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DOLLARAMA REPORTS FISCAL 2024 SECOND QUARTER RESULTS

- 15.5% increase in comparable store sales(1)
- 23.8% growth in EBITDA(1) to $457.2 million, or 31.4% of sales which represents an improvement of 1.0% compared to the same period last year
- 30.3% increase in diluted net earnings per share
- Fiscal 2024 guidance range for comparable store sales growth increased to between 10.0% to 11.0%

MONTREAL, Quebec, September 13, 2023 – Dollarama Inc. (TSX: DOL) ("Dollarama" or the "Corporation") today reported its financial results for the second quarter ended July 30, 2023.

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

- Sales increased by 19.6% to $1,455.9 million
- Comparable store sales increased by 15.5% over and above a 13.2% growth the previous year
- EBITDA increased by 23.8% to $457.2 million, or 31.4% of sales, compared to 30.4% of sales
- Operating income increased by 27.6% to $366.8 million, or 25.2% of sales, compared to 23.6% of sales
- Diluted net earnings per common share increased by 30.3% to $0.86 from $0.66
- 18 net new stores opened, compared to 13 net new stores
- 2,858,160 common shares repurchased for cancellation for a total consideration of $248.1 million

"Once again this quarter, we delivered excellent operational and financial results, including notable growth in comparable store sales, EBITDA and earnings per share. Our performance year to date for this fiscal year reflects our differentiated ability to provide compelling value across our broad product mix and a consistent shopping experience. Dollarama continues to deliver unparalleled value to a growing number of consumers seeking affordable everyday products at low price points, and we expect this strong demand to persist through the second half of the year in the current macro-economic context," said Neil Rossy, President and CEO.

Explanatory Notes

All comparative figures that follow are for the second quarter ended July 30, 2023, compared to the second quarter ended July 31, 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.

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(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 Second Quarter Financial Results

Sales for the second quarter of Fiscal 2024 increased by 19.6% to $1,455.9 million, compared to $1,217.1 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 1,444 stores on July 31, 2022, to 1,525 stores on July 30, 2023) and increased comparable store sales.

Comparable store sales for the second quarter of Fiscal 2024 increased by 15.5%, consisting of a 12.9% increase in the number of transactions and a 2.3% increase in average transaction size, over and above comparable store sales growth of 13.2% in the corresponding period of the prior fiscal year. The increase in comparable store sales is primarily attributable to higher sales across the Corporation's product categories, including continued higher than historical demand for consumables.

EBITDA totalled $457.2 million, or 31.4% of sales, for the second quarter of Fiscal 2024, compared to $369.4 million, or 30.4% of sales, in the second quarter of Fiscal 2023.

Gross margin[1] was 43.9% of sales in the second quarter of Fiscal 2024, compared to 43.6% of sales in the second quarter of Fiscal 2023. Gross margin as a percentage of sales was slightly higher due to lower inbound shipping costs, partially offset by higher logistics costs.

General, administrative and store operating expenses ("SG&A") for the second quarter of Fiscal 2024 increased by 17.9% to $198.4 million, compared to $168.3 million for the second quarter of Fiscal 2023. SG&A represented 13.6% of sales for the second quarter of Fiscal 2024, compared to 13.8% of sales for the second quarter of Fiscal 2023. The improvement in SG&A as a percentage of sales is primarily attributable to the positive impact of scaling.

The Corporation's 50.1% share of Dollarcity's net earnings for the period from April 1, 2023 to June 30, 2023 was $11.4 million, compared to $7.7 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 $9.4 million, from $26.7 million for the second quarter of Fiscal 2023 to $36.1 million for the second 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 $245.8 million, or $0.86 per diluted common share, in the second quarter of Fiscal 2024, compared to $193.5 million, or $0.66 per diluted common share, in the second quarter of Fiscal 2023.

Dollarcity Store Growth

During its second quarter ended June 30, 2023, Dollarcity opened 10 net new stores, compared to 19 net new stores in the same period last year. As at June 30, 2023, Dollarcity had 458 stores with 272 locations in Colombia, 93 in Guatemala, 66 in El Salvador and 27 in Peru. This compares to 440 stores as at December 31, 2022.

