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DOLLARAMA REPORTS FISCAL 2024 FIRST QUARTER RESULTS

- 17.1% increase in comparable store sales⁽¹⁾
- 22.1% growth in EBITDA⁽¹⁾ to \$366.3 million, representing 28.3% of sales
- 28.6% increase in diluted net earnings per share
- Publication of comprehensive annual 2023 ESG Report in alignment with SASB standards and TCFD recommendations

MONTREAL, Quebec, June 7, 2023 – Dollarama Inc. (TSX: DOL) (“Dollarama” or the “Corporation”) today reported its financial results for the first quarter ended April 30, 2023.

Fiscal 2024 First Quarter Results Highlights Compared to Fiscal 2023 First Quarter Results

- Sales increased by 20.7% to \$1,294.5 million, compared to \$1,072.9 million
- Comparable store sales grew 17.1%, over and above the 7.3% growth in the previous year
- EBITDA increased by 22.1% to \$366.3 million, or 28.3% of sales, compared to 28.0% of sales
- Operating income increased by 26.2% to \$277.6 million, or 21.4% of sales, compared to 20.5% of sales
- Diluted net earnings per share increased by 28.6% to \$0.63, compared to \$0.49
- 21 net new stores opened, compared to 10 net new stores

“Canadians from all walks of life continue to respond positively to our compelling value proposition and affordable product mix. In the context of persistent inflationary pressure, we delivered a 17% increase in comparable store sales in the first quarter of Fiscal 2024. The first quarter also marked the opening of our 1,500th Dollarama store, a significant milestone as we pursue our target of 2,000 stores across Canada by 2031,” said Neil Rossy, President and CEO.

Mr. Rossy added: “We were also pleased to publish our 2023 ESG Report this morning, outlining our evolving ESG strategy, as well as our progress against our goals. The objective is to ensure that we continue delivering on our value promise to our customers and our shareholders as we advance our ESG priorities across our key pillars, from our climate strategy to our people, products and supply chain.”

Explanatory Notes

All comparative figures that follow are for the first quarter ended April 30, 2023, compared to the first quarter ended May 1, 2022. 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 to provide a better understanding of the Corporation’s financial results. For a full explanation of the Corporation’s use of non-GAAP and other financial measures, please refer to the section entitled “Non-GAAP and Other Financial Measures” of this press release. All references to “Fiscal 2023” are to the Corporation’s fiscal year ended January 29, 2023 and to “Fiscal 2024” are to the Corporation’s fiscal year ending January 28, 2024.

⁽¹⁾ We refer the reader to the notes in the section entitled “Non-GAAP and Other Financial Measures” of this press release for the definition of these items and, when applicable, their reconciliation with the most directly comparable GAAP measure.

Fiscal 2024 First Quarter Financial Results

Sales for the first quarter of Fiscal 2024 increased by 20.7% to \$1,294.5 million, compared to \$1,072.9 million in the corresponding period of the prior fiscal year. This increase was driven by growth in the total number of stores over the past 12 months (from 1,431 stores on May 1, 2022, to 1,507 stores on April 30, 2023) and increased comparable store sales.

Comparable store sales for the first quarter of Fiscal 2024 increased by 17.1%, reflecting a 15.5% increase in the number of transactions and a 1.4% increase in average transaction size, compared to comparable store sales growth of 7.3% in the corresponding period of the previous fiscal year. The year-over-year increase in comparable store sales is primarily attributable to strong demand across our product categories, namely consumables, seasonal items and general merchandise.

EBITDA totalled \$366.3 million, or 28.3% of sales, for the first quarter of Fiscal 2024, compared to \$300.0 million, or 28.0% of sales, in the first quarter of Fiscal 2023.

Gross margin⁽¹⁾ remained relatively flat year-over-year, coming in at 42.2% of sales in the first quarter of Fiscal 2024, compared to 42.1% of sales in the first quarter of Fiscal 2023.

General, administrative and store operating expenses (“SG&A”) for the first quarter of Fiscal 2024 increased to \$195.6 million, compared to \$160.6 million for the first quarter of Fiscal 2023. SG&A represented 15.1% of sales, compared to 15.0% of sales for the first quarter of Fiscal 2023. This increase in costs is primarily attributed to higher store labour costs.

The Corporation’s 50.1% share of Dollarcity’s net earnings for the period from January 1, 2023, to March 31, 2023, was \$13.1 million, compared to \$8.7 million for the same period last year, reflecting a strong financial and operational performance by Dollarcity. The Corporation’s investment in Dollarcity is accounted for as a joint arrangement using the equity method.

