Adjustments to reconcile net earnings to net cash generated from operating activities:			
Depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets	12	88,638	79,972
Share-based compensation	7	3,650	3,202
Financing costs		36,685	24,355
Deferred income taxes		-	(4,462)
Share of net earnings of equity-accounted investment		(13,125)	(8,737)
Interest received		7,489	1,007
Other		953	(620)
		304,163	240,219
Changes in non-cash working capital components	13	(21,083)	(80,896)
Net cash generated from operating activities		283,080	159,323
Investing activities			
Additions to property, plant and equipment		(41,630)	(26,713)
Additions to intangible assets		(5,453)	(4,630)
Proceeds from disposal of property, plant and equipment		157	18
Net cash used in investing activities		(46,926)	(31,325)
Financing activities			
Proceeds (repayment) from short-term borrowings	6	-	46,979
Interest paid on long-term debt and short-term borrowings	6	(26,122)	(3,805)
Net payment of lease liabilities	5	(65,799)	(62,433)
Issuance of common shares	7	22,397	14,005
Dividends paid		(15,828)	(14,890)
Repurchase and cancellation of common shares	7	-	(107,338)
Net cash used in financing activities		(85,352)	(127,482)
Change in cash and cash equivalents		150,802	516
Cash and cash equivalents – beginning of period		101,261	71,058
Cash and cash equivalents – end of period		252,063	71,574
Supplemental information:			
Interest paid on lease liabilities		15,621	12,021

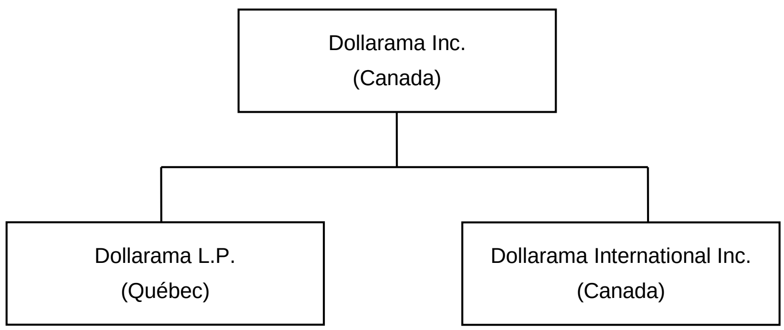
The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1 General information

Dollarama Inc. (the “Corporation”) was formed on October 20, 2004 under the Canada Business Corporations Act. The Corporation offers a broad assortment of general merchandise, consumable products and seasonal items at select, fixed price points up to $5.00 in-store and online in Canada. As at April 30, 2023, the Corporation maintains retail operations in every Canadian province as well as the Yukon and Northwest Territories.

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

As at April 30, 2023, the significant entities within the legal structure of the Corporation are as follows:



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

Dollarama International Inc. (“Dollarama International”) has retail operations in Latin America through its 50.1% equity investment in Dollarcity, a value retailer headquartered in Panama. Dollarcity offers a broad assortment of general merchandise, consumable products and seasonal items at select, fixed price points up to US$4.00 (or the equivalent in local currency) in stores located in El Salvador, Guatemala, Colombia and Peru.

2 Basis of preparation

The Corporation prepares its condensed interim consolidated financial statements in accordance with generally accepted accounting principles in Canada ("GAAP") as set out in the CPA Canada Handbook – Accounting under Part I, which incorporates International Financial Reporting Standards ("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 January 29, 2023 ("Fiscal 2023"), 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.

During Fiscal 2023, in order to continue providing relevant and reliable information to the users of these financial statements, the Corporation modified its policy in relation to the classification of financing costs within the consolidated statements of cash flow, in line with other Canadian issuers. Interest paid has been reclassified from operating activities to financing activities. Consequently, some reclassifications in the presentation of the comparative information have been performed to ensure consistency with current period presentation. For the 13-week period ended on May 1, 2022, the cash inflow from operating activities increased by $16,543 while the cash outflows from financing activities increased by the same amount.

These unaudited condensed interim consolidated financial statements were approved by the board of directors of the Corporation (the "Board of Directors") for issue on June 7, 2023.