Closing of Acquisition of Properties Strategically Located Near Logistics Operations

On August 16, 2023, the Corporation closed its previously announced acquisition of three contiguous industrial properties in the Town of Mount Royal, Quebec, for a total cash consideration of $88.1 million, which takes into account closing adjustments. The properties are strategically situated near the Corporation's centralized logistics operations and adjacent to its distribution centre. The acquisition was paid with available cash on hand.

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[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.

Normal Course Issuer Bid

On July 5, 2023, 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 13,695,242 of its common shares, representing approximately 4.8% of the 283,376,026 common shares issued and outstanding as at June 30, 2023, during the 12-month period starting on July 7, 2023 and ending no later than July 6, 2024 (the "2023-2024 NCIB").

During the second quarter of Fiscal 2024, 2,858,160 common shares were repurchased for cancellation under the 2023-2024 NCIB and the normal course issuer bid previously in effect, for a total cash consideration of $248.1 million, at a weighted average price of $86.81 per share.

Dividend

On September 13, 2023, the Corporation announced that its Board of Directors approved a quarterly cash dividend for holders of common shares of $0.0708 per common share. This dividend is payable on November 3, 2023 to shareholders of record at the close of business on October 6, 2023. The dividend is designated as an "eligible dividend" for Canadian tax purposes.

Outlook(2)

In the second half of Fiscal 2024, the Corporation expects to continue to benefit from strong demand for its affordable, everyday items in the current macro-economic and inflationary context. As a result, the Corporation has revised its comparable store sales growth guidance upward for the full fiscal year.

	Fiscal 2024 Guidance as provided on March 29, 2023	Revised Fiscal 2024 Guidance
Net new store openings	60 to 70	No change
Comparable store sales	5.0% to 6.0%	10.0% to 11.0%
Gross margin	43.5% to 44.5%	No change
SG&A(i)	14.7% to 15.2%	No change
Capital expenditures(ii)	$190.0 to $200.0(iii)	No change

(i) As a percentage of sales.
(ii) In millions of dollars.
(iii) Excludes the previously announced property acquisition, which closed on August 16, 2023.

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

- The number of signed offers to lease and the store pipeline for the next six 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 Dollarama's 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 stabilization 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

(2) To be read in conjunction with the "Forward-Looking Statements" section of this press release.

- 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 second 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.sedarplus.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 September 13, 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.

Conference Call

Dollarama will hold a conference call to discuss its Fiscal 2024 second quarter results today, September 13, 2023 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 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 1,525 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 458 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		26-Week Periods Ended	
	July 30, 2023 $	**July 31, 2022 $**	**July 30, 2023 $**	**July 31, 2022 $**
Earnings Data				
Sales	1,455,936	1,217,060	2,750,485	2,289,944
Cost of sales	817,081	687,028	1,565,888	1,308,020
Gross profit	638,855	530,032	1,184,597	981,924
SG&A	198,360	168,324	393,958	328,949
Depreciation and amortization	85,110	81,979	170,748	161,951
Share of net earnings of equity-accounted investment	(11,371)	(7,680)	(24,496)	(16,417)
Operating income	366,756	287,409	644,387	507,441
Financing costs	36,068	26,668	72,753	51,023
Earnings before income taxes	330,688	260,741	571,634	456,418
Income taxes	84,926	67,262	145,999	117,437
Net earnings	245,762	193,479	425,635	338,981
Basic net earnings per common share	$0.86	$0.67	$1.50	$1.16
Diluted net earnings per common share	$0.86	$0.66	$1.49	$1.16
Weighted average number of common shares outstanding:				
Basic	284,366	290,482	284,588	291,602
Diluted	285,243	292,173	285,789	293,329
Other Data				
Year-over-year sales growth	19.6%	18.2%	20.1%	15.4%
Comparable store sales growth (1)	15.5%	13.2%	16.3%	10.3%
Gross margin (1)	43.9%	43.6%	43.1%	42.9%
SG&A as a % of sales (1)	13.6%	13.8%	14.3%	14.4%
EBITDA (1)	457,193	369,388	823,462	669,392
Operating margin (1)	25.2%	23.6%	23.4%	22.2%
Capital expenditures	41,813	37,079	88,896	68,422
Number of stores (2)	1,525	1,444	1,525	1,444
Average store size (gross square feet) (2)	10,485	10,414	10,485	10,414
Declared dividends per common share	$0.0708	$0.0553	$0.1416	$0.1106