Financing costs increased by \$12.3 million, from \$24.4 million for the first quarter of Fiscal 2023 to \$36.7 million for the first quarter of Fiscal 2024. The increase is mainly due to a higher average borrowing rate, as well as higher average debt levels.

Net earnings were \$179.9 million, or \$0.63 per diluted common share, in the first quarter of Fiscal 2024, compared to \$145.5 million, or \$0.49 per diluted common share, in the first quarter of Fiscal 2023.

Inventory remained stable at \$937.7 million as at April 30, 2023, compared to \$957.2 million as at January 29, 2023.

Dollarcity Store Growth

During its first quarter ended March 31, 2023, Dollarcity opened 8 net new stores, in line with the same period last year. As at March 31, 2023, Dollarcity had 448 stores, including 267 locations in Colombia, 91 in Guatemala, 66 in El Salvador and 24 in Peru. This compares to 440 stores as at December 31, 2022.

Normal Course Issuer Bid

During the first quarter of Fiscal 2024, no common shares were repurchased for cancellation under the Corporation’s 2022-2023 normal course issuer bid.

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.

⁽¹⁾ We refer the reader to the notes in the section entitled “Non-GAAP and Other Financial Measures” of this press release for the definition of these items and, when applicable, their reconciliation with the most directly comparable GAAP measure.

Publication of 2023 ESG Report

Dollarama today published its comprehensive 2023 ESG Report: Serving Canadians with Purpose. This latest report provides a comprehensive overview of the Corporation's ESG strategy and evolving priority issues, as identified through its ongoing assessment process and stakeholder engagement. It also provides an annual update on key data, goals and initiatives. The Corporation's 2023 ESG Report was prepared in alignment with the Sustainability Accounting Standards Board (SASB) standards relevant to its industry sectors and with an increasing number of recommendations from the Taskforce on Climate-related Financial Disclosures (TCFD) framework.

Intended for all stakeholders and to be read in conjunction with regulatory filings, Dollarama's 2023 ESG Report and supporting documents are available for download in the Sustainability section of www.dollarama.com.

Outlook

The Corporation's financial annual guidance ranges for Fiscal 2024 issued on March 29, 2023, as well as other previously disclosed assumptions on which these ranges are based, remain unchanged.

As previously disclosed, the Corporation expects the following for Fiscal 2024:

| | Fiscal 2024 |
|--------------------------------------|-------------------------------------|
| | Guidance |
| Net new store openings | 60 to 70 |
| Comparable store sales | 5.0% and 6.0% |
| Gross margin | 43.5% to 44.5% |
| SG&A ⁽ⁱ⁾ | 14.7% to 15.2% |
| Capital expenditures ⁽ⁱⁱ⁾ | \$190.0 to \$200.0 ⁽ⁱⁱⁱ⁾ |

⁽ⁱ⁾ As a percentage of sales.

⁽ⁱⁱ⁾ In millions of dollars.

⁽ⁱⁱⁱ⁾ Excludes the previously announced property acquisition expected to close in Fiscal 2024.

These guidance ranges are based on several assumptions, including the following:

- The number of signed offers to lease and store pipeline for the next nine months and the absence of delays outside of our control on construction activities
- No material increases in occupancy costs in the short to medium term
- Continued positive customer response to our product offering, value proposition and in-store merchandising
- Approximately three months of visibility on open orders and product margins
- The active management of product margins, including through pricing strategies and refreshing some of the product offering
- The continued stabilisation of our supply chain and logistics environment
- The inclusion of the Corporation's share of net earnings of its equity-accounted investment
- The entering into of foreign exchange forward contracts to hedge the majority of forecasted purchases of merchandise in U.S. dollars against fluctuations of the Canadian dollar against the U.S. dollar
- The continued execution of in-store productivity initiatives and the realization of cost savings and benefits aimed at improving operating expense
- The absence of a significant shift in labour, economic and geopolitical conditions or material changes in the retail competitive environment
- No significant changes in the capital budget for Fiscal 2024 for new store openings, maintenance capital expenditures, and transformational capital expenditures, the latter being mainly related to

information technology projects and which budget excludes the purchase price for the previously announced property acquisition

- The successful execution of our business strategy
- The absence of pandemic-related restrictions impacting consumer shopping patterns or incremental direct costs related to health and safety measures
- The absence of unusually adverse weather, especially in peak seasons around major holidays and celebrations

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. 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 and geopolitical conditions and the competitive environment within the retail industry in Canada and in Latin America, in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. Many factors could cause actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including the factors which are outlined in the management’s discussion and analysis for the first quarter of Fiscal 2024 and discussed in greater detail in the “Risks and Uncertainties” section of the Corporation’s annual management’s discussion and analysis for Fiscal 2023, both available on SEDAR at www.sedar.com and on the Corporation’s website at www.dollarama.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 7, 2023 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.