Seasonality of operations

The Corporation's sales generally increase ahead of major holidays, with December representing the highest proportion of sales, but otherwise experience limited seasonal fluctuations. However, the occurrence of certain events that are beyond the Corporation's control, such as unusually adverse weather or an epidemic or pandemic outbreak, and that cause disruption in its operations could materially adversely affect the business and financial results of the Corporation. Consequently, results for the 13-week period ended April 30, 2023 may not be representative of results for subsequent quarters or for the full fiscal year.

3 Summary of significant accounting policies

These unaudited condensed interim consolidated financial statements have been prepared using the accounting policies as outlined in Note 3 to the Fiscal 2023 audited consolidated financial statements.

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

4 Critical accounting estimates and judgments

The preparation of financial statements requires management to make estimates and assumptions using judgment that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses during the reporting period. Estimates and other judgments are continually evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Actual results may differ from those estimates.

These unaudited condensed interim consolidated financial statements have been prepared using the critical accounting estimates and judgments as outlined in Note 5 to the Fiscal 2023 audited consolidated financial statements.

5 Leases

As at April 30, 2023, the Corporation owned one store, one distribution centre, one warehouse and leased 1,506 stores, its head office, six warehouses and some equipment.

As at April 30, 2023, changes in right-of-use assets were as follows:

	April 30, 2023 $	**May 1, 2022 $**
Balance, beginning of period	1,699,755	1,480,255
Additions	85,154	96,373
Terminations and other adjustments	151	(1,308)
Depreciation	(58,036)	(52,094)
Balance, end of period	**1,727,024**	**1,523,226**

As at April 30, 2023, changes in lease liabilities were as follows:

	April 30, 2023 $	**May 1, 2022 $**
Balance, beginning of period	1,960,743	1,727,428
Additions	85,154	96,373
Interest expense on lease liabilities	15,621	12,021
Disposals and other adjustments	(10)	(1,941)
Net payment of lease liabilities	(65,799)	(62,433)
Balance, end of period	1,995,709	1,771,448
Current portion	**227,429**	**224,196**
Non-current portion	**1,768,280**	**1,547,252**

During the 13-week period ended April 30, 2023, the Corporation expensed $30,194 (May 1, 2022 – $26,037) of variable lease payments, which are not included in the lease liabilities. The Corporation also expensed $2,793 (May 1, 2022 – $3,838) of lease payments relating to short-term leases or leases with underlying low-value asset for which the payments were not included in the lease liabilities.

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

6 Debt

Long-term debt outstanding consists of the following as at:	**April 30, 2023** **$**	**January 29, 2023** **$**
Senior Unsecured Notes (the “Senior Unsecured 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 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
Fixed annual rate of 3.550% payable in equal semi-annual instalments, maturing November 6, 2023 (the “3.550% Fixed Rate Notes”)	500,000	500,000
Less: Unamortized debt issue costs, including $1,347 (January 29, 2023 – $1,609) for the credit facility	(8,299)	(9,107)
Accrued interest on the Senior Unsecured Notes	18,041	17,177
Fair value hedge - basis adjustment on interest rate swap	(4,328)	(6,167)
	2,255,414	2,251,903
Current portion (includes unamortized debt issue costs, accrued interest on the Senior Unsecured Notes, and the Senior Unsecured Notes with a maturity date falling within the next 52-week period, when applicable)	(513,244)	(510,315)
	1,742,170	1,741,588

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

6 Debt (cont'd)

The table below provides the carrying values and fair values of the Senior Unsecured Notes as at April 30, 2023 and January 29, 2023. The fair values of the Senior Unsecured Notes were determined as a level 2 in the fair value hierarchy.