(dollars in thousands)	As at July 30, 2023 $	As at January 29, 2023 $
Statement of Financial Position Data		
Cash and cash equivalents	252,480	101,261
Inventories	910,934	957,172
Total current assets	1,230,751	1,156,947
Property, plant and equipment	827,812	802,750
Right-of-use assets	1,745,383	1,699,755
Total assets	4,999,760	4,819,656
Total current liabilities	1,123,829	1,162,874
Total non-current liabilities	3,672,341	3,628,372
Total debt (1)	2,257,129	2,251,903
Net debt (1)	2,004,649	2,150,642
Shareholders' equity	203,590	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. Management has included non-GAAP and other financial measures to provide investors with supplemental measures of the Corporation's operating and financial performance. Management believes that those measures are important supplemental metrics of operating and financial performance because they eliminate items that have less bearing on the Corporation's operating and financial performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on GAAP measures. Management also believes that securities analysts, investors and other interested parties frequently use non-GAAP and other financial measures in the evaluation of issuers. Management also uses non-GAAP and other financial measures to facilitate operating and financial performance comparisons from period to period, to prepare annual budgets and to assess their ability to meet the Corporation's 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. Management believes EBITDA represents a supplementary metric to assess profitability and measure the Corporation's underlying ability to generate liquidity through operating cash flows.

(dollars in thousands)	13-Week Periods Ended		26-Week Periods Ended	
	July 30, 2023 $	**July 31, 2022 $**	**July 30, 2023 $**	**July 31, 2022 $**
A reconciliation of operating income to EBITDA is included below:				
Operating income	366,756	287,409	644,387	507,441
Add: Depreciation and amortization	90,437	81,979	179,075	161,951
EBITDA	**457,193**	**369,388**	**823,462**	**669,392**

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). Management believes Total debt represents a measure to facilitate the understanding of the Corporation's corporate financial position in relation to its financing obligations.

(dollars in thousands)	As at	
A reconciliation of long-term debt to total debt is included below:	**July 30, 2023**	**January 29, 2023**
Senior unsecured notes bearing interest at:	**$**	**$**
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 $1,603 (January 29, 2023 – $1,609) for the credit facility	(7,985)	(9,107)
Accrued interest on senior unsecured notes	17,697	17,177
Fair value hedge – basis adjustment on interest rate swap	(2,583)	(6,167)
Total debt	**2,257,129**	**2,251,903**

Net debt

Net debt represents total debt minus cash and cash equivalents. Management believes Net debt represents a measure to assess the financial position of the Corporation including all financing obligations, net of cash.

(dollars in thousands)	As at	
	July 30, 2023 $	January 29, 2023 $
A reconciliation of total debt to net debt is included below:		
Total debt	2,257,129	2,251,903
Cash and cash equivalents	(252,480)	(101,261)
Net debt	**2,004,649**	**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. Management uses this ratio to partially assess the financial condition of the Corporation. An increasing ratio would indicate that the Corporation is utilizing more debt per dollar of EBITDA generated.

(dollars in thousands)	As at	
	July 30, 2023 $	January 29, 2023 $
A calculation of adjusted net debt to EBITDA ratio is included below:		
Net debt	2,004,649	2,150,642
Lease liabilities	2,017,542	1,960,743
Unamortized debt issue costs	7,985	9,107
Fair value hedge - basis adjustment on interest rate swap	2,583	6,167
Adjusted net debt	**4,032,759**	**4,126,659**
EBITDA for the last twelve-month period	1,677,363	1,523,293
Adjusted net debt to EBITDA ratio	**2.40x**	**2.71x**

EBITDA margin

EBITDA margin represents EBITDA divided by sales. Management believes that EBITDA margin is useful in assessing the performance of ongoing operations and efficiency of operations relative to its sales.

	13-Week Periods Ended		26-Week Periods Ended	
(dollars in thousands)	July 30, 2023 $	July 31, 2022 $	July 30, 2023 $	July 31, 2022 $
A reconciliation of EBITDA to EBITDA margin is included below:				
EBITDA	457,193	369,388	823,462	669,392
Sales	1,455,936	1,217,060	2,750,485	2,289,944
EBITDA margin	**31.4%**	**30.4%**	**29.9%**	**29.2%**

(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 of 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.