Dollarama Inc.

Virtual Shareholder Meeting and First Quarter Results Conference Call

Dollarama will hold its annual general meeting of shareholders today, June 7, 2023 at 9:00 a.m. (ET). The meeting will be conducted online only, via live audio webcast. All shareholders of record as of the close of business on April 13, 2023 will be able to listen to the live audio webcast and submit questions. However, only registered shareholders and duly appointed proxyholders (including non-registered shareholders who have duly appointed themselves as proxyholder) will be able to vote at the meeting.

Dollarama will also hold a conference call to discuss its Fiscal 2024 first quarter results today, June 7, 2023 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.

Both live audio webcasts are 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 1,507 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 \$5.00.

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 448 conveniently located stores in El Salvador, Guatemala, Colombia and Peru.

For further information:

Investors: J.P. Towner, Chief Financial Officer, (514) 737-1006 x1237, jp.towner@dollarama.com; Media: Lyla Radmanovich, PELICAN PR, (514) 845-8763, media@rppelican.ca

www.dollarama.com

Selected Consolidated Financial Information

*(dollars and shares in thousands, except
per share amounts)*

| | 13-Week Periods Ended | |
|---|------------------------------|------------------------|
| | April 30, 2023 | May 1, 2022 |
| | \$ | \$ |
| Earnings Data | | |
| Sales | 1,294,549 | 1,072,884 |
| Cost of sales | 748,807 | 620,992 |
| Gross profit | 545,742 | 451,892 |
| SG&A | 195,598 | 160,625 |
| Depreciation and amortization | 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 | 61,073 | 50,175 |
| Net earnings | 179,873 | 145,502 |
| Basic net earnings per common share | \$0.63 | \$0.50 |
| Diluted net earnings per common share | \$0.63 | \$0.49 |
| Weighted average number of common shares outstanding: | | |
| Basic | 284,811 | 292,721 |
| Diluted | 286,179 | 294,477 |
| Other Data | | |
| Year-over-year sales growth | 20.7% | 12.4% |
| Comparable store sales growth ⁽¹⁾ | 17.1% | 7.3% |
| Gross margin ⁽¹⁾ | 42.2% | 42.1% |
| SG&A as a % of sales ⁽¹⁾ | 15.1% | 15.0% |
| EBITDA ⁽¹⁾ | 366,269 | 300,004 |
| Operating margin ⁽¹⁾ | 21.4% | 20.5% |
| Capital expenditures | 47,083 | 31,343 |
| Number of stores ⁽²⁾ | 1,507 | 1,431 |
| Average store size (gross square feet) ⁽²⁾ | 10,469 | 10,391 |
| Declared dividends per common share | \$0.0708 | \$0.0553 |

| | As at | |
|---|-------------------|---------------------|
| | April 30, 2023 | January 29, 2023 |
| | \$ | \$ |
| Statement of Financial Position Data | | |
| Cash and cash equivalents | 252,063 | 101,261 |
| Inventories | 937,687 | 957,172 |
| Total current assets | 1,267,979 | 1,156,947 |
| Property, plant and equipment | 819,336 | 802,750 |
| Right-of-use assets | 1,727,024 | 1,699,755 |
| Total assets | 4,993,852 | 4,819,656 |
| Total current liabilities | 1,123,719 | 1,162,874 |
| Total non-current liabilities | 3,651,897 | 3,628,372 |
| Total debt ⁽¹⁾ | 2,255,414 | 2,251,903 |
| Net debt ⁽¹⁾ | 2,003,351 | 2,150,642 |
| Shareholders' equity | 218,236 | 28,410 |

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

(2) At the end of the period.

Non-GAAP and Other Financial Measures

The Corporation prepares its financial information in accordance with GAAP. We have included non-GAAP and other financial measures to provide investors with supplemental measures of our operating and financial performance. We believe that those measures are important supplemental metrics of operating and financial performance because they eliminate items that have less bearing on our operating and financial performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on GAAP measures. We also believe that securities analysts, investors and other interested parties frequently use non-GAAP and other financial measures in the evaluation of issuers. Our management also uses non-GAAP and other financial measures in order to facilitate operating and financial performance comparisons from period to period, to prepare annual budgets, and to assess our ability to meet our future debt service, capital expenditure and working capital requirements.