	April 30, 2023		January 29, 2023	
	Carrying value $	Fair value $	Carrying value $	Fair value $
Fixed Rate Notes				
5.165% Fixed Rate Notes	448,198	446,535	453,969	465,107
2.443% Fixed Rate Notes	376,324	334,875	373,994	332,276
1.505% Fixed Rate Notes	299,421	265,470	300,494	263,856
1.871% Fixed Rate Notes	376,078	346,838	374,251	345,536
5.084% Fixed Rate Notes	249,265	252,850	252,413	253,258
3.550% Fixed Rate Notes	511,803	517,200	504,558	494,545
	2,261,089	2,163,768	2,259,679	2,154,578

Credit Agreement

On July 5, 2022, the Corporation and the lenders entered into a fifth amending agreement to the Third Amended and Restated Credit Agreement (the "TARCA") in order to, among other things, (i) convert the syndicated credit facilities to sustainability-linked credit facilities (collectively, the "Credit Facility"), (ii) increase the size of Facility B by $250,000 for a total amount of $450,000, bringing the total credit available under the Credit Facility up from $800,000 to $1,050,000, and (iii) extend the term of Facility A in the amount of $250,000 from July 6, 2026 to July 5, 2027, extend the term of Facility B, in the amount of $450,000, from July 5, 2024 to July 5, 2025, extend the term of Facility C, in the amount of $50,000, from July 5, 2024 to July 5, 2025, and extend the term of Facility D, in the amount of $300,000, from July 6, 2022 to July 5, 2023.

Under the TARCA, the Corporation may, under certain circumstances and subject to receipt of additional commitments from existing lenders or other eligible institutions, request increases to committed facilities up to an aggregate amount, together with all then-existing commitments, of $1,500,000.

The TARCA requires the Corporation to respect a minimum interest coverage ratio and a maximum leverage ratio, each tested quarterly on a consolidated basis. The Corporation has the option to borrow in Canadian or U.S. dollars.

The Credit Facility is guaranteed by Dollarama L.P. and Dollarama GP Inc. (collectively, with the Corporation, the "Credit Parties"). The TARCA contains restrictive covenants that, subject to certain exceptions, limit the ability of the Credit Parties to, among other things, incur, assume, or permit to exist senior ranking indebtedness or liens, engage in mergers, acquisitions, asset sales or sale leaseback transactions, alter the nature of the business and engage in certain transactions with affiliates. The TARCA also limits the ability of the Corporation, in certain circumstances, to make loans, declare dividends and make payments on, or redeem or repurchase equity interests if there exists a default or an event of default thereunder.

6 Debt (cont'd)

As at April 30, 2023 and January 29, 2023, no amount was outstanding under the TARCA. As at April 30, 2023, $1,048,660 was available under its Credit Facility (January 29, 2023 – $1,048,623) and there were letters of credit issued for the purchase of inventories which amounted to $1,340 (January 29, 2023 – $1,377). As at April 30, 2023, the Corporation was in compliance with all of its financial covenants.

As at April 30, 2023, the Corporation had $252,063 of cash and cash equivalents (January 29, 2023 – $101,261), including $50,000 of government treasury bills.

Short-term borrowings

Under the terms of its US commercial paper program initially launched in February 2020, 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"). On July 7, 2022, the US commercial paper program was upsized from US$500,000 to US$700,000. The aggregate principal amount of USCP Notes outstanding at any one time under the US commercial paper program, as amended, may not exceed US$700,000. The Corporation uses derivative financial instruments to convert the net proceeds from the issuance of USCP Notes into Canadian dollars and uses those proceeds for general corporate purposes.

The USCP Notes are direct unsecured obligations of the Corporation and rank equally and *pari passu* with all of its other unsecured and unsubordinated indebtedness. The USCP Notes are unconditionally guaranteed by Dollarama L.P. and Dollarama GP Inc., each a wholly-owned subsidiary of the Corporation. The Corporation's Credit Facility serves as a liquidity backstop for the repayment of the USCP Notes.

As at April 30, 2023, no amount was outstanding under the US commercial paper program (January 29, 2023 – nil).

7 Shareholders' equity

a) Share capital

Normal course issuer bid

On July 5, 2022, the Corporation announced the renewal of its normal course issuer bid and the approval from the TSX to repurchase for cancellation up to 18,713,765 common shares, representing 7.5% of the public float as at the close of markets on June 30, 2022, during the 12-month period from July 7, 2022 to July 6, 2023 (the "2022-2023 NCIB").

During the 13-week period ended April 30, 2023, no common shares were repurchased for cancellation under the 2022-2023 NCIB.

The total number of common shares repurchased for cancellation under the normal course issuer bid then in effect during the 13-week period ended May 1, 2022 amounted to 1,444,803 common shares, for a total cash consideration of $107,338. For the 13-week period ended May 1, 2022, the Corporation's share capital was reduced by $2,374 and the remaining $104,964 was accounted for as an increase in deficit.

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

7 Shareholders' equity (cont'd)

b) Contributed surplus

Share-based compensation

Performance share units

During the 13-week period ended April 30, 2023, the Corporation recognized a share-based compensation expense for performance share units ("PSUs") of $2,221 (May 1, 2022 – $1,482).

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

	April 30, 2023	May 1, 2022
Outstanding – beginning of period	178,517	103,953
Granted	73,867	74,564
Vested (1)	-	-
Outstanding – end of period	252,384	178,517

(1) Vesting varies from 0% to 200% depending on performance against the criteria at the end of the three-year performance period.

Share options

During the 13-week period ended April 30, 2023, the Corporation recognized a share-based compensation expense for share options of $1,429 (May 1, 2022 – $1,720).

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

	April 30, 2023		May 1, 2022	
	Number of share options	Weighted average exercise price ($)	Number of share options	Weighted average exercise price ($)
Outstanding – beginning of period	3,358,385	40.79	3,819,100	37.28
Granted	247,335	81.45	252,435	73.79
Exercised	(900,770)	24.86	(439,900)	31.84
Forfeited	(12,646)	53.94	-	-
Outstanding – end of period	2,692,304	49.79	3,631,635	40.48
Exercisable – end of period	1,519,639	41.78	2,136,400	31.90

8 Income taxes

The income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full fiscal year. The statutory income tax rate for the 13-week period ended April 30, 2023 was 26.5% (May 1, 2022 – 26.5%). The Corporation's effective income tax rate for the 13-week period ended April 30, 2023 was 25.3% (May 1, 2022 – 25.6%).

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

9 Financial instruments

The Corporation uses derivative financial instruments in the management of its foreign currency and interest rate exposure. The Corporation documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking hedge transactions.

A summary of the aggregate contractual nominal value, weighted average contract rate or interest rate, as applicable, statement of financial position location and estimated fair values of derivative financial instruments as at April 30, 2023 and January 29, 2023 is as follows:

	Contractual nominal value	Weighted average contract rate	Statement of financial position	Fair value - Asset (Liability)	Nature of hedging relationship
	USD/CAD	USD/CAD/ Interest rate	Location	Significant other observable inputs (Level 2)	Recurring
	$			$	
As at April 30, 2023					
Hedging instruments for the forecasted U.S. dollar merchandise purchases					
USD Foreign exchange forward contracts	320,000	1.29	Current assets	15,183	Cash flow hedge
USD Foreign exchange forward contracts	50,000	1.35	Current liabilities	(48)	Cash flow hedge
	370,000			15,135	
Hedging instruments for the fixed to floating interest rate notes					
CAD interest rate swap contracts	200,000	CDOR (1) + 2.73%	Current liabilities	(4,328)	Fair value hedge
	200,000			(4,328)	
Total	570,000			10,807	
As at January 29, 2023					
Hedging instruments for the forecasted U.S. dollar merchandise purchases					
USD Foreign exchange forward contracts	361,000	1.27	Current assets	18,762	Cash flow hedge
USD Foreign exchange forward contracts	110,000	1.35	Current liabilities	(2,323)	Cash flow hedge
	471,000			16,439	
Hedging instruments for the fixed to floating interest rate notes					
CAD interest rate swap contracts	200,000	CDOR (1) + 2.73%	Current liabilities	(6,167)	Fair value hedge
	200,000			(6,167)	
Total	671,000			10,272	

(1) 3-month CDOR

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

9 Financial instruments (cont'd)

For the 13-week period ended April 30, 2023, accumulated fair value gains of $13,629 (May 1, 2022 – accumulated fair value losses of $2,064) on USD foreign exchange forward contracts recorded in the carrying value of inventory were reclassified from inventory to the cost of sales in the condensed interim consolidated statement of net earnings and comprehensive income.

10 Earnings per common share

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

	April 30, 2023	May 1, 2022
Net earnings attributable to shareholders of the Corporation and used to determine basic and diluted net earnings per common share	$179,873	$145,502
Weighted average number of common shares outstanding during the period (*thousands*)	284,811	292,721
Assumed share options exercised (*thousands*)	1,368	1,756
Weighted average number of common shares for diluted net earnings per common share *(thousands)*	286,179	294,477
Diluted net earnings per common share	$0.63	$0.49

As at April 30, 2023, 497,154 options (May 1, 2022 – 252,435) have an anti-dilutive effect since the average market price of the underlying shares was lower than the sum of the exercise price and the unearned shared-based compensation of those share options under the treasury stock method.

11 Related party transactions

a) Rossy family

As at April 30, 2023, the outstanding balance of lease liabilities owed to entities controlled by the Rossy family totalled $23,767 (January 29, 2023 – $26,635).

Rental expenses charged by entities controlled by the Rossy family but not included in lease liabilities totalled $2,383 for the 13-week period ended April 30, 2023 (May 1, 2022 – $2,081).

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

11 Related party transactions (cont'd)

b) Dollarcity

Since 2013, Dollarama International enters into arrangements with Dollarcity for the sale of products to consumers located outside of Canada. When the licensing and services agreement entered into in 2013 expired on February 4, 2022, Dollarama International entered into a new sourcing agreement and a new services agreement with Dollarcity, 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.

As at April 30, 2023, the account receivable from Dollarcity for the goods sold and services provided under the sourcing agreement and service agreement, both entered into on February 4, 2022, totalled $40,014 (January 29, 2023 – $50,519), which amount is partly guaranteed by a letter of credit up to US$20,000 ($27,104) (January 29, 2023 – US$20,000 ($26,622)). For the 13-week period ended April 30, 2023, the sales to Dollarcity that were shipped directly from the Corporation's warehouses amounted to $9,683 (May 1, 2022 – $9,151), which also includes the net consideration received for sales in which the Corporation is acting as an intermediary (representing approximately 1% of the Corporation's total consolidated sales).

Dollarama International, a wholly-owned subsidiary of the Corporation, holds a 50.1% interest in Central American Sourcing Inc. ("CARS"), the parent company of the entities that operate the Dollarcity business. Under the Stockholders Agreement dated August 14, 2019, Dollarcity's founding stockholders have a put right pursuant to which they can require, in certain circumstances, that Dollarama International purchase shares of Dollarcity held by them at fair market value. Since October 1, 2022, this right may be exercised in the ordinary course by Dollarcity's founding stockholders during specified periods, subject to certain transaction size thresholds, required ownership thresholds and freeze periods, among other conditions and restrictions. This right may also be exercised upon the occurrence of certain extraordinary events, including a change in control of the Corporation and a sale of Dollarcity.

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

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

	April 30, 2023 $	May 1, 2022 $
Cost of sales		
Cost of goods sold, labour, transport and other costs	703,047	582,751
Occupancy costs	42,760	38,241
Depreciation of property, plant and equipment and right-of-use assets relating to warehouses and distribution center	3,000	-
Total cost of sales	748,807	620,992
Depreciation and amortization		
Depreciation of property, plant and equipment and right-of-use assets[1]	80,021	74,486
Amortization of intangible assets	5,617	5,486
Total depreciation and amortization	85,638	79,972

[1] For the 13-week period ended May 1,2022, includes depreciation expenses relating to the warehouses and distribution center totalling $3,062

Employee benefits	149,249	121,529

13 Details of statement of cash flows

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

	April 30, 2023 $	May 1, 2022 $
Accounts receivable	10,497	(6,159)
Prepaid expenses	7,103	(73)
Inventories	19,487	(55,786)
Accounts payable and accrued liabilities	(16,940)	8,393
Income taxes payable	(41,230)	(27,271)
	(21,083)	(80,896)
Net cash paid for income taxes	102,303	81,911

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

14 Event after the reporting period

Quarterly cash dividend

On June 7, 2023, the Corporation announced that its Board of Directors had approved a quarterly cash dividend for holders of common shares of $0.0708 per common share. This dividend is payable on August 4, 2023 to shareholders of record at the close of business on July 7, 2023. The dividend is designated as an “eligible dividend” for Canadian tax purposes.