The below-described non-GAAP and other financial measures do not have a standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers and should be considered as a supplement to, not a substitute for, or superior to, the comparable measures calculated in accordance with GAAP.

(A) Non-GAAP Financial Measures

EBITDA

EBITDA represents operating income plus depreciation and amortization and includes the Corporation's share of net earnings of its equity-accounted investment.

(dollars in thousands)

| | 13-Week Periods Ended | |
|--|-----------------------|----------------|
| | April 30, 2023 | May 1, 2022 |
| | \$ | \$ |
| A reconciliation of operating income to EBITDA is included below: | | |
| Operating income | 277,631 | 220,032 |
| Add: Depreciation and amortization | 88,638 | 79,972 |
| EBITDA | 366,269 | 300,004 |

Total debt

Total debt represents the sum of long-term debt (including accrued interest and fair value hedge – basis adjustment), short-term borrowings under the US commercial paper program and other bank indebtedness (if any).

(dollars in thousands)

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

Senior unsecured notes bearing interest at:

| | As at | |
|---|-------------------|---------------------|
| | April 30, 2023 | January 29, 2023 |
| | \$ | \$ |
| Fixed annual rate of 5.165% payable in equal semi-annual instalments, maturing April 26, 2030 | 450,000 | 450,000 |
| Fixed annual rate of 2.443% payable in equal semi-annual instalments, maturing July 9, 2029 | 375,000 | 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 | 375,000 |
| Fixed annual rate of 5.084% payable in equal semi-annual instalments, maturing October 27, 2025 | 250,000 | 250,000 |
| Fixed annual rate of 3.550% payable in equal semi-annual instalments, maturing November 6, 2023 | 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 senior unsecured notes

18,041 17,177

Fair value hedge – basis adjustment on interest rate swap

(4,328) (6,167)

Total long-term debt

2,255,414 2,251,903

USCP Notes issued under US commercial paper program

- -

Total debt

2,255,414 2,251,903

Net debt

Net debt represents total debt minus cash and cash equivalents.

(dollars in thousands)

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

| | As at | |
|---------------------------|-------------------|---------------------|
| | April 30, 2023 | January 29, 2023 |
| | \$ | \$ |
| Total debt | 2,255,414 | 2,251,903 |
| Cash and cash equivalents | (252,063) | (101,261) |
| Net debt | 2,003,351 | 2,150,642 |

(B) Non-GAAP Ratios**Adjusted net debt to EBITDA ratio**

Adjusted net debt to EBITDA ratio is a ratio calculated using adjusted net debt over consolidated EBITDA for the last twelve months.

(dollars in thousands)

| | As at | |
|--|-------------------|---------------------|
| | April 30, 2023 | January 29, 2023 |
| | \$ | \$ |
| A calculation of adjusted net debt to EBITDA ratio is included below: | | |
| Net debt | 2,003,351 | 2,150,642 |
| Lease liabilities | 1,995,709 | 1,960,743 |
| Unamortized debt issue costs | 8,299 | 9,107 |
| Fair value hedge - basis adjustment on interest rate swap | 4,328 | 6,167 |
| Adjusted net debt | 4,011,687 | 4,126,659 |
| EBITDA for the last twelve-month period | 1,589,558 | 1,523,293 |
| Adjusted net debt to EBITDA ratio | 2.52x | 2.71x |

EBITDA margin

EBITDA margin represents EBITDA divided by sales.

(dollars in thousands)

| | 13-Week Periods Ended | |
|---|-----------------------|----------------|
| | April 30, 2023 | May 1, 2022 |
| | \$ | \$ |
| A reconciliation of EBITDA to EBITDA margin is included below: | | |
| EBITDA | 366,269 | 300,004 |
| Sales | 1,294,549 | 1,072,884 |
| EBITDA margin | 28.3% | 28.0% |

(C) Supplementary Financial Measures

| | |
|--------------------------------------|--|
| Gross margin | Represents gross profit divided by sales, expressed as a percentage of sales. |
| Operating margin | Represents operating income divided by sales. |
| SG&A as a % of sales | Represents SG&A divided by sales. |
| Comparable store sales | Represents sales from Dollarama stores, including relocated and expanded stores, open for at least 13 complete fiscal months relative to the same period in the prior fiscal year. |
| Comparable store sales growth | Represents the percentage increase or decrease, as applicable, of comparable store sales relative to the same period in the prior fiscal year